



順風國際清潔能源有限公司
SHUNFENG INTERNATIONAL CLEAN ENERGY LIMITED

(Incorporated in the Cayman Islands with limited liability)
Stock code: 01165

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT
2020



WORLD'S LEADING
CLEAN ENERGY PROVIDER

LOW-CARBON & ENERGY-SAVING
INTEGRATED SOLUTIONS PROVIDER



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ABOUT THIS REPORT

PURPOSE

Shunfeng International Clean Energy Limited (“SFCE”, or the “Company”, together with its subsidiaries, collectively the “Group” or “We”) is pleased to present this Environmental, Social and Governance (“ESG”) Report (the “Report”). The Report aims to outline the Group’s sustainable development approaches, strategies and performances.

REPORTING PERIOD AND SCOPE

Unless otherwise stated, the Report mainly focuses on our key business segment of solar power generation in the People’s Republic of China (the “PRC” or “China”), which accounted for approximately 62% of the total revenue of the Group from 1 January 2020 to 31 December 2020 (the “Reporting Period”).

REPORTING FRAMEWORK

The Report has been prepared in accordance with the disclosure requirements of 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 (the “Listing Rules”) issued by Hong Kong Exchanges and Clearing Limited (“HKEx”). The content index of the ESG Guide is attached to the Report for the convenience of the stakeholders.

REPORTING PRINCIPLE

During the preparation of the Report, the Group adhered to the following reporting principles: materiality, quantitative, balance and consistency. For details, please refer to the table below.



Principle	What it means	Response of the Group
Materiality	The ESG issues covered in this Report should be sufficiently important to investors and other stakeholders.	Through materiality assessment, the Group identifies environmental, social, and governance topics that are material to various stakeholders. Relevant stakeholders have chosen 11 topics in this year. For details of the assessment processes and results, please refer to the sections headed “Stakeholder Engagement” and “Materiality Assessment”.
Quantitative	The Report should disclose key performance indicators in a way that is measurable and conduct comparison when appropriate.	As far as practicable, the Group discloses its key environmental and social performance indicators collected from relevant departments with quantitative measures.
Balance	The Report should present the positive and negative information of the Group in an objective manner.	The Group has identified and disclosed the environmental, social and governance issues that have significant impact on the Group’s business in the Report, which include the achievements it has made and the challenges it faces.
Consistency	The Group should confirm that the method used in preparation of the ESG Report is consistent with that adopted for the prior year, or state the revised reporting methods, or illustrate other relevant factors that will draw meaningful comparisons.	The reporting scope and reporting method are substantially consistent with those of the prior year, and explanations have also been provided for changes in the reporting scope for the year.



INFORMATION AND CONTENT OF THE REPORT

The information, data and cases set out in the Report are derived from relevant documents provided by departments or integrated operational statistics of the Group.

The Report was endorsed by the senior management and was approved for publication by the Board of Directors on 21 July 2021.

ACCESS TO THIS REPORT

The Report is available for download at the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the official website of the Group (<http://sfcegroup.com>). The Report is published in both Chinese and English. In case of any discrepancy between the two versions, the English version shall prevail.

YOUR FEEDBACK

We value and expect to hear feedback from our stakeholders with regard to our sustainability performance and the Report. Your opinions and suggestions are important for our continual improvement on managing and achieving sustainable development. Please send us your comments by email at ir@sfcegroup.com.



ABOUT THE GROUP

SFCE is a leading clean energy, low-carbon and energy-saving integrated solutions provider. The Group is committed to creating a low-carbon environment and contributing to the world energy mix transition process. Upholding consistently steady corporate governance and innovation-driven development, we produce clean energy solutions that have been widely recognized by the market.

HIGHLIGHT

2020 GROUP'S ENVIRONMENTAL HIGHLIGHTS*

REDUCTION OF EMISSIONS*

Smoke and Dust: 45 tonne



CO₂: 990,991 tonne

SO₂: 221 tonne

NO_x: 231 tonne

ENERGY SAVING*



Coal:
362,339 tonne

H₂O:
1,430,907 m³

GREEN ELECTRICITY GENERATED



1,182,567 MWh

* The basis of calculation is sourced from China Electricity Industry Development Report 2017 issued by China Electricity Council

OUR SUSTAINABILITY APPROACH



Guided by our mission to be “the world’s leading clean energy provider”, our commitment to sustainable development starts with responsibly managing the operations. We are devoted to integrating ESG considerations into our business. We believe that sustainability encompasses not only our environmental performance and contribution to the wider community, but also underpins our core business practices and our relationships with residents, shareholders, employees, and suppliers.

The Group embraces sustainable development in pursuit of being a low-carbon and energy saving integrated solutions provider based on the four priority areas: (i) Low Carbon Solution, (ii) Green Operation, (iii) Talent Management and (iv) Community Care.

ALIGNING WITH THE SUSTAINABLE DEVELOPMENT GOALS

The 17 United Nations (UN) 2030 Sustainable Development Goals (SDGs) indicate the development direction and needs of the world, thus providing helpful medium to long term signals on emerging opportunities and risks for business to consider when developing or reviewing their business objectives and strategies.

While we recognize that each of the 17 SDGs is equally important and essential in building a healthier world, we believe that the best way for us to make a meaningful contribution is by supporting a select number of SDGs that will guide us to develop long-term performance standards and targets through working on our priority areas.

Low Carbon Solution

Moving towards a greener and cleaner future

To leverage our low carbon solutions to create a sustainable future by:

- One-stop-shop clean energy solution
- Well-planned project management
- Responsible procurement



Green Operation

Pursing a sustainable operation pattern to protect our planet

To reduce the ecological footprint in our operation to combat climate change by:

- Adoption of renewable energy
- Conservation of energy, carbon, water, waste and biodiversity



Talent Management

Cultivating a decent people-centric workplace

To cultivate a corporate culture that embraces talent development, employee wellbeing and family-friendly practices by:

- Safety measures
- Wellness programs
- Friendly working environment



Community Care

Nurturing wellbeing in our community

To proactively engage in community investment to give back to society by poverty alleviation




SUSTAINABILITY GOVERNANCE

Being accountable for the long-term stable growth of the Group, the Board retains the ultimate responsibility for the oversight of the Group's risk management activities and monitors material ESG risks. The Group considers risk management as an integral part of daily management and sound corporate governance. Risk management mechanism assists the Group to evaluate and minimize risks that may prevent or endanger the achieving of its business objectives in a dynamic business environment where economic, industry, regulatory and operating conditions continue to change. The Group assesses and determines the ESG-related risks and opportunities and considers their implications. We also formulate ESG-related controls to address significant ESG risks of which the controls are operated effectively at corresponding business levels. Coupled with sound internal controls, the process facilitates a continuous process of identifying, evaluating, prioritizing, managing, and monitoring of the risks that the Group faces in its operations. Details on our risk management approach can be found in the Corporate Governance Report section.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is an integral part of our sustainable development journey. We have identified customers, employees, investors and shareholders, business partners (including research and development institutions), suppliers, government authorities and local communities as our major stakeholder groups. Engaging with stakeholders allows us to better shape our business strategy to respond to their needs, anticipate risks and strengthen key relationships. We maintain close communication with stakeholders through various formal and informal channels in our daily operations.



Stakeholder Types	Channels	Frequency	Matters of Concern	The Group's Responses
Customers	<ul style="list-style-type: none"> Business communication Meetings Customer service hotline 	<ul style="list-style-type: none"> Periodically 	<ul style="list-style-type: none"> Service quality Privacy Honest contract performance 	<ul style="list-style-type: none"> Improving service quality Strengthening data security
Employees	<ul style="list-style-type: none"> Internal communication system Meetings Annual appraisal Company activities Social media 	<ul style="list-style-type: none"> Annually (performance appraisal) On-going (day-to-day communication) 	<ul style="list-style-type: none"> Sound welfare Good career development Comfortable working environment 	<ul style="list-style-type: none"> Providing diverse employee activities Providing training
Investors and shareholders	<ul style="list-style-type: none"> Shareholders' meetings Annual reports, financial statements and announcements Corporate websites Social media 	<ul style="list-style-type: none"> Annually (General Meeting) When necessary (for other meetings) 	<ul style="list-style-type: none"> Good business performance Good corporate governance Risk control and integrity The Company's strategic direction Sufficient disclosure 	<ul style="list-style-type: none"> Improving corporate governance Corporate strategy meeting investors' expectations Factual and sufficient disclosure
Business Partners*	<ul style="list-style-type: none"> Daily communication between business representatives On-site visits Industry exhibitions 	<ul style="list-style-type: none"> Periodically 	<ul style="list-style-type: none"> Mutual benefits Promotion and innovation of management 	<ul style="list-style-type: none"> Enhancing communication



Stakeholder Types	Channels	Frequency	Matters of Concern	The Group's Responses
Suppliers	<ul style="list-style-type: none"> Business communication Meetings 	<ul style="list-style-type: none"> Periodically 	<ul style="list-style-type: none"> Win-win cooperation Honest contract performance 	<ul style="list-style-type: none"> Increasing investment, being open and transparent
Government Authorities	<ul style="list-style-type: none"> Information submission Interviews Public consultation 	<ul style="list-style-type: none"> Periodically 	<ul style="list-style-type: none"> Operating in compliance 	<ul style="list-style-type: none"> Maintaining compliance with laws and regulations
Local Community	<ul style="list-style-type: none"> Charitable activities Social media Corporate websites 	<ul style="list-style-type: none"> Periodically 	<ul style="list-style-type: none"> Charity investment Safety and environmental protection 	<ul style="list-style-type: none"> Increasing community investment Maintaining work safety Enhancing environmental protection

* Including research and development institutions

MATERIALITY ASSESSMENT

During the Reporting Period, we have engaged an independent consultant to assist the Group in conducting stakeholder survey to collect opinions from stakeholders in terms of our ESG issues. A three-step approach is adopted to identify and prioritize the materiality of relevant ESG topics for management and disclosure.

Step 1: Identifying ESG Topics

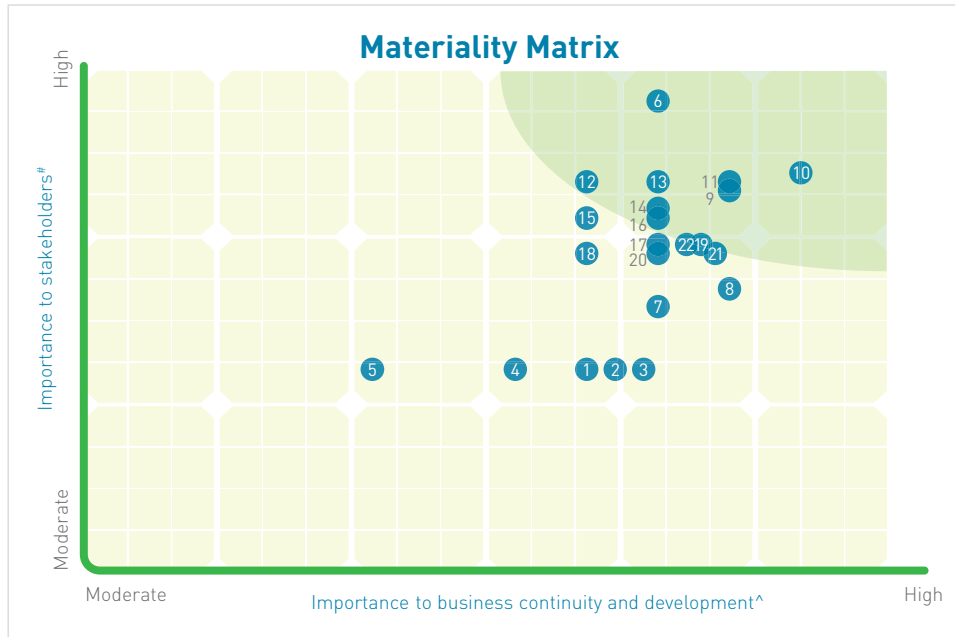
Based on the results of past and existing stakeholder communication and the "ESG Reporting Guide" of HKEx, 22 relevant ESG issues have been identified.

Step 2: Collect Stakeholders' Ratings

We deliver an online questionnaire to our stakeholders to gather their comments and concerns regarding the Group's environmental, social and governance performance by rating the relative importance of ESG topics to the Group on a scale of 1 to 6 (with '1' being not important at all and '6' being very important).

Step 3: Ranking ESG topics

The result of the questionnaire is then analysed and transformed into a materiality matrix, demonstrating the importance and impact of 22 topics towards the stakeholders and the Group's business. A total of 11 material topics have been identified this year. We respond to and elaborate on those topics of concern in different sections of this Report.



Importance to stakeholders is determined by external stakeholders' rating of the material issues in terms of their importance to the society/ environment and their relevance to the Group.

^ Importance to business continuity and development is determined by internal stakeholders' rating of the likelihood and level of potential impact of the issues affecting our business continuity and development.



ESG Topics Considered

1. Air Emission	2. Hazardous and Non-Hazardous Waste
3. Carbon Emission and Energy Efficiency	4. Water Resources
5. Packaging Materials	6. Climate-related Risks
7. Green Procurement	8. Supplier Environmental Risk Assessment
9. Employee Welfare	10. Anti-discrimination, Diversity and Equal Opportunities (age, gender, disability, etc.)
11. Occupational Health and Safety	12. Employee Development and Training
13. Employment Compliance	14. Supplier Social Risk Assessment
15. Product Certification and Quality	16. Customer Service
17. Intellectual Property	18. Market Promotion and Advertisement
19. Anti-corruption	20. Social Investment
21. Economic Performance	22. Business Expansion



Identified Material Issues	Section in this Report	Page Number
Anti-discrimination, Diversity and Equal Opportunities (age, gender, disability, etc.)	Labour Practice	21
Climate-related Risks	Response to Climate Change	15
Occupational Health and Safety	Health and Safety	25
Employee Welfare	Remuneration and Welfare	23
Employment Compliance	Labour Practice	21
Supplier Social Risk Assessment	Supplier Management	13
Economic Performance	Project Management	12
Anti-Corruption	Anti-Corruption	10
Customer Service	Project Management Customer Privacy	12-13
Business Expansion	Project Management	12
Employee Development and Training	Training and Development	24



CORPORATE GOVERNANCE

ETHICS

The Group has formulated a Corporate Code of Conduct (“the Code”) which applies to every employee of the Company and its subsidiaries. It provides general guidelines to ensure proper and ethical behaviour, compliance with laws and regulations, and compliance with our standard, including the following issues:

- Business Etiquette
- Corruption
- Bribery
- Workplace harassment
- Gambling
- Record keeping
- Use of Company information and property
- Project management
- Health and safety
- Confidentiality
- Procurement
- Contract



All the employees are obligated to report suspicion on any potential improprieties relating to the Company and its subsidiaries. The Group has introduced formal channels and programs to encourage employee in case they encounter any improprieties at work. A whistleblowing mechanism and employee suggestions collection boxes, for instance, allow employees to raise any matters of concern regarding suspected misconduct, malpractice or impropriety without any fear of reprisal. We will make every effort to keep the identity of whistle-blowers and the information reported confidential.

ANTI-CORRUPTION

The Group strictly abides by the laws on anti-corruption and bribery in the PRC including but not limited to the Criminal Law of the People’s Republic of China. The Group has established a strict anti-corruption policy which clearly prohibits employees from offering or accepting advantages, gifts, or entertainment for the purpose of influencing business decisions from our business partners, including suppliers and contractors.

The Group attaches great importance to the cultivation of integrity and quality of our management personnel and employees. To strengthen the awareness towards improper activities within the Group, regular training regarding improper conduct in the workplace would be organized annually to promote the ethical climate. In addition, all the new joiners would receive induction training regarding the culture and ethical requirement of the Group. During the Reporting Period, there were no concluded legal cases regarding corrupt practices brought against the Group or its employees and we were not aware of any material non-compliance with regard to the applicable laws and regulations regarding anti corruption.

INTELLECTUAL PROPERTY RIGHT

The Group respects and actively protect intellectual property right. Our commitment to complying with laws and regulations is specified in the Code of Conduct in which all our employees are required to comply with laws and regulations relating to competition, personal data and privacy and intellectual property. To strengthen the protection of the Group’s intellectual property, we continue to reinforce our effort on patent applications.



LOW CARBON SOLUTION



Moving towards a greener and cleaner future

Goal: To leverage our low carbon solutions to create a sustainable future

Selected SDGs:





LOW CARBON SOLUTION

As a diversified integrated provider of clean energies and low-carbon energy solutions, the Group strives to research, develop, and operate various kinds of clean energy, with the mission of creating low-carbon environment that leads to a brighter future to the Earth and human being.

We adopt a one-stop-shop model that integrates the entire project cycle from development to operation and management stage. We offer an array of photovoltaic clean energy solutions that suit the needs of different users. Our centralised photovoltaic power plants are large scale power plants that connect with the national power grid while our distributed photovoltaic plant plants provide small scale solutions to domestic and industrial users to address their needs for self-consumption. As at 31 December 2020, the Group owned 30 centralised photovoltaic power plants and 8 household distributed photovoltaic power plants.

SFCE model



PROJECT MANAGEMENT

The Group attaches great importance to the quality management of photovoltaic power plants from cradle to gate. We have implemented a series of procedures to ensure our projects are complying with relevant regulations and standards. Our Project Internal Initiation, Investment Initiation and Construction Management Measure (《項目內部預立項、立項、開工管理辦法》) established a clear framework that states the approval and review process for project development plan, construction drawings, and other professional technical plans.

We have also formulated the Solar Power Plant Operation and Maintenance Manual (《光伏電站運維手冊》) and Operation and Maintenance Management Standards (《運維工作管理標準》) to provide standardized procedures for managing the daily operations of our projects as well as setting up emergency response measures.

We also focus on improving our after-sales service by setting up various communication channels such as hotlines and emails to collect customer's feedback on our product and service quality. For any complaints received, they shall be handled by responsible staff as soon as possible within the prescribed term in strict accordance with internal procedures. During the Reporting Period, we were not aware of any reported customer complaints regarding material defects in quality of our photovoltaic power plants.



CUSTOMER PRIVACY

In accordance with national laws and regulations on protecting personal information, the Group has established relevant policies and procedures to ensure secure handling of personal information. We have strictly listed out our requirement towards data management in the Employee Handbook and violations would be subject to internal penalty. Important customer files and information are classified as the level-one files and are properly managed by the archive department of the Group, with an aim to ensure the safety and confidentiality of customer information. During the Reporting Period, we were not aware of any incidents of material customer information leakage.

SUPPLIER MANAGEMENT

The Group works with a wide range of suppliers, including raw material providers, module manufacturers, contractors, etc. We seek suppliers who integrate sustainable development into all areas of their business. We strive to always act in an ethical, transparent, and responsible manner, and expect our suppliers as well as their subcontractors to do the same.

Responsible Procurement

We recognise the importance of promoting responsible operating practices across our supply chain. The Group follows the principle of transparency, fairness and openness in procurement. We have implemented the Tendering and Price Comparison Management Regulation (《招標比價管理規定》) which clarifies the responsibility of various departments. The measure specifies the price comparison requirement during the procurement process to ensure we can obtain resources at the most reasonable price.

We are committed to operating in accordance with local laws and regulations. Similarly, we expect our suppliers to operate with integrity and treat their people fairly, with reference to our Supplier Management Regulation (《供應商管理規定》), as well as strict standards on corporate governance.

Supplier compliance is evaluated and monitored on an-ongoing basis. For example, our photovoltaic power plant development business assesses suppliers on their overall performance. Suppliers would be divided into three categories based on the assessment result, which are qualified supplier, pre-qualified supplier and disqualified supplier. The result is recorded in our supplier management system and taken into consideration for future supplier selection processes. Any violation of the law or serious misconduct can result in exclusion from invitation to future tendering opportunities.

Similarly, for potential suppliers, a prior review on their background would be conducted to ensure they are in line with the expectation set by the Group. We require suppliers to provide management certification regarding quality, environment and occupational health and safety to show their commitment in identifying environmental and social risks in their business.

To ensure the assessment is conducted in a fair manner, the assessment panel consists of different parties to examine specific performance, including power plant operator, quality control team, finance team and technical and construction contractor. During the Reporting Period, among all major suppliers providing products and services to the Group, around 54 are domestic suppliers, which are all qualified suppliers complying with the requirements of the procurement regulations and tendering procedures.



Pursing a sustainable operation pattern to protect our planet

Goal: To reduce the ecological footprint in our operation to combat climate change

Selected SDGs:



**GREEN
OPERATION**





Climate change has been a growing challenge over the past decade. The Group actively responds to global climate change policies and national energy strategies, minimises the impact of our operation, and strengthens our own environmental management system in the field of clean energy, energy conservation, and environmental protection.

We strictly comply with the laws and regulations and standards in relation to environmental protection, including but not limited to the Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》) and the Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》). During the Reporting Period, we were not aware of any material non-compliance with the relevant laws and regulations relating to environmental protection.

RESPONSE TO CLIMATE CHANGE

To address the risk brought by climate change, the Group actively incorporates climate resilience into our sustainability strategy. With reference to the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”), the Group has applied the following mitigation measures in response to the climate-related risk identified below.



Physical Risk

Extreme Weather	Impact to the Group	Mitigation Measures
	<ul style="list-style-type: none"> • Increased maintenance cost for damage caused by extreme weather; • Generation volume may be affected by extreme weather, thereby affecting its revenue; • Employee safety issues caused by extreme weather. 	<ul style="list-style-type: none"> • Perform regular check on the photovoltaic solar plants. Remote monitoring would be carried out via an online monitoring systems for timely report on any abnormalities; • Promote effective and efficient operation of solar plants to offset the impact brought by extreme weather; • Provide safety training for employees to enhance their safety awareness and formulate contingency plan to ensure a timely response during emergency.



Transition Risk

Policy Risk	Impact to the Group	Mitigation Measures
	<ul style="list-style-type: none"> Government subsidies on renewable energy projects may vary according to the latest regulatory changes. 	<ul style="list-style-type: none"> Monitor the emerging market and regulatory trends and ensure the Group's emission meet the legal requirement.
Reputation Risk	<ul style="list-style-type: none"> Fail to meet the social expectation on the Group's ESG performance may negatively affect our reputation and result in loss of potential customers. 	<ul style="list-style-type: none"> Disclose ESG information through annual ESG report. Maintain a close relationship with major stakeholders to ensure timely response to their enquiry regarding the Group's ESG performance.

ENERGY AND RESOURCE USAGE

Guided by our mission of bringing low-carbon and clean energy to the world, the Group makes strenuous efforts in reducing our energy and resources usage. The main resource the Group uses when developing and operating photovoltaic power plants, is electricity for office work and production, and petrol for business vehicles. Water is mainly used for employees' usage, and photovoltaic power plant development and construction.

We are committed to improve energy efficiency in the construction and operation stage. In the selection process of solar module for our photovoltaic power plant, we prefer polysilicon to microcrystalline silicon as the former one is more energy efficient and occupies a smaller area for the same electricity generation performance. To minimize energy loss during the generation process, we have optimized the conductor surface gradients and the number of cables used in our photovoltaic power plant. Upon completion of the photovoltaic power plant, the station would self-sustain its need for electricity to reduce our reliance on electricity generated from the traditional fuel.

For the water consumption, we actively implement various measures to improve the efficiency in water consumption and promote water recycling in our operations. Our solar power plants treat wastewater in accordance with the Grade II standard of the Integrated Wastewater Discharge Standard (GB 8978-1996) [《污水綜合排放標準》]. Treated effluent would be collected and reused for irrigation and cleaning purpose to minimize water usage. On the other hand, for power plants locating at arid zone, we pay special attention to water extraction and prevent contaminating underground water to protect local water resources. All of our projects comply with the Class III standard of the Standard for Groundwater Quality (GB/T 14848-2017).[《地下水質量標準》]. During the Reporting Period, we were not aware of any difficulties in sourcing water for our daily operation.



AIR EMISSIONS AND GREENHOUSE GASES

The major direct emissions generated by the Group are the dust and waste gases generated during the construction phase of photovoltaic power plants. A series of measures are adopted to meet the Class II standard of the Ambient Air Quality Standards (GB 3095-2012) [《環境空氣質量標準》], including:

- Careful planning to prevent excavating during windy days;
- Fence installation to minimize the spreading distance of dust;
- Frequent water sprinkling for dust suppression;
- Car wheels and body wash for dust removal;
- Speed limit for vehicles entering the construction site to minimize the production of dust; and
- Timely earthwork backfilling to minimize the opportunity for dust spreading.

During the operating phase of photovoltaic power plant, the only direct emission would be sourced from the consumption of unleaded petrol by the vehicles owned by the Group. We have replaced coal-powered heaters with electric heaters to minimize our carbon footprint.

In respect of the greenhouse gases generated from the electricity the Group purchased, we continue to reduce emissions from the source and introduce more energy efficient equipment. Besides, we will keep seeking potential opportunities for photovoltaic power plant development to maintain negative carbon emissions and offset our greenhouse gas emissions.

WASTE MANAGEMENT

Our operation generates general solid waste and a small amount of hazardous waste. For effective waste management, the Group has established comprehensive guidelines on handling waste generated from our operations. We adhere to the three-tier approach which prioritizes waste avoidance over waste reduction and recovery. Recognizing that construction waste from our construction work and domestic waste produced by our employees are the major waste sources of the Group, we aim to go beyond compliance and ensure effective waste management practices are in place.

Hazardous Waste

The major hazardous waste generated from our operations is discarded mineral oil generated from our photovoltaic power plant transformers during maintenance and malfunction. All the hazardous waste would be collected and treated by the operation and maintenance service contractor. Monitoring report would be sent to the Group to ensure the disposal process is strictly complied with the respective requirements outlined in the approved environmental impact assessments as well as relevant national legislation and standards such as the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste [《中華人民共和國固體廢物污染環境防治法》] and the Management Measures for Hazardous Wastes Movement [《危險廢物轉移聯單管理辦法》] and the Standard for Pollution Control on Hazardous Waste Storage (GB 18597-2001) [《危險廢物貯存污染控制標準》].

Non-hazardous Waste

The Group is committed to achieving source reduction towards general solid waste management. Besides sorting recyclable construction and domestic waste, photovoltaic modules in our photovoltaic power plants which have reached their expected life would be collected by qualified third-party units for recycling. For non-recyclable solid waste, they are collected by environmental protection authority for proper central treatment to prevent contamination.



NOISE MANAGEMENT

Different levels of noise would be generated during different phases of the photovoltaic power plant development. With cautious site location selection, the Group complies with the Class II standard of the Environmental Quality Standard for Noise (GB 3096-2008) (《聲環境質量標準》), the Class II standard of the Emission Standard for Industrial Enterprises Noise at Boundary (GB12348-2008) (《工業企業廠界環境噪聲排放標準》) and Emission Standard of Environment Noise for Boundary of Construction Site (GB 12523-2011) (《建築施工場界環境噪聲排放標準》) to mitigate noise pollution. We replaced noise-intensive pneumatic machinery with hydraulic machinery, which produces much lower level of noise. Moreover, sound barriers are also installed at the construction site to further reduce the noise produced during construction.

ECOLOGICAL PROTECTION

With years of experience in photovoltaic power plant development, construction, operation and maintenance, the Group has developed an effective approach to manage the ecological impact brought by the construction of photovoltaic power plant, such as soil erosion, influence on local biodiversity and change in landscape. With the aid of professional personnel, we review, check and improve the plan to ensure compliance with relevant standards and regulations for environmental protection and restoration.

Soil Erosion

The Group requires timely backfilling and flattening of excavated hole to prevent further erosion during construction. To restore the natural soil protection, we actively cover the land with plantation to reduce erosion in soil due to raining.

Biodiversity

Before the commencement of the project, the Group would conduct a detailed ecological study to identify and analyse the biodiversity risk of photovoltaic power plants and surrounding habitats, aiming to mitigate and avert the impacts of solar power projects on plants and animals, as well as their habitats.

Landscape Impact

During project location selection process, the Group takes the features of the surrounding landscape and opinions of local community into consideration. We strive to ensure our photovoltaic power plant can promote a harmonious coexistence between industry and the local environment.



ENVIRONMENTAL PERFORMANCE SUMMARY

KPIs ^{1,2,3,4,5}	Reporting Period	Unit
Greenhouse Gas (“GHG”) Emission		
Total GHG Emission	8,439	Tonnes CO ₂ e
Direct Emission (Scope 1)	8	Tonnes CO ₂ e
Indirect Emission (Scope 2)	8,431	Tonnes CO ₂ e
Intensity of Total GHG Emissions (Scope 1 and 2)	0.01	Tonnes CO ₂ e/ MWh
Air Emission		
Nitrogen Oxides (NO _x)	2	Kg
Sulphur Oxides (SO _x)	0.1	Kg
Particular Matters (PM)	0.2	Kg
Energy		
Total Energy Consumption	9,222	MWh
Purchased Electricity	9,193	MWh
Unleaded Petrol	29	MWh
Energy Consumption Intensity	0.01	MWh/MWh

¹ Our business segment of manufacturing and sales of solar products and installation services of photovoltaic systems has been classified as discontinued operation in 2019. Accordingly, the KPIs presented in the Report exclude the figures of the discontinued operations.

² Non-hazardous waste of the Group mainly includes domestic waste produced in the course of production activities. Considering the materiality principle, the amount of non-hazardous waste generated is considered to be immaterial. We will continue to measure on such aspect and make relevant disclosures in the report when significant non-hazardous waste is involved.

³ Water supply and hazardous waste disposal were controlled by the operation and maintenance service contractor which considered the provision of data for water consumption and hazardous waste disposal not feasible. Hence, the relevant data are not available.

⁴ Due to the discontinuation of the business segment for manufacturing and installing solar products, the intensity factor has been adjusted from the manufacturing capacity generated by solar cells and modules (MW), to the amount of green electricity generated by photovoltaic power plant (MWh).

⁵ Our reporting on air and greenhouse gases (GHG) emissions mainly base on the requirements in “How to prepare an ESG report” published by HKEEx and “GHG Protocol Corporate Accounting and Reporting Standard (revised edition)” published by the World Business Council for Sustainable Development and World Resources Institute. Operational control approach is adopted when defining organisational boundary for the purpose of GHG accounting and reporting.

GHG emissions is presented in carbon dioxide equivalent (CO₂e). Our scope 1 direct emissions cover GHG emissions directly produced by businesses owned or controlled by the Group, while scope 2 indirect emissions cover GHG emissions of indirect energy resulted from electricity (purchased or acquired) internally consumed by the Group.

Our total energy consumption includes purchased electricity and non-renewable fuels consumed and the relevant conversion factors reference from “Technical Note: Conversion of fuel data to MWh” published by CDP.



Cultivating a decent people-centric workplace

Goal: To cultivate a corporate culture that embraces talent development, employee wellbeing and family-friendly practices

Selected SDGs:



TALENT MANAGEMENT



TALENT MANAGEMENT



Following a people-first principle, the Group always regards employees as an important source of sustainable development. We aim to create a people-oriented working environment by embracing diversity and prioritizing wellness and safety. We are determined to provide rewarding career paths so as to develop a diverse and industry-leading team.

FAIR EMPLOYMENT

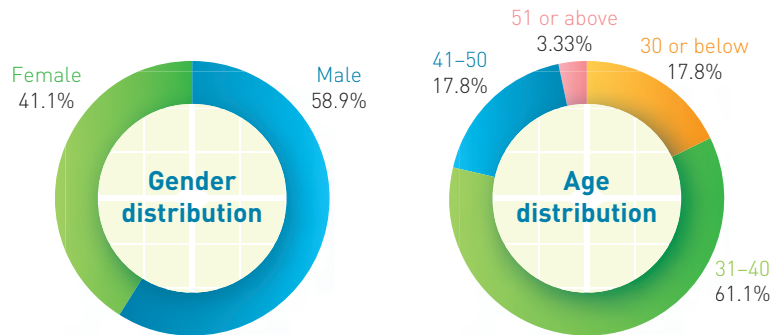
To maintain the Group's overall competitiveness, we seek to build our pool of talent by offering competitive remunerations and benefits and a harmonious and safe working environment. We adhere to the talent management concept of "people-oriented", and complies with applicable laws and regulations, including the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Occupational Disease Prevention Law of the People's Republic of China (《中華人民共和國職業病防治法》), and the Provisions on the Prohibition of Using Child Labour (《禁止使用童工規定》). During the Reporting Period, the Group was not aware of any material non-compliance with the relevant laws and regulations relating to employment, occupational health and safety as well as labor standards.

LABOUR PRACTICE

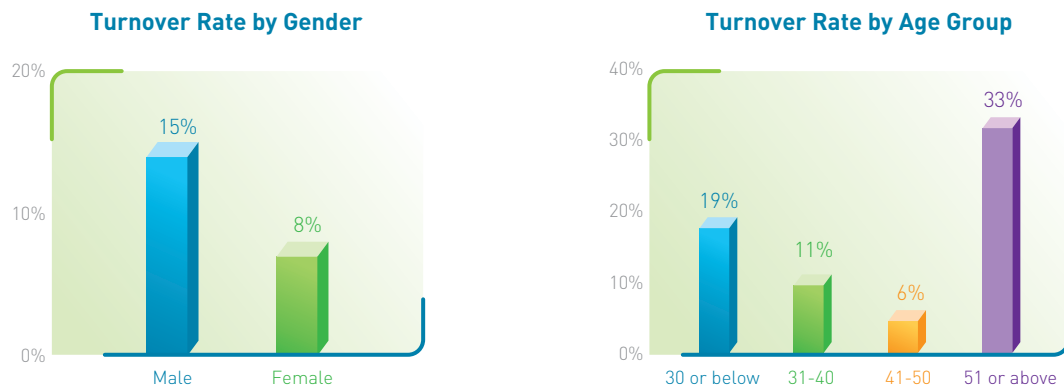
The Group upholds the principle of integrity and equality during the recruitment process and attract talents through multiple channels including internal promotion, campus recruitment, recruitment fair etc. As an advocate for equal opportunities, the Group appoints people by merit and age, gender, race, colour, sexual orientation, religion, nationality, disability, or marital status of the applicants would be excluded in our recruitment process. Any non-compliance with the Code of Conduct among employees are subject to disciplinary action, which may include dismissal according to statutory requirements where appropriate.

Talent Management (Continued)

As of 31 December 2020, the solar power generation segment in the PRC employed 90 full-time employees, all of them are located in the PRC.



For employee turnover, the Group actively conducts an exit interview and takes appropriate measures to respond to feedback collected. During the Reporting Period, the Group's total employee turnover rate was 12%, all of them are located in the PRC.



In addition to the use of forced and child labour, we adopt a "zero tolerance" attitude towards all forms of forced labour and the use of child labour. Staff recruitment and management are subject to internal supervision to ensure that both internal and legal requirements are met. We recognize the significance of work-life balance of our staff, and do not encourage our staff to work overtime. We have clearly stipulated that all overtime work requires prior approval, and employees who work overtime would be offered compensation leave equivalent to the number of days of the overtime work, to ensure they have sufficient rest time. Moreover, we have set up a whistleblowing channel for internal and external stakeholders to report on any misconduct regarding the Group's labour practice. During the Reporting Period, we were not aware of any material violations of laws and regulations related to the prohibition of the use of child labour or forced labour.



REMUNERATION AND WELFARE

Our staff is the most valuable asset of the Group, and is the key for steady development. Therefore, we endeavour to provide all our staff with comprehensive benefits and protections, and review and update our policies of salary and benefit regularly. We strictly adhere to the Labour Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China to provide our staff with pension insurance, medical insurance, unemployment insurance, maternity insurance, work injury insurance and housing provident fund ("five insurances and one housing fund"). All employees are treated equally in job transfer and promotion. Assessment criteria are clearly stated in relevant policies to ensure openness and transparency.

The salaries of the Group's employees are mainly composed of basic salary, performance salary, overtime-working pay, and subsidies. In addition, bonuses are offered to employees based on department performance and individual performance to effectively incentivize our employees. On the basis of ensuring the legality, compliance, fairness and equality of the employee compensations, we also provide annual bodychecking service and customized commercial insurance to our employees.

The Group encourages its employee to maintain a balance between their professional and personal lives. The Company's union has formed a football team for employees to play and practice in their spare time. From time to time, friendly matches with our corporate partner would be organized. In addition, gifts and subsidies are distributed to employees during festivals to share the festive joy with them.

Employee activities highlights

Football Match





Christmas Celebration



TRAINING AND DEVELOPMENT

The Group nurtures our talent by providing diversified learning channels, ranging from training program, apprenticeship, online platform to self-learning channels. To make the most of what they have learnt from these programs, we will build a comprehensive training system and develop an annual development plans at the beginning of each year for our employees that aim at fostering professional ethics, skills, experience and performance.

Our training system requires cooperation of different departments to achieve the expected goal. The Human Resources Department determines the training direction of the year and develops the annual development plans by collecting and organizing feedback from the senior management and employees. Other functional departments are responsible for executing the development plan and evaluate the effectiveness of the training program to further improve the training quality.

Internal training includes theoretical and hands-on training, which cover work-related technical, safety and integrity content to ensure employees familiarize themselves with their business responsibilities and meet the requirement of relevant jobs. On top of that, to ensure employees would grow with the Group, we offer training on various aspects such as leadership, IT skills, financing skills, legal skills and team management for personal development. The Group also provides funding and encourages employees to seek external training opportunities to fully meet their needs in the improvement of professional knowledge, vocational skills, and academic qualifications. During the Reporting Period, a total of 291 hours of training were provided for our employees.



Statistics on Employee Training and development during the Reporting Period	
Total training hours	291
Average training hours of employees	3.2
Percentage of employees trained	96%



Training Hours Per Employee and Percentage of Employees Trained By Gender	
Male	3.1 (58%)
Female	3.4 (42%)



Training Hours Per Employee and Percentage of Employees Trained By Employee Categories	
Senior management	—
Middle-level management	3.7 (28%)
General and technical staff	3.2 (72%)

HEALTH AND SAFETY

At SFCE, the safety and well-being of employees remain our utmost priority. To this end, the Group has implemented a Safety Agreement (《安全協議書》) (the "Safety Agreement") with the contractor for all of our operating projects to set out our expectation on the safety standard. The Agreement listed out various requirements regarding different areas, including the qualifications of workers specialized in installing electrical parts and welding, inspection of construction equipment, working environment, vehicles and public facilities. To ensure that the operation and maintenance team fully understand the requirement, we require our contractor to organize monthly safety meetings and weekly safety learning sessions.

0
work-related fatality

0
lost day due to work injury

To ensure employees would evacuate safely in emergencies, we have set out emergency plans in the Safety Agreement, which cover public security accidents, fire accidents and poisoning accidents to enable employees to take prompt actions to respond to emergencies. As some of our power plants locate in Xinjiang Uygur Autonomous Region, with the rising terrorism risk, we have formulated an emergency plan regarding potential terrorist attacks to safeguard the safety of our employees. Moreover, based on the idea of “prevention as priority combined with fire control”, we formulated Annual Fire Drill Working Plan (《年度消防演練工作計劃》) which clearly set out the responsibilities of different roles and positions in respect of fire prevention, and conduct regular fire drills to fully ensure the safety of our staff

Joint Anti-terrorism and Anti-riot Drill



Prevention of the spread of COVID-19

During the outbreak of pandemic, our employees’ health and safety are of the utmost importance. We strictly abide by the prevention measures set out by the government and the World Health Organization. On top of that, we distributed face masks and other prevention materials to ensure our staff had sufficient protection. We also implemented flexible working locations policy such as working from home to safeguard our employees from the threat. To prevent the spread of the virus, body temperature screening has been in place in each station for better control.

**Nurturing wellbeing in
our community**

Goal: To proactively engage in community investment to give back to society

Selected SDGs:



+
**COMMUNITY
CARE**



COMMUNITY CARE

As a global corporate citizen, the Group upholds its social responsibility to give back to society. We strongly encourage our employees to engage in various charitable activities. We strive to nurture a culture of social responsibility among our employees.

POVERTY ALLEVIATION

The Group utilized our technical expertise to design projects that strive to reduce poverty, supporting the state's vision to create a moderately prosperous society in all respects, as set out in the 13th Five-Year Plan. With the help of government subsidies and donations from the Group, we have installed dispersed solar power plants in rural areas and are committed to long-term product quality and assistance. By selling excess electricity to power grids, the power plants not only provide electricity to rural villages, but also provide additional income.

We have suspended all charitable programs that involved social interactions to ensure the health and safety of our employees and local communities to reduce the risk of spreading COVID-19. Upon the end of the pandemic, the programs will be considered resuming.

HKEX ESG REPORTING GUIDE CONTENT INDEX



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順風國際清潔能源有限公司
SHUNFENG INTERNATIONAL CLEAN ENERGY LIMITED