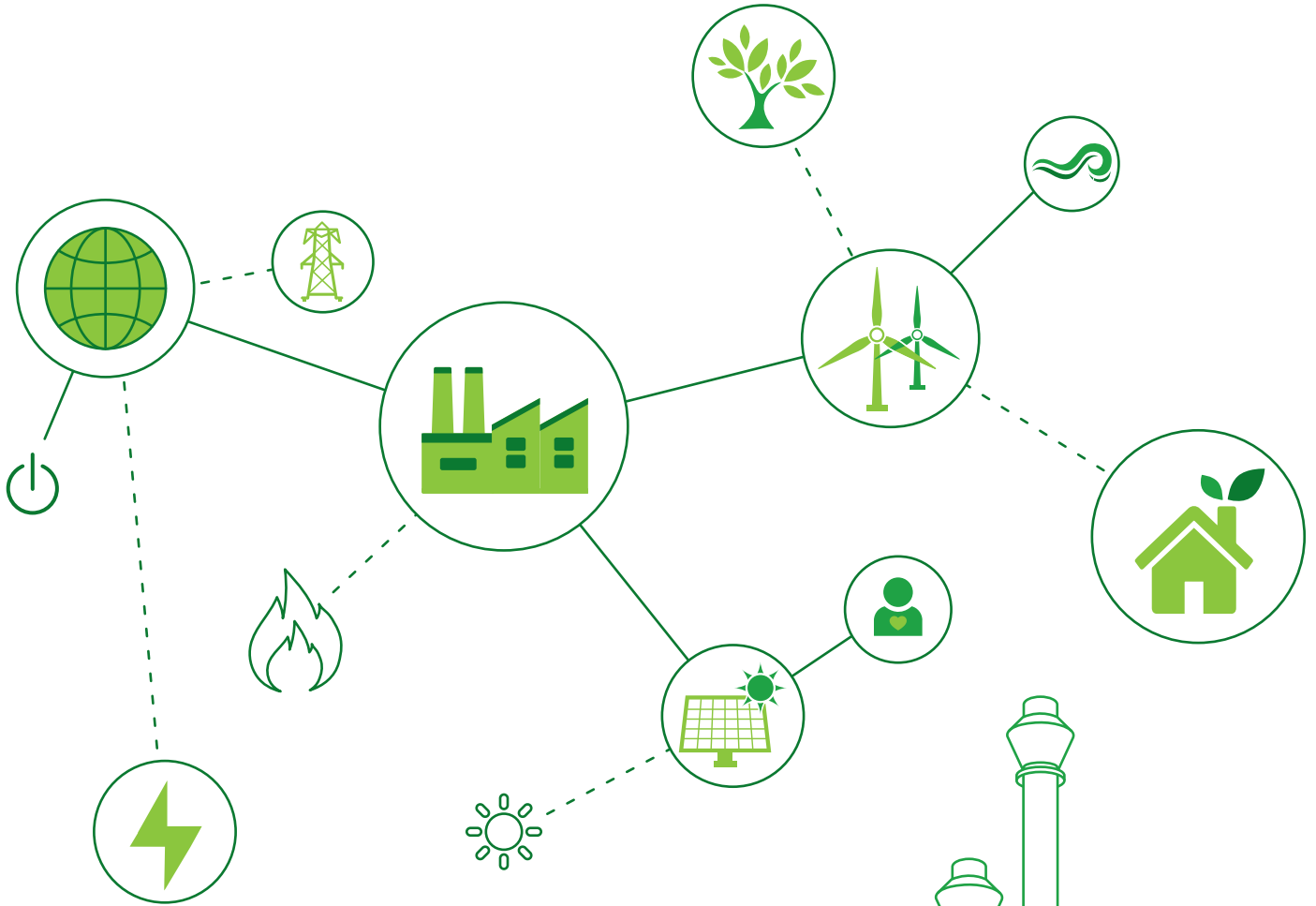


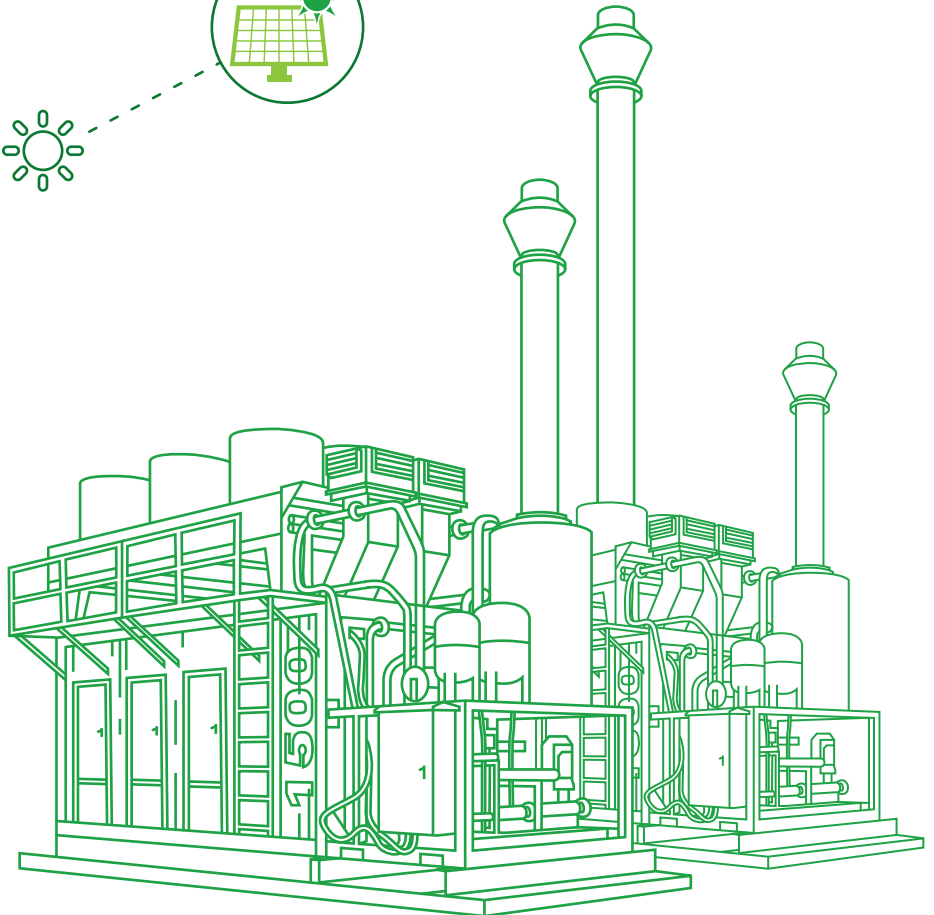
## VPower Group International Holdings Limited

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

Stock Code: 1608



# SUSTAINABILITY REPORT 2019





## ABOUT THIS REPORT

VPower Group International Holdings Limited (“**VPower Group**” or the “**Group**”) is pleased to present its fourth annual standalone sustainability report (the “**Report**”), covering the sustainability performance during 1 January 2019 to 31 December 2019 (“**FY2019**” or the “**Reporting Period**”). VPower Group has engaged AECOM Asia Company Limited, an independent professional sustainability consultant, in the preparation of the Report. The Report provides a summary of the Group’s resources and strategic choices in creating sustainable values for all stakeholders.

Within the scopes of the Report, the portfolio of the Group comprises the domestic and overseas offices in Hong Kong, Mainland China, Singapore, Myanmar, Indonesia, Peru and Brazil, the system integration factory in Shenzhen, China (the “**Shenzhen Factory**”) and the operating projects under the Group’s operational control<sup>(1)</sup>. Unless otherwise specified, environmental, social and governance (“**ESG**”) data of the contractors and suppliers is not reflected in the Report.

This Report has been prepared in accordance with the GRI Standards: Core option<sup>(2)</sup>, GRI *Electric Utilities Sector Disclosures*, and in compliance with the *Environmental, Social and Governance Reporting Guide* as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**SEHK**”). VPower Group also supports the Sustainable Development Goals (“**SDGs**”) of the United Nations. VPower Group continues to disclose its ongoing ESG performance and to achieve its vision in a long-term, practical, and sustainable way.

The Chinese and English versions of the Report<sup>(3)</sup> are available on the corporate website of VPower Group ([www.vpower.com](http://www.vpower.com)) and the website of HKEXnews ([www.hkexnews.hk](http://www.hkexnews.hk)).

The Group appreciates your valuable comments and suggestions on the Report and the Group’s sustainability performance. Please send your comments to [esg@vpower.com](mailto:esg@vpower.com).

### Notes:

<sup>(1)</sup> The operating projects under the Group’s operational control consist of our distributed power generation stations located in Mainland China, Myanmar, Indonesia, Peru and Sri Lanka. For details of our operating projects, please refer to our *Annual Report 2019*.

<sup>(2)</sup> GRI refers to Global Reporting Initiative.

<sup>(3)</sup> In case of inconsistency or discrepancy between the Chinese and English versions of the Report, the English version shall prevail.



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## MESSAGE FROM OUR CHAIRMAN



**LAM Yee Chun**  
*Executive Chairman*

We are proud to be one of the global leaders in gas-fired distributed power generation. By supplying fast-track, affordable and reliable electricity, we improve people's living standards and foster domestic economic growth. While we take pride in our commitment to the well-being of our customers, we also recognise our responsibilities to other groups of stakeholders and support the global transition towards a sustainable future. During the Reporting Period, despite the challenges brought by multiple socio-economic factors, we continued our efforts in environmental, social and governance development.



## MESSAGE FROM OUR CHAIRMAN

### Addressing Climate Change

We acknowledge that climate change is threatening human lives and health in various ways. The rising temperature globally and the frequent occurrence of extreme precipitation, widespread floods and continuous droughts in different regions have signalled a faster pace of climate change. In Hong Kong, the mean temperature of the year even reached record-high since 1884.

To develop a better understanding of the interrelation between our business and climate change, we reviewed the impacts of our business and day-to-day operation on the environment and also the impact of climate change on our business and operation in the year. In response, we are drafting a policy which is expected to help us identify the relevant risks and mitigations.

### Investing in Clean Technology

We also understand the disastrous effects of excessive use of coal as the source of energy. As a responsible energy provider, we have actively promoted the use of natural gas in power generation which is widely recognised as a cleaner fuel source with lower carbon emission.

We have committed resources in exploring clean technology. In 2019, we adopted the modular organic rankine cycle (“**ORC**”) system in our newly-developed power station in Myanmar for the first time with a view to improving the overall energy

efficiency. The system captures the residual heat of the power generation systems to generate additional electricity without further fuel consumption. We are glad to see the satisfactory operational performance of the combination of ORC system and our modular power generation systems in offsetting carbon dioxide equivalent emissions. To further encourage the replacement of coal-fired power generation, we are exploring the liquefied natural gas market and other relevant technologies.

### Rewarding Shareholders

In order to create long-term value for our shareholders and business partners, we continued to strengthen our business presence in different countries and regions and diversify our project portfolio. In 2019, we managed to deliver satisfactory financial performance and generated direct economic value of approximately HK\$3,004.4 million<sup>(1)</sup>.

To share the achievements with our shareholders, we have distributed a full year dividend of HK2.75 cents per share for the year.

### Building Dynamic Workforce

Just as we strive to create value for our shareholders, we are committed to caring the well-being of our employees. In recognition of the significance of maintaining work-life balance, we launched a series of workshops for our employees to enrich their work life and explore different activities. To enlarge our talent pool and nurture the interests of younger generation in the energy

sector, we participated in two internship programmes and recruited interns to experience the actual work environment.

### Enhancing Commitment in Sustainability

While we spare no efforts in our commitment to building a sustainable future for our stakeholders, we understand the market is evolving and there are new standards and technologies emerging. Therefore, in addition to complying applicable international standards, we have been exploring ways to enhance our commitment and to improve the effectiveness of our work. Earlier this year, we have voluntarily signed up to be a signatory of the United Nations Global Compact. We are committed to the United Nations Global Compact corporate responsibility initiative and its principles in the area of human rights, labour, the environment and anti-corruption. In the year ahead, we look forward to working closely with our business partners and other stakeholders to embark on a new chapter of sustainable development.

LAM Yee Chun  
Executive Chairman  
20 July 2020

Note:

<sup>(1)</sup> Direct economic value generated refers to revenue, other income and gains and share of profits and losses of joint ventures.

# ABOUT VPOWER GROUP

## Group Overview

Headquartered in Hong Kong, VPower Group is one of the world's leading large gen-set system integration providers and one of the leading gas-fired engine-based distributed power generation ("DPG") station owners and operators in Asia, with more than 20 years of proven operational excellence in the energy market. Driven by the aim of common prosperity, VPower Group is eager to combat global warming by providing reliable and low-carbon electricity for all.

## Business Overview

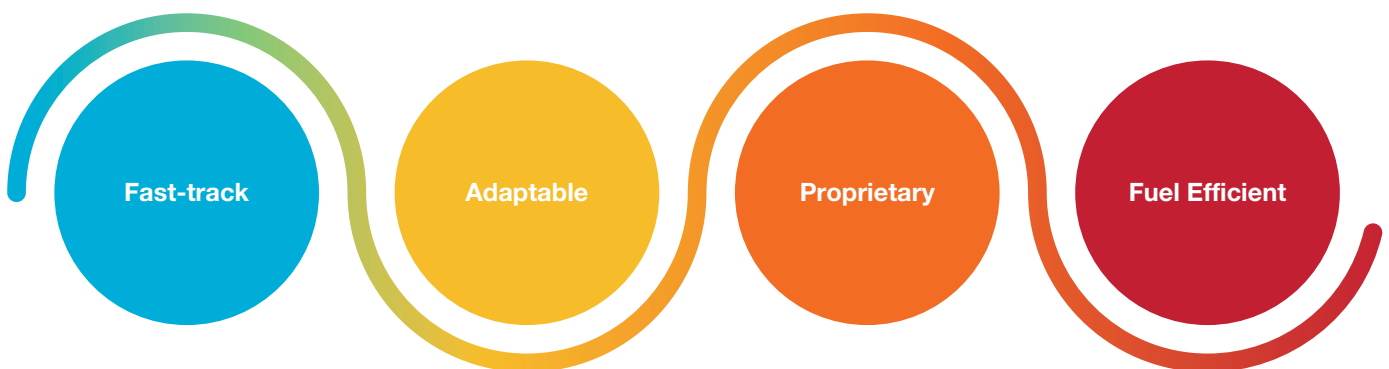
We deliver much-in-demand electricity to keep industries running and power the regional economic growth through (1) designing, integrating and selling gen-sets and power generation systems ("PGSs") that primarily run on natural gas or diesel, (2) designing, investing in, building and operating DPG stations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

### System Integration (SI) Business

We deliver tailor-made system integration expertise for gen-sets and PGSs from system design to daily operation and maintenance, catering a variety of customer needs. Our products can cope with challenging operating conditions, such as high altitudes and extreme weathers.

### Investment, Building and Operating (IBO) Business

Under our IBO business, we design, invest in, build and operate DPG stations to provide stable, reliable electricity and distributed power solutions. Throughout the years, VPower Group has successfully developed a strong business network along the Belt and Road Initiative, with power stations in operation in China, Myanmar, Indonesia, Peru and Sri Lanka.



## ABOUT VPOWER GROUP

### Highlights of VPower Group's Developments

#### Delivering Reliable Distributed Power Solutions



Total installed capacity 752.7MW with a planned installed capacity of 1,292.5MW in total covering potential projects in Myanmar, Sri Lanka, Indonesia and United Kingdom<sup>(1)</sup>



Our operations enabled 4,543 tCO<sub>2</sub>e of "net" greenhouse gas savings



Working towards the target of operating 1,900MW of total installed capacity by end of 2020



#### Building Agile Workforce



Delivered 870,480 working hours<sup>(2)</sup> with zero injuries



34.1 training hours per employee in average



Engaged 541 outsourced service workers, who are local labour, for our project sites in Indonesia, Myanmar and Sri Lanka

Notes:

<sup>(1)</sup> Please refer to our *Annual Report 2019* for the details of our projects.

<sup>(2)</sup> The total working hours is calculated by multiplying the average number of employees by 40-hour workweek per employee and 52 weeks in the year.

## ABOUT VPOWER GROUP

### Boost 920MW Generation Capacity in Myanmar

In late 2019, VPower Group and China National Technical Import & Export Corporation (“CNTIC”), as a consortium, were awarded three liquefied natural gas (“LNG”)-to-power projects with an aggregate contract capacity of 900MW. On the other hand, the Group won a pipeline natural gas power project with a contract capacity of 20MW. The addition of the 920MW generation capacity is going to support the huge electricity demand in Myanmar, and also strengthens the leadership of VPower Group in the distributed power industry in Myanmar and Asia.



### Continual Development in Energy Efficiency — Organic Rankine Cycle (“ORC”) Technology

As a leading DPG solution provider, we are committed to advancing our power solutions and exploring new technologies in pursuit of higher energy efficiency and lower carbon emission. VPower Group supports decarbonisation through implementation of the ORC technology which helps improve energy efficiency of the project.

### Our 1st ORC Enhanced Power Station

The Myingyan II Project is the Group’s first distributed power station which applies ORC technology to increase power output efficiency by converting residual heat into electricity. The ORC technology in the Myingyan II project has contributed to the reduction of greenhouse gases (“GHGs”) by reducing the use of fossil fuel.



## ABOUT VPOWER GROUP

### Contributing to the Sustainable Development Goals

VPower Group values and commits to incorporating and performing sustainable practices in our business. We fully support the United Nations Sustainable Development Goals, which aim to eradicate poverty, cultivate prosperity, and strengthen world peace by 2030. We have identified 10 of the sustainable development goals that are closely related to the Group, environment and community.



#### Our Business

We provide affordable electricity to support development, and strive for improvement of fuel efficiency and reduce the use of fossil fuel.

Our business comprises a diverse portfolio of projects and continued investments in both new and upgraded technologies. We aim to bring in clean energy and contribute to long-term sustainable economic growth. At the same time, we strive to create an inclusive and diversified workforce. We aim to build a safe and balanced supply chain in places that we serve.



#### Our Environment

We are committed to pursuing innovations that improve our environmental performance and reduce potential environmental impacts of our operations. As part of the Group's efforts in promoting low-carbon power generation, we installed modular ORC systems to our gas-fired project for conversion of waste heat into electricity. We are also pleased to work with our strategic partner CNTIC on our first LNG-to-power project to provide electricity using cleaner fuel.



#### Our Community


Energy has become vital to the development of technology, industry and society. Having energy accessible to everyone means giving local populations possibilities in education, healthcare, gender quality and employment. Demand for energy is set to grow significantly, driven by increases in prosperity in emerging countries. In the countries along the Belt and Road Initiative, our fast-track and flexible distributed power stations are generally used to meet the growing power demand.

## ABOUT VPOWER GROUP



The progress we made towards the SDGs is listed as below.

SDGs	Focused Targets	Efforts of VPower Group
 <p>End poverty in all its forms everywhere</p>	<p>1.A Ensure significant mobilisation of resources from a variety of sources, including through enhanced development cooperation, in order to provide adequate and predictable means for developing countries, in particular least developed countries, to implement programmes and policies to end poverty in all its dimensions.</p>	<p>We provide efficient, reliable and cost effective electricity to support the development of developing economies around the world and enable their sustainable growth.</p>
 <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>	<p>4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.</p>	<p>We provide job related professional training to our employees, to ensure not only do they get to earn a living, but also to enrich their knowledge for long-term career development.</p> <p>In 2019, the Group recorded a total of 15,908 hours of training representing an average of 34.1 hours of training per employee.</p>
 <p>Ensure access to affordable, reliable, sustainable and modern energy for all</p>	<p>7.1 By 2030, ensure universal access to affordable, reliable and modern energy services.</p>	<p>Distributed power improves access to reliable and affordable electricity. We will continue to explore various possibilities to underpin the Group's sustainability.</p>
 <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p>8.2 Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.</p>	<p>As we continue to expand our business in different emerging countries, we also help to create job opportunities to local residents.</p> <p>In 2019, we had a total of 541 local outsourced service workers regularly working in our sites in Indonesia, Myanmar and Sri Lanka.</p>

## ABOUT VPOWER GROUP

SDGs	Focused Targets	Efforts of VPower Group
 <p>Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation</p>	<p>9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.</p>	<p>Beyond enabling remote community development, VPower Group also provides back-up power to fulfill peak demand of large metropolitans, as well as energy solution for industries and data centre including uninterrupted power, heating and cooling. We integrate latest information technologies and innovations in the remote monitoring and control of our generation facilities to assure reliability and resiliency.</p>
 <p>Reduce inequality within and among countries</p>	<p>10.B Encourage official development assistance and financial flows, including foreign direct investment, to States where the need is greatest, in particular least developed countries, African countries, small island developing States and landlocked developing countries, in accordance with their national plans and programmes.</p>	<p>Myanmar is facing electricity deficit due to low electrification rate and accelerating local economic development. Policies have been put in place to ensure electricity supply growth by encouraging foreign investors and introducing more efficient power solutions.</p> <p>In 2019, we had two gas-fired stations, aggregating 114.4 MW, commenced commercial operation in the country to help it catch up with international community.</p>
 <p>Make cities and human settlements inclusive, safe, resilient and sustainable</p>	<p>11.1 By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums.</p>	<p>Power shortage remains a major problem in emerging countries. Our lower capital required, flexible, fast-track DPG solutions continue to play a vital role in bridging the demand and supply gap in emerging countries such as Myanmar, Indonesia and Sri Lanka.</p>
 <p>Ensure sustainable consumption and production patterns</p>	<p>12.2 By 2030, achieve the sustainable management and efficient use of natural resources.</p>	<p>As part of the Group's efforts in promoting efficient power generation system, our Myingyan II Project in Myanmar is coupled with ORC systems to recover waste heat from the gen-sets for additional electricity generation without further consumption of natural gas.</p>

## ABOUT VPOWER GROUP

SDGs	Focused Targets	Efforts of VPower Group
 <p>Take urgent action to combat climate change and its impacts</p>	<p>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.</p>	<p>VPower Group continues to generate cleaner energy by investing in clean technologies and low-carbon fuels, which contribute to cleaner air through lower emissions.</p> <p>As of the end of 2019, the total GHG emissions offset by VPower Group's projects was 237,861.85 tonnes of carbon dioxide equivalent.</p>
 <p>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p>	<p>15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.</p>	<p>VPower Group respects and commits to preserving the nature by reducing harm to the surrounding environment. Our power stations comply with prevailing local environmental standards. Standardised operational procedures are also in place to protect the surrounding ecological environment and water resources.</p>

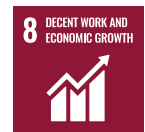
### Clean Technology Development

Affordable, reliable and clean energy is essential for achieving a green future. As a leader in distributed power generation industry, we are looking at ways to accelerate the move to cleaner energy because we know it is right for our customers, our communities and society at large. Seeing the growth in electricity demand in emerging markets, we strive to provide affordable, reliable and clean energy through our fast-track distributed power solutions.

#### Providing Low-Carbon Electricity

Natural gas is used as the fuel for electricity generation in most of our power stations. Being the cleanest fossil fuel, natural gas provides a number of environmental benefits compared to other fossil fuels, particularly in terms of air quality and GHG emissions. When used in power generation, natural gas emits 50% less CO<sub>2</sub> than coal in general, and results in negligible emissions of SO<sub>2</sub> and particulate matter compared with other fossil fuels. Coupled with this advantage, LNG, with its volume shrunk approximately 600 times during the liquefaction process, makes it a safer and more economical alternative for storage and transport.

The global LNG demand is expected to double to 700 million tonnes by 2040 as it plays a growing role in shaping a low-carbon energy system. We have a positive view on LNG-to-power market in Southeast Asia considering fuel availability, reliability and environmental impact, which has driven us to commit resources in expanding our business opportunities in this sector.



## ABOUT VPOWER GROUP

### Enhancing Energy Efficiency

We have partnered with world-leading manufacturers in ensuring the efficiency and performance of our gen-sets and the power stations. Meanwhile, we keep investing in and developing new technologies that are complementary to our power solutions and enhance the overall performance further. In February 2019, we implemented our first modular ORC system in the Group's fourth distributed power station in Myanmar. The system utilises a lower-boiling organic working fluid in recovering the waste heat released from the exhaust and cooling water of the operating gen-sets. ORC improves the overall electricity output of the power plant while no additional fuel consumed.

### Supporting the Use of Renewable Energy

Leveraging on our experience in engine-based power generation, we launched our first biogas project in 2018 in China. We purify the raw biogas collected from an industrial customer, and turn it into cleaned biogas for steam and power generation.

By looking at advancing the technologies and types of equipment, such as engine flue gas NO<sub>x</sub> removal and biogas desulphurisation, we will keep improving our environmental performance. In the future, we will continue to explore potential biogas-to-energy and other renewable energy projects.



### Promoting the Development of Green Finance – Hong Kong Quality Assurance Agency (“HKQAA”) Green Finance Certification Scheme

Climate change is increasingly becoming a key and common concern of humankind. In order to control the temperature rise of the Earth's climate system, fostering low-carbon economies is a critical step. Both commitment and capital are essential to

achieve the transition to a low-carbon economy. In recent years, green finance has emerged as a result of climate change prompting capital flows towards low-carbon, sustainable and climate-resilient projects, products as well as enterprises.

In October 2019, two of our subsidiaries were granted energy transition loan in the Group's first participation in green finance with the Green Finance Pre-issuance Stage Certificates issued by HKQAA. Since 2016, HKQAA has taken the lead to develop the Green Finance Certification Scheme to provide third-party conformity assessments for green finance issuers, and to promote the green finance development. The Group is honoured to participate in green finance and receive the Green Finance Certificates which represent high recognition for our outstanding performance in building and operating environmentally friendly distributed power stations globally.

To demonstrate the Group's efforts in promoting environmentally friendly investment, the Climate Action Finance Framework (the “**Framework**”) has been developed in alignment with the *HKQAA Green Finance Certificate Scheme Handbook*, in which we commit to the transition to a low carbon green future by providing low-carbon electricity, enhancing energy efficiency and supporting the use of renewable energy with our specialty in distributed power solutions and advanced technologies.

## ABOUT VPOWER GROUP

In recognition of VPower Group's continuous effort in sustainability, the Group has been awarded the following key ESG awards during the Reporting Period.



### Supporting the Ten Principles of the United Nations Global Compact (“UNGC”)

Social values are part of our identity and define how we work towards sustainability. Since 12 March 2020, we have engaged with UNGC by being a signatory to join hands with other businesses to shape a sustainable future. According to which, we pledge to operate responsibly in alignment with universal sustainability principles to take actions that support the society around us and also to report annually on our ongoing efforts.



VPower Group is also a Corporate Member of the Business Environment Council, joining hands with organisations across all sectors to facilitate the sustainable development of Hong Kong.

# OUR APPROACH TO SUSTAINABILITY

## Communication with Stakeholders

GRI  
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Achieving long-term success relies on the ability to listen and address the expectations and concerns of stakeholders. We are seeking opportunities in developing active dialogues with the stakeholders in learning their viewpoints and allowing them to understand our business with transparency. These dialogues not only help to formulate better sustainable strategies, but also assist in creating long-term value for all parties.

Our stakeholders include internal and external interest groups and individuals who have a significant impact on our business or are significantly affected by our operations.



### Employees

- Group and Departmental Meetings
- Suggestion Box
- Internal Newsletters
- Internal Training



### Shareholders and Investors

- Annual General Meeting
- Interim and Annual Reports
- Press Releases
- Corporate Website
- Investor Meetings
- Sustainability Report



### Customers

- Corporate Website
- Customer Meetings



### Suppliers

- Corporate Website
- Social Media
- Supplier Meetings



### Contractors

- Corporate Website
- Social Media
- Contractor Meetings



### Government

- Corporate Website
- Government Official Meetings



### Community Partners

- Corporate Website
- Charitable Events
- Sustainability Report

## OUR APPROACH TO SUSTAINABILITY

### Materiality Assessment

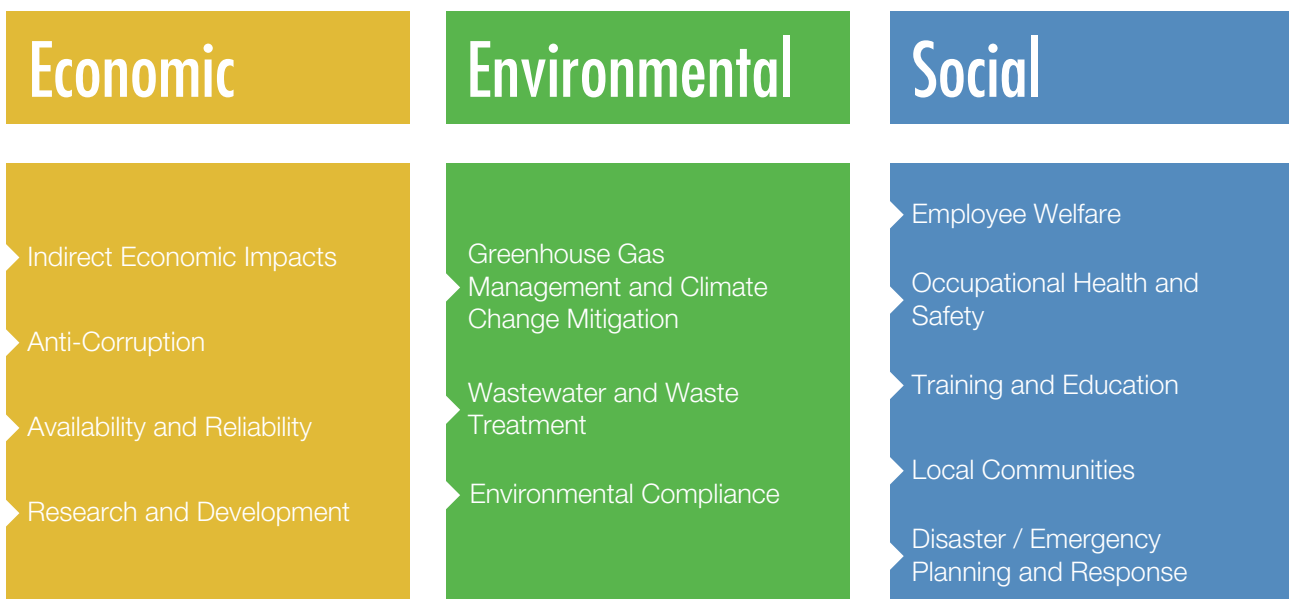
We value stakeholders' opinions on our efforts in sustainable development. We have engaged our stakeholders regularly to help us understand their priorities, expectations, and perceptions, especially with regard to sustainability issues. Through questionnaires, stakeholders were asked to identify ESG issues they consider important to VPower Group in 2019.

### Materiality Assessment Process



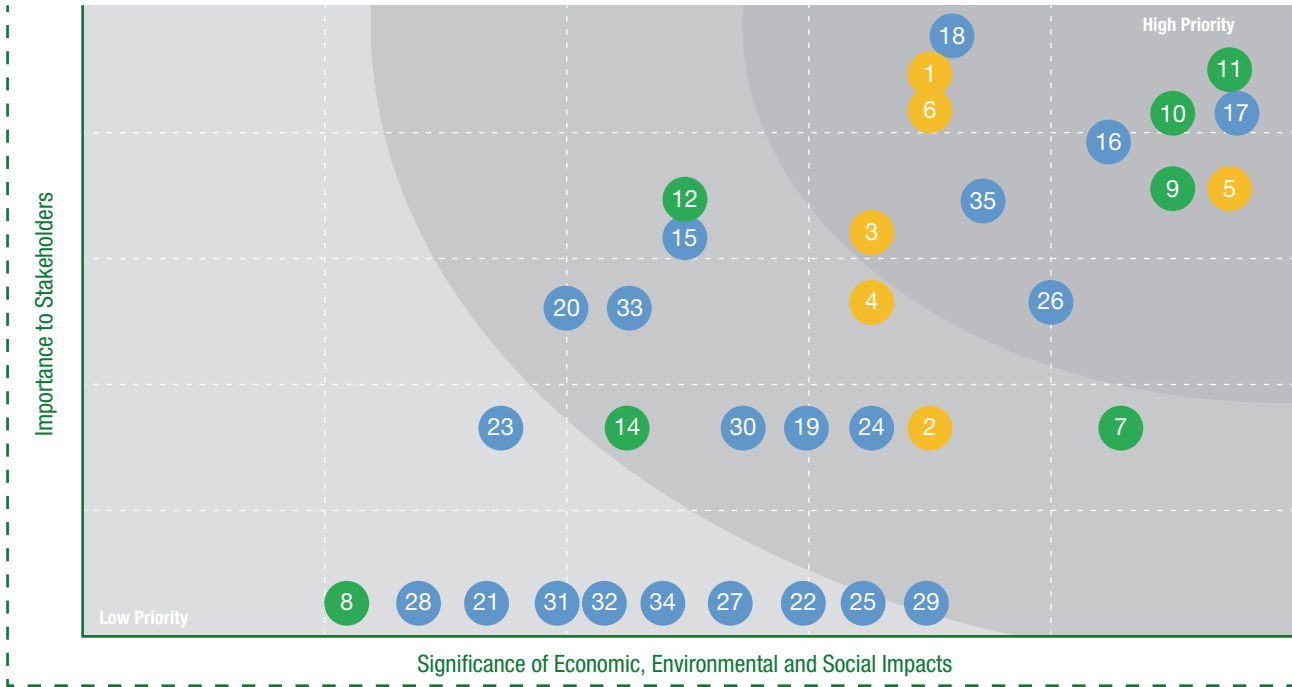
### Materiality Matrix

A total of 35 material topics were included in the materiality assessment in 2019. Accordingly, our stakeholders were asked to rank the importance of the material topics, and the results were then mapped in a matrix to compare the perceived importance and impact of the 35 material topics on our stakeholders and our business. The top 12 material topics identified are addressed in detail throughout the Report.





# OUR APPROACH TO SUSTAINABILITY



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

## OUR APPROACH TO SUSTAINABILITY



### VPower Group's Top 12 Material Topics

Material Topics	Impacts and Scope							GRI Standards
	Shareholders		Customers	Suppliers	Contractors	Government	Community	
	Employee	and Investors					Partners	
1. Indirect Economic Impacts	✓	✓	✓	✓	✓	✓	✓	GRI 203: Indirect Economic Impacts
2. Anti-Corruption	✓	✓	✓	✓	✓	✓	✓	GRI: 205: Anti-corruption
3. Greenhouse Gas Management and Climate Change Mitigation	✓	✓	✓	✓	✓	✓	✓	GRI 305: Emissions
4. Wastewater and Waste Management	✓		✓	✓	✓	✓	✓	GRI 306: Effluents and Waste
5. Environmental Compliance	✓	✓	✓	✓	✓	✓	✓	GRI 307: Environmental Compliance
6. Employee Welfare	✓	✓		✓	✓	✓	✓	GRI 401: Employment
7. Occupational Health and Safety	✓	✓	✓	✓	✓	✓	✓	GRI 403: Occupational Health and Safety
8. Training and Education	✓	✓		✓	✓	✓	✓	GRI 404: Training and Education
9. Local Communities	✓	✓	✓	✓	✓	✓	✓	GRI 413: Local Communities
10. Availability and Reliability	✓	✓	✓	✓	✓	✓		Availability and Reliability (GRI Electric Utilities Sector Disclosure)
11. Research and Development	✓	✓	✓	✓	✓	✓	✓	Research and Development (GRI Electric Utilities Sector Disclosure)
12. Disaster/Emergency Planning and Response	✓	✓	✓	✓	✓	✓	✓	Disaster/Emergency Planning and Response (GRI Electric Utilities Sector Disclosure)

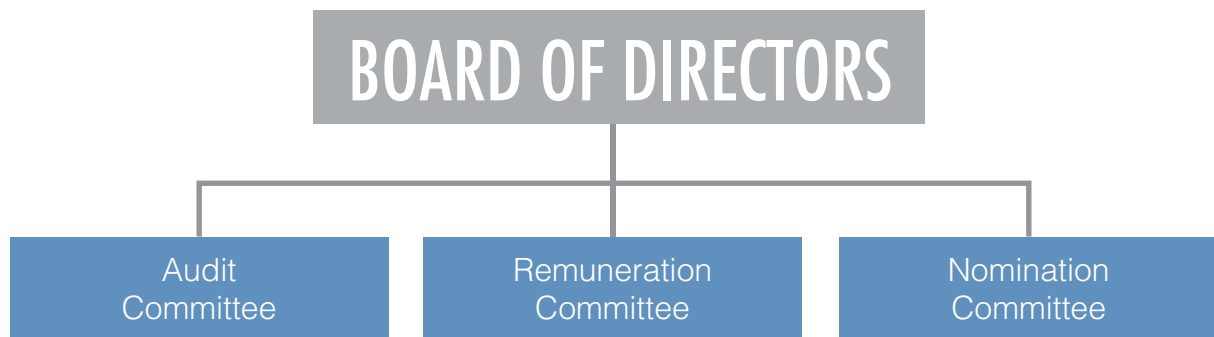


## OUR APPROACH TO SUSTAINABILITY

### Sustainable Governance

VPower Group maintains a sustainable governance structure to ensure that the Group's business is well-governed and adheres to the environmental, ethical and corporate integrity, and the Board of Directors (the "**Board**") reviews the policies in place from time to time.

#### Governance Structure of VPower Group



As the highest governing body of the Group, the Board is accountable for upholding the highest standards of corporate governance and undertakes the responsibility of formulating overall strategies, managing the development and operations, evaluating business performances and overseeing environmental, social and governance issues.

Comprising nine members, the Board has established three specialised Board committees, namely, the Audit Committee, the Remuneration Committee, and the Nomination Committee.

Please refer to our *Annual Report 2019* for details of our corporate governance structure and practices.

### Governance of Ethics and Culture

VPower Group believes that the value creation is crucial in building a long-term and sustainable business. Our *Code of Conduct* explains how we should act with integrity in our activities, and serves as a tool to guard against corruption, bribery, extortion, fraud and money laundering. All employees and business partners of VPower Group, irrespective of their position and function, are expected to fully adhere to the policies included in the *Code of Conduct*.

In 2019, no investigation or legal proceedings regarding bribery, extortion, fraud and money laundering were instituted against VPower Group.

## OUR APPROACH TO SUSTAINABILITY

### Risk Management

Every business activity involves risks. An Enterprise Risk Management Framework is in place to assess, mitigate and monitor strategic, investment, financial, operational and human resources and business risks effectively. The framework enables us to adopt a systematic approach to identifying and managing risks across the organisation, and evaluating risk severity and likelihood of occurrence.

#### Risk Identification

We consider political, economic, social, technological, environmental, regulatory risks and our stakeholders' expectations when performing risk identification.

#### Risk Categorisation and Evaluation

Risks are grouped into different categories and each risk identified is analysed on the basis of probability and impact.

#### Control Mechanism and Action Plan

Control mechanisms and action plans are developed to manage the risks.

#### Risk Register

A group risk register is compiled, updated and monitored on an ongoing basis.

#### Reporting

A risk management report that highlights key risks and action plans is presented to the Audit Committee and the Board on a half-yearly basis.

### Internal Control

The Board conducts regular review and evaluation of the Group's internal control system and monitors the internal control systems through the Internal Audit Department of the Group. Additionally, the Audit Committee has established whistleblowing policies and systems to allow employees and other stakeholders who work closely with the Group, such as customers and suppliers, to raise their concerns, in strict confidence, to the Audit Committee about possible improprieties in any matter related to the Group. In any situation where an employee identifies any possible unethical behaviours or serious misconduct, the employee could make a report to the Human Resources Department and Internal Audit Department through mailbox or by email.

## OUR APPROACH TO SUSTAINABILITY

### Supply Chain Management

We require that our suppliers strive to adopt the best practices in human rights, work conditions, occupational health and safety, and be environmentally responsible. Guided by our *Procurement Control Procedure*, we uphold the highest ethical and governance standards in our operations and value chain, while ensuring the principles of cost-effectiveness, efficiency and timeliness. The policy sets the standards of behaviour expected from our suppliers. We make procurement decisions following our *Supplier Evaluation Control Procedure* to give preference to suppliers who uphold the best environmentally friendly practices and are socially accountable.

#### Engaging Suppliers

As a company backed by a diverse group of suppliers, we put the environmental and social impacts of the supply chain into considerations. Through our efforts in coordinating with suppliers, who are the integral parts of the business, we strive to minimise the environmental impacts of our business with a focus on the reduction of CO<sub>2</sub> emissions. We also strive to deliver sustainable products and services, creating shared value in the industry.

#### Number of Suppliers by Geographical Region

##### Hong Kong



7

##### Mainland China



213

##### Southeast Asia



4

##### Other regions



4

Aspiring to exercise responsible and sustainable practices beyond compliance, we maintain bilateral and constructive dialogues with our diverse suppliers. We also pay visits to key suppliers' facilities and collect up-to-date information regularly about their environmental, social and governance practices to ensure they comply with our internal compliance standards. We also communicate closely with our suppliers to understand the effectiveness of their sustainability policies, initiatives and monitoring systems, which is helpful for us to identify areas for improvement and collaboration.

## OUR APPROACH TO SUSTAINABILITY

### Responsible Procurement

While expecting our suppliers to uphold the highest ethical and governance standards, the Group has imposed strict policies requiring employees to act in the highest standards of integrity with professionalism. The *Anti-bribery Policy* and *Conflict of Interest Policy* are applied to all regional offices, suppliers, customers and distributors. These policies are executed to forbid activities relating to bribery, extortion, fraud and money laundering, and guidelines are provided to deal with each type of corruptive behaviours to ensure our employees understand the ways in preventing favours, bribery, and conflict of interests. The Group identifies other sustainability-related risks that it may encounter and related inspections are taken accordingly.



The Group expects the suppliers share the same standards and environmental and social values with us. The Group endeavours to partner with suppliers that have certified with International Organisation for Standardisation (“ISO”) 14001 Environmental Management System. Hence, the sounded environmental commitments will have been ensured.

### Product Responsibility

Creating a better living environment for customers and maintaining the safeness of our gen-sets and power generation systems are our top priorities. VPower Group not only strives for technology innovation and system enhancement but also incorporates safety and quality assurances into daily operations in protecting the well-being of our staff, contractors and customers. Our *Inspection Control Procedure* is in place to ensure that our gen-sets and power generation systems have been tested in accordance to quality control procedures before delivering to our customers. Repairing and replacement services are also provided to ensure the highest level of satisfaction to our customers.

We update our company websites and publications regularly to provide the most reliable and up-to-date information to our stakeholders. VPower Group has committed to communicating regularly with stakeholders, providing open and transparent channels for their input, reviewing and responding to their concerns about our business timely.

In 2019, there was no incident of non-compliance with regulations concerning product and service information and labelling, as well as marketing communications.

# PROTECTING OUR ENVIRONMENT

## Environmental Management

Sustainability is integral to our business operations and we proactively manage our fuel and water consumption. We are committed to monitoring our greenhouse gas emissions and waste generation throughout our operations. As a responsible DPG solution provider, our top priority is to minimise the environmental impacts caused by our business operations.

With our operating projects spanning across various regions, we are subject to local environmental regulations in the countries. To actively manage the Group's environmental performance, the *Environmental Management Policy*, *Environmental Factor Evaluation Control Procedure* and *Environmental Monitoring and Measurement Control Procedure* are established.

The Group works diligently in response to the potential environment- and climate-related impacts relevant to our project development and operations. Through operational measures and carbon reduction initiatives along with development of efficient gen-sets, we have continued to improve the environmental performance of our assets. In addition, we have adopted various international standards for our environmental and quality management in our daily operations. Our production factory in Shenzhen and several project sites in Indonesia have been accredited with the certification of ISO 14001 Environmental Management System and ISO 9001 Quality Management System.



## PROTECTING OUR ENVIRONMENT

### Air Emissions and Control

Air emission remains as a major concern regarding power generation. The emission levels and intensity are influenced by various factors, such as generation efficiency of our gen-sets, fuel type and quality and emissions control measures implemented. In line with our decarbonisation agenda, we procure reliable and high-quality engines from reputable engine manufacturers for our gen-sets and power generation systems.



We use natural gas-fired engines for our gen-sets mainly. The use of gas-fired engines contributes to an overall lower level of air emissions in regions where oil and coal are the main sources of fuel for power generation. In our Shenzhen Factory, stringent operation controls are in place to ensure that emissions are in compliance with the Class II standard of *Emission Limits of Air Pollutants (DB44/27-2001)* in Guangdong Province.

Our air emissions estimation is in line with the United States Environmental Protection Agency's ("USEPA") approved methodologies with the use of applicable emission factors from the engine manufacturers' technical specifications and *USEPA AP-42 Compilation of Air Pollutant Emissions Factors*. The major air pollutants generated from our operation include sulphur dioxide (SO<sub>2</sub>), nitrogen oxides (NO<sub>x</sub>) and particulate matter (PM).

#### Air Emissions in FY2019<sup>(1)</sup>

##### Shenzhen Factory



##### Iquitos Project



Note:

- (1) Air emissions included the air pollutants generated from our Shenzhen Factory and the heavy fuel oil ("HFO") power station in Iquitos, Peru, in which we hold 51% equity interest of the project company that operates the Iquitos Project. For the other projects, fuel supply and consumption are controlled by off-takers, and such emissions are not reflected as ours in this Report.





## PROTECTING OUR ENVIRONMENT

### Greenhouse Gas Emissions

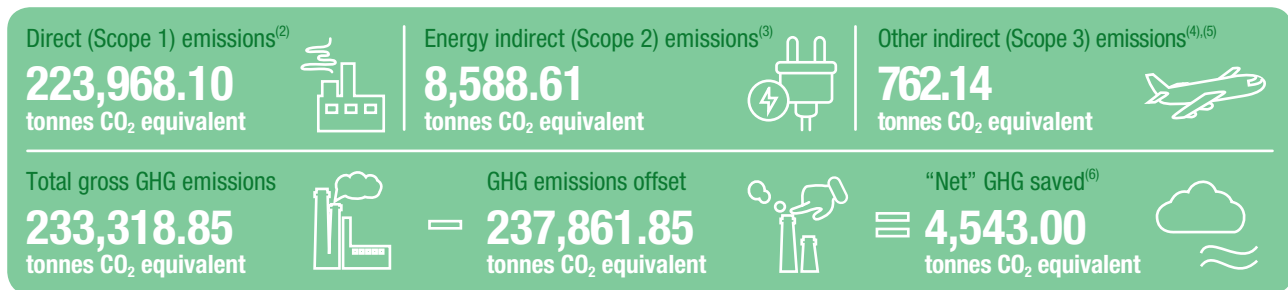
To accurately appraise our GHG footprint and reflect our contributions in offsetting GHG emissions, we made reference to applicable methodologies under the Clean Development Mechanism (“CDM”) of the United Nations Framework Convention on Climate Change (“UNFCCC”) to estimate the GHG emissions of our operating projects.



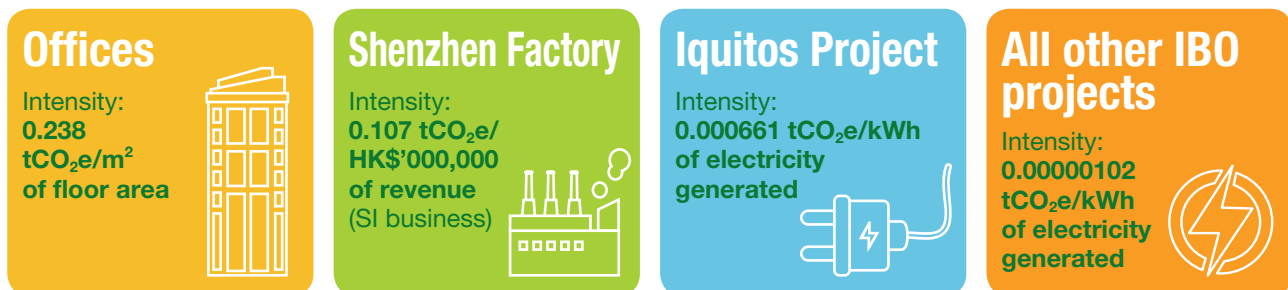
Our direct (Scope 1) emissions include fuels combusted in sources that we own or control, including fuel consumption for local transport, as well as operations at Shenzhen Factory and Iquitos Project. Meanwhile, indirect (Scope 2 and Scope 3) emissions include purchased electricity consumption, water and paper consumption, and air travel by employees.

### GHG Emissions in FY2019

#### GHG Emissions<sup>(1)</sup>



#### GHG Emissions Intensities



#### Notes:

- (1) Calculation was made in accordance with applicable guidelines including *Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 Edition)* published by the Electrical and Mechanical Services Department and Environmental Protection Department of the Hong Kong Special Administrative Region Government, USEPA's approved methodologies with the use of applicable emission factors, and applicable methodologies under the CDM of UNFCCC.
- (2) Scope 1 emissions included fuels combusted in sources that we own or control. Fuel supply and consumption controlled by the off-takers are not reflected as ours in this Report.
- (3) Emission factor for electricity purchased in Scope 2 is referenced to the latest available emission factor released by CLP Power Hong Kong Limited and the *2015 National Baseline Grid Emission Factor in China* issued by the Ministry of Ecology and Environment of the People's Republic of China.
- (4) GHG emissions from air travel included business travel for projects in operation, planning and development.
- (5) GHG emissions from air travel are calculated by International Civil Aviation Organisation (ICAO) Carbon Emissions Calculator.
- (6) “Net” GHG saved refers to total gross GHG emissions (excluding emissions by off-takers) less any emission that is offset by VPower Group's activities, expressed in absolute value.

## PROTECTING OUR ENVIRONMENT

### Providing Solutions that Help Decarbonise the World

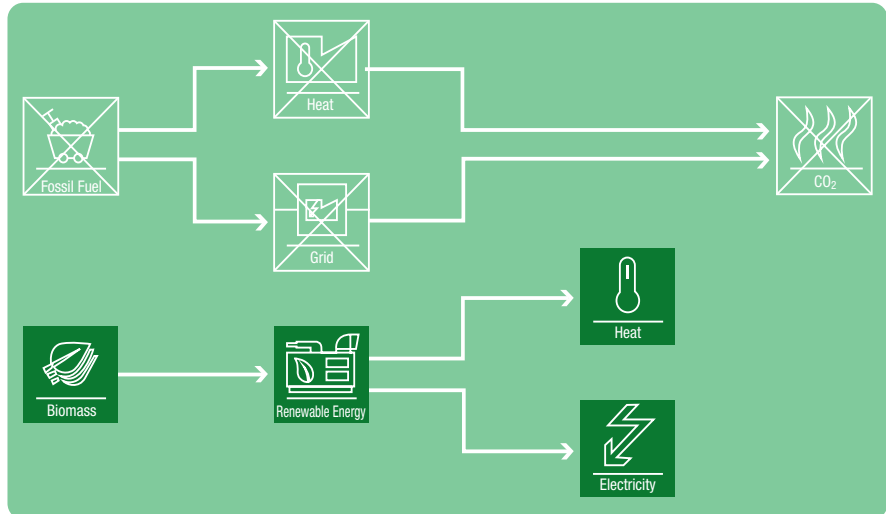
#### GHG Emissions Offset through Biogas Combined Heat and Power (“CHP”) Project in Shandong, China

##### Avoided – Baseline Scenario

Electricity and heat would be produced by more-carbon-intensive technologies

##### Adopted – Project Scenario and Contribution

Use of biomass for power and heat generation to replace fossil fuel



Reference: ACM0006: Electricity and heat generation from biomass

Our "waste-to-energy" CHP system in Shandong, China utilises the biogas from our customer to generate renewable energy. The biogas CHP system is also equipped with a waste heat boiler for recovering waste heat from the gen-set to produce steam.

By recovering the biogas produced through anaerobic digestion, our biogas power generation project contributes to the reduction of GHGs by generating renewable energy that would have otherwise been generated from fossil fuels. In 2019, our biogas CHP system recovered over 23 million m<sup>3</sup> of biogas and offset 39,520.06 tonnes of carbon dioxide equivalent emissions. Throughout the 15 years contract duration, the project is expected to offset 711,361 tonnes of carbon dioxide equivalent emissions in total.



Biogas

Recovered **23 million m<sup>3</sup>**  
of biogas.



Offset **39,520.06 tonnes**  
of carbon dioxide equivalent emissions.

## PROTECTING OUR ENVIRONMENT

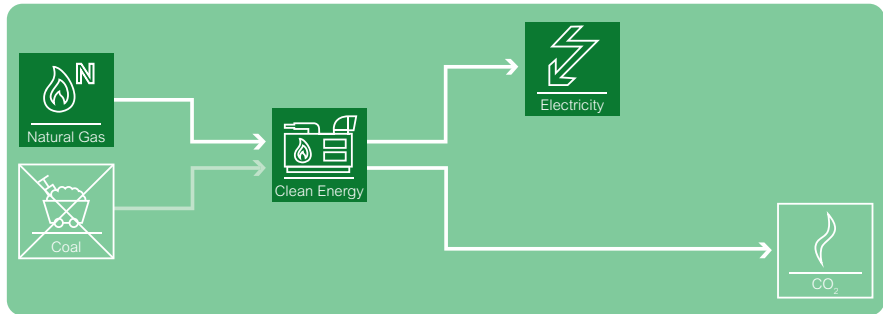
### GHG Emissions Offset through Utilisation of Gas-Fired Gen-sets in Indonesia

#### Avoided – Baseline Scenario

Electricity would be produced by more-carbon-intensive technologies

#### Adopted – Project Scenario and Contribution

Switch of fuel to less-carbon-intensive fuel for energy generation



Reference: AMS-III.B: Switching fossil fuels

According to the *Handbook of Energy & Economic Statistics of Indonesia* published by the Ministry of Energy and Mineral Resources of the Republic of Indonesia, coal accounted for 60% of fuel mix for electricity generation in 2018. With the provision of gas-fired gen-sets and power generation systems, VPower Group's projects have contributed to the local GHG emission offset by utilising less carbon-intensive energy sources in Indonesia.

VPower Group provides a cleaner alternative energy in areas that are heavily relying on carbon-intensive fossil fuels (e.g. coal) for energy generation.



Offset **185,493.23 tonnes** of carbon dioxide equivalent emissions.

### Climate Change Management

Addressing climate change is one of the main challenges companies must face. The World Economic Forum stated in its *Global Risk Report 2020* that climate-related issues dominate the top five long-term risks by likelihood for the first time in history. Therefore, combating climate change and protecting the environment are the top priorities of companies around the world, including VPower Group. We support the transition to a low carbon future by providing fast-track, affordable and cleaner distributed power generation in complementing the renewable energy. In the meantime, we will keep improving energy efficiency by incorporating the latest technologies to optimise the fuel consumption and hence lower the carbon emission of our distributed power generation systems.



Whereas displacement of fossil fuels by renewables is the ultimate goal to achieve carbon neutrality, the intermittent constraints of renewables may cause interruptions to the grid, leading to electricity supply instability. The International Energy Agency and Bloomberg New Energy Fund predict natural gas power generation will continue to play a long-term supporting role in low-carbon electricity beyond 2050. Natural gas is a flexible and reliable option for producing stable electricity and hence balancing the grid.

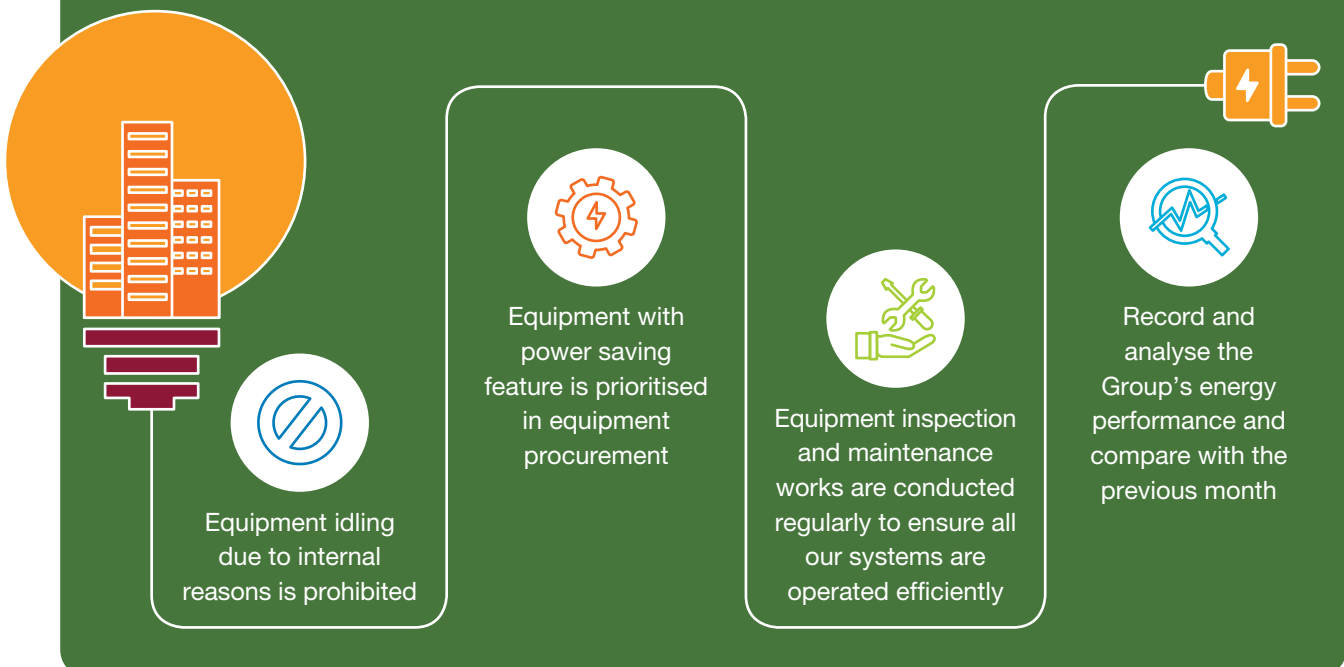
## PROTECTING OUR ENVIRONMENT

### Energy Conservation

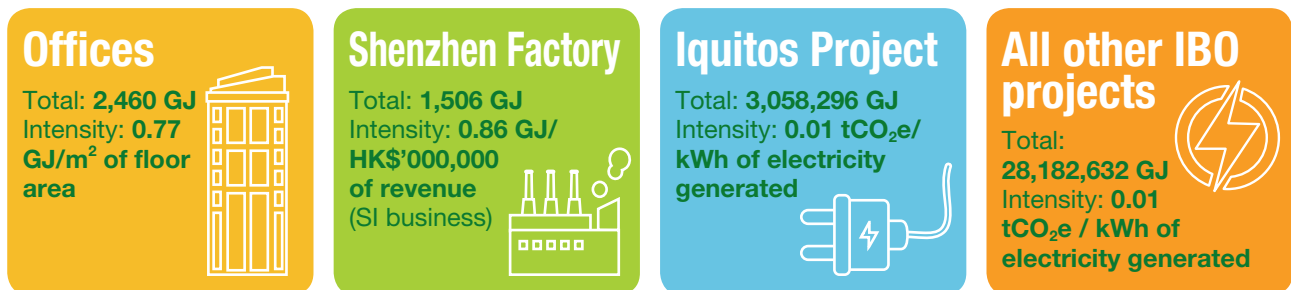
As a leading DPG solution provider, we are committed to advancing our power solutions and exploring new technologies in pursuit of higher energy efficiency and lower carbon emission. We strive to develop a new generation of gen-sets that are more fuel-efficient. As the cornerstone of our growth strategy, the Group has placed high priority for conducting research and development on providing advanced products and energy service solutions. During the Reporting Period, the Group incorporated ORC technology in one of our gas-fired projects to convert waste heat to electricity. Furthermore, the Group promotes energy saving in its day-to-day operation. The *Energy Resource Control Procedure* has been stipulated to strengthen VPower Group's capability in energy conservation and management.



### VPOWER GROUP'S ENERGY MANAGEMENT INITIATIVES



### Energy Consumption in FY2019<sup>(1),(2)</sup>



Notes:

- (1) Fuel supply and consumption in our IBO projects controlled by the off-takers are not considered as ours.
- (2) Calculation is made in accordance with applicable guidelines including *United Nations International Recommendations for Energy Statistics, Series M No. 93 (2018 Edition)* published by the Department of Economic and Social Affairs of the United Nations Secretariat and *Key World Energy Statistics (2019 Edition)* published by International Energy Agency with the use of standard conversion factors.

## PROTECTING OUR ENVIRONMENT

### Case Study

#### Organic Rankine Cycle (“ORC”) Technology

To enhance energy efficiency, a modular ORC system has been installed in our Myingyan II project, a gas-fired project with an installed capacity of 109.7MW. The ORC system uses an organic working fluid that has a lower boiling point, which accounts for its high efficiencies at lower heat source temperature. In 2019, the ORC system in Myingyan II project offset 12,848.56 tonnes of carbon dioxide equivalent emissions.

### Water Resources Consumption and Management

Most of our business operations are not water-intensive. Nonetheless, we continue to improve our water performance by taking different measures to reduce water consumption. In addition to the group-wide measures which we have promoted and adopted, individual operating units also come up with their own ideas to address their specific needs. For instance, our Shenzhen Factory has an onsite water treatment and recycling system. It treats and reuses the wastewater generated during the assembly of our power generation systems.



#### VPOWER GROUP'S WATER RESOURCES MANAGEMENT INITIATIVES



Adopt a drenching system, which recovers used water, for cleaning and cooling power units



Efficient use of water resources through losses control



Optimise plant equipment to reduce water usage, i.e. apply high-pressure hydraulic pumps to clean and cool power units



Integrated management of onsite water treatment and recycling systems to treat and reuse wastewater generated from assembly processes

#### Water Consumption in FY2019

##### Offices

Water consumption:  
**507 m<sup>3</sup>**  
Water consumption intensity:  
**0.16 m<sup>3</sup>/m<sup>2</sup> of floor area**



##### Shenzhen Factory and IBO projects

Water consumption:  
**47,050 m<sup>3</sup>**  
Water consumption intensity: **0.0000138**  
**m<sup>3</sup>/kWh of electricity generated**



# PROTECTING OUR ENVIRONMENT

## Waste Management

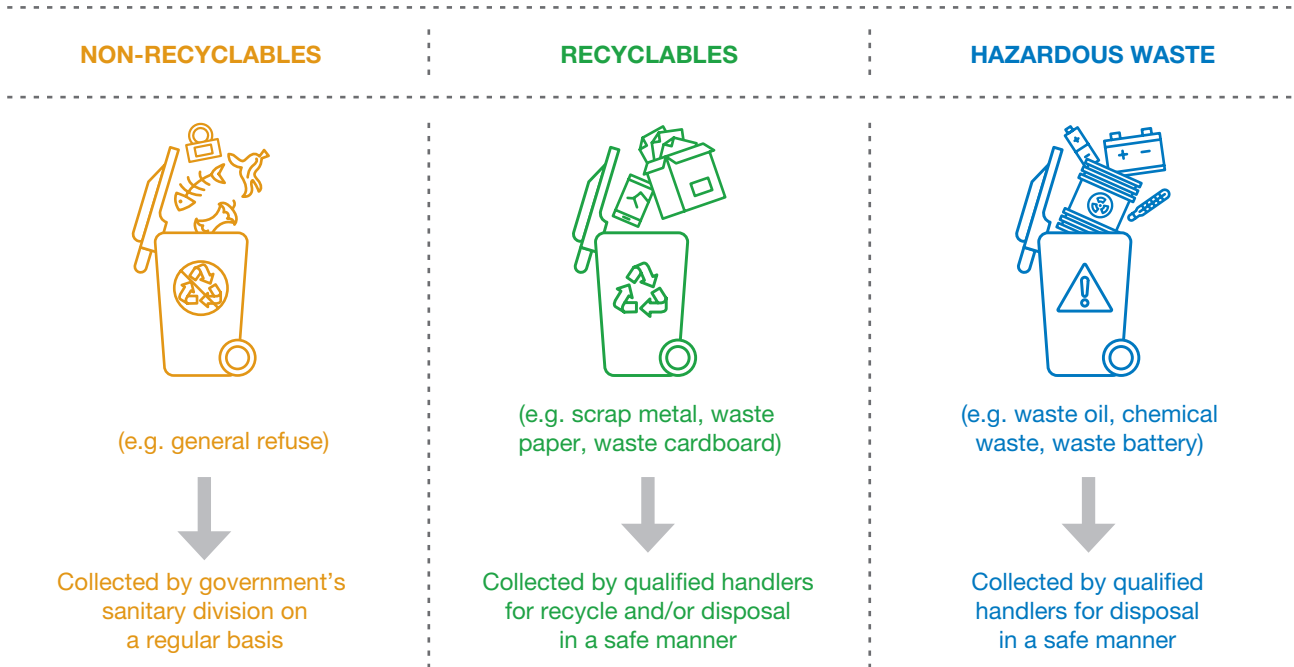
A sustainable waste management policy plays a crucial role in contributing to a circular economy. The major types of waste generated from our business operations include general industrial waste arose from the assembly process of gen-sets, waste oil produced from DPG stations and general refuse generated in facilities. To reduce waste and utilise resources efficiently, the Group has incorporated the principles of reuse and recycle in our business operations. In addition, the Group strives to increase the proportion of waste sent for recovery, whether hazardous or non-hazardous, by following the *Waste Management Control Procedure* and the *Hazardous Waste Handling Management Control Procedure* to ensure the separation, labelling, collection and processing of waste are in compliance with the prevailing laws and regulations.



### VPower Group's Waste Management Control

#### Non-Hazardous Waste

#### Hazardous Waste



### Waste Produced in FY2019

#### Non-hazardous waste

**Shenzhen Factory**

Non-hazardous waste: **2,944 kg**  
Intensity of non-hazardous waste generated: **1.68 kg/HK\$'000,000 of revenue (SI business)**

**IBO Projects**

Steel waste and scrap iron: **20,241 kg**  
Intensity of steel waste and scrap iron generated: **0.000006 kg/kWh of electricity generated**

#### Hazardous waste

**IBO Projects**

Waste oil: **666,708 L**  
Intensity of waste oil generated: **0.00020 L/kWh of electricity generated**

## PROTECTING OUR ENVIRONMENT

### Environmental Preservation

To uphold comprehensive environmental preservation and to address the environmental impacts of our operations, VPower Group identifies, prevents and minimises environmental impacts by adhering to the local statutory procedures. The Group follows the *Environmental Management Policy* to establish frameworks to identify, evaluate and monitor the environmental impacts resulting from our operation activities.

In 2019, there was no incident of non-compliance with relevant environmental regulations concerning the surrounding water-bodies, land and ecological sites. All emissions and effluents generated are monitored regularly and treated sufficiently before discharge.

### Environmental Factor Evaluation Control Procedure

#### Step 1 Identify Factors

Significant environmental factors related to our business operations are identified and addressed promptly.

##### Factors affecting VPower Group

These factors include raw materials, auxiliary materials, energy, resources, products and services, etc. They are evaluated based on magnitude of energy saving, toxicity reduction and their associated compliance status.

##### Factors induced by VPower Group

These factors include air emissions, effluent discharges, waste management, soil contamination, noise pollution, etc. They are evaluated based on the probability, predictability and the seriousness of the associated consequences.

#### Step 2 Update the Inventory of Environmental Factors

An inventory of environmental factors is compiled, updated and monitored on an ongoing basis to ensure the effectiveness and suitability of our environmental management system.

#### Step 3 Take Mitigation Measures

Take appropriate measures in mitigating potential impacts on the environment and natural resources and reducing emissions as much as possible.



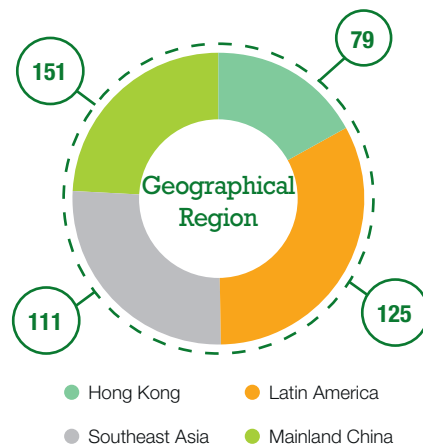
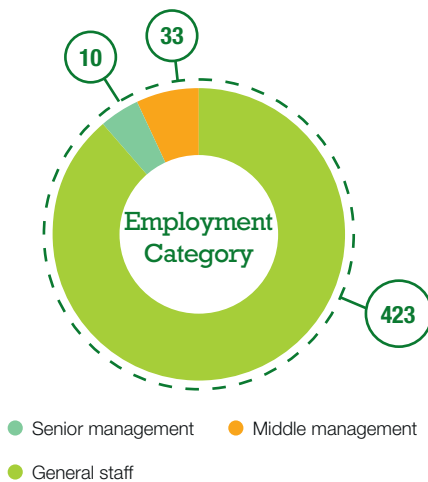
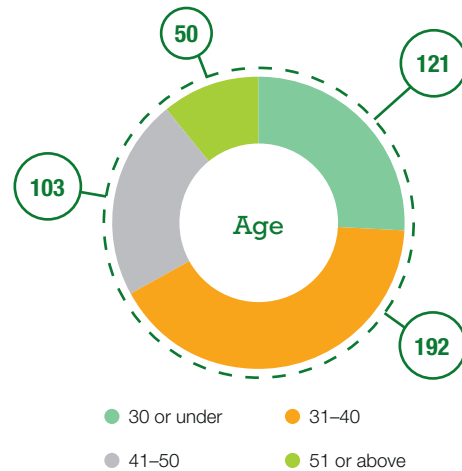
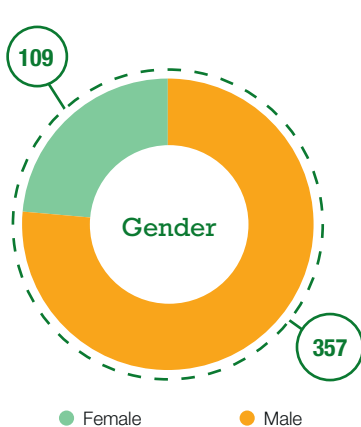
# CARING FOR OUR PEOPLE

## Employee Relations

We believe that the contributions of our employees and the implementation of sustainable strategies are critical to our long-term success. We invest in recruiting the right talents and in supporting our staff to achieve their full potentials. We have made ceaseless efforts in attracting and retaining talents by building a friendly, fair, and work-life balanced environment, offering competitive and attractive remuneration packages and providing benefits including medical care, retirement schemes and performance based bonus.

As at 31 December 2019, the Group employed a total of 466 full-time permanent staff, representing an increase of 30.5% as compared with the previous year.

### Employment Profile





## CARING FOR OUR PEOPLE

### Supporting Diversity and Inclusion

Having an inclusive and diverse culture is important as our business is globally distributed. We are committed to providing equal opportunities throughout employment, including the remuneration, recruitment, training and promotion of employees as we embrace uniqueness and individuality in employees in the belief that diversity can bring innovation to our business. Our *Code of Conduct* and anti-discrimination guideline stipulated in our *Staff Handbook* documented our dedication in promoting equality by all means and prohibiting all forms of discrimination against gender, age, family status, sexual orientation, disability, race and religion. Through enforcing anti-discrimination practices within the Group, we aim to ensure employees to comply with laws and regulations in relation to human rights and labour practices and follow ethical business practices.

### Engagement and Retention

Our employees receive competitive remuneration packages with a variety of benefits, including medical, retirement schemes, entitlement to performance-based bonuses and shares or share options. Our remuneration system complies with local legal requirements with respect to minimum wage. In addition, 100% of our employees are covered by welfare and benefit system, including leave benefits and medical allowances. VPower Group is pledged to becoming an outstanding employer and to retaining passionate, skilled and knowledgeable employees. In order to ensure we operate transparently and fairly, a comprehensive human resources management system is established to provide standards and guidance for our employees. Regarding our recruitment and promotions, talents are recruited irrespective of gender, age, ethnic origin, religion, sexual orientation, political affiliation and nationality. Our *Staff Handbook* also clearly explains guidelines and standards with applicable local laws and regulations in relation to recruitment and promotion, compensation and dismissal, working hours, rest periods, equal opportunity, diversity, anti-discrimination, child and forced labour avoidance, and other benefits and welfare.

### Recognising Demands and Suggestions

Our Human Resources Department has built a transparent and open working environment by setting up internal communication platforms to allow our employees to raise questions and suggestions. “Employee Suggestion Box Scheme” is set up to provide an opportunity for employees to share suggestions and engage in decision-making process. It also serves as a channel for employees to lodge complaints relating to any suspicious and misconduct issues. Employee’s feedback remains anonymous unless they want to be contacted. Our management would review the platform on a regular basis and take corresponding actions to ensure the voices of employees are heard and their concerns are addressed.

### Employees’ Health and Well-being

As a forward-looking employer, we see the growing significance of work-life balance to physical and mental health of our employees. Having a balancing work and family life also improves communication between employees and strengthens employee engagement. In 2019, VPower Group launched a series of workshops to promote work-life harmony and encourage employees to devote themselves to work and enjoy life.

## CARING FOR OUR PEOPLE

### Grooming Talents

Our employees are the source of our ingenuity and innovation, and are crucial to the overall development of the Group. We have established a comprehensive programme which is specifically designed to address the needs of employees at all levels and aim to develop talents through various training and development opportunities and financial support. The details of training programme is covered in our *Training Policy*, which includes orientation, health and safety and professional training for all our employees and outsourced service workers.

Furthermore, we require our newcomers to participate in the orientation training, which includes company policies and procedures, standard operation procedures and *Code of Conduct*, aiming to help them to adapt to new working environment. On the other hand, we also provide management training which covers strategic management, service marketing and supervisory management and leadership to our management team to enrich their leadership skills. Meanwhile, we support our employees to participate in external training and obtain memberships from appropriate professional institutions. Membership fee can be reimbursed under our Professional Membership Fee Reimbursement Scheme. We are dedicated to supporting employees in building promising careers.

### Employee Training Statistics in FY2019



## CARING FOR OUR PEOPLE

### Health and Safety

We regard health and safety as an important integral part of our business. To maintain a safe and healthy work environment, our Shenzhen Factory implements a health and safety management system certified to the OHSAS 18001 standard. Our *Safety Handbook for Construction Site Workers*, *Power Plant Safety Management Handbook* and *Power Plant Safety Equipment Operation Instructions* require our employees and outsourced service workers to share our core values, particularly with regard to occupational health and safety. Standardised procedures are in place to provide clear guidance on appropriate working procedures, protecting our employees against safety risks and reducing the likelihood of accidents.

We value our employees and work to strengthen their health and well-being through a wide variety of events and activities. We provide regular training and safety drills to raise awareness about potential health hazards and educate employees about appropriate responses to incidents. We equip our employees and contractors with sufficient personal protective equipment and appoint designated safety supervisors to review and reinforce the health and safety policies. Fire drills are also in place at all operation sites to practise emergency procedures and ensure accessibility of evacuation routes. We conduct regular checking to identify any unsafe conditions and implement corresponding actions to prevent potential hazards from developing into occupational injuries.



In 2019, we did not record any case of occupational injury or illness of our staff as well as outsourced service workers working in our sites.

## GIVING BACK TO OUR COMMUNITY

Our goal is to create a positive impact in the communities in which we operate, both directly and indirectly. We strive to employ local labour, identify needs in local communities and maintain open and transparent dialogue with relevant stakeholders. Solid interaction with our project neighbours and the establishment of good relations are essential for addressing communities' priorities, driving local development and creating shared value in society. During the Reporting Period, VPower Group actively participated in various community programmes in different locations. Please refer to our *Annual Report 2019* for details of our community programmes.



# PERFORMANCE DATA SUMMARY

## Environmental Performance

	Unit	2019
<b>Greenhouse Gas (GHG) Emission<sup>(1)</sup></b>		
<b>Direct (Scope 1) Emissions<sup>(2)</sup></b>		
Offices	tonne CO <sub>2</sub> e	152.95
Shenzhen Factory	tonne CO <sub>2</sub> e	63.88
Iquitos Project	tonne CO <sub>2</sub> e	223,628.18
All other IBO projects	tonne CO <sub>2</sub> e	123.09
<b>Energy Indirect (Scope 2) Emissions<sup>(3)</sup></b>		
Offices	tonne CO <sub>2</sub> e	62.23
Shenzhen Factory	tonne CO <sub>2</sub> e	117.24
Iquitos Project	tonne CO <sub>2</sub> e	5,613.11
All other IBO projects	tonne CO <sub>2</sub> e	2,796.03
<b>Other Indirect (Scope 3) Emissions<sup>(4), (5)</sup></b>		
Offices	tonne CO <sub>2</sub> e	545.80
Shenzhen Factory	tonne CO <sub>2</sub> e	6.90
Iquitos Project	tonne CO <sub>2</sub> e	0.01
All other IBO projects	tonne CO <sub>2</sub> e	209.43
<b>Total GHG emissions</b>	tonne CO <sub>2</sub> e	233,318.85
<b>GHG Emissions Intensities</b>		
Offices	tonne CO <sub>2</sub> e/m <sup>2</sup> of floor area	0.238
Shenzhen Factory	tonne CO <sub>2</sub> e/HK\$'000,000 revenue (SI business)	0.107
Iquitos Project	tonne CO <sub>2</sub> e/kWh of electricity generated	0.000661
All other IBO projects	tonne CO <sub>2</sub> e/kWh of electricity generated	0.0000102
<b>GHG Emissions Offset</b>		
Shandong Project	tonne CO <sub>2</sub> e	39,520.06
Myingyan II Project	tonne CO <sub>2</sub> e	12,848.56
Indonesia Projects	tonne CO <sub>2</sub> e	185,493.23
<b>"Net" GHG saved<sup>(6)</sup></b>	tonne CO <sub>2</sub> e	4,543.00
<b>Air Emissions<sup>(7)</sup></b>		
<b>Shenzhen Factory</b>		
Sulphur dioxide (SO <sub>2</sub> )	tonne	0.008
Nitrogen oxides (NO <sub>x</sub> )	tonne	0.861
Particulate matter (PM)	tonne	0.023
<b>Iquitos Project</b>		
Sulphur dioxide (SO <sub>2</sub> )	tonne	497.66
Nitrogen oxides (NO <sub>x</sub> )	tonne	2,573.91
Particulate matter (PM)	tonne	88.15

## PERFORMANCE DATA SUMMARY

### Environmental Performance

	Unit	2019
<b>Energy Consumption</b>		
<b>Electricity Consumption</b>		
Offices	kWh	117,255
Shenzhen Factory	kWh	192,165
Iquitos Project	kWh	11,006,093
All other IBO projects	kWh	4,771,974
<b>Natural Gas Consumption</b>		
IBO projects (excluding Iquitos Project) <sup>(8)</sup>	m <sup>3</sup>	689,213,751
<b>Liquid Fuel Consumption</b>		
Offices	L	56,572
Shenzhen Factory	L	22,614
Iquitos Project	L	74,346,059
All other IBO projects <sup>(8)</sup>	L	20,764,725
<b>Biogas Consumption</b>		
Shandong Project <sup>(8)</sup>	m <sup>3</sup>	23,562,837
<b>Total Energy Consumption<sup>(9)</sup></b>		
Offices	GJ	2,460
Shenzhen Factory	GJ	1,506
Iquitos Project	GJ	3,058,296
All other IBO projects	GJ	28,182,632
<b>Total Energy Consumption Intensities<sup>(9)</sup></b>		
Offices	GJ/m <sup>2</sup> of floor area	0.77
Shenzhen Factory	GJ/HK\$'000,000 revenue (SI business)	0.86
Iquitos Project	GJ/kWh of electricity generated	0.01
All other IBO projects	GJ/kWh of electricity generated	0.01
<b>Water Consumption</b>		
<b>Water Consumption</b>		
Offices	m <sup>3</sup>	507
Shenzhen Factory and IBO projects	m <sup>3</sup>	47,050
<b>Water Consumption Intensities</b>		
Offices	m <sup>3</sup> /m <sup>2</sup> of floor area	0.16
Shenzhen Factory and IBO projects	m <sup>3</sup> /kWh of electricity generated	0.0000138

## PERFORMANCE DATA SUMMARY

### Environmental Performance

	Unit	2019
<b>Waste Produced</b>		
<b>Shenzhen Factory</b>		
Non-hazardous waste generated	kg	2,944
Intensity of non-hazardous waste generated	kg/HK\$'000,000 revenue (SI business)	1.68
<b>IBO Projects</b>		
Non-hazardous waste – steel waste and scrap iron generated	kg	20,241
Hazardous waste – waste oil generated	L	666,708
Intensity of steel waste and scrap iron generated	kg/kWh of electricity generated	0.000006
Intensity of waste oil generated	L/kWh of electricity generated	0.00020
<b>Environmental Compliance</b>		
Number of violation cases related to pollutant emission or environmental impact	No.	0

Notes:

- (1) Calculation was made in accordance with applicable guidelines including *Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 Edition)* published by the Electrical and Mechanical Services Department and Environmental Protection Department of the Hong Kong Special Administrative Region Government, USEPA's approved methodologies with the use of applicable emission factors, and applicable methodologies under the CDM of UNFCCC.
- (2) Scope 1 emissions included fuels combusted in sources that we own or control. Fuel supply and consumption controlled by the off-takers are not reflected as ours in this Report.
- (3) Emission factor for electricity purchased in Scope 2 is referenced to the latest available emission factor released by CLP Power Hong Kong Limited and the *2015 National Baseline Grid Emission Factor in China* issued by the Ministry of Ecology and Environment of the People's Republic of China.
- (4) GHG emissions from air travel included business travel for projects in operation, planning and development.
- (5) GHG emissions from air travel are calculated by International Civil Aviation Organisation (ICAO) Carbon Emissions Calculator.
- (6) "Net" GHG saved refers to total gross GHG emissions (excluding emissions by off-takers) less any emission that is offset by VPower Group's activities, expressed in absolute value.
- (7) Air emissions included the air pollutants generated from our Shenzhen Factory and the HFO power station in Iquitos, Peru, in which we hold 51% equity interest of the project company. For other projects, fuel supply and consumption are controlled by off-takers, and such emissions are not reflected as ours in this Report.
- (8) Fuel supply and consumption in our IBO projects controlled by the off-takers are not considered as ours.
- (9) Calculation is made in accordance with applicable guidelines including *United Nations International Recommendations for Energy Statistics, Series M No. 93 (2018 Edition)* published by the Department of Economic and Social Affairs of the United Nations Secretariat and *Key World Energy Statistics (2019 Edition)* published by International Energy Agency with the use of standard conversion factors.

## PERFORMANCE DATA SUMMARY

### Employment and Labour Practices

	Unit	2019
<b>Employment Profile</b>		
Number of full-time permanent staff	No.	466
<i>By Gender</i>		
Male	No.	357
Female	No.	109
<i>By Age</i>		
30 or under	No.	121
31–40	No.	192
41–50	No.	103
51 or above	No.	50
<i>By Employment Category</i>		
General staff	No.	423
Middle management	No.	33
Senior management	No.	10
<i>By Geographical Region</i>		
Hong Kong	No.	79
Mainland China	No.	151
Southeast Asia	No.	111
Latin America	No.	125
Number of outsourced service workers working onsite	No.	541
<b>Employee Turnover Rate</b>		
<i>By Gender</i>		
Male	%	13.23
Female	%	23.76
<i>By Age</i>		
30 or under	%	16.38
31–40	%	21.08
41–50	%	8.56
51 or above	%	9.30
<i>By Geographical Region</i>		
Hong Kong	%	13.39
Mainland China	%	8.52
Southeast Asia	%	14.92
Latin America	%	14.30
<b>Health and Safety</b>		
Number of work-related fatalities	No.	0

	Unit	2019
Rate of work-related fatalities <sup>(1)</sup>	—	0
Number of high-consequence work-related injuries (excluding fatalities) <sup>(2)</sup>	No.	0
Rate of high-consequence work-related injuries (excluding fatalities) <sup>(3)</sup>	—	0
Number of work-related injuries <sup>(4)</sup>	No.	0
Rate of work-related injuries <sup>(5)</sup>	—	0
Lost days due to work-related injuries	days	0
Number of occupational disease cases	No.	0
<b>Development and Training</b>		
Employee training rate	%	100
Average training hours per person	hours	34.1
<i>By Gender</i>		
Male	hours	40.08
Female	hours	14.69
<i>By Employment Category</i>		
General staff	hours	35.80
Middle management	hours	16.52
Senior management	hours	22.01
<b>Labour Practices</b>		
Number of violation cases related to employment or labour regulations	No.	0
Number of violation cases related to child labour or forced labour	No.	0
Number of discrimination cases related to gender, ethnicity, age, health, etc. during recruitment	No.	0

Notes:

- (1) Rate of work-related fatalities = (Total number of work-related fatalities/Total working hours) x 200,000
- (2) High-consequence work-related injuries (excluding fatalities) refer to work-related injuries from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months.
- (3) Rate of high-consequence work-related injuries (excluding fatalities) = (Total number of high-consequence work-related injuries (excluding fatalities)/Total working hours) x 200,000
- (4) Work-related injuries also include work-related fatalities and high-consequence work-related injuries.
- (5) Rate of work-related injuries = (Total number of work-related injuries/Total working hours) x 200,000

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE CONTENT INDEX

## SEHK ESG Reporting Guide Content Index

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Chapter(s) in Sustainability Report 2019 or other references/explanation	Page No.
<b>Environmental</b>			
<b>Aspect A1: Emissions</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Protecting Our Environment, Compliance with Relevant Laws and Regulations that are Significant to VPower Group	21–29, 49
KPI A1.1	The types of emissions and respective emissions data.	Protecting Our Environment	22
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Protecting Our Environment	23
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Protecting Our Environment	28
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Protecting Our Environment	28
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Protecting Our Environment	21–29
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Protecting Our Environment	28



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Chapter(s) in Sustainability Report 2019 or other references/explanation	Page No.
<b>Aspect A2: Use of Resources</b>			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Protecting Our Environment  The Group has established the <i>Energy Resource Control Procedure</i> to ensure effective use of energy and water resources.  The Group's business activities revolve around assembling of gen-sets and operation of DPGs. We do not involve significant use of raw materials in our business activities. Therefore, we have no dedicated policies in the respective aspects.	26–27
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Protecting Our Environment	26
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Protecting Our Environment	27
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Protecting Our Environment	26–27
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Protecting Our Environment	27
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The use of packaging material for finished products is not applicable to the Group's business.	
<b>Aspect A3: The Environment and Natural Resources</b>			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Protecting Our Environment	21–29
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Protecting Our Environment	21–29

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Chapter(s) in Sustainability Report 2019 or other references/explanation	Page No.
<b>Social</b>			
<b>Employment and Labour Practices</b>			
<b>Aspect B1: Employment</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Caring for Our People, Compliance with Relevant Laws and Regulations that are Significant to VPower Group	30–31, 49
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Caring for Our People	30
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Performance Data Summary	37
<b>Aspect B2: Health and Safety</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to providing a safe working environment and protecting employees from occupational hazards.	Caring for Our People, Compliance with Relevant Laws and Regulations that are Significant to VPower Group	33, 50
KPI B2.1	Number and rate of work-related fatalities.	Performance Data Summary	37
KPI B2.2	Lost days due to work injury.	Performance Data Summary	37
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Caring for Our People	33
<b>Aspect B3: Development and Training</b>			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Caring for Our People	32
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Performance Data Summary	37
KPI B3.2	The average training hours completed per employee by gender and employee category.	Performance Data Summary	37

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Chapter(s) in Sustainability Report 2019 or other references/explanation	Page No.
<b>Aspect B4: Labour Standards</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to preventing child and forced labour.	Caring for Our People  Child and forced labour are strictly prohibited across our operations. We also manage and oversee the code of conduct of our suppliers including their social and ethical standards to minimise the risks associated in our supply chain.  We do not encounter significant difficulty in hiring staff and we do not consider that laws and regulations relating to preventing child and forced labour have a significant impact on VPower Group.  During the Reporting Period, none of our operation or suppliers had exposed to the significant risk of having child and forced labour.	31
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Caring for Our People  The Group regularly reviews its employment practice to ensure that we are in compliance with the applicable laws and regulations in preventing the use of child and forced labour.	31
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Caring for Our People  The Group has zero tolerance towards such practice. Violations are subject to internal disciplinary actions or handled by relevant authorities.	31

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Chapter(s) in Sustainability Report 2019 or other references/explanation	Page No.
<b>Operating Practices</b>			
<b>Aspect B5: Supply Chain Management</b>			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Our Approach to Sustainability	19–20
KPI B5.1	Number of suppliers by geographical region.	Our Approach to Sustainability	19
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Our Approach to Sustainability	19–20
<b>Aspect B6: Product Responsibility</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Our Approach to Sustainability  Advertising is not applicable to the Group's business. Therefore, no dedicated policies are in place.  Labelling is considered not significant in our operations. Therefore, no dedicated policies are in place.  Data privacy and protection of copyright are among the topics covered in our <i>Code of Conduct</i> to ensure the privacy of our stakeholders.  We do not produce consumer products, so we do not consider that laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services have a significant impact on VPower Group.	20
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	No product was recalled due to safety and health reasons.	
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	No complaint was received from the municipalities or our customers.	
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	We strive our best to protect the Group's intellectual property rights, as well as complying with all applicable laws and regulations, including observing the intellectual property rights of our suppliers.	

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs	Description	Relevant Chapter(s) in Sustainability Report 2019 or other references/explanation	Page No.
KPI B6.4	Description of quality assurance process and recall procedures.	Our Approach to Sustainability	20
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	The Group has made a strong commitment to information security. Employees must not disclose or use any confidential information of the Group. Legal actions will be initiated if an employee is found to have committed a breach of confidentiality.	
<b>Aspect B7: Anti-corruption</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to bribery, extortion, fraud and money laundering.	Our Approach to Sustainability  Current policies and measures in place are adequate to comply with generally applicable standards, we do not consider that laws and regulations relating to bribery, extortion, fraud and money laundering have a significant impact on VPower Group.	17–18
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Our Approach to Sustainability	17
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Our Approach to Sustainability	18
<b>Aspect B8: Community Investment</b>			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Giving Back to Our Community	33
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Giving Back to Our Community	33
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Giving Back to Our Community	33

## GRI CONTENT INDEX



This report contains standard disclosures from the GRI Sustainability Reporting Standards. For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102–40 to 102–49 align with appropriate sections in the body of the report. The service was performed on the

English version of the report. The following table indicates the location of or direct response to GRI Standards disclosures included in this report and other publicly available documents of VPower Group.

Disclosure Number	Disclosure	Relevant Chapter(s) in Sustainability Report 2019 or other references/explanation	Page No.
<b>GRI 101: Foundation 2016</b> <i>(Does not include any disclosure)</i>			
<b>GRI 102: General Disclosures 2016</b>			
<b>Organization Profile</b>			
102-1	Name of the organization	About this Report	0
102-2	Activities, brands, products, and services	About VPower Group	4
102-3	Location of headquarters	About VPower Group	4
102-4	Location of operations	About VPower Group	4
102-5	Ownership and legal form	About VPower Group	4
102-6	Markets served	About VPower Group	4
102-7	Scale of the organization	About VPower Group	4–6
102-8	Information on employees and other workers	Caring for Our People	30
102-9	Supply Chain	Our Approach to Sustainability	19
102-10	Significant changes to the organization and its supply chain	Our Approach to Sustainability	6, 19
102-11	Precautionary principle or approach	Our Approach to Sustainability	17–20
102-12	External initiatives	Message from Our Chairman	2–3
102-13	Membership of associations	About VPower Group	12
<b>Electric Utilities Sector Disclosures</b>			
EU1	Installed capacity broken down by primary energy source and by regulatory regime	About VPower Group, Annual Report 2019 ( <a href="http://vpower.com">http://vpower.com</a> ) — Management Discussion and Analysis (pg. 11)	5–6
<b>Strategy</b>			
102-14	Statement from senior decision maker	Message from Our Chairman	2–3
<b>Ethics and Integrity</b>			
102-16	Values, principles, standards, and norms of behavior	Our Approach to Sustainability	17–20

## GRI CONTENT INDEX

Disclosure Number	Disclosure	Relevant Chapter(s) in Sustainability Report 2019 or other references/explanation	Page No.
<b>Governance</b>			
102-18	Governance structure	Our Approach to Sustainability	17
<b>Stakeholder Engagement</b>			
102-40	List of stakeholder groups	Our Approach to Sustainability	13
102-41	Collective bargaining agreements	There are no formal collective bargaining agreements in place within the Group.	
102-42	Identifying and selecting stakeholders	Our Approach to Sustainability	13
102-43	Approach to stakeholder Engagement	Our Approach to Sustainability	13
102-44	Key topics and concerns raised	Our Approach to Sustainability	15–16
<b>Reporting Practice</b>			
102-45	Entities included in the consolidated financial statements	Annual Report 2019 ( <a href="http://vpower.com">http://vpower.com</a> ) — Notes to the Financial Statements (pg. 71–72)	
102-46	Defining report content and topic Boundaries	Our Approach to Sustainability	15–16
102-47	List of material topics	Our Approach to Sustainability	15–16
102-48	Restatements of information	There is no restatement of information in this Report.	
102-49	Changes in reporting	Our Approach to Sustainability	16
102-50	Reporting period	About this Report	0
102-51	Date of most recent report	About this Report	0
102-52	Reporting cycle	About this Report	0
102-53	Contact point for questions regarding the report	About this Report	0
102-54	Claims of reporting in accordance with the GRI Standards	About this Report	0
102-55	GRI content index	GRI Content Index	44–48
102-56	External assurance	Not applicable	
<b>Topic-Specific Disclosures</b>			
<b>Indirect Economic Impacts</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability	14–16
103-2	The management approach and its components	About VPower Group	10–12
103-3	Evaluation of management approach	About VPower Group	10–12
<b>GRI 203: Indirect Economic Impacts 2016</b>			
203-2	Significant indirect economic impacts	About VPower Group	10–12

## GRI CONTENT INDEX

Disclosure Number	Disclosure	Relevant Chapter(s) in Sustainability Report 2019 or other references/explanation	Page No.
<b>Anti-Corruption</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability	14–16
103-2	The management approach and its components	About VPower Group, Our Approach to Sustainability	17
103-3	Evaluation of management approach	About VPower Group, Our Approach to Sustainability	17
<b>GRI 205: Anti-Corruption 2016</b>			
205-3	Confirmed incidents of corruption and actions taken	Our Approach to Sustainability	17
<b>Emissions</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability	14–16
103-2	The management approach and its components	Protecting Our Environment	21–25
103-3	Evaluation of management approach	Protecting Our Environment	21–25
<b>GRI 305: Emissions 2016</b>			
305-1	Direct (Scope 1) GHG emissions	Protecting Our Environment	23
305-2	Energy indirect (Scope 2) GHG emissions	Protecting Our Environment	23
305-3	Other indirect (Scope 3) GHG emissions	Protecting Our Environment	23
305-4	GHG emission intensity	Protecting Our Environment	23
305-7	Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	Protecting Our Environment	22
<b>Effluents and Waste</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability	14–16
103-2	The management approach and its components	Protecting Our Environment	28–29
103-3	Evaluation of management approach	Protecting Our Environment	28–29
<b>GRI 306: Effluents and Waste 2016</b>			
306-2	Waste by type and disposal methods	Protecting Our Environment	28
<b>Environmental Compliance</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability	14–16
103-2	The management approach and its components	Protecting Our Environment	21–29
103-3	Evaluation of management approach	Protecting Our Environment	21–29
<b>GRI 307: Environmental Compliance 2016</b>			
307-1	Non-compliance with environmental laws and regulations	Protecting Our Environment	21–29



## GRI CONTENT INDEX

Disclosure Number	Disclosure	Relevant Chapter(s) in Sustainability Report 2019 or other references/explanation	Page No.
<b>Employment</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability	14–16
103-2	The management approach and its components	Caring for Our People	30–31
103-3	Evaluation of management approach	Caring for Our People	30–31
<b>GRI 401: Employment 2016</b>			
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Caring for Our People	30–31
<b>Occupational Health and Safety</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability	14–16
103-2	The management approach and its components	Caring for Our People	33
103-3	Evaluation of management approach	Caring for Our People	33
<b>GRI 403: Occupational Health and Safety 2018</b>			
403-1	Occupational health and safety management system	Caring for Our People	33
403-2	Hazard identification risk assessment, and incident investigation	Caring for Our People	33
403-3	Occupational health services	Caring for Our People	33
403-4	Worker participation, consultation, and communication on occupational health and safety	Caring for Our People	33
403-5	Worker training on occupational health and safety	Caring for Our People	33
403-6	Promotion of worker health	Caring for Our People	33
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Caring for Our People	33
403-9	Work-related injuries	Caring for Our People, Performance Data Summary	33, 37
<b>Training and Education</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability	14–16
103-2	The management approach and its components	Caring for Our People	32
103-3	Evaluation of management approach	Caring for Our People	32
<b>GRI 404: Training and Education 2016</b>			
404-1	Average hours of training per year per employee	Performance Date Summary	37
<b>Local Communities</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability	14–16
103-2	The management approach and its components	About VPower Group, Giving Back to Our Community	7–10, 33
103-3	Evaluation of management approach	About VPower Group, Giving Back to Our Community	7–10, 33

## GRI CONTENT INDEX

Disclosure Number	Disclosure	Relevant Chapter(s) in Sustainability Report 2019 or other references/explanation	Page No.
<b>GRI 413: Local Communities 2016</b>			
413-1	Operations with local community engagement, impact assessments, and development programs	About VPower Group, Giving Back to Our Community	7–10, 33
<b>Electric Utilities Sector Disclosures</b>			
<b>Availability and Reliability</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability	14–16
103-2	The management approach and its components <b>Sector Specific:</b> Ensure short and long-term electricity availability and reliability	About VPower Group	5–6, 10–11
103-3	Evaluation of management approach	About VPower Group	5–6, 10–11
<b>Sector Specific Indicator</b>			
EU10	Planned capacity against projected electricity demand over the log term, broken down by energy source and regulatory regime	About VPower Group, Annual Report 2019 ( <a href="http://vpower.com">http://vpower.com</a> ) – Management Discussion and Analysis (pg. 12)	5–6
<b>Research and Development</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability	14–16
103-2	The management approach and its components <b>Sector Specific:</b> Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development	About VPower Group	5–6, 10–11
103-3	Evaluation of the management approach	About VPower Group	5–6, 10–11
<b>Disaster/Emergency Planning and Response</b>			
<b>GRI 103: Management Approach 2016</b>			
103-1	Explanation of the material topic and its Boundary	Our Approach to Sustainability	14–16
103-2	The management approach and its components <b>Sector Specific:</b> Contingency planning measures, disaster/emergency management plan and training programs, and recovery/restoration plans	Caring for Our People	33
103-3	Evaluation of the management approach	Caring for Our People	33

## COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS THAT ARE SIGNIFICANT TO VPOWER GROUP

SEHK's "ESG Reporting Guide"  
Subject Area

Compliance with Relevant Laws and Regulations that are  
Significant to VPower Group

### Environment

#### Aspect A1: Emissions

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

Relevant laws and regulations that are significant to the Group include Environmental Protection Law of the PRC, Rules on the Administration concerning Environmental Protection of Construction Projects, Law of the PRC on Environmental Impact Appraisal, Law of the PRC on the Prevention and Control of Air Pollution, Law of the PRC on the Prevention and Control of Water Pollution, and Law of the PRC on Prevention, Control of Solid Waste Environmental Pollution, Environmental Quality Standard for Air (Peru), Environmental Quality Standard for Water (Peru), and General Law for Solid Waste (Peru). These laws and regulations stipulate the applicable requirements on air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous waste. It is imperative to meet these statutory obligations as violation of any of applicable environmental laws and regulations may result in penalties, operation suspension, or legal action against the Group.

In 2019, we did not identify any confirmed non-compliance incident in relation to environmental protection that would have a significant impact on VPower Group. Please refer to chapter "Protecting Our Environment" on how VPower Group ensures compliance with applicable environmental laws and regulations.

### Social

#### Aspect B1: Employment

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

Relevant laws and regulations that are significant to the Group include Labour Law of the PRC, Labour Contract Law of the PRC, Social Insurance Law of the PRC, and Employment Ordinance of Hong Kong. In relation to our IBO business with DPG stations in Myanmar, Indonesia, Peru, Brazil and Sri Lanka, the laws and regulations that are significant to the Group include Payment of Wages Law (Myanmar), Leave and Holidays Act (Myanmar), Employment and Skills Development Law (Myanmar), Shops and Establishment Law (Myanmar), Law No. 13 of 2003 on Manpower (Indonesia), Law No. 29497 New Labour Procedure Law (Peru), Supreme Decree No. 003-97-TR Law on Productivity and Labour Competitiveness (Peru), Consolidated Labour Laws (Brazil), Labour Code of Sri Lanka, Unfair Labour Practices (Sri Lanka), and Wages Board Ordinance (Sri Lanka). The above laws and regulations stipulate the legal obligations and responsibility of employers to provide employment protection and benefits covering compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. It is imperative to meet these statutory obligations as violation of any of applicable employment laws and regulations may result in penalties or legal action against VPower Group.

In 2019, we did not identify any confirmed non-compliance incident in relation to our employment practices that would have a significant impact on VPower Group. Please refer to chapter "Caring for Our People" on how VPower ensures compliance with applicable employment laws and regulations.

## COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS THAT ARE SIGNIFICANT TO VPOWER GROUP

SEHK's "ESG Reporting Guide"  
Subject Area

Compliance with Relevant Laws and Regulations that are Significant to VPower Group

**B2: Health and Safety**

*Relating to providing a safe working environment and protecting employees from occupational hazards*

Relevant laws and regulations that are significant to the Group include Labour Law of the PRC, Work Safety Law of the PRC, and Occupational Safety and Health Ordinance of Hong Kong. In relation to our IBO business with DPG stations in Myanmar, Indonesia, Peru, Brazil and Sri Lanka, the laws and regulations that are significant to the Group include Occupational Safety and Health Law (Myanmar), Law No. 13 of 2003 on Manpower (Indonesia), Law No. 29783 Occupational Health and Safety Law (Peru), Consolidated Labour Laws (Brazil), and National Institute of Occupational Safety and Health Act (Sri Lanka). These laws and regulations provide requirements in providing a safe working environment and protecting employees from occupational hazards. It is imperative to meet these statutory obligations as violation of any of applicable health and safety laws and regulations may result in penalties, operation suspension, or legal action against VPower Group.

In 2019, we did not identify any confirmed non-compliance incident in relation to health and safety that would have a significant impact on VPower Group. Please refer to chapter "Caring for Our People" on how VPower Group ensures compliance with applicable laws and regulations relating to health and safety.