



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

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

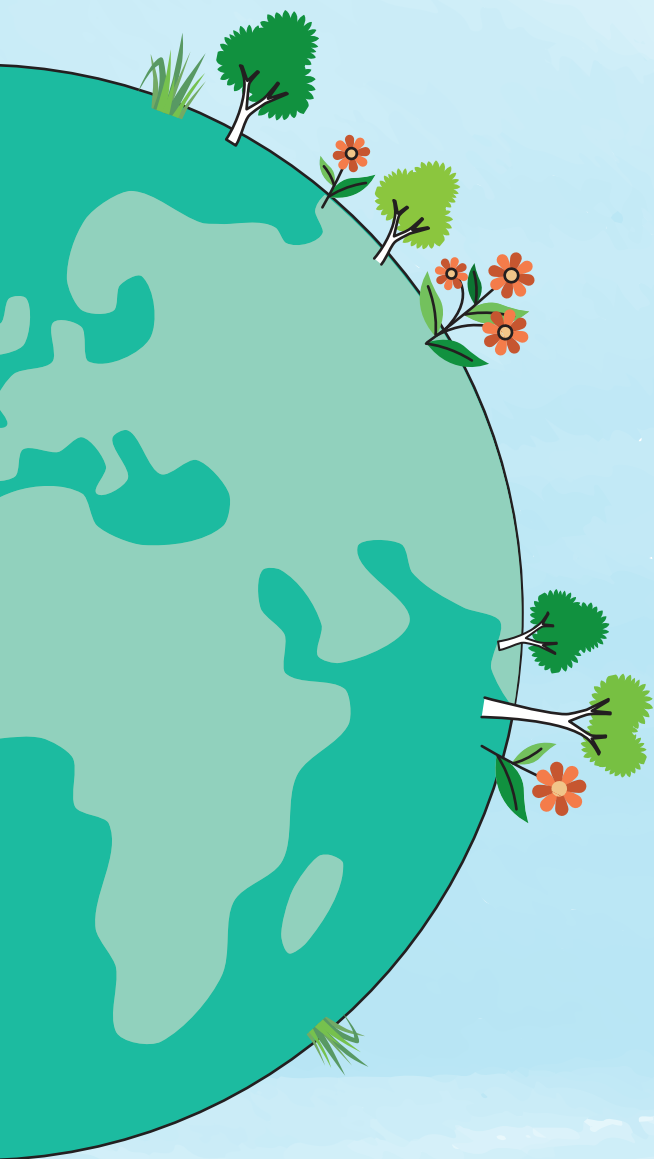
Stock Code: 1608



SUSTAINABILITY REPORT
2021

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ABOUT THIS REPORT

VPower Group International Holdings Limited (“**VPower Group**”, together with its subsidiaries, the “**Group**”) is committed to improving business practices to achieve sustainability targets. We constantly communicate our approach to sustainability with stakeholders. This annual Sustainability Report (the “**Report**”) of the Group presents our environmental, social and governance (“**ESG**”) performance for the year ended 31 December 2021 (the “**Year**”).

Reporting Scope

This Report covers the ESG performance of the Group’s business over which VPower Group has operational control. The portfolio includes its office premises, the system integration factory in Shenzhen, China (the “**Shenzhen Factory**”), and the power projects in operation during the Year.

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

Reporting Basis

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

Reporting Principles

The following reporting principles have been applied in the preparation of this Report:

- **Materiality** — the ESG issues being discussed in this Report are determined based on the results of the materiality assessment, details of which are available in the “Our Approach to Sustainability” section;
- **Quantitative** — information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors, for the reporting of emissions and energy consumption, are disclosed in the “Performance Data Summary” section. Key performance indicators (“**KPIs**”) are set to be measurable;
- **Balance** — information is presented to provide an objective and unbiased view of our ESG performance; and
- **Consistency** — consistent methodologies are applied to the presentation of our ESG data. Any changes to the methods or KPIs will be disclosed.

Access to this Report

This Report is available in both English and Chinese on the websites of VPower Group (www.vpower.com) under “Investors” and HKEXnews (www.hkexnews.hk).

Other Information

It is recommended to read this Report in conjunction with VPower Group’s Annual Report 2021, which is also available on the aforesaid websites.

Should there be any discrepancy or inconsistency between the English and Chinese versions of this Report, the English version shall prevail.

Sustainability Consultant

AECOM Asia Company Limited



We appreciate comments and suggestions on this Report and our sustainability approach. Please feel free to share your comments through our [feedback form](#), or get in touch with us at esg@vpower.com.

ABOUT VPOWER GROUP

Headquartered in Hong Kong, VPower Group is a global energy provider specialising in distributed power generation (“**DPG**”) with a mission to keep industries running and power regional economic growth through delivering reliable electricity.

VPower Group principally engages in System Integration (“**SI**”) business covering design, integration and sale of engine-based gen-sets and power generation systems, and Investment, Building and Operating (“**IBO**”) business of distributed power stations. With presence in a wide range of countries, VPower Group is one of the world’s leading large gen-set system integration providers and one of Asia’s leading gas-fired engine-based DPG station owners and operators.



Along with the global effort to combat climate change, we are committed to phasing out pure diesel power projects by 2030 and achieving carbon neutrality by 2050. We adopt strategies in line with our targets involving the development of distributed integrated energy solutions that apply combined cooling, heat and power systems, renewables or new forms of fuel and storage. We also strive to further improve our operational efficiency and minimise the environmental impacts of our business.

ESG-related Memberships

We support sustainable development initiatives through working with organisations that focus on advocating the best practices in ESG aspects. VPower Group is currently a member of the following organisations:



Business Environment Council
Corporate Member



Green Council
Bronze Member



MESSAGE FROM CHAIRMAN



As an energy provider, we make every effort to maintain stable and reliable electricity supply to our customers and the general public despite the challenging global business environment, and are committed to environmental protection, community support and sustainability governance.

Mr. Samson Lam

Executive Chairman and Co-Chief Executive Officer

Challenges remained with us, in every part of the world, throughout the year 2021. With rapid spread of new variants, the daily counts of COVID-19 cases surged to record highs. The devastating impacts of the pandemic stretched well beyond the immediate threat to public health, and also left uncertainties in economic and social recovery. These difficult times, however, have once again reminded us of what is truly important.

Walking the Talk on Environmental Sustainability

While the pandemic continued to cause disruptions worldwide, the risks of climate change intensified in multiple areas such as the frequency of marine heatwaves, shifts in rainfall patterns and rising global temperature. It is exciting to see China and the United States, the two biggest carbon dioxide emitters, agreed at the 26th United Nations Climate Change Conference of the Parties (COP26) to boost climate cooperation over the next decade. Together with the net-zero pledges made by



MESSAGE FROM CHAIRMAN

more countries, the Government of the Hong Kong Special Administrative Region outlined the targets and strategies for achieving carbon neutrality in Hong Kong's Climate Action Plan 2050 announced last October. Responding to the global and local efforts to combat climate change, the Group has set a mid-term target of phasing out pure diesel power projects by 2030 and a long-term target of achieving carbon neutrality by 2050.

In order to achieve the targets and corporate sustainability, we have focused on integrating forward-looking sustainability strategies into business plans and formulating comprehensive management systems. During the year, we established the *Climate Change Policy*, which applies to all subsidiaries and business units of the Group, to help manage climate change risks across operations and develop strategies for climate change adaptation, mitigation and resilience.

Some extreme weather events, such as floods and heatwaves, are projected to increase in frequency and severity as a result of climate change. Against this backdrop, we will conduct assessments of climate-related risks for our current and future power projects by geographic locations in both emerging and developed markets, so as to develop corresponding contingency plans for protecting our people and minimising potential loss.

Actively Engaging Stakeholders

Since its outbreak, the COVID-19 pandemic has brought unprecedented changes to many aspects of our lives, and the impacts seem to remain in the foreseeable future. We therefore enhance the engagement with internal and external stakeholders, understanding their expectations and difficulties through different channels.

Challenges posed by the pandemic can be overwhelming and stressful, and cause strong emotions for many of us. To support the physical and mental health of our employees, we organised various sports and volunteering activities, in addition to special work arrangements in headquarters and regional offices according to changing circumstances. In 2021, we demonstrated support not only to our people, but also the communities in which we operate by rolling out local wellbeing programmes.

Staying Focused on Achieving a Sustainable Future

In 2021, we were honoured to once again receive multiple awards from the Hong Kong Investor Relations Association and the ESG Leading Enterprise Award from the Bloomberg Business Week/Chinese Edition and Deloitte, underlining our unwavering commitment to maintaining the best practices in the environmental, social and governance aspects across operations.

The year 2021 marked the fifth anniversary of VPower Group listing on the Hong Kong Main Board, and I would like to express my sincere gratitude to all stakeholders, including our employees, partners and customers, for the continued trust and support throughout our journey to sustainability. Looking ahead, we will remain determined to play our part in the global energy transition and contribute to a sustainable future.

Samson Lam

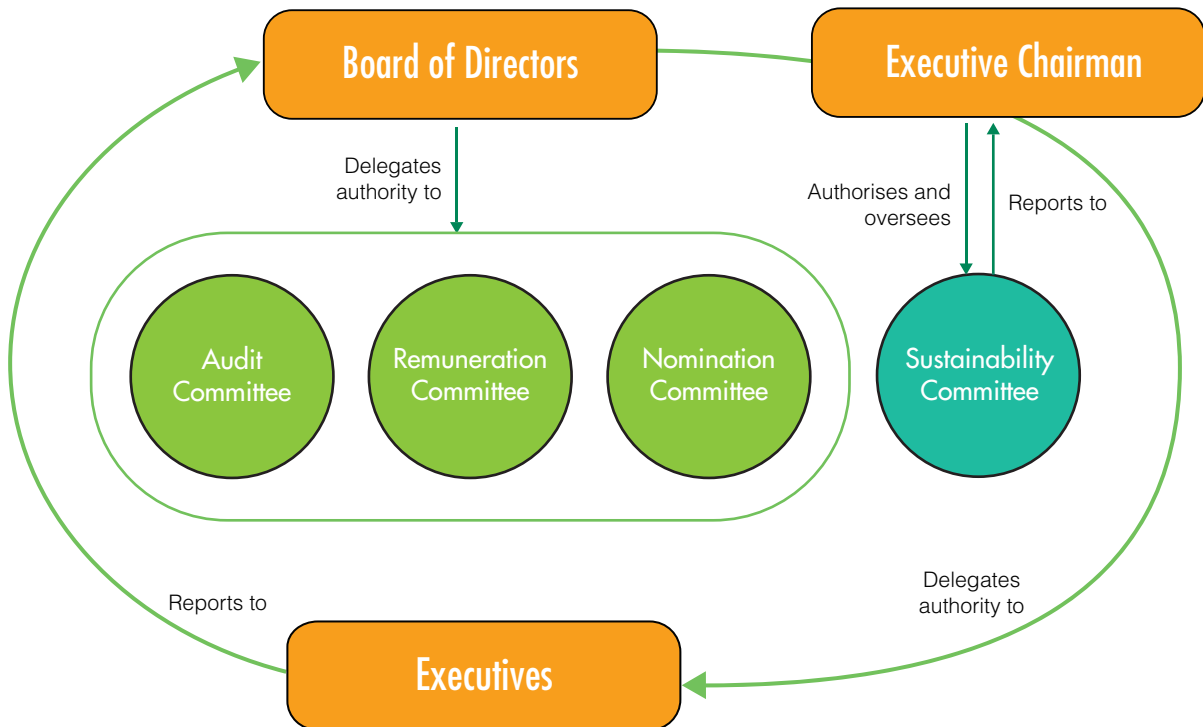
Executive Chairman and Co-Chief Executive Officer
28 April 2022

OUR APPROACH TO SUSTAINABILITY

Sustainability Governance

A robust governance framework is the cornerstone of sustainable development and value creation. We are committed to upholding high standards of corporate governance and fostering a culture that values ethical behaviour, accountability, integrity and transparency.

The board of directors (the “**Board**”) is the highest governing body of the Group and has oversight of the Group’s management and business activities. Composed of three executive directors, two non-executive directors, and three independent non-executive directors, the Board has three committees to assist in the discharge of its responsibilities. These include the Audit Committee, the Nomination Committee and the Remuneration Committee. Further information about the Group’s corporate governance is available in the Corporate Governance Report in our Annual Report 2021.



Statement from the Board

The Board attaches great importance to the ESG performance of the Group. Taking overall responsibility for the oversight of ESG issues that have been identified as relevant and material to the Group, the Board formulates ESG strategies and reviews progress made against our sustainability goals on a regular basis with the support of the Sustainability Committee.

The Sustainability Committee, consisting of department managers and reporting to the Executive Chairman, is responsible for implementing sustainability standards, priorities and goals of the Group and monitoring the performance of sustainability-related issues across the Group.

In order to better understand the expectations of different stakeholders on ESG issues, a stakeholder engagement survey is conducted annually. The results of which are taken into consideration for the formulation of ESG strategies and evaluation of relevant performance. Further information on the materiality assessment is covered in the “Communication with Stakeholders” section of this Report.

OUR APPROACH TO SUSTAINABILITY

Business Ethics

We are committed to conducting our business in an ethical manner and we expect our employees, consultants and business partners to work in line with our commitment. Our *Code of Conduct* sets clear expectations for how we work and how we treat others with respect, fairness and integrity. Supplemented by comprehensive human resources policies and procedures, it covers topics such as sound employment practices, confidentiality, privacy and conflicts of interest, and states clearly our zero-tolerance policy against misconduct including corruption, bribery, extortion, fraud and money laundering. All directors, employees and consultants are required to comply with the *Code of Conduct*.



In 2021, we offered orientation training to new joiners to ensure their thorough understanding of our *Code of Conduct*. All directors and employees were provided with training on anti-corruption to keep informed of current issues. To assist employees in recognising circumstances which may lead to or give the appearance of bribery or corruption, case studies covering facilitation payments, gifts and hospitality were discussed during the training sessions.

Risk Management and Internal Control

Risk management and internal control are essential parts of corporate governance. The Group has established risk management and internal control systems, and maintains a sufficient and effective internal control mechanism on best effort basis.

Climate change and other ESG-related risks are embedded in the Group's risk management process. Climate change is complex which can become the risk driver of other types of risks, we therefore consider it a material strategic risk.

Details of our Enterprise Risk Management Framework, risk management process and risk profile are described in the "Risk Management" section of our Annual Report 2021.

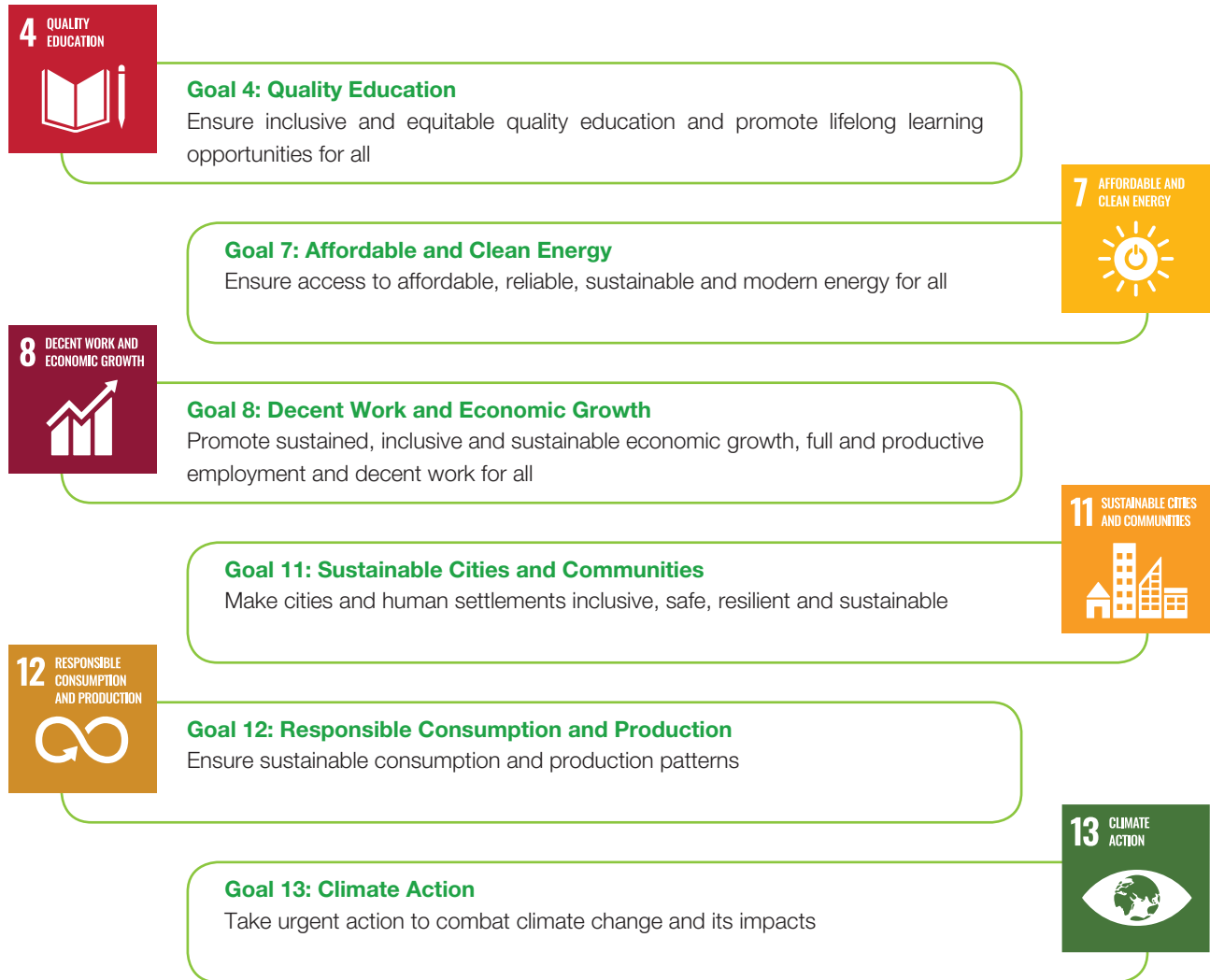
Whistleblowing Policy and System

We encourage our employees and other stakeholders to raise concerns about actual or potential improper conduct, malpractice or irregularity in any matters related to the Group. We have the *Whistleblowing Policy* in place with channels for stakeholders to report such acts, in confidence and anonymity. All reported incidents are treated seriously and the informants are protected from any retaliation such as unfair dismissal and unwarranted disciplinary action.

OUR APPROACH TO SUSTAINABILITY

Alignment with SDGs

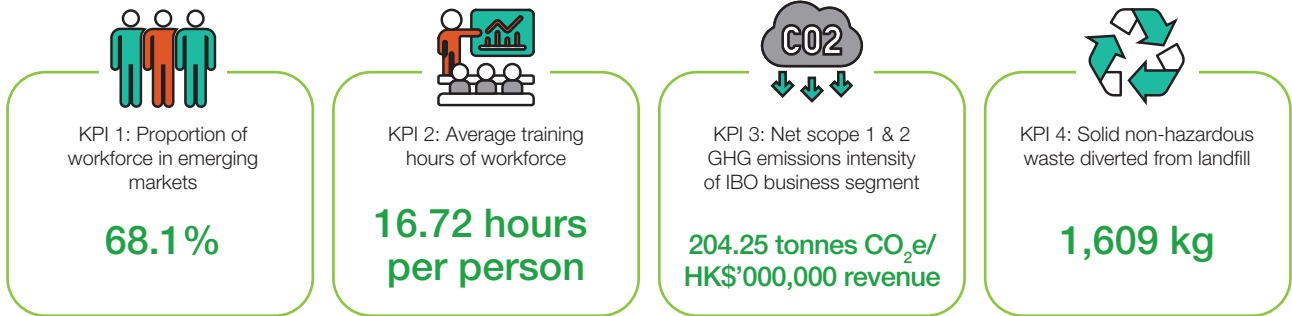
The United Nations Sustainable Development Goals (SDGs) set a global framework to address the world's biggest challenges. By considering where we can make a direct or indirect contribution, the findings from our materiality assessment and our own vision, we have prioritised six SDGs on which we will focus our efforts in order to make the most impactful contribution. These goals have been incorporated into our business strategies and decisions.



OUR APPROACH TO SUSTAINABILITY

Sustainability-Linked Loan

During the Year, we entered into our first sustainability-linked loan facility agreement with multiple international commercial banks. With an aim to facilitate and support environmentally and socially sustainable economic activity and growth, four KPIs in alignment with our corporate sustainability strategy and prioritised SDGs are defined and ambitious sustainability performance targets are set. The performances of the KPIs are summarised as below:



Communication with Stakeholders

Understanding our stakeholders' needs and concerns shapes the growth and development of our business and helps us stay relevant. We also acknowledge the impacts of our daily operations on our stakeholders. We are therefore keen to maintain an open and effective communication with our stakeholders.

GRI reference:



Having due consideration of their level of dependency and influence on our business, we have identified seven key stakeholder groups and engage regularly with representatives of each group through various channels.

Communication Channels





OUR APPROACH TO SUSTAINABILITY

Materiality Assessment

To keep abreast of the sustainability topics that concern our stakeholders, we engaged an external consultant to design and distribute a questionnaire to our stakeholders. In 2021, we also enhanced internal materiality assessment with our senior executives by taking into account the main topics and challenges of our peers in the power industry. This two-dimensional assessment helps us effectively evaluate the sustainability topics that are most significant to both of our stakeholders and business.



1 Identification of sustainability topics

The Sustainability Committee identifies a broad list of sustainability topics covering environmental, social and governance aspects from the daily engagement with stakeholders.



2 Engagement with stakeholders

A questionnaire covering the identified sustainability topics is distributed to stakeholders while internal meetings are held to discuss the priority of the topics.



3 Analysis of findings

Results of the questionnaires and findings of the internal assessment are used to compile a materiality matrix and prioritise the sustainability topics.



4 Review and validation

The materiality assessment outcomes are reviewed by the Sustainability Committee and presented to the Board.

OUR APPROACH TO SUSTAINABILITY

The materiality matrix below maps the sustainability topics based on their respective importance to stakeholders and VPower Group. Combining the materiality assessment and internal review, ten sustainability topics are identified as material to us and are addressed in detail in this Report.

GRI reference:



| Economic | Environmental | Social | |
|--|---|---|---|
| <p>1. Market Presence</p> <p>2. Indirect Economic Impacts</p> <p>3. Procurement Practices</p> <p>4. Anti-Corruption</p> <p>5. Fair Competition</p> <p>6. Product Availability and Reliability</p> <p>7. Research and Development</p> | <p>8. Response to Climate Change</p> <p>9. Greenhouse Gas Management</p> <p>10. Environmental Compliance</p> <p>11. Materials Usage</p> <p>12. Energy Efficiency</p> <p>13. Wastewater and Waste Management</p> <p>14. Supplier Environmental Assessment</p> <p>15. Environmental Education</p> <p>16. Environmental Grievance Mechanisms</p> <p>17. Biodiversity</p> | <p>18. Employment Practices</p> <p>19. Employee Welfare</p> <p>20. Occupational Health and Safety</p> <p>21. Training and Education</p> <p>22. Diversity and Equal Opportunity</p> <p>23. Child Labour and Forced Labour</p> <p>24. Employee Grievance Mechanisms</p> <p>25. Workplace Security</p> <p>26. Disaster and Emergency Planning and Response</p> | <p>27. Customer Health and Safety</p> <p>28. Customer Privacy</p> <p>29. Marketing and Labelling</p> <p>30. Cybersecurity</p> <p>31. Human Rights Assessment</p> <p>32. Community Involvement and Development</p> <p>33. Social Compliance</p> <p>34. Grievance Mechanisms for Impacts on Society</p> |

OUR APPROACH TO SUSTAINABILITY

Our Top Ten Material Topics

| Material Topics | Stakeholders Concerned | | | | | | | | |
|---|--------------------------|-----------|-----------|-------------------|-------------------------|-----------------------|------|-------|--|
| | Investors & Shareholders | Employees | Customers | Business Partners | Contractors & Suppliers | Industry Associations | NGOs | Media | GRI Standards |
| 1. Market Presence | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ 202: Market Presence 2016 |
| 2. Anti-Corruption | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ 205: Anti-corruption 2016 |
| 3. Procurement Practices | ✓ | ✓ | ✓ | ✓ | ✓ | | | | ✓ 204: Procurement Practices 2016 |
| 4. Research and Development | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ n/a |
| 5. Product Availability and Reliability | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ n/a |
| 6. Response to Climate Change | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | | ✓ 305: Emissions 2016 |
| 7. Energy Efficiency | ✓ | ✓ | ✓ | ✓ | | | | | ✓ 302: Energy 2016 |
| 8. Fair Competition | | ✓ | ✓ | ✓ | ✓ | | ✓ | | ✓ 206: Anti-competitive Behavior 2016 |
| 9. Training and Education | ✓ | ✓ | ✓ | ✓ | | | | | ✓ 404: Training and Education 2016 |
| 10. Occupational Health and Safety | ✓ | ✓ | ✓ | ✓ | | | | | ✓ 403: Occupational Health and Safety 2018 |

PRESERVING OUR PLANET

Responding to Climate Change

Climate change is an acknowledged common concern to all humankind which continues to exacerbate the frequency of extreme weather events and forces policy changes. It also leads to a shift to a greener mindset of consumers and investors around the world.

Governments and industries are working together on transitioning the world towards a low-carbon economy. Electricity generation sector, as the largest source of GHG emissions in the world, is facing increasingly stringent environmental regulations and shifts in stakeholders' expectations. Being a responsible industry player, we recognise climate change as a material topic to our business and have made continuous efforts to limit our environmental impacts and assess the impacts of climate change on our operations. It is our commitment to support the energy transition while ensuring a reliable and affordable electricity supply to our customers. We target to phase out pure diesel power projects by 2030 and achieve carbon neutrality by 2050.

Roadmap to Carbon Neutrality

Operations Strategy



Energy Portfolio



Phase out pure diesel power projects by 2030



Continue to promote the use of natural gas, as it is the cleanest fossil fuel and the key to safeguarding energy security



Develop distributed integrated energy solutions that apply green technologies and new forms of energy including hydrogen

2030

2050

PRESERVING OUR PLANET

Climate-related Risks and Opportunities

Understanding climate-related risks enables us to formulate appropriate strategies and response plans. We are exposed to both transition and physical risks of climate change. Transition risks refer to the risks arising from the extensive changes to policies, legal regulations, technology and market preference during the transition to a low-carbon economy. Inability to adapt to the changes could have a material negative effect on our financial conditions and business development, which may also adversely impact the Group's reputation.

Physical risks are defined as the risks of potential direct damage to our assets and indirect impacts from supply chain disruption caused by acute climate events or chronic changes in climate patterns. In the short run, the increased frequency of floodings, tropical cyclones and wildfires may damage our power generation assets and disrupt our supply chain; while in the long run, the chronic changes such as water stress, prolonged periods of drought and heatwaves may expose our assets to gradual damage resulting in lower energy efficiency and asset write-downs in the worst case.

Efforts to mitigate and adapt to climate change, for example the increasing use of low-emission energy sources and systems and the development of energy efficient products, produce opportunities for us. Through careful investment planning, we will be able to achieve a decarbonised project portfolio with industry-leading technologies, allowing us to capture the market demand for low-carbon energy solutions and reliable power supply.

Climate Change Policy

In order to achieve effective management of the risks and opportunities of climate change on our business, we have implemented the *Climate Change Policy* which outlines three approaches in response to climate change: mitigation, adaptation and building resilience. We are committed to reducing the emissions of GHG and other air pollutants within our operations. In support of the move towards a low-carbon future, we will continue to adopt the latest technologies and invest in environmentally-friendly energy sources alongside our efforts to improve the fuel efficiency of our power solutions. Most importantly, we will enhance our climate resilience with an ability to anticipate, prepare for, and respond to hazardous events and disturbances related to climate change.



Protecting Our Environment

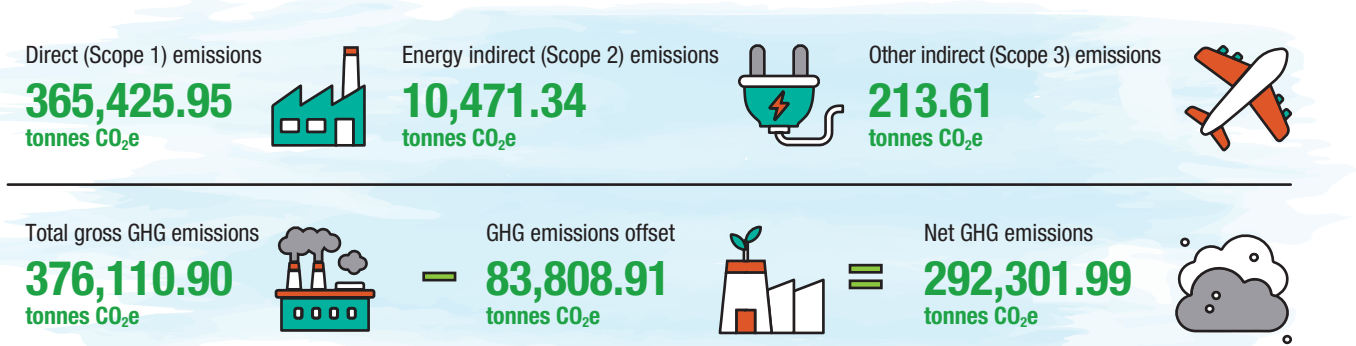
Greenhouse Gas Management

Reduction of GHG emissions is a common goal of the world. As an energy industry player, we pay great attention to our carbon footprints in operations. To reduce emissions at source, we actively promote the use of natural gas, biogas and renewables in replacement of coal and diesel in power generation. We also closely monitor the operational efficiency of our gen-sets and adopt green technologies such as waste-to-energy solutions so as to control the emissions from our operations. With an aim to clearly understand our GHG emissions performance and identify reduction possibilities, we engage a consultant to compile our emission inventory with applicable international standards.

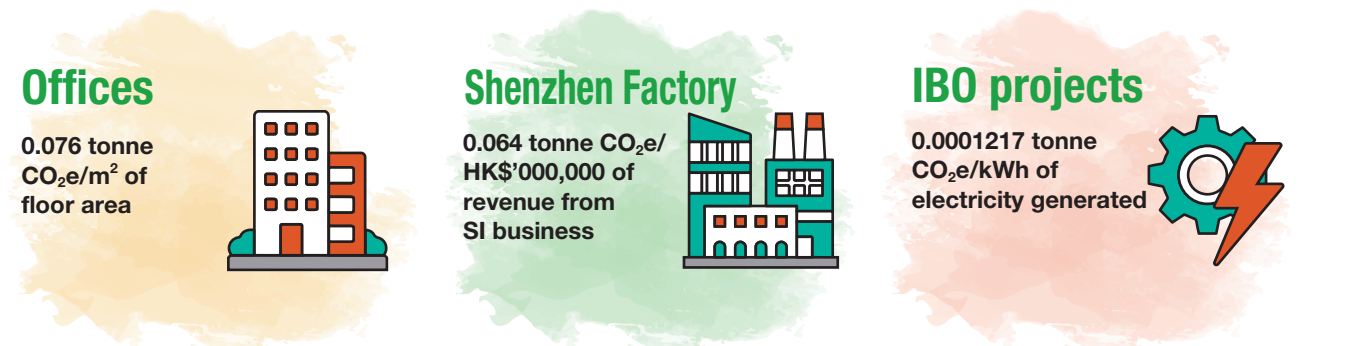
In 2021, we conducted workshops with our key operational and technical employees to coordinate efforts for better emissions management. The total gross and net GHG emissions in 2021 were 376,110.90 tonnes CO₂e and 292,301.99 tonnes CO₂e respectively. In order to achieve our long-term target of carbon neutrality by 2050, we will continue to decarbonise our project portfolio by gradually reducing our diesel capacity and expanding our low-carbon offerings to customers.

GHG Emissions in 2021

GHG Emissions



GHG Emissions Intensities



Air Emissions and Control

Acknowledging the irreversible impacts of air pollutants emitted from the combustion of fossil fuels, we follow international standards strictly and implement several internal procedures and policies, including the *Environmental Monitoring and Measurement Control Procedure*, to monitor and manage our air emissions. We employ environmentally sound and energy-efficient gen-sets and green technologies, such as selective catalytic reduction system, in our power stations to minimise relevant emissions. The major air pollutants discharged from our IBO projects and Shenzhen Factory include sulphur dioxide (SO₂), nitrogen oxides (NO_x) and particulate matter (PM), and the respective emissions in 2021 were 564.00 tonnes, 4,542.96 tonnes and 77.13 tonnes.

PRESERVING OUR PLANET

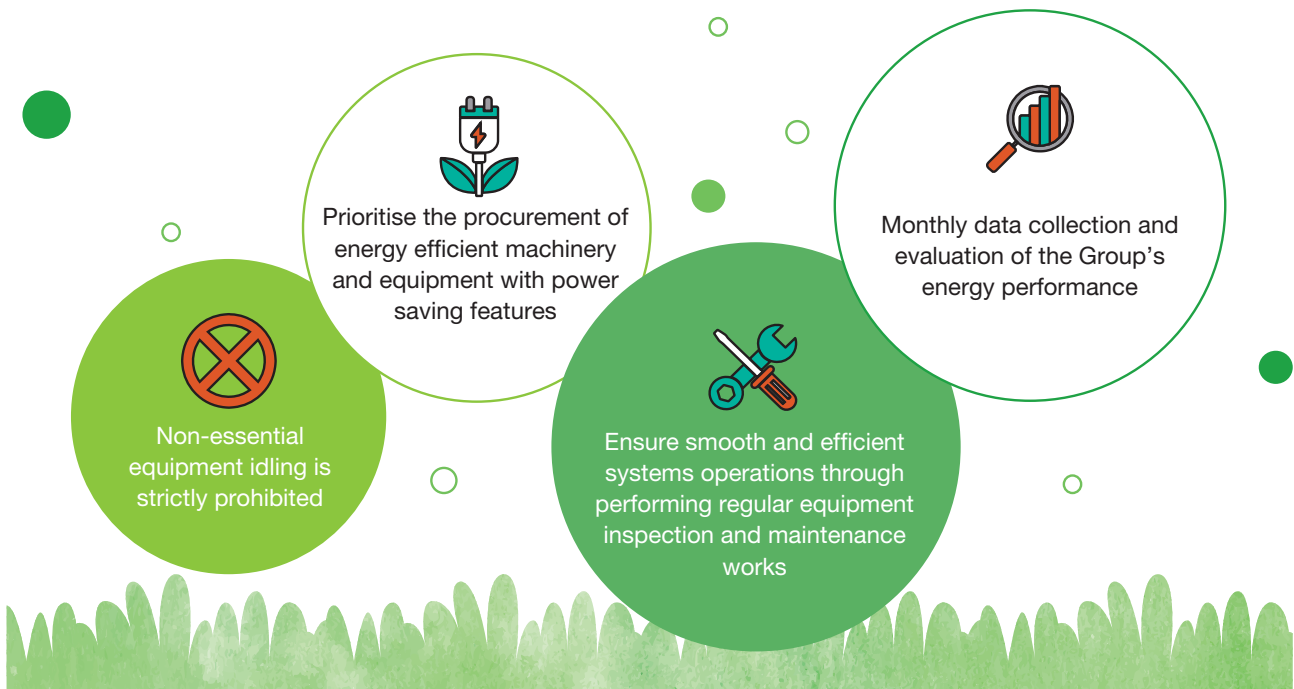
Ensuring Responsible Use of Resources

The responsible use of resources is essential to sustainable development. Adopting life cycle thinking, the Group takes a holistic view when assessing the environmental impacts of the production of our products and provision of services throughout their entire life cycle. We have implemented the *Environmental Management Policy* to help us promote environmentally responsible operations and manage potential adverse environmental impacts from our operations. The environmental aspects covered by the policy include environmental impact assessments and monitoring, air, noise, and water pollution and waste management.

Energy Conservation

The process of generating electricity to our customers is the main source of the energy consumption by the Group. Our use of energy includes direct consumption of natural gas, heavy oil and diesel for power generation and indirect consumption of purchased electricity. Our policies and procedures including the *Energy and Resources Control Procedure* are in place to control the use of energy resources of the Group. To minimise our energy consumption for power generation, we procure world-class engines which have highest single cycle efficiencies for our power systems and further improve the overall energy efficiency of our power stations through hybrid solutions. In offices, we continue to adopt energy saving solutions and provide related training to our employees to enhance their awareness of energy saving.

Energy Management Initiatives



Energy Consumption in 2021

Offices

Total: 2,177 GJ

Intensity: 0.67 GJ/m² of floor area



Shenzhen Factory

Total: 2,031 GJ

Intensity: 0.55 GJ/HK\$'000,000 of revenue from SI business



IBO projects

Total: 30,625,551 GJ

Intensity: 0.01 GJ/kWh of electricity generated

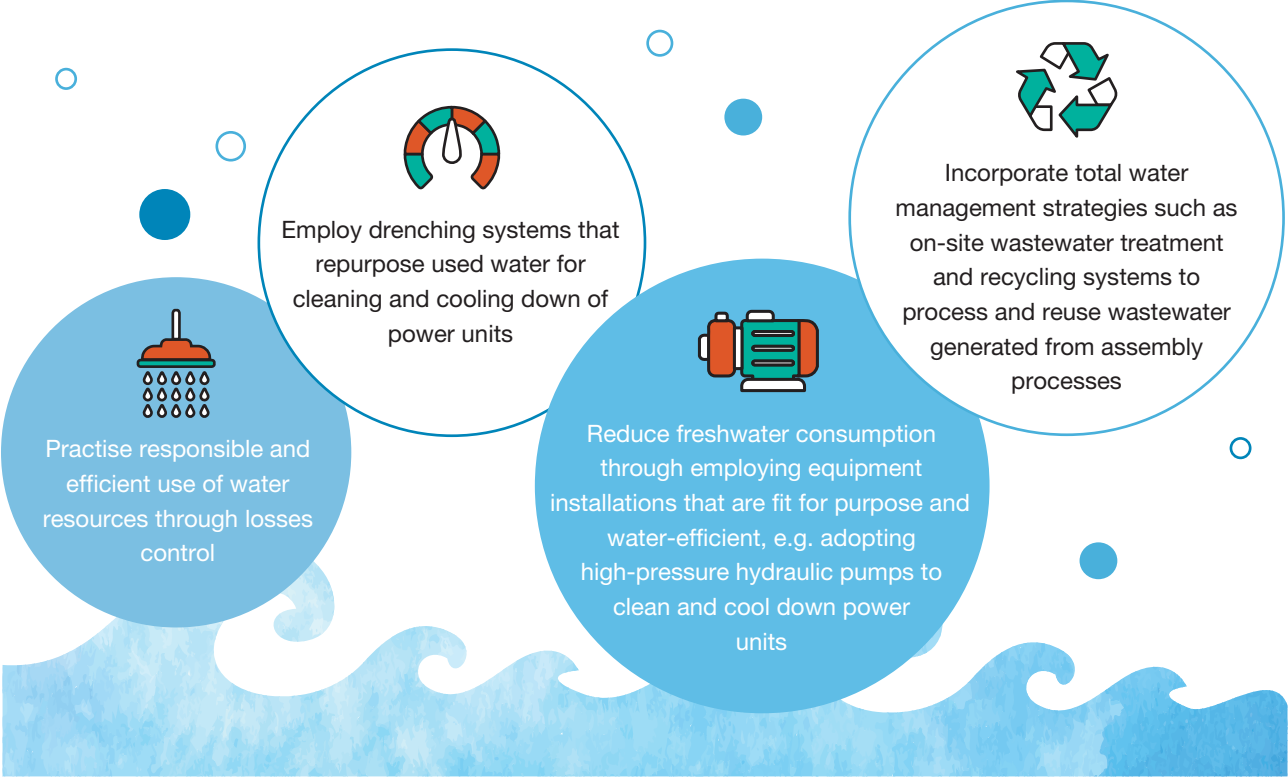


PRESERVING OUR PLANET

Water Resources Consumption and Management

The Group consumes water resources mainly for gen-set cooling purpose and generation of steam at power stations. Following our *Energy and Resources Control Procedure*, we spare no efforts to conserve water resources. As we employ closed loop cooling systems for our power generation units, the volume of water resources being consumed during our operations is not significant. Despite this, we will continue to improve our overall water utilisation efficiency and explore water reuse solutions.

Water Resources Management Initiatives



Water Consumption in 2021

Offices

Total: 538 m³
Intensity: 0.17 m³/m² of floor area



Shenzhen Factory

Total: 4,387 m³
Intensity: 1.20 m³/HK\$'000,000 of revenue from SI business



IBO projects

Total: 120,757 m³
Intensity: 0.0000391 m³/kWh of electricity generated





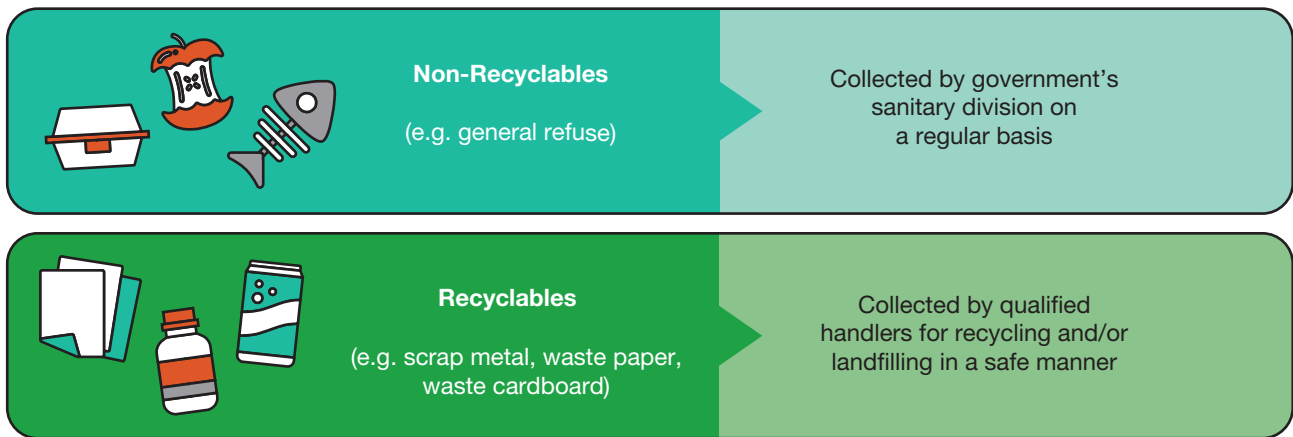
PRESERVING OUR PLANET

Waste Management

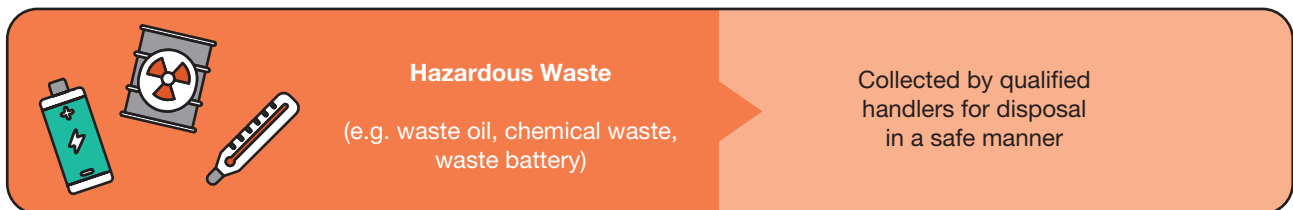
The Group endeavours to reduce hazardous and non-hazardous waste and facilitate ways to encourage more reuse and recycling in our day-to-day operations. Working with our employees, contractors, and suppliers, we advocate waste reduction at the source and promote the use of recycled products. Currently we have the *Waste Management Control Procedure* and *Hazardous Waste Handling Management Control Procedure* in place to govern our waste management. The major types of waste generated from our operations include industrial waste of gen-set assembly processes, waste oil at power stations, and general refuse. Despite the fact that the volume of waste we generate is relatively small, we will continue to monitor our waste generation and strive to increase the volume of waste diverted from landfill.

Waste Management Control

Non-Hazardous Waste



Hazardous Waste



Waste Generated in 2021

Non-Hazardous Waste

Hazardous Waste

Offices

Total: 3,768 kg

Intensity: 1.16 kg/m² of floor area



Shenzhen Factory

Total: 2,440 kg

Intensity: 0.67 kg/HK\$'000,000 of revenue from SI business



IBO projects

Total: 64,714 kg

Intensity: 0.000021 kg/kWh of electricity generated



IBO projects

Total: 625,950 L

Intensity: 0.00020 L/kWh of electricity generated



WORKING WITH OUR PARTNERS

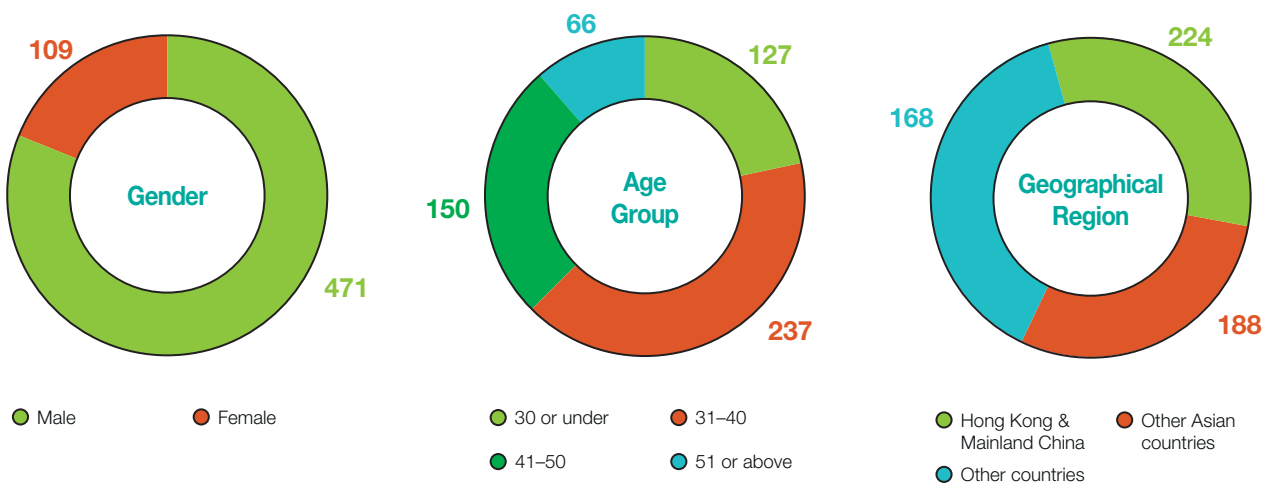
Building Diverse and Inclusive Workforce

Creating a diverse and inclusive workforce is the key to driving our success through excellence as it provides different perspectives on how we conduct our business which keep us improving. Being committed to providing an equal opportunity working environment, we enforce an anti-discrimination policy in all aspects of human resources management to strictly prohibit all forms of discrimination against gender, age, marital status, sexual orientation, disability, race and religion. Discrimination, harassment, or victimisation of our employees are not tolerated under any circumstances. Employees are encouraged to voice their concerns through different channels including those provided under the Employee Suggestion Scheme.

Our employment practices, which are reviewed by senior executives annually, also adhere to all applicable employment regulations relating to recruitment and promotion, compensation and dismissal, working hours, rest periods, other benefits and welfare, and child labour or forced labour avoidance.

As of 31 December 2021, the Group had 580 employees and 658 outsourced workers working in Hong Kong, Mainland China, Singapore, Indonesia, Brazil, and other regions.

Employment Profile



Retaining and Nurturing Talents

The attraction, retention, and development of talents form part of our human capital strategic planning. As we see our workforce as the most important asset, we offer extensive career development opportunities in addition to competitive remuneration packages to the right talents. Guided by the *Training Policy*, we are committed to fostering a culture of continuous learning and investing in employees' career advancement. By assessing employees' needs for training, we provide different types of online and offline internal training. Employees are strongly recommended to participate in webinars and workshops organised by professional institutions if they consider the training valuable and insightful to their career and personal growth.

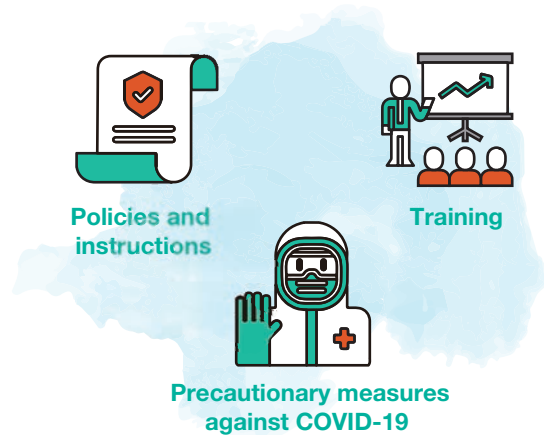


In 2021, our employees accumulated 18,109.34 training hours in total on various topics including environmental awareness, health and safety, and technical and functional skills. We also collaborated with universities and provided internships to students to equip them with practical working experience.

WORKING WITH OUR PARTNERS

Safeguarding Health and Safety of Employees

Safety first is the rule of thumb in our operations. We work hard to provide safe and accident-free workplaces for our employees and contractors at all times in order to achieve zero harm. As part of our commitment to securing the health and safety of our employees, we implement a set of comprehensive safety policies, standards, and instructions such as the *Safety Handbook*, *Power Plant Management Handbook* and *Power Plant Safety Equipment Operation Instructions*. Contingency plans and procedures to deal with unwanted accidents are also in place. While our executives monitor the safety risks and establish related control systems, our safety officers, project managers and each of our employees and contractors also play a key role in keeping everyone safe at work. We therefore actively promote the safety awareness of our employees and contractors with regular safety training. In 2021, we did not record any case of occupational injury or illness.



The COVID-19 pandemic remained a serious threat to the health of our people in 2021. We adapted to the new normal of social distancing and reinforced measures to ensure employees' health. The measures included intensified hygiene and cleaning procedures, provision of protective equipment and sanitisers, establishment of work-from-home arrangements, and implementation of virtual connection such as video conferencing.

Managing Supply Chain

Responsible Procurement

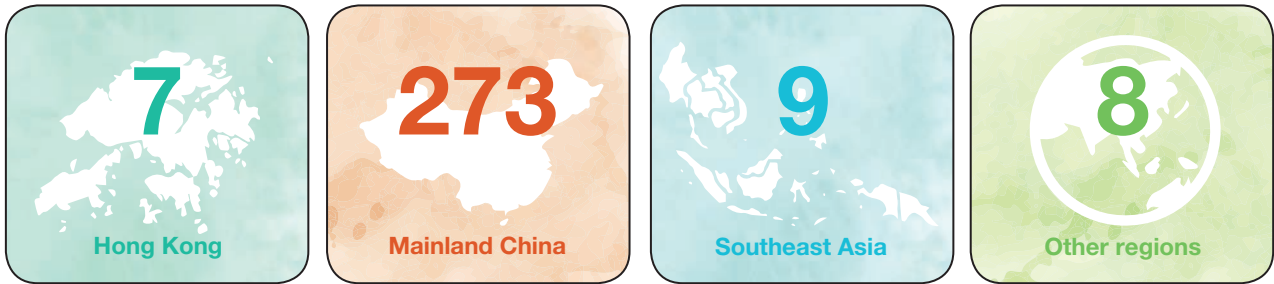
The long-term stability and resilience of our supply chain are vital for the smooth operation of our business. By incorporating relevant material topics into our supply chain management, we have formulated the *Evaluation Control Procedure* and *Procurement Control Procedure* to govern our procurement process. We encourage our supply chain partners to share our commitment in terms of environmental protection, child labour avoidance, occupational health and safety, etc. Strict supplier protocols to monitor and evaluate the sufficiency and effectiveness of our suppliers' environmental and social management practices on top of the quality of their products and services are in place. We opt to work with suppliers and business partners who are environmentally and socially responsible. Certifications, such as ISO 14001 Environmental Management System, are preferred.

The mindset of responsible procurement is extended throughout our operations, including our administrative and supporting functions, for example, we use FSC-certified paper in offices. In addition to the expectations on our supply chain partners, we require our employees to comply with our internal guidelines and policies which are applicable in the course of procurement and communication, such as the *Code of Conduct*, *Anti-bribery Policy*, and *Conflict of Interest Policy*.

In 2021, the Group worked with 297 suppliers along our supply chain in accordance with the abovesaid policies and procedures. We will continue to refine our procurement strategy and strengthen the enforcement on suppliers' compliance.

WORKING WITH OUR PARTNERS

Number of Suppliers by Geographical Region



Product Responsibility

As a responsible energy provider, we are dedicated to providing reliable distributed power solutions to our customers. We adhere to our *Inspection Control Procedure* to ensure that our gen-sets and power generation systems are carefully tested in accordance with both national and international quality and safety control standards before they are shipped to our customers. Our Shenzhen Factory, being the base of our system integration, is certified with ISO 9001:2015 Quality Management System.

Aiming to achieve excellence in customer satisfaction, we have specialists managing each of our customers whose feedback is always welcomed. We are also committed to prompt response in case of any complaints or demand for product returns. Attaching great importance to the privacy of customers, we handle customer information with confidentiality as stipulated in our *Code of Conduct* and other relevant internal procedures.

To continually improve and deliver quality products and services, we engage our customers on an ongoing basis and take their responses into consideration when developing our business development plans and policies.

In 2021, there were no cases of product recalls for safety and health reasons, nor incidents of non-compliance with regulations concerning product and service information and labelling, marketing communications and consumer data protection.

SUPPORTING OUR COMMUNITIES

At VPower Group, we strive to support communities in which we operate to achieve a sustainable and resilient development by leveraging our resources and expertise, aside from supplying stable and reliable electricity. It is our policy to make contributions to the communities where we operate; regional teams are required to initiate community development programmes to adequately serve the needs of local communities.

In 2021, the COVID-19 pandemic continued to cause various impacts to people's lives worldwide and even threatened the progress of achieving the SDGs. In addition to donations of goods in response to the pandemic, we successfully implemented programmes that contribute to the sustainable development for the next generation, communities and environment.

For the Next Generation



Hong Kong

In 2021, we pledged support to the community campaign “Say Yes To Breastfeeding”, initiated by UNICEF HK and in collaboration with the Food and Health Bureau and Department of Health, and introduced measures in head office to make it a breastfeeding friendly workplace.

Breastfeeding is key to the comprehensive development of newborns, securing bonding and attachment between mothers and their children. We show our support and care to breastfeeding employees by providing them with lactation breaks, a private room, necessary equipment and supplementary information about breastfeeding. In the process of formulating a written policy, we plan to expand our breastfeeding friendly measures to overseas offices.

Besides, we sponsored the Bridge Foundation Charity Run and Concert 2021 to help raise public awareness of children with Autism, and support the services, such as free assessment and therapy sessions, provided by the Bridge Foundation to children with special education needs.

Brazil

Known for being one of the most biologically diverse places on earth, Brazil is home to 30 percent of the world's tropical rainforests. To educate our next generation about the significance of preserving the valuable nature, we organised school visits in multiple cities of Brazil where we operate. During the visits, meals with fruits and workshops about the benefits of eating fruits were offered to the students with the objective of promoting a healthy and balanced diet. We also provided seedlings of native Amazon fruits to give them an experience of growing their own plants.





SUPPORTING OUR COMMUNITIES

For the Community



Hong Kong

Volunteering offers us an opportunity to give back to the community and overcome our feelings of helplessness during the pandemic. On the day before Christmas in 2021, we volunteered for Crossroads Foundation, a non-profit organisation based in Hong Kong connecting people in need and those who can help through in-kind donation.

We were given a briefing to learn about the current challenges facing the vulnerable in the global community. Understanding Crossroads Foundation's commitment to distributing quality goods that not only meet the needs but also demonstrate the importance and value of the person receiving them, we were divided into groups and participated in tasks such as sorting donated goods, installing computer hardware and testing electronic devices.



Peru

Vulnerable groups in Peru, like in many other countries, were among the hardest hit under COVID-19 pandemic. Against this backdrop, we made donations including groceries and education materials to shelters, churches and schools of the communities in Iquitos where we have a power station in operation. In addition to the supplies, we also organised a health campaign to provide personalised medical care, dental service, screening and vaccination, as well as first aid kits, to the local communities.

For the Environment

Hong Kong

As part of our efforts to support environmental protection and education, we sponsored employees to participate in Green Power Hike which was a virtual hike event organised by Green Power in 2021. With an aim to promote nature appreciation, participants were encouraged to explore the ecology of Hong Kong Trail which served as a great opportunity for our employees to relax their minds and bodies.

In 2021, we mobilised our employees in different offices to take part in voluntary events and devoted approximately HK\$717,000 to our community development projects covering community wellbeing, environmental protection, education, and arts and culture.



PERFORMANCE DATA SUMMARY

Environmental Aspect

| | Unit | 2021 |
|--|--|------------|
| GHG Emissions⁽¹⁾ | | |
| Direct (Scope 1) Emissions⁽²⁾ | | |
| Offices | tonne CO ₂ e | 130.59 |
| Shenzhen Factory | tonne CO ₂ e | 93.90 |
| IBO projects | tonne CO ₂ e | 365,201.46 |
| Energy Indirect (Scope 2) Emissions⁽³⁾ | | |
| Offices | tonne CO ₂ e | 49.19 |
| Shenzhen Factory | tonne CO ₂ e | 110.72 |
| IBO projects | tonne CO ₂ e | 10,311.43 |
| Other Indirect (Scope 3) Emissions⁽⁴⁾ | | |
| Offices | tonne CO ₂ e | 67.07 |
| Shenzhen Factory | tonne CO ₂ e | 28.36 |
| IBO projects | tonne CO ₂ e | 118.18 |
| Total Gross GHG Emissions | tonne CO ₂ e | 376,110.90 |
| GHG Emissions Intensities | | |
| Offices | tonne CO ₂ e/m ² of floor area | 0.076 |
| Shenzhen Factory | tonne CO ₂ e/HK\$'000,000 revenue from SI business | 0.064 |
| IBO projects | tonne CO ₂ e/kWh of electricity generated | 0.0001217 |
| GHG Emissions Offset⁽⁵⁾ | | |
| Shandong Project | tonne CO ₂ e | 68,378.38 |
| Myingyan II Project | tonne CO ₂ e | 15,430.53 |
| Net GHG Emissions⁽⁶⁾ | tonne CO ₂ e | 292,301.99 |
| Net Scope 1 & 2 GHG Emissions Intensity of IBO Business | tonne CO ₂ e/HK\$'000,000 revenue from IBO business | 204.25 |

Notes:

- (1) Calculations are made in accordance with applicable guidelines including *Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 Edition)* published by the Electrical and Mechanical Services Department and Environmental Protection Department of the HKSAR Government, United States Environmental Protection Agency's approved methodologies with the use of applicable emission factors, and applicable methodologies under the Clean Development Mechanism of United Nations Framework Convention on Climate Change.
- (2) Scope 1 emission is defined as the direct GHG emissions associated with sources which are owned or controlled by VPower Group. Emissions from fuels processed in sources owned or controlled by VPower Group prior to combustion also falls under this category. For projects where fuel supply and consumption are regulated by off-takers, such GHG emissions are considered to be out of VPower Group's scope of operations, and hence are not reflected in this Report.
- (3) Scope 2 emission is defined as the GHG emissions arising from the generation of purchased electricity (i.e. electricity that is purchased or otherwise brought into the organisational boundary of the company) consumed by VPower Group. Emission factors of electricity purchased in Scope 2 are referenced to the latest available emission factors released by CLP Power Hong Kong Limited, as well as the *2015 National Baseline Grid Emission Factor in China (2021 Revised Edition)* issued by the Ministry of Ecology and Environment of the People's Republic of China.
- (4) GHG emissions from air travel are calculated using the International Civil Aviation Organization (ICAO) Carbon Emissions Calculator.
- (5) GHG emissions offset only includes offsets achieved by our environmental projects or technologies. Examples of environmental projects include the use of Organic Rankine Cycle to capture residual heat for further power generation, and the use of biomass and other renewables to replace the use of fossil fuels for power and heat generation.
- (6) Net GHG emissions refer to the total gross GHG emissions less any emissions that are offset by VPower Group's business activities.

PERFORMANCE DATA SUMMARY

| | Unit | 2021 |
|---|--|-------------|
| Air Emissions⁽⁷⁾ | | |
| Shenzhen Factory | | |
| Sulphur dioxide (SO ₂) | tonne | 0.019 |
| Nitrogen oxides (NO _x) | tonne | 1.746 |
| Particulate matter (PM) | tonne | 0.056 |
| IBO Projects | | |
| Sulphur dioxide (SO ₂) | tonne | 563.98 |
| Nitrogen oxides (NO _x) | tonne | 4,541.21 |
| Particulate matter (PM) | tonne | 77.07 |
| Energy Consumption | | |
| Electricity Consumption | | |
| Offices | kWh | 115,049 |
| Shenzhen Factory | kWh | 189,616 |
| IBO projects | kWh | 24,131,956 |
| Natural Gas Consumption | | |
| IBO projects | m ³ | 616,943,020 |
| Liquid Fuel Consumption | | |
| Offices | L | 48,936 |
| Shenzhen Factory | L | 37,433 |
| IBO projects | L | 144,194,067 |
| Biogas Consumption | | |
| Shandong Project | m ³ | 40,048,963 |
| Total Energy Consumption⁽⁸⁾ | | |
| Offices | GJ | 2,177 |
| Shenzhen Factory | GJ | 2,031 |
| IBO projects | GJ | 30,625,551 |
| Total Energy Consumption Intensities⁽⁸⁾ | | |
| Offices | GJ/m ² of floor area | 0.67 |
| Shenzhen Factory | GJ/HK\$'000,000 revenue from SI business | 0.55 |
| IBO projects | GJ/kWh of electricity generated | 0.01 |

Notes:

- (7) Air emissions include the air pollutants generated from our Shenzhen Factory and power projects in Brazil, Peru, China and the UK over which VPower Group possesses ownership or operational control. For other power projects where fuel supply and consumption are regulated by off-takers, such associated emissions are considered to be out of VPower Group's scope of operations, and hence are not reflected in this Report.
- (8) Calculations are performed 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 (2021 Edition)* published by International Energy Agency with the use of standard conversion factors.

PERFORMANCE DATA SUMMARY

| | Unit | 2021 |
|---|---|-----------|
| Water Consumption | | |
| Water Consumption | | |
| Offices | m ³ | 538 |
| Shenzhen Factory | m ³ | 4,387 |
| IBO projects | m ³ | 120,757 |
| Water Consumption Intensities | | |
| Offices | m ³ /m ² of floor area | 0.17 |
| Shenzhen Factory | m ³ /HK\$'000,000 revenue from SI business | 1.20 |
| IBO projects | m ³ /kWh of electricity generated | 0.0000391 |
| Waste | | |
| Non-Hazardous Waste Generated | | |
| Offices | kg | 3,768 |
| Shenzhen Factory | kg | 2,440 |
| IBO projects | kg | 64,714 |
| Non-Hazardous Waste Generated Intensities | | |
| Offices | kg/m ² of floor area | 1.16 |
| Shenzhen Factory | kg/HK\$'000,000 revenue from SI business | 0.67 |
| IBO projects | kg/kWh of electricity generated | 0.000021 |
| Hazardous Waste Generated | | |
| IBO projects | L | 625,950 |
| Hazardous Waste Generated Intensity | | |
| IBO projects | L/kWh of electricity generated | 0.00020 |
| Environmental Compliance | | |
| Number of violation cases related to pollutant emissions or environmental impacts | no. | 0 |

PERFORMANCE DATA SUMMARY

Social Aspect

| | Unit | 2021 |
|---|------|-------|
| Employment Profile⁽¹⁾ | | |
| By Employment Type | | |
| Full-time | no. | 574 |
| Part-time | no. | 6 |
| By Gender | | |
| Male | no. | 471 |
| Female | no. | 109 |
| By Age Group | | |
| 30 or under | no. | 127 |
| 31–40 | no. | 237 |
| 41–50 | no. | 150 |
| 51 or above | no. | 66 |
| By Geographical Region | | |
| Hong Kong & Mainland China | no. | 224 |
| Other Asian countries | no. | 188 |
| Other countries | no. | 168 |
| Employee Turnover Rate | | |
| By Gender | | |
| Male | % | 15.24 |
| Female | % | 20.54 |
| By Age Group | | |
| 30 or under | % | 18.64 |
| 31–40 | % | 18.26 |
| 41–50 | % | 11.84 |
| 51 or above | % | 14.60 |
| By Geographical Region | | |
| Hong Kong & Mainland China | % | 13.33 |
| Other Asian countries | % | 16.67 |
| Other countries | % | 19.76 |

PERFORMANCE DATA SUMMARY

| | Unit | 2021 |
|--|-------|-----------|
| Health and Safety | | |
| Total working hours ⁽²⁾ | hours | 1,206,400 |
| Number of work-related fatalities ⁽³⁾ | no. | 0 |
| Rate of work-related fatalities ^{(4), (5)} | — | 0 |
| Number of high-consequence work-related injuries (excluding fatalities) ⁽⁶⁾ | no. | 0 |
| Rate of high-consequence work-related injuries (excluding fatalities) ⁽⁷⁾ | — | 0 |
| Number of work-related injuries ⁽⁸⁾ | no. | 0 |
| Rate of work-related injuries ⁽⁹⁾ | — | 0 |
| Lost days due to work-related injuries | days | 0 |
| Number of occupational disease | no. | 0 |
| Development and Training | | |
| Employee training rate | % | 100 |
| Average training hours per employee | hours | 31.22 |
| By Gender | | |
| Male | hours | 33.97 |
| Female | hours | 19.36 |
| By Employment Category | | |
| Directors and executives | hours | 10.15 |
| Managers | hours | 14.68 |
| General Staff | hours | 35.51 |
| Labour Practices | | |
| Number of violation cases related to employment or labour regulations | no. | 0 |
| Number of violation cases related to child labour or forced labour | no. | 0 |
| Number of discrimination cases related to gender, ethnicity, age and health during recruitment | no. | 0 |

Notes:

- (1) Employees of our contractors or sub-contractors, with whom we have no direct employment relationship, are not considered part of our workforce in the disclosure of our employment and labour practices according to ESG Reporting Guide.
- (2) Total working hours is calculated by multiplying the total number of employees as at 31 December 2021 by 40-hour workweek per employee and 52 weeks in the year.
- (3) Numbers of work-related fatalities in 2019 and 2020 were 0 case.
- (4) Rate of work-related fatalities = (Total number of work-related fatalities/Total working hours) x 200,000
- (5) Rates of work-related fatalities in 2019 and 2020 were 0.
- (6) 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 six months.
- (7) 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
- (8) Work-related injuries also include work-related fatalities and high consequence work-related injuries.
- (9) Rate of work-related injuries = (Total number of work-related injuries/Total working hours) x 200,000

GRI CONTENT INDEX



This Report contains standard disclosures from the GRI Standards. 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.

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.

| Disclosure Number | Disclosure | Relevant Section(s) in this Report or Other References/Explanation | Page No. |
|--|--|---|----------|
| GRI 101: Foundation 2016 <i>(Does not include any disclosure)</i> | | | |
| GRI 102: General Disclosures 2016 | | | |
| Organization Profile | | | |
| 102-1 | Name of the organization | About this Report | 2 |
| 102-2 | Activities, brands, products, and services | About VPower Group | 3 |
| 102-3 | Location of headquarters | About VPower Group | 3 |
| 102-4 | Location of operations | About VPower Group Annual Report 2021 — Management Discussion and Analysis (page 11) | 3 |
| 102-5 | Ownership and legal form | About VPower Group | 3 |
| 102-6 | Markets served | About VPower Group | 3 |
| 102-7 | Scale of the organization | About VPower Group | 3 |
| 102-8 | Information on employees and other workers | Working with Our Partners | 19-21 |
| 102-9 | Supply chain | Working with Our Partners | 19-21 |
| 102-10 | Significant changes to the organization and its supply chain | Working with Our Partners | 19-21 |
| 102-11 | Precautionary Principle or approach | Our Approach to Sustainability | 6-12 |
| 102-12 | External initiatives | Message from Chairman | 4-5 |
| 102-13 | Membership of associations | About VPower Group | 3 |
| Strategy | | | |
| 102-14 | Statement from senior decision maker | Message from Chairman | 4-5 |
| Ethics and Integrity | | | |
| 102-16 | Values, principles, standards, and norms of behavior | Our Approach to Sustainability | 6-12 |
| Governance | | | |
| 102-18 | Governance structure | Our Approach to Sustainability | 6-12 |
| Stakeholder Engagement | | | |
| 102-40 | List of stakeholder groups | Our Approach to Sustainability | 6-12 |
| 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 | 6-12 |
| 102-43 | Approach to stakeholder engagement | Our Approach to Sustainability | 6-12 |
| 102-44 | Key topics and concerns raised | Our Approach to Sustainability | 6-12 |



GRI CONTENT INDEX

| Disclosure Number | Disclosure | Relevant Section(s) in this Report or Other References/Explanation | Page No. |
|--|--|--|----------|
| Reporting Practice | | | |
| 102-45 | Entities included in the consolidated financial statements | Annual Report 2021 – Notes to the Financial Statements (pages 64–65) | – |
| 102-46 | Defining report content and topic Boundaries | Our Approach to Sustainability | 6–12 |
| 102-47 | List of material topics | Our Approach to Sustainability | 6–12 |
| 102-48 | Restatements of information | There is no restatement of information in this Report. | – |
| 102-49 | Changes in reporting | Our Approach to Sustainability | 6–12 |
| 102-50 | Reporting period | About this Report | 2 |
| 102-51 | Date of most recent report | Our Sustainability Report 2020 was published on 30 June 2021. | – |
| 102-52 | Reporting cycle | About this Report | 2 |
| 102-53 | Contact point for questions regarding the report | About this Report | 2 |
| 102-54 | Claims of reporting in accordance with the GRI Standards | About this Report | 2 |
| 102-55 | GRI content index | GRI Content Index | 29–32 |
| 102-56 | External assurance | Not applicable | – |
| Topic-Specific Disclosures | | | |
| Indirect Economic Impacts | | | |
| GRI 103: Management Approach 2016 | | | |
| 103-1 | Explanation of the material topic and its Boundary | Our Approach to Sustainability | 6–12 |
| 103-2 | The management approach and its components | Supporting Our Communities | 22–23 |
| 103-3 | Evaluation of management approach | Supporting Our Communities | 22–23 |
| GRI 203: Indirect Economic Impacts 2016 | | | |
| 203-1 | Infrastructure investment and services supported | Supporting Our Communities | 22–23 |
| Anti-Corruption | | | |
| GRI 103: Management Approach 2016 | | | |
| 103-1 | Explanation of the material topic and its Boundary | Our Approach to Sustainability | 6–12 |
| 103-2 | The management approach and its components | Our Approach to Sustainability | 6–12 |
| 103-3 | Evaluation of management approach | Our Approach to Sustainability | 6–12 |
| GRI 205: Anti-corruption 2016 | | | |
| 205-3 | Confirmed incidents of corruption and actions taken | Our Approach to Sustainability | 6–12 |
| Emissions | | | |
| GRI 103: Management Approach 2016 | | | |
| 103-1 | Explanation of the material topic and its Boundary | Preserving Our Planet | 13–18 |
| 103-2 | The management approach and its components | Preserving Our Planet | 13–18 |
| 103-3 | Evaluation of management approach | Preserving Our Planet | 13–18 |



GRI CONTENT INDEX

| Disclosure Number | Disclosure | Relevant Section(s) in this Report or Other References/Explanation | Page No. |
|---|--|--|----------|
| GRI 305: Emissions 2016 | | | |
| 305-1 | Direct (Scope 1) GHG emissions | Preserving Our Planet | 13-18 |
| 305-2 | Energy indirect (Scope 2) GHG emissions | Preserving Our Planet | 13-18 |
| 305-3 | Other indirect (Scope 3) GHG emissions | Preserving Our Planet | 13-18 |
| 305-4 | GHG emissions intensity | Preserving Our Planet | 13-18 |
| 305-7 | Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | Preserving Our Planet | 13-18 |
| Effluent and Waste | | | |
| GRI 103: Management Approach 2016 | | | |
| 103-1 | Explanation of the material topic and its Boundary | Preserving Our Planet | 13-18 |
| 103-2 | The management approach and its components | Preserving Our Planet | 13-18 |
| 103-3 | Evaluation of management approach | Preserving Our Planet | 13-18 |
| GRI 306: Waste 2020 | | | |
| 306-2 | Management of significant waste-related impacts | Preserving Our Planet | 13-18 |
| Environmental Compliance | | | |
| GRI 103: Management Approach 2016 | | | |
| 103-1 | Explanation of the material topic and its Boundary | Preserving Our Planet | 13-18 |
| 103-2 | The management approach and its components | Preserving Our Planet | 13-18 |
| 103-3 | Evaluation of management approach | Preserving Our Planet | 13-18 |
| GRI 307: Environmental Compliance 2016 | | | |
| 307-1 | Non-compliance with environmental laws and regulations | Preserving Our Planet | 13-18 |
| Employment | | | |
| GRI 103: Management Approach 2016 | | | |
| 103-1 | Explanation of the material topic and its Boundary | Working with Our Partners | 19-21 |
| 103-2 | The management approach and its components | Working with Our Partners | 19-21 |
| 103-3 | Evaluation of management approach | Working with Our Partners | 19-21 |
| GRI 401: Employment 2016 | | | |
| 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | Working with Our Partners | 19-21 |



GRI CONTENT INDEX

| Disclosure Number | Disclosure | Relevant Section(s) in this Report or Other References/Explanation | Page No. |
|---|---|--|----------|
| Occupational Health and Safety | | | |
| GRI 103: Management Approach 2016 | | | |
| 103-1 | Explanation of the material topic and its Boundary | Working with Our Partners | 19-21 |
| 103-2 | The management approach and its components | Working with Our Partners | 19-21 |
| 103-3 | Evaluation of management approach | Working with Our Partners | 19-21 |
| GRI 403: Occupational Health and Safety 2018 | | | |
| 403-2 | Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities | Working with Our Partners | 19-21 |
| Training and Education | | | |
| GRI 103: Management Approach 2016 | | | |
| 103-1 | Explanation of the material topic and its Boundary | Working with Our Partners | 19-21 |
| 103-2 | The management approach and its components | Working with Our Partners | 19-21 |
| 103-3 | Evaluation of management approach | Working with Our Partners | 19-21 |
| GRI 404: Training and Education 2016 | | | |
| 404-1 | Average hours of training per year per employee | Working with Our Partners | 19-21 |
| Local Communities | | | |
| GRI 103: Management Approach 2016 | | | |
| 103-1 | Explanation of the material topic and its Boundary | Our Approach to Sustainability | 6-12 |
| 103-2 | The management approach and its components | Our Approach to Sustainability | 6-12 |
| 103-3 | Evaluation of management approach | Our Approach to Sustainability | 6-12 |
| GRI 413: Local Communities 2016 | | | |
| 413-1 | Operations with local community engagement, impact assessments, and development programs | Supporting Our Communities | 22-23 |

ESG REPORTING GUIDE CONTENT INDEX

Mandatory Disclosure Requirements

| Subject Areas, Aspects, General Disclosures and KPIs | Relevant Section(s) in this Report and/or Other References/Explanation | Page No. |
|--|--|----------|
| <p>Governance Structure</p> <p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses. | <p>Our Approach to Sustainability</p> | <p>6</p> |
| <p>Reporting Principles</p> <p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: Materiality, Quantitative and Consistency.</p> | <p>About this Report</p> | <p>2</p> |
| <p>Reporting Boundary</p> <p>A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.</p> | <p>About this Report</p> | <p>2</p> |

“Comply or Explain” Provisions

| Subject Areas, Aspects, General Disclosures and KPIs | | Relevant Section(s) in this Report and/or Other References/Explanation | Page No. |
|--|--|---|-----------------|
| Environmental | | | |
| Aspect A1: Emissions | | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | Preserving Our Planet, Compliance with Relevant Laws and Regulations Which Have Significant Impacts on VPower Group | 13–18, 40–41 |
| KPI A1.1 | The types of emissions and respective emissions data. | Preserving Our Planet, Performance Data Summary | 13–18, 24–28 |
| KPI A1.2 | Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Preserving Our Planet, Performance Data Summary | 13–18, 24–28 |
| KPI A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Preserving Our Planet, Performance Data Summary | 13–18, 24–28 |
| KPI A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Preserving Our Planet, Performance Data Summary | 13–18, 24–28 |
| KPI A1.5 | Description of emissions target(s) set and steps taken to achieve them. | Our Approach to Sustainability, Preserving Our Planet | 6–12, 13–18 |
| KPI A1.6 | Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them. | Our Approach to Sustainability, Preserving Our Planet | 6–12, 13–18 |

ESG REPORTING GUIDE CONTENT INDEX

| Subject Areas, Aspects, General Disclosures and KPIs | | Relevant Section(s) in this Report and/or Other References/Explanation | Page No. |
|---|--|---|--------------|
| Aspect A2: Use of Resources | | | |
| General Disclosure | Policies on the efficient use of resources, including energy, water and other raw materials. | Preserving Our Planet Our business does not involve significant use of raw materials. Therefore, no dedicated policies are in place. | 13–18 |
| 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). | Preserving Our Planet, Performance Data Summary | 13–18, 24–28 |
| KPI A2.2 | Water consumption in total and intensity (e.g. per unit of production volume, per facility). | Preserving Our Planet, Performance Data Summary | 13–18, 24–28 |
| KPI A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them. | Preserving Our Planet | 13–18 |
| KPI A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them. | Preserving Our Planet There were no issues related to sourcing water that was fit for purpose. | 13–18 |
| KPI A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | Our business does not involve significant use of packaging material for finished products. | – |
| Aspect A3: The Environment and Natural Resources | | | |
| General Disclosure | Policies on minimising the issuer's significant impacts on the environment and natural resources. | Preserving Our Planet | 13–18 |
| KPI A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | Preserving Our Planet | 13–18 |
| Aspect A4: Climate Change | | | |
| General Disclosure | Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer. | Preserving Our Planet | 13–18 |
| KPI A4.1 | Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them. | Preserving Our Planet | 13–18 |

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| Subject Areas, Aspects, General Disclosures and KPIs | | Relevant Section(s) in this Report and/or Other References/Explanation | Page No. |
|--|--|---|--------------|
| Social | | | |
| Employment and Labour Practices | | | |
| Aspect B1: Employment | | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | Working with Our Partners, Compliance with Relevant Laws and Regulations Which Have Significant Impacts on VPower Group | 19–21, 40–41 |
| KPI B1.1 | Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region. | Working with Our Partners, Performance Data Summary | 19–21, 24–28 |
| KPI B1.2 | Employee turnover rate by gender, age group and geographical region. | Performance Data Summary | 24–28 |
| Aspect B2: Health and Safety | | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. | Working with Our Partners, Compliance with Relevant Laws and Regulations Which Have Significant Impacts on VPower Group | 19–21, 40–41 |
| KPI B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | Performance Data Summary | 24–28 |
| KPI B2.2 | Lost days due to work injury. | Performance Data Summary | 24–28 |
| KPI B2.3 | Description of occupational health and safety measures adopted, and how they are implemented and monitored. | Working with Our Partners | 19–21 |
| Aspect B3: Development and Training | | | |
| General Disclosure | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. | Our Approach to Sustainability, Working with Our Partners | 6–12, 19–21 |
| KPI B3.1 | The percentage of employees trained by gender and employee category (e.g. senior management, middle management). | Working with Our Partners, Performance Data Summary | 19–21, 24–28 |
| KPI B3.2 | The average training hours completed per employee by gender and employee category. | Performance Data Summary | 24–28 |

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| Subject Areas, Aspects, General Disclosures and KPIs | | Relevant Section(s) in this Report and/or Other References/Explanation | Page No. |
|--|---|---|----------|
| Aspect B4: Labour Standards | | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour. | Working with Our Partners We are not exposed to a significant risk of having child labour or forced labour. Therefore, we do not consider that the laws and regulations relating to preventing child labour and forced labour having a significant impact on VPower Group. | 19–21 |
| KPI B4.1 | Description of measures to review employment practices to avoid child and forced labour. | Working with Our Partners | 19–21 |
| KPI B4.2 | Description of steps taken to eliminate such practices when discovered. | Working with Our Partners The Group has zero tolerance against such practice. Violations are subject to internal disciplinary actions or handled by relevant authorities. | 19–21 |
| Operating Practices | | | |
| Aspect B5: Supply Chain Management | | | |
| General Disclosure | Policies on managing environmental and social risks of the supply chain. | Working with Our Partners | 19–21 |
| KPI B5.1 | Number of suppliers by geographical region. | Working with Our Partners | 19–21 |
| KPI B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored. | Working with Our Partners | 19–21 |
| KPI B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | Working with Our Partners | 19–21 |
| KPI B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | Working with Our Partners | 19–21 |

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| Subject Areas, Aspects, General Disclosures and KPIs | | Relevant Section(s) in this Report and/or Other References/Explanation | Page No. |
|--|--|---|----------|
| Aspect B6: Product Responsibility | | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | Working with Our Partners Our business does not involve substantial advertising and labelling. Therefore, no dedicated policies are in place and the compliance with relevant laws and regulations does not have a significant impact on VPower Group. | 19–21 |
| KPI B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | Working with Our Partners | 19–21 |
| KPI B6.2 | Number of products and service related complaints received and how they are dealt with. | No complaint was received from our customers. | — |
| KPI B6.3 | Description of practices relating to observing and protecting intellectual property rights. | We protect with best efforts the Group's intellectual property rights, and complying with all applicable laws and regulations, including observing the intellectual property rights of our suppliers. | — |
| KPI B6.4 | Description of quality assurance process and recall procedures. | Working with Our Partners | 19–21 |
| KPI B6.5 | Description of consumer data protection and privacy policies, and how they are implemented and monitored. | Working with Our Partners | 19–21 |
| Aspect B7: Anti-corruption | | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. | Our Approach to Sustainability Current policies and measures in place are adequate to comply with generally applicable standards, we do not consider that the laws and regulations relating to bribery, extortion, fraud and money laundering having a significant impact on VPower Group. | 6–12 |



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|--|--|---|-------------|
| 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. | During the Year, no investigation or legal proceeding regarding corruption, bribery, extortion, fraud and money laundering was instituted against VPower Group. | — |
| KPI B7.2 | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored. | Our Approach to Sustainability | 6–12 |
| KPI B7.3 | Description of anti-corruption training provided to directors and staff. | Our Approach to Sustainability | 6–12 |
| Community | | | |
| Aspect B8: Community Investment | | | |
| General Disclosure | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests. | Our Approach to Sustainability, Supporting Our Communities | 6–12, 22–23 |
| KPI B8.1 | Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). | Supporting Our Communities | 22–23 |
| KPI B8.2 | Resources contributed (e.g. money or time) to the focus area. | Supporting Our Communities | 22–23 |



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

| | |
|--|---|
| SEHK's ESG Reporting Guide Subject Area | Compliance with Relevant Laws and Regulations Which Have Significant Impact on 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), General Law for Solid Waste (Peru), Environmental Policy Act (Brazil), National Environmental Act No.47 of 1980 (Sri Lanka), Environmental Protection Act (UK), and Control of Pollution Act (UK). 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 to the extent applicable as violation of any of applicable environmental laws and regulations may result in penalties, operation suspension, or legal action against the Group.

In 2021, 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 the "Preserving Our Planet" section 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 based on the scale of operation include Labour Law of the PRC, Labour Contract Law of the PRC, Social Insurance Law of the PRC, and Employment Ordinance of HKSAR. In relation to our IBO business with DPG stations in Myanmar, Indonesia, Peru and Brazil, the laws and regulations that are significant to the Group include Law No. 13 of 2003 on Manpower (Indonesia), Payment of Wages Law (Myanmar), Leave and Holidays Act (Myanmar), Employment and Skills Development Law (Myanmar), Shops and Establishment Law (Myanmar), Law No. 29497 New Labour Procedure Law (Peru), Supreme Decree No. 003-97-TR Law on Productivity and Labour Competitiveness (Peru) and Decree Law No. 5452 Consolidation of Labour Laws (Brazil). 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. These laws and regulations are of great importance as they offer appropriate protections to employees, the most important asset of the Group.

In 2021, 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 the "Working with Our Partners" section on how VPower Group ensures compliance with applicable employment laws and regulations.



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

| SEHK's ESG Reporting Guide Subject Area | Compliance with Relevant Laws and Regulations Which Have Significant Impact on VPower Group |
|--|---|
| <p>Aspect B2: Health and Safety</p> <p><i>Relating to providing a safe working environment and protecting employees from occupational hazards</i></p> | <p>Relevant laws and regulations that are significant to the Group based on the scale of operation include Labor Law of the PRC, Work Safety Law of the PRC, and Occupational Safety and Health Ordinance of HKSAR. In relation to our IBO business with DPG stations in Myanmar, Indonesia, Peru, Brazil, Sri Lanka and the UK, the laws and regulations that are significant to the Group include Law No. 13 of 2003 on Manpower (Indonesia), Occupational Safety and Health Law (Myanmar), Law No. 29783 Occupational Health and Safety Law (Peru), Decree Law No. 5452 Consolidation of Labour Laws (Brazil), National Institute of Occupational Safety and Health Act (Sri Lanka), and Health and Safety at Work Act (UK). These laws and regulations set out requirements to safeguard labour safety and sanitation, prevent accidents in the process of labour, and reduce occupational hazards. Compliance with these laws and regulations to the extent applicable is paramount as workplace safety is of critical importance to each and every employee of the Group.</p> <p>In 2021, 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 the “Working with Our Partners” section on how VPower Group ensures compliance with applicable laws and regulations relating to health and safety.</p> |