



中國核能科技集團有限公司

China Nuclear Energy Technology Corporation Limited

(於百慕達註冊成立的有限公司)

股份代號：611



2020

Environmental, Social and Governance Report

About this Report

This report is the fifth Environmental, Social and Governance Report (this **"ESG report"**) issued by China Nuclear Energy Technology Corporation Limited (the **"Company"** or **"CNETCL"**) and its subsidiaries (collectively referred to as the **"Group"** or **"we"**). This ESG report focuses on the Group's environmental, social and governance (**"ESG"**) performance in 2020. This ESG report shall be read in conjunction with the Company's *Annual Report 2020* (in particular the "Corporate Governance Report" contained therein) for a comprehensive understanding of the Group's ESG performance.

Basis for Report Preparation

The Company prepared this ESG report in accordance with the 2016 edition of the Appendix 27 *Environmental, Social and Governance Reporting Guide* (the **"ESG Reporting Guide"**) to the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (the **"Stock Exchange"**). This ESG report was prepared in accordance with all the "comply or explain" provisions set out in the ESG Reporting Guide. This ESG report was prepared based on the four reporting principles, namely materiality, quantitative, balance and consistency. The reporting principles applied by the Company in the preparation of this ESG report are as follows:

Materiality

The Group determines material issues through a materiality assessment. The materiality assessment process includes identification of ESG issues, stakeholder engagement, issue ranking, and verification of material issues. For more information on the materiality assessment process and results, please refer to the section "Materiality Assessment" of this ESG report.

Quantitative

In order to fully assess the Group's ESG performance during the Reporting Period, the Group disclosed the applicable quantitative key performance indicators (**"KPIs"**) in the ESG Reporting Guide and set out the criteria, methods, assumptions and references used in the calculation of the quantitative KPIs, including the sources of the key conversion factors.

Consistency

The methodologies used in this ESG report are consistent with those used in the previous reporting period to allow readers to make meaningful comparisons of the Group's ESG data.

Balance

The application of this principle is reflected in various sections of this ESG report.

Reporting Scope

Unless otherwise stated, the scope of this ESG report mainly covers the Company and its principal subsidiaries in the business segments of engineering, procurement and construction ("**EPC**"), consultancy and general construction, power generation and manufacturing and trading. The scope of this ESG report does not include the financing segment as its environmental and social impact is relatively low. The organisational scope includes CNI (Nanjing) Energy Development Company Limited, Nanjing CNI Energy Engineering Company Limited (collectively referred to as the ("**CNI (Nanjing)**"), Taizhou Herun New Energy Limited ("**Taizhou Herun**") and Xuzhou Herun Light Energy Company Limited ("**Xuzhou Herun**"). The scope of this ESG report covers the operations of the Group's offices and module plant, construction and operation of solar and wind power stations and facilities. Unless otherwise stated, this ESG report covers the period from 1 January 2020 to 31 December 2020 (the "**Reporting Period**").

Report Confirmation and Approval

All information disclosed in this ESG report was derived from the Group's documents and data. The Board of Directors of the Company (the "**Board**") assumes full responsibility for the Group's ESG strategy and reporting and approved this ESG report on 12 July 2021.

Access to Report

This ESG report is published in both English and traditional Chinese versions. In the event of any inconsistency or discrepancy between the English and Traditional Chinese versions, the English version shall prevail. An electronic version of this ESG report is available on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the Company's website (<http://www.cnetcl.com>).

Contact Us

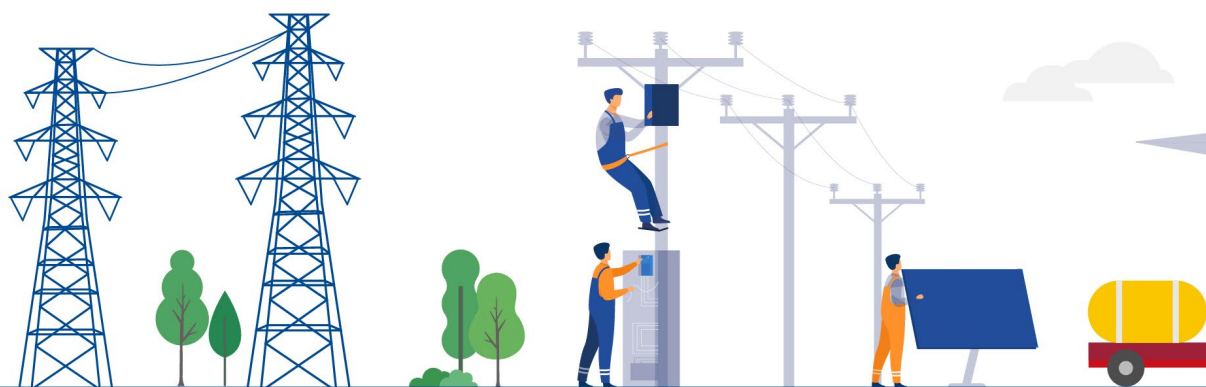
You are welcome to provide feedback or suggestions on this ESG report and our sustainability performance by mail or email:

Address: Room 2801, 28/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong

Email: info@cnetcl.com

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Chairman's Speech

The year 2020 is a Gengzi Year of the Lunar Calendar and also an extraordinary year. The novel coronavirus pandemic has been raging all over the world. The global economy has been in recession. Trade protectionism has been on the rise. Globalization process has been facing serious challenges. In the face of profound changes in the external environment, the Group has been able to gain a foothold, explore new opportunities, overcome difficulties and endeavors to excel, which resulted in a steady progress in our overall work. Looking forward to 2021, I would like to embark on a journey of reforms and development of the Group with all colleagues.



Although the global economy has been hit hard by the novel coronavirus pandemic and the global demand for electricity has dropped significantly, the global energy transition is not hindered. According to a report released by the International Energy Agency, renewable energy was growing robustly around the world in 2020. Meanwhile, the energy demand in energy sectors such as oil, gas and coal has declined sharply due to the novel coronavirus pandemic. The share of electricity generation from traditional fossil fuel continues to decline while the share of renewable energy has been rapidly raised to about 30%. In the face of the growing global population and the challenges of climate change, renewable energy will become one of the world's most important sources of electricity.

With insights into the global market of renewable energy development, the Group grasps the opportunities arising from local and global renewable energy development and actively seeks partnership opportunities for renewable energy development in different regions.

In 2020, China announced that it aims to hit peak carbon emissions by 2030 and achieve carbon neutrality by 2060. In order to achieve these two goals, China will undertake significant reforms in energy structure, continue to introduce policies to support renewable energy development and reduce reliance on fossil fuels. The Group would actively respond to our national renewable energy policy and work together towards the goal of carbon neutrality by 2060. In 2020, The Group generated 263 million kWh of electricity and actively diversified our renewable energy business. In addition to solar power business, the Group has also

developed wind power business in recent years to provide low-cost green energy to the society.

While promoting green energy development, the Group has also paid attention to our sustainable development. The ESG Working Group was officially established by the Company in 2020. Under the authorisation and supervision of the Board, the ESG Working Group is responsible for assisting the Board in overseeing ESG-related issues of the Company. We will continue to improve our governance in ESG to further enhance the Group's ESG performance. We will continue to provide our customers with high-quality products and services in pursuit of brand excellence. While developing our business, we are also actively taking various environmental measures to reduce our negative impacts on the environment. In addition, the Group strives to create a harmonious working environment and provides employees with diverse and fair development opportunities to build an excellent team.

In 2021, the Group will further seize market opportunities, enhance our overall competitiveness and endeavor to achieve excellence. In the days ahead, the Group will continue to consolidate our sustainability governance, incorporate different sustainability elements into our business operations and eventually build a green future for the next generation.

Zhao Yixin
Chairman

Hong Kong, 12 July 2021



01

About the Group

The Group's Profile

The Group is committed to becoming a leading international renewable energy investment enterprise and service provider, adhering to the spirit of "Integrity, Dedication, Sensitivity, Pioneering, Innovation and Respect" in business operation. We leverage on our investment and financing platform for the industrialisation of the advanced technology for renewable energy to develop clean energy, promoting harmony between mankind and nature.

The development of renewable energy has become one of the major solutions in combating climate change in the international community. As an enterprise with renewable energy as its core business, the Group has been actively developing its financial services business, providing financial leasing services for the nuclear power, clean energy and energy-saving and environmental protection segments. Meanwhile, the Group has also been increasing its efforts on the investment and operation of clean energy generation and the development of engineering business to achieve the goal of operational integration of renewable energy power plant investment and EPC operations. In recent years, the Group has been focusing on the design, construction and installation of photovoltaic power generation systems in order to seize the opportunities from the strong growth of the renewable energy industry in the People's Republic of China (the "PRC"). Apart from focusing on the renewable energy market in the PRC, the Group has sought opportunities for cooperation of developing renewable energy in other countries under the "Belt and Road" Initiative.

Principal Business

The Group's principal business includes:

EPC and Consultancy and General Construction

EPC and consultancy services related to the construction of solar power plants and general construction



Financing

Financing operations



Power Generation

Owning and operating solar and wind power plants and facilities



Manufacturing and Trading

Manufacturing and trading of solar power-related components



Outstanding Brand

In May 2020, CNEC Financial Leasing (Shenzhen) Co. Ltd. was awarded the Most Growth-oriented Financial Leasing Enterprise Award in the Golden Tripod Awards 2020.



In May 2020, CNI (Nanjing) was awarded the 2019 PVBL Top 10 ranking of the most valuable power station EPC brands. This is the fifth consecutive year that CNI (Nanjing) has won this award.



In October 2020, with its outstanding capability and reputation in the field of photovoltaic construction, CNI (Nanjing) stood out from more than 260 finalists and won two important awards in the "Polaris Cup", namely the "2020 Influential Photovoltaic EPC/ Owner" and "2020 Influential Photovoltaic Electronic Operation and Maintenance Brand".

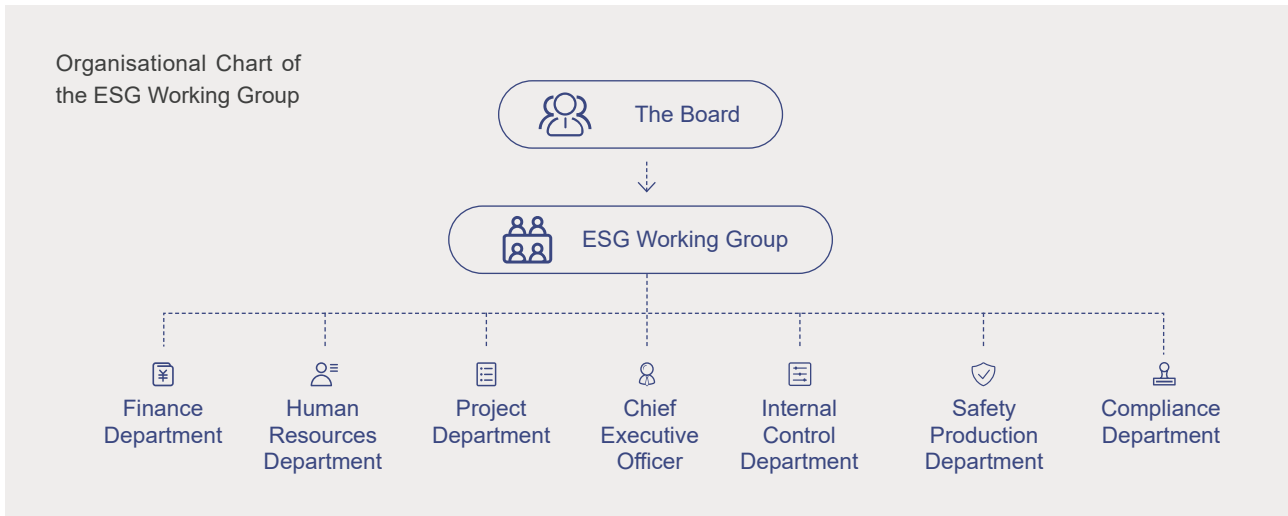




02

Sustainability Governance

To strengthen the Group's sustainability governance, the Group officially established an ESG Working Group during the Reporting Period. The Board authorised the Group's ESG Working Group to assist it in coordinating and overseeing ESG issues in order to address various ESG risks and opportunities. The ESG Working Group, which is composed of various department heads, is led by the Chief Executive Officer and Executive Director to assist the Board in managing ESG-related issues.



The ESG Working Group conducted an ESG risk assessment in March 2021 to identify ESG risks that are relevant to the Group's business and to assess the significance of impact and likelihood of these ESG risks. The ESG risk assessment helps the Group to identify our significant ESG risks so that we can develop an ESG risk management plan to manage operational risks.

In addition, the Group invited an external professional consulting firm to provide specialised ESG training to the Board to enhance the Board's understanding of ESG issues. The training covered the latest trends in ESG development, ESG risks and opportunities, and the Board's responsibilities required by the Stock Exchange in relation to ESG issues. The Group also arranged ESG training for members of the ESG Working Group to enhance their understanding of the importance of managing ESG issues and their role.

In the future, the Group will continue to incorporate sustainability elements into our business operation and to further improve the Group's internal control mechanism and establish a sustainable business model.

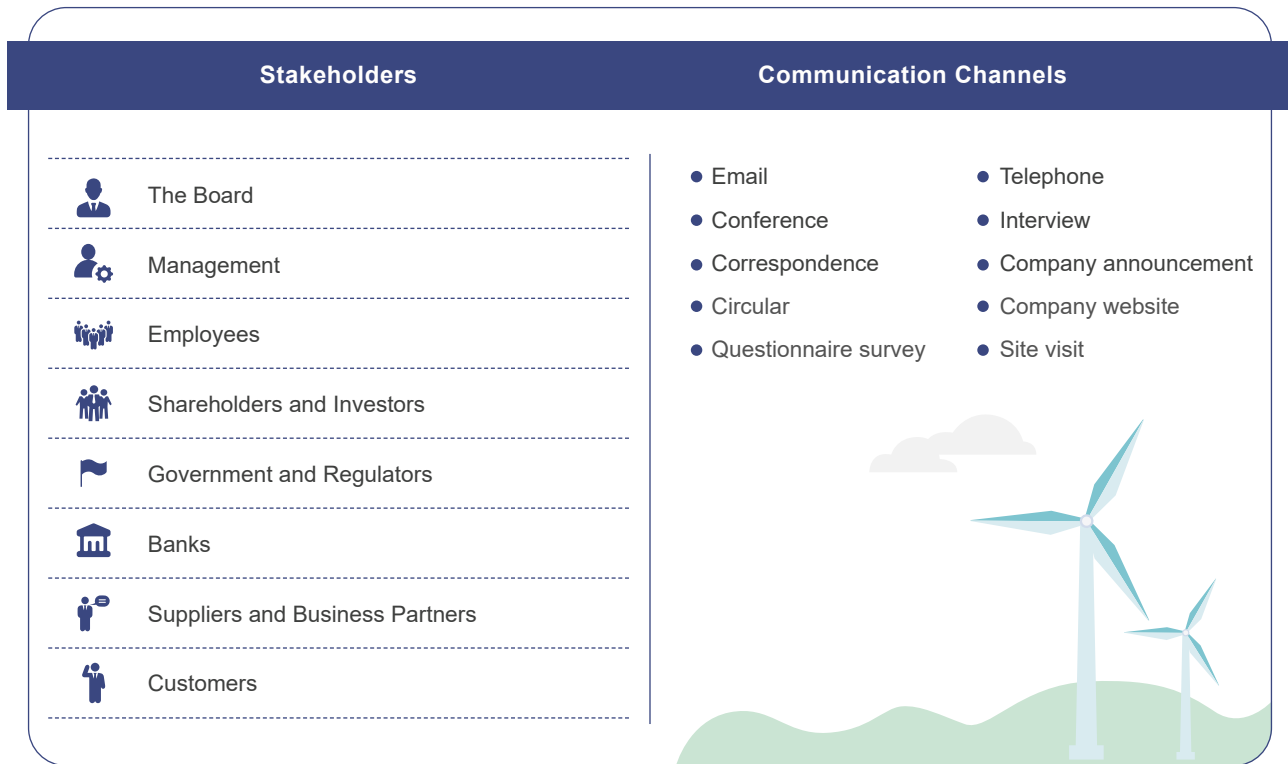


03

Stakeholder Engagement

The Group actively maintains close communication with stakeholders to understand their views on the Group and the ESG issues they are concerned about, which can help us formulate and adjust our sustainability strategies and further promote the Group's long-term development.

Communication Channels



Materiality Assessment

The Group conducts materiality assessment on a regular basis to identify material ESG issues of the Group, which serves as one of the references for formulating sustainability plans. During the Reporting Period, the Group invited internal and external stakeholders to participate in the materiality assessment. A total of 119 stakeholders participated in the survey, including the Board, management, employees, key shareholders and investors, suppliers and business partners.



The four major steps in the materiality assessment are as follows:

Identify
potential
material ESG
issues

The Group created the Group's pool of ESG issues of the Reporting Period with reference to the pool of ESG issues in 2019, domestic and international sustainability reporting guidelines and standards, and industry-specific ESG issues. The Group's management shortlisted a total of 22 potential material ESG issues.

Assess the
materiality of
ESG issues

The Group invited internal and external stakeholders to complete an online survey, prioritising the materiality of 10 environmental issues and 12 social issues. External stakeholders prioritised the ESG issues from the dimension of "Importance to the Stakeholders" while the internal stakeholders prioritised the ESG issues from the dimension of "Importance to the Group".

Analyse
survey
results

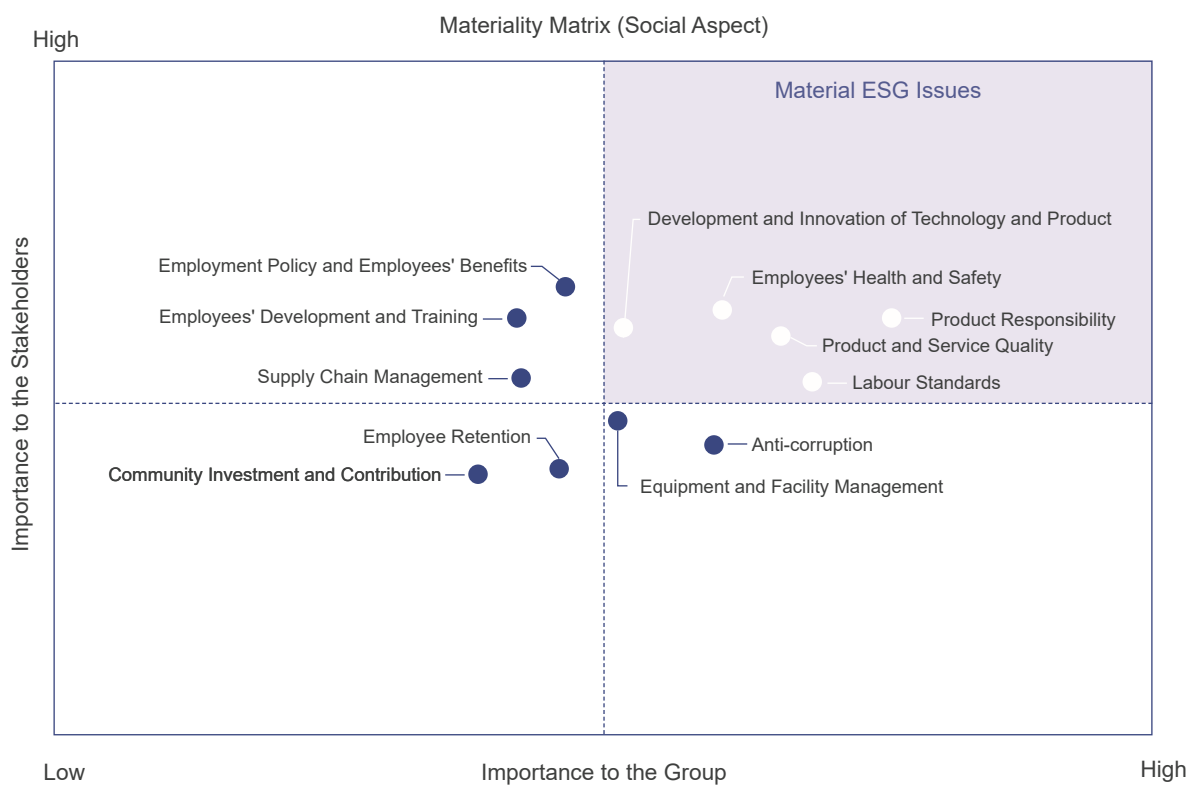
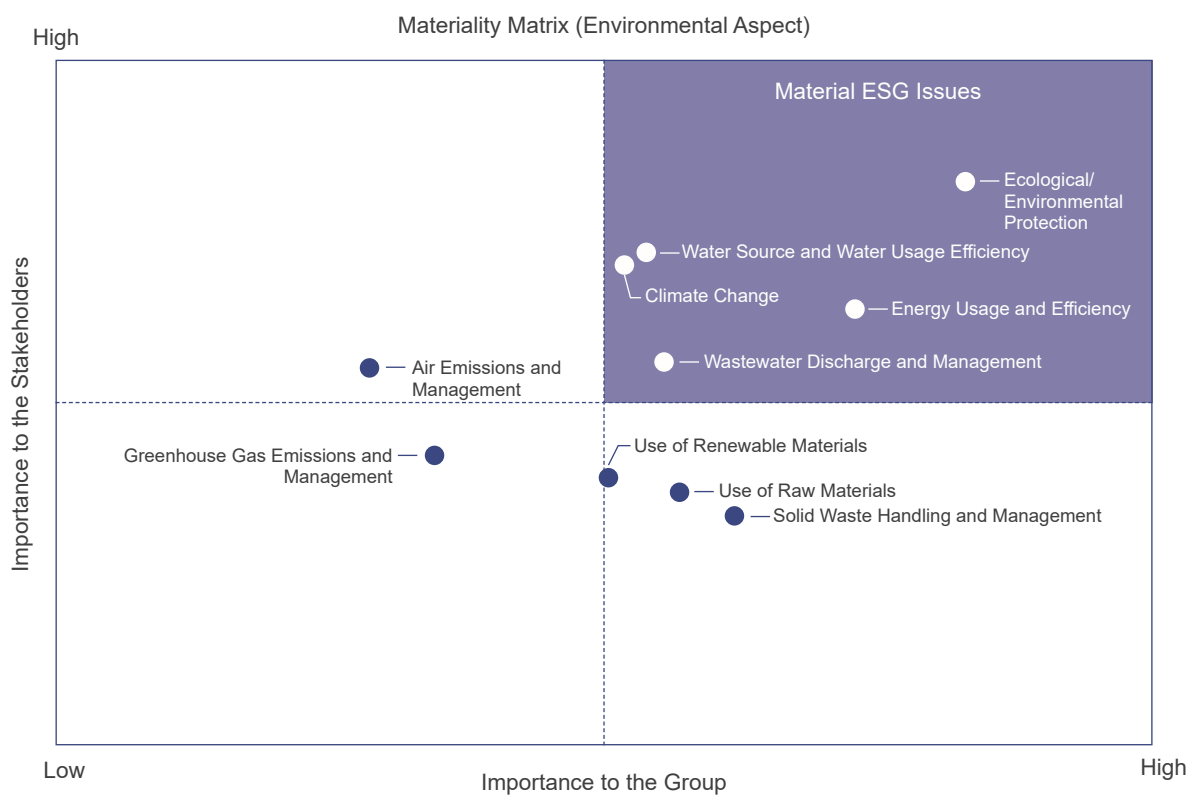
The Group analysed the survey results and constructed materiality matrices. We identified issues that scored more than half in both dimensions "Importance to Stakeholders" and "Importance to the Group" as material ESG issues.

Verify
material ESG
issues

The Board and management reviewed the survey results and verified the Group's material ESG issues.



The following matrices show the results of the survey.



After reviewing the results of the materiality assessment, the Board adjusted the ranking of materiality ESG issues. The Board considers that the Group's principal business is the engineering design, procurement and construction of photovoltaic power plants, which the construction process mainly involves solid waste emissions and management. Therefore, the materiality of solid waste handling and management issue was raised. In addition, the Board considers that climate change is related to the ecological/ environmental protection and the efficiency of energy use. Therefore, the materiality of the climate change issue was raised. The Group identified 5 environmental and 5 social material ESG issues at the end. These issues will be highlighted in this ESG report.

Material ESG Issues	Corresponding Sections
Environmental Issues	
1.Ecological/ Environmental Protection	Environmental Management
2.Energy Usage and Efficiency	Environmental Management
3.Climate Change	Driving Quality Management
4.Solid Waste Handling and Management	Environmental Management
5.Wastewater Discharge and Management	Environmental Management
Social Issues	
1.Product and Service Quality	Leading with Excellence
2.Product Responsibility	Leading with Excellence
3.Employees' Health and Safety	Employees' Health and Safety
4.Labour Standards	Legal Labour
5.Development and Innovation of Technology and Product	Innovation Excellence





04

Driving Quality
Management

CNETCL focuses on the development of renewable energy and is committed to providing clean energy for society, reducing greenhouse gas ("GHG") emissions and mitigating the effects of climate change. Climate change has led to more frequent and severe extreme weather events, including droughts, floods, strong typhoons, etc; its economic impacts cannot be neglected. The Group has actively developed diversified renewable energy businesses to achieve sustainable development and to build a green future.



Apart from the development of renewable energy business, the Group also concerns about the potential risks and opportunities arising from climate change to the Group's business. We pay attention to the impacts of climate change on the operation of power stations. It is believed that rising temperatures may accelerate the aging of photovoltaic modules while high temperature and dry weather may increase the likelihood of fires in power stations. We will formulate policies to address the impacts of climate change on the Group's business in order to effectively reduce climate risks on the Group and ensure the safety and stability of our power station operation. In addition, the Group will closely keep in view the national policies related to climate change to effectively manage the risks and grasp the opportunities arising from climate change.

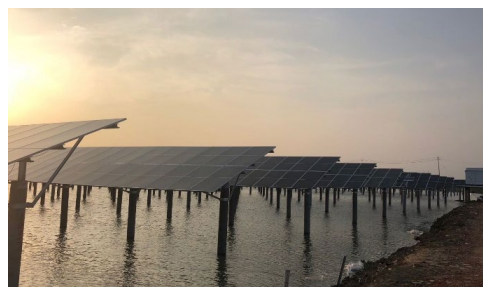
In 2020, the Group invested in the construction and operation of the photovoltaic power systems, with a cumulative total installed capacity of

394.12 MW

60MW Fishery-Solar Hybrid Project

The Group combines fish farming and photovoltaic power generation by installing photovoltaic arrays on the water surface of fishing ponds. It has created a new model of power generation, which is "Power Being Generated on Top and Fish Being Raised at the Bottom", achieving a win-win situation in terms of environmental, social and economic benefits.

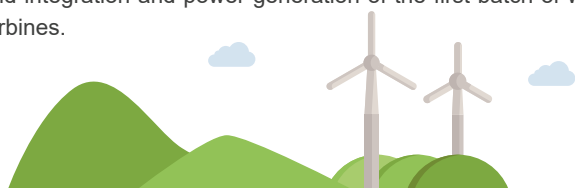
The project is located in Jiangsu Province, with a construction scale of 60MW and a site area of approximately 0.73 km².



Apart from photovoltaic EPC projects, the Group has been actively expanding its renewable energy business in recent years by investing in the construction of wind power projects. The Group participated in the construction and development of wind power projects with a total capacity of 145 MW in Liangji Town and Weiji Town, Jiangsu Province, and completed 140 MW of grid integration capacity during the Reporting Period. In the years ahead, the Group will provide more diversified products and services to inject more high-quality renewable energy into society.

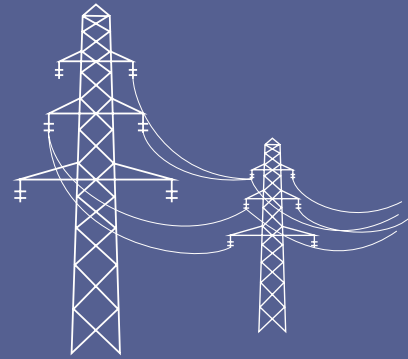
145MW Self-operating Wind Power Project

The wind power project of Suining in Liangji Town and Weiji Town, Jiangsu Province, has a total scale of 145MW, with 56 wind turbines and a total investment of RMB1.2 billion. During the Reporting Period, CNI (Nanjing) successfully completed the grid integration and power generation of the first batch of wind turbines.



Quality, Environmental, Occupational Health and Safety Management Systems

In accordance with the three system standards, namely GB/T 19001-2016/ISO 9001:2015 *Quality Management Systems-Requirements*, GB/T 24001-2016/ISO 14001:2015 *Environmental Management Systems-Requirements with Guidance for Use* and GB/T 45001-2020/ISO 45001:2018 *Occupational Health and Safety Management System-Requirements and Guidance for Use*, as well as its actual circumstances, CNI (Nanjing) has established quality, environmental, occupational health and safety management systems. CNI (Nanjing) was certificated with conformity of quality, environmental and occupational health and safety management system from Shanghai Audit Centre of Quality System.



Certificate of
Conformity of Quality
Management System



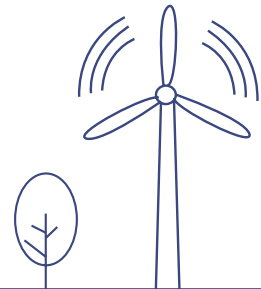
Certificate of Conformity
of Environmental
Management System



Certificate of Conformity of
Occupational Health and
Safety Management System



During the Reporting Period, CNI (Nanjing) updated its *Quality, Environmental, Occupational Health and Safety Management Manual* to ensure the suitability and effectiveness of the management systems. This management manual clearly sets out the management structure, management principles, objectives and overall management processes for quality, environmental and occupational health and safety issues.

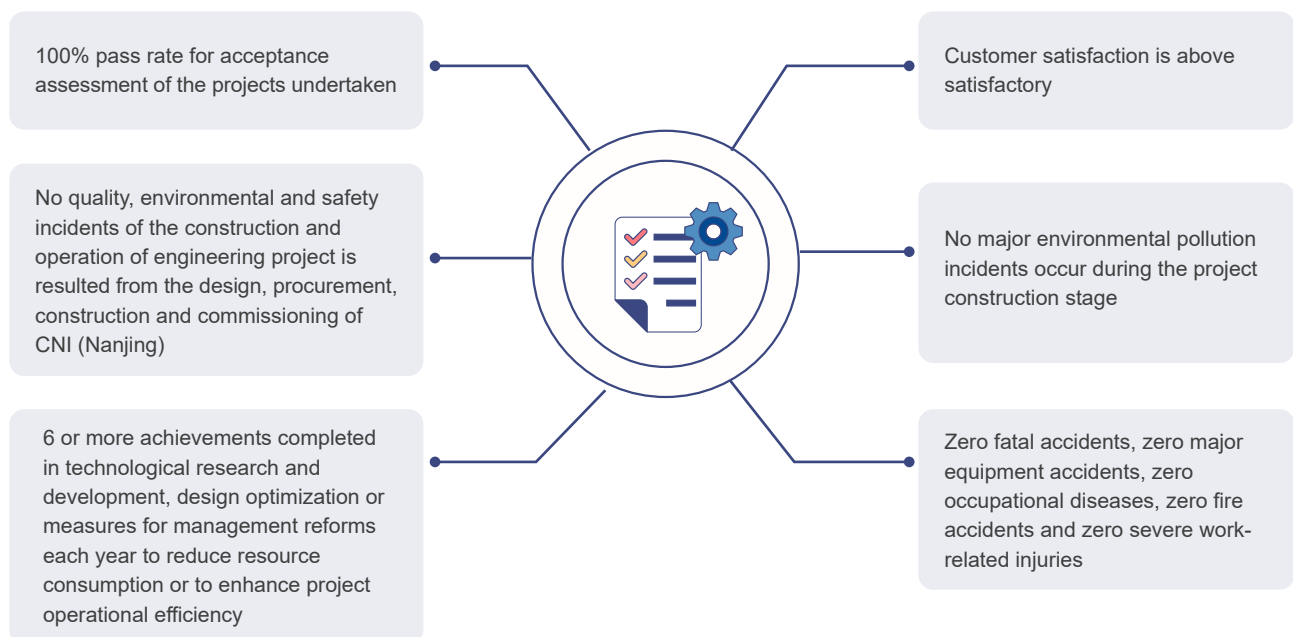




Management Structure

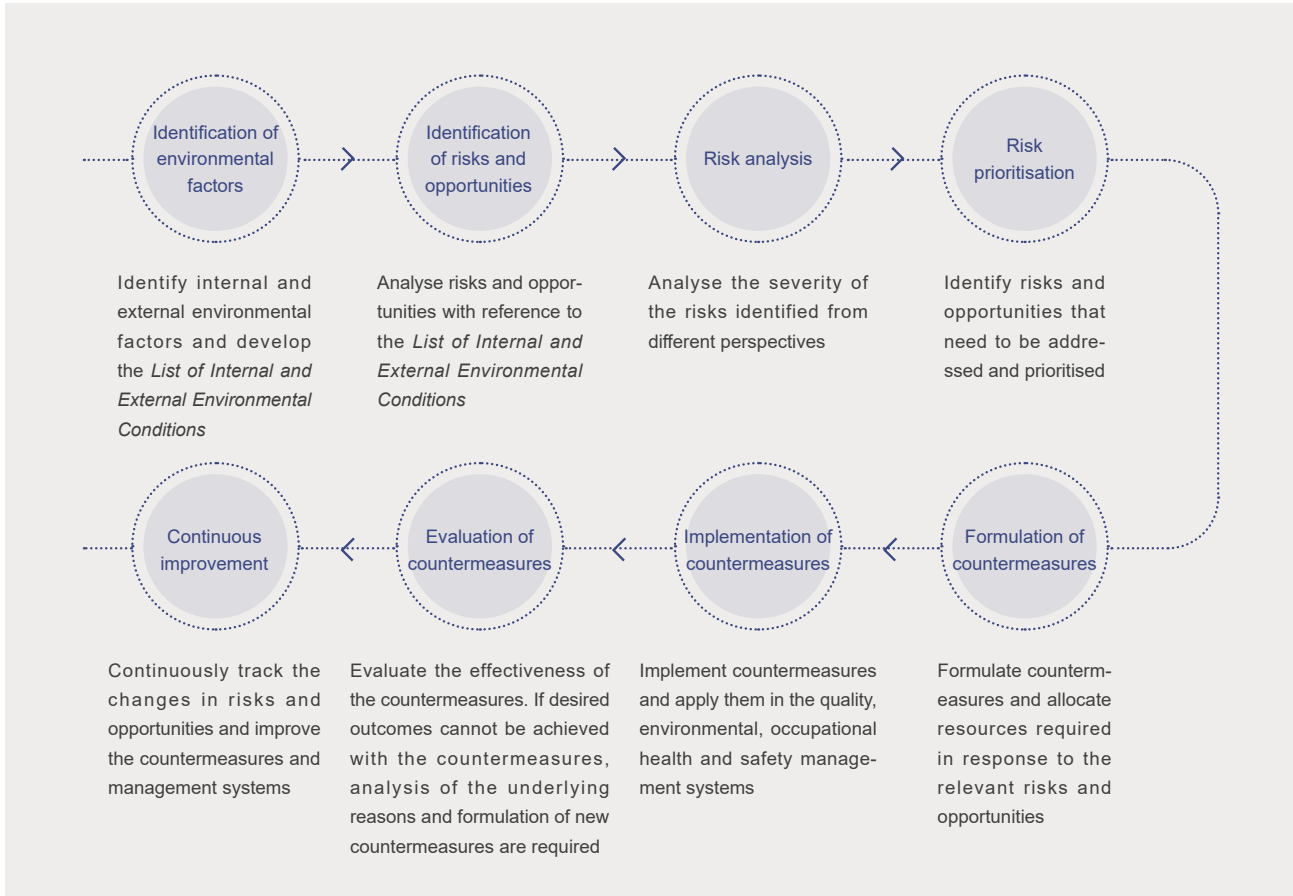
The General Manager and senior management team of CNI (Nanjing) are responsible for quality, environmental, health and safety issues. The Internal Control Department is the leading department in these three aspects, leading the responsible person of each department to perform specific management tasks.

Targets



Overall Management Process

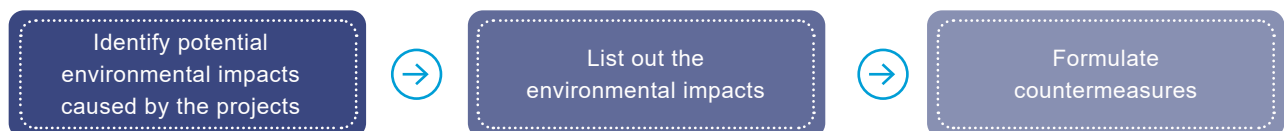
CNI (Nanjing) manages the aspects of quality, environmental and occupational health and safety from the perspective of risks and opportunities in order to ensure the effectiveness of the management system.



Environmental Management

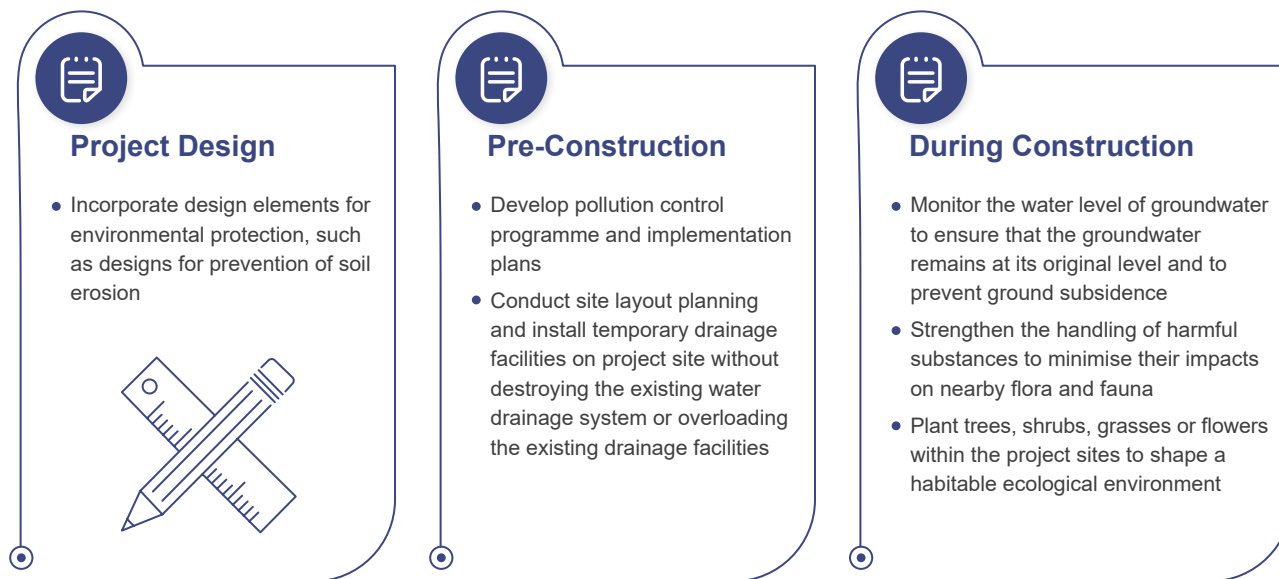
While promoting green energy development, the Group also actively reduces the negative impact of its operation on the environment. We uphold the environmental protection principle of "Strict Compliance with Laws and Regulations, Protection of Environment and Standardisation of Management". The Group's negative impacts on the environment mainly arises from its business in power station construction. CNI (Nanjing) has formulated the *Environmental Protection Management Approach at Project Site* to regulate and control the environmental impacts arising from project construction and to avoid various major environmental hazards and incidents. The approach clearly states that the project manager is the principal responsible person for on-site environmental protection and is fully responsible for the environmental protection management of his or her projects. The Group assigns management personnel to each construction site. The personnel will conduct regular on-site supervision and inspection to ensure that the contractors strictly comply with the Group's environmental policies during the construction process.

CNI (Nanjing) has minimised the negative environmental impacts of the project through the following steps:



Ecological Protection

In view of the damages to the ecological environment caused by the construction of power stations, CNI (Nanjing) has formulated the following protection measures:

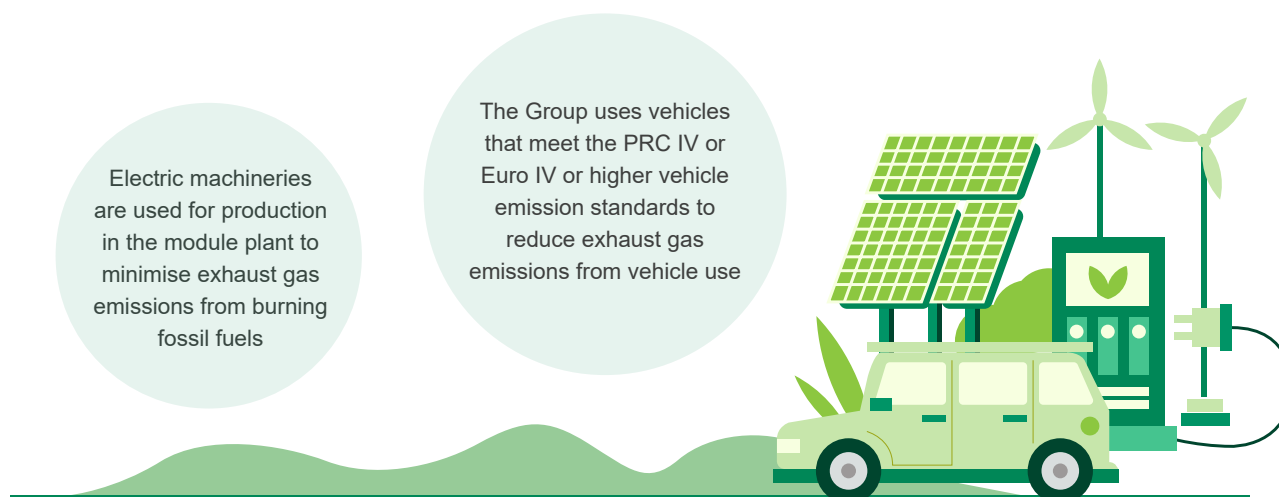


The Group's Suining wind power project incorporated environmental protection design during the Reporting Period. A dedicated oil sump was installed underneath the transformer in the project to prevent transformer oil from polluting the environment.

Exhaust Gas Emissions

The power generation process of the Group's power stations does not generate emissions. Our emissions are mainly from the use of vehicles at our operations and the use of forklift trucks at our module plant. Our production machinery and facilities mainly consume electricity and therefore do not contribute to significant emissions.

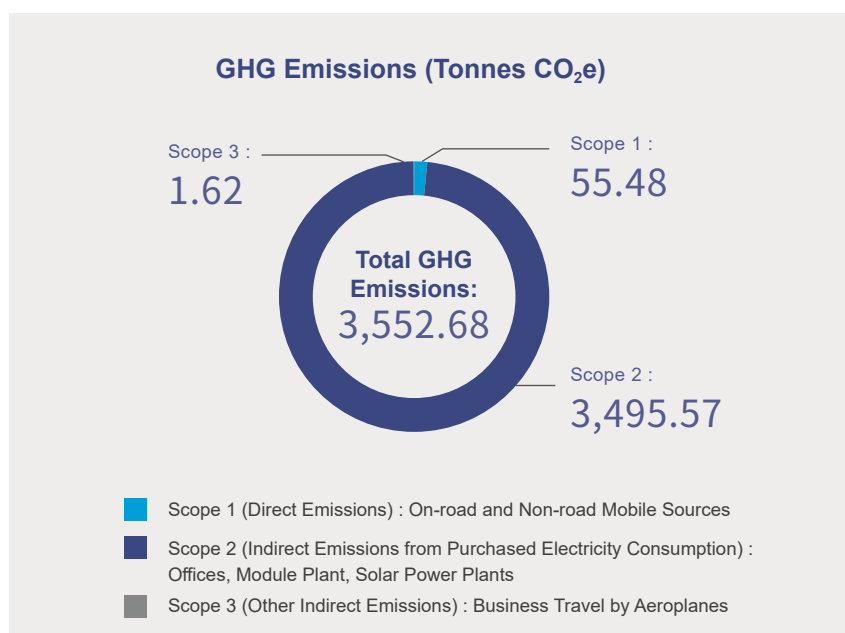
For exhaust gas emissions, we have adopted the following emission reduction measures.



The shutdown of the Group's module plant in the second half of 2020 resulted in a reduction in the use of forklift trucks in the module plant. Our exhaust gas emissions decreased significantly during the Reporting Period. Please refer to "Performance Indicators" in this ESG report for further details.

GHG Emissions

The Group's GHG emissions are mainly attributed to electricity consumption. To reduce GHG emissions, the Group actively utilizes renewable energy. For example, Xuzhou Herun installed solar panels at the roof top of its module plant, which enabled the use of renewable energy in the production process. In addition, we conduct regular inspection and maintenance of the air conditioning system to ensure that it is in good condition to prevent leakage of refrigerant, thus minimising fugitive emissions.



Wastewater Discharge

The Group's wastewater discharge is mainly domestic sewage generated from the offices. Sewage generated from the offices is discharged directly to the municipal sewage treatment plant through the drainage system of the building. The module plant is equipped with sewage treatment facilities to treat domestic sewage to ensure that the sewage discharge meets the standard.

Waste Management

The Group has established the *Procedures on the Control of Solid Waste*, which sets out the procedures for the collection, storage and disposal of waste. The *Procedures on the Control of Solid Waste* is strictly enforced to manage waste effectively and to avoid environmental pollution caused by improper waste handling.

The major wastes of the Group are non-hazardous, and include domestic waste and food waste. The property management company is responsible for the collection, transportation and disposal of non-hazardous wastes generated from the offices. On the other hand, the major hazardous wastes of the Group are waste oil and oily cotton wipe generated during the production process of the module plant. For hazardous wastes, the Group complies with the relevant national requirements on the storage, transportation and disposal of hazardous wastes in order to prevent environmental pollution. We entrust qualified waste management companies to dispose hazardous wastes after conducting qualification check with the companies. During the Reporting Period, the Group reduced the amount of waste oil and waste solar cells generated.

For recyclable or reusable wastes, the Group has set up designated areas for collecting recyclable materials at its operating locations to reduce waste generation. In addition, the Group promotes a paperless office. We disseminated various information to employees through internal digital systems and emails to reduce paper use. During the Reporting Period, the Group recycled 7.12 tonnes of recyclables, including waste papers, plastics, wood, etc.



During the Reporting Period, the Group recycled

7.12 tonnes
of recyclables

Use of Resources

In order to enhance the efficiency of resource use, the Group appoints dedicated personnel to monitor the use of resources and to record monthly energy and water consumption. We conduct monthly reviews of water and electricity consumption to ensure that resources are consumed in a reasonable manner. If there is a significant increase in resource consumption, we will analyse the causes and formulate corrective measures to reduce resource waste. Besides, we have developed specific measures for different types of resources to enhance the efficiency of resource use.

Energy

The primary source of energy consumption of the Group is the use of electricity. In order to reduce energy consumption in the course of operation, the Group has developed the following energy-saving measures:



Purchase energy-saving equipment

Promote the procurement of energy-efficient equipment to reduce energy consumption without compromising product performance and service quality



Ensure proper functioning of equipment

Conduct regular inspection and maintenance of equipment to ensure the proper functioning of equipment in order to reduce unnecessary energy use resulting from equipment malfunction



Implement energy-saving programmes

Develop targeted management practices and implement energy-saving plans and projects to regulate and reduce electricity consumption at operating locations



Control electricity consumption

Turn off idle electricity-consuming devices

Water

The Group's water source is mainly municipal water supply and there are no difficulties in sourcing water. To enhance water efficiency, we have adopted the following measures:

Purchase water-saving equipment

Use water taps with higher water efficiency

Prevent waste of water resources

Monitor the functioning of water supply equipment and conduct repair works in a timely manner if damages of the equipment or water leakage is found



During the Reporting Period, the Group's water consumption decreased by

22%

in 2019

35,430.00 tonnes

in 2020

27,542.72 tonnes

Raw Materials and Packaging Materials

When purchasing raw materials, the Group uses products that are harmless and have no negative impact on the environment as far as possible without compromising the quality of products and services. Prior to the launch of a project, CNI (Nanjing) will estimate the amount of materials required for the project and purchase raw materials as required to avoid waste of raw materials. The packaging materials of the Group are mainly used for product packaging in the module plant, including papers, plastics, metal and wood.

Leading with Excellence

The Group's quality management approach is "Quality First, Continuous Improvement, Provide Satisfactory Service with Optimised Design and High-Quality Engineering for Customers ". We create value for our customers with extraordinary technology and engineering capabilities while providing clean and efficient green energy to society.

Construction Projects

To ensure the quality of products and services, CNI (Nanjing) has established guidelines such as the *Monitoring and Measurement Control Procedures for Process, Products and Performance*, the *Control Procedures for Engineering Construction and Service* and the *Control Procedures for Design and Consultancy* to regulate the work procedures of EPC and consulting business and control the quality. CNI (Nanjing) conducts monitoring and measurement at different stages of project construction to ensure compliance with standards of functionality, safety, laws and regulations, etc. All monitoring and measurement records will be properly maintained.



We adopt appropriate monitoring and measurement methods at different project stages:

Daily monitoring activities	monitor the personnel operations, equipment conditions, testing capabilities, job responsibilities and management activities through inspection, random checks and assessments
Assurance process	inspect, analyse and evaluate each process of the project
Instrument testing	use instruments and automated devices to inspect equipment and its operating parameters
Internal audit	implement the <i>Internal Audit Procedure</i> to ensure that the project follows the relevant procedures and requirements

In order to standardize the procedures of acceptance check of photovoltaic power station construction projects, CNI (Nanjing) formulated the *Quality Inspection and Acceptance Manual for Photovoltaic Power Station Construction*. This manual stipulates the inspection units and inspection forms for different types of projects. The inspection units include construction units, surveying and design units, supervision units and construction units. Each inspection form lists out items to be inspected, quality standards, inspection units, inspection methods and instruments. If any item in the inspection form is found to be unqualified, we will keep a record of it and take corrective measures. We will reinspect the relevant items until they are all qualified.

In addition, CNI (Nanjing) strictly complies with the Standard of Electricity Industry of the PRC *Code of Construction Acceptance on Wind Power Plant Project* to ensure the quality of wind power plant projects. The main acceptance stages for wind power plants are completion of works of production units, commissioning of the project, handover of production and completion of the power plant. CNI (Nanjing) has set up specialized working groups for each acceptance stage, which are responsible for carrying out detailed inspection and documentation of the relevant construction stages. If any problems are found during the inspection process, the working groups will be required to provide rectification advice to the relevant units and urge them to complete the rectification within the deadline. In addition to the four major stages of construction acceptance, the working group is also required to carry out detailed inspection and documentation of each critical process during the construction of the wind power plant project to ensure the quality of the project.

Smart Power Station Management

CNI (Nanjing) enhances power station management by remotely monitoring station facilities through an intelligent operation and maintenance system. All the power stations we operate are equipped with an online monitoring system, which directly transmits the performance data of the station facilities to the dashboard. In addition, a control centre has been set up at the Nanjing headquarter to monitor the operation of each power station through a remote monitoring system to ensure the safety and stability of the power stations.

The on-duty station officer can monitor the operation of the power station through the dashboard:



High Quality Production

For the production of photovoltaic modules, Xuzhou Herun has formulated sound inspection standards, with the inspection scope ranging from raw materials, products, packaging materials to labels. All raw materials, semi-finished products and finished products are subject to strict inspection to ensure the product quality. In addition, Xuzhou Herun will test the performance of photovoltaic products under various complex climatic conditions through a modelling and simulation platform. The simulation test helps Xuzhou Herun optimize the selection of raw materials so as to produce higher quality photovoltaic products. Xuzhou Herun will also test photovoltaic products in accordance with national and international standards to ensure that the products would not cause potential health and safety problems to customers.



Product safety

- Insulation resistance test
- Ground resistance test
- Dielectric withstand test



Product performance

- Ultraviolet aging test
- Thermal cycling test
- Temperature and humidity test

Xuzhou Herun has established the *Testing Standard for Solar Module Labelling* to regulate the description of product labels, including product specifications and models, important notes and certifications obtained. In addition, Xuzhou Herun has established an internal mechanism to ensure that the information on product labels is correct and meets the relevant requirements of product labelling. In the event that there are problems associated with the quality, safety or performance of the products sold, Xuzhou Herun will take effective corrective measures promptly to deal with the defective products in accordance with the *Control Procedures for Defective Products* and the *Control Procedures for Corrective and Preventive Measures*. During the Reporting Period, Xuzhou Herun did not recall any products for safety and health reasons.

Innovation Excellence

The Group believes that research and innovation are the key driving forces of corporate growth. We continue to develop innovative technologies, promoting a high technological level in the photovoltaic industry. In 2020, the Group obtained 10 authorized patents, completed technology investment planning and launched 3 new technology research and development projects. Besides, CNI (Nanjing) continued to develop and apply innovative designs and received strong support and recognition from the government in the research and development of renewable energy technologies. During the Reporting Period, Nanjing CNI Energy Engineering Company Limited was accredited as "Advanced Technology Enterprise" by the Jiangsu Provincial Government.

Key technologies owned by CNI (Nanjing) include:

Optimal Tilt Angle

Using modern meteorological data processing system for data consolidation and comparison to calculate the optimal tilt angle of solar panels while taking into consideration the rational use of land resources, power plant efficiency and return on investment.

Customized Design

Utilising a unique database that was built from data and solutions from previous construction projects to provide customised design in consideration of different project scale and site features.

Patented technology

Acquired more than 30 patents covering aspects such as photovoltaic panel arrangement, supporting structure, solar tracking system, photovoltaic combiner box and design software.

The Group applies for patents for newly developed technologies in order to protect our intellectual property rights. In addition, our employment contract with our employees clearly stipulates that the patents are owned by the Group. Besides, suppliers are required to sign a contract with us to ensure that the products they supply do not give rise to any copyright disputes. We will hold the suppliers liable for any losses of the Group arising from their copyright disputes. We respect the intellectual property rights of others while protecting our intellectual property rights. We prohibit our employees from using pirated software and promote intellectual property-related knowledge to our employees.

Customer Rights

The Group has established the *Measurement Procedures for Customer Satisfaction* to standardise the methodologies for conducting surveys and analysing customer satisfaction. The Group's Operating Department conducts regular customer satisfaction surveys to continuously improve the quality of our products and services. If customers are dissatisfied with our products or services, they may make complaints by telephone, email or in person. We will conduct investigations after receiving customer complaints. If a complaint is found to be caused by a problem with our products and services, we will address it promptly and take corrective action. We take each customer complaint seriously to maintain the trust of our customers.

If there are problems associated with product quality, customers can request a replacement or refund. Xuzhou Herun will actively communicate with customers to understand the issues of product quality and address them with effective solutions. In the event that a large number of products need to be recalled due to quality problems, Xuzhou Herun will inform customers of the arrangements of product recall and provide a hotline service. Xuzhou Herun will keep detailed records of the recalled products and provide reasonable compensation to customers affected by the issues.

In order to establish mutual trust in our relationship with customers, the Group is committed to safeguarding customer privacy and strictly complies with privacy-related laws and regulations. We have also implemented policies and procedures for the management of our customer property, which define the procedures for receiving, transmitting, using and keeping customers' information. We require our employees to sign confidentiality agreements to ensure that they handle customer information with caution and keep customer privacy strictly confidential.

Employees' Health and Safety

Employees are the most valuable asset of the Group. The Group is committed to creating a safe working environment for employees. We would never sacrifice the safety and health of our employees in exchange for corporate development. In order to promote our safety management work, we have established occupational health and safety targets. During the Reporting Period, the Group achieved the following four major targets.

Occupational Health and Safety Targets



Work-related injury
and fatality

0



Major equipment accident

0



Occupational disease

0

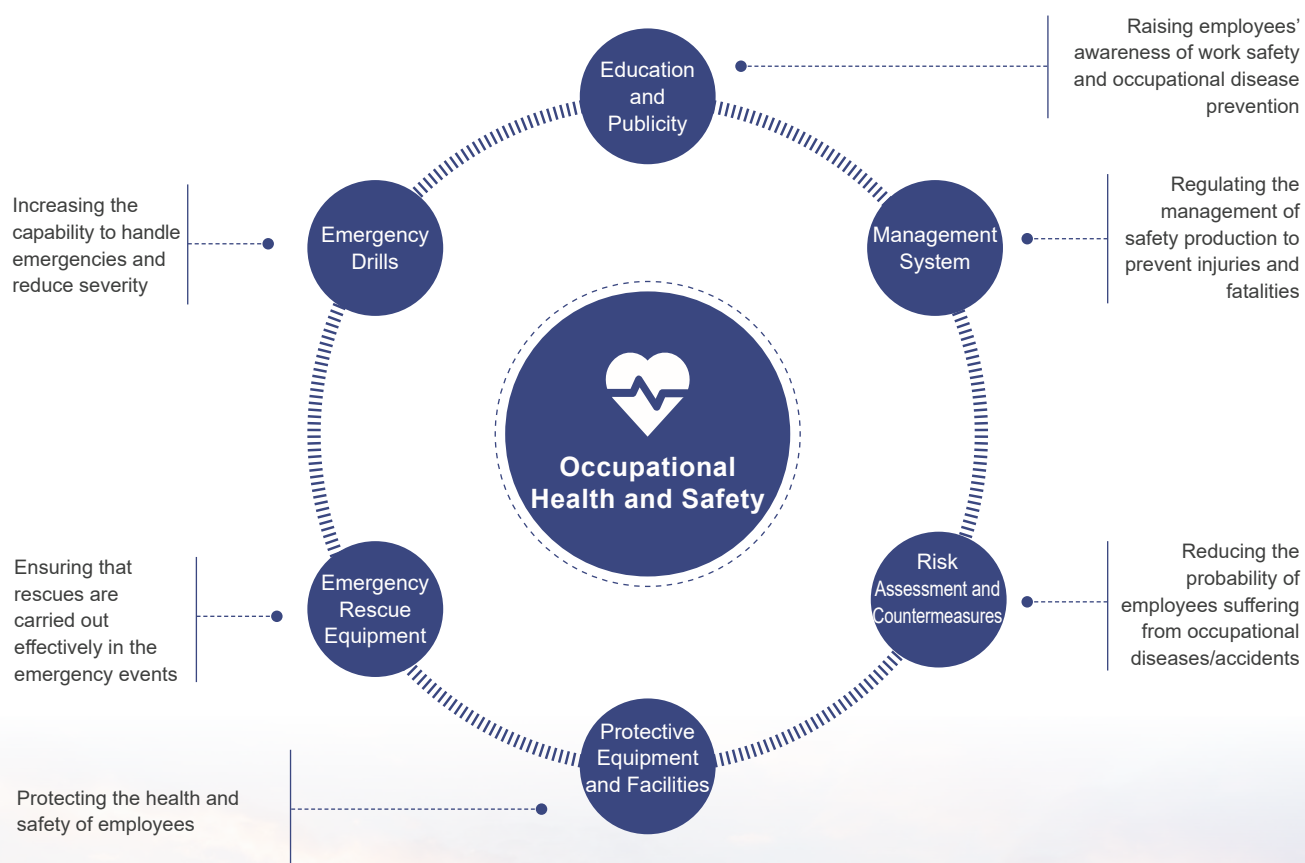


Fire accident

0

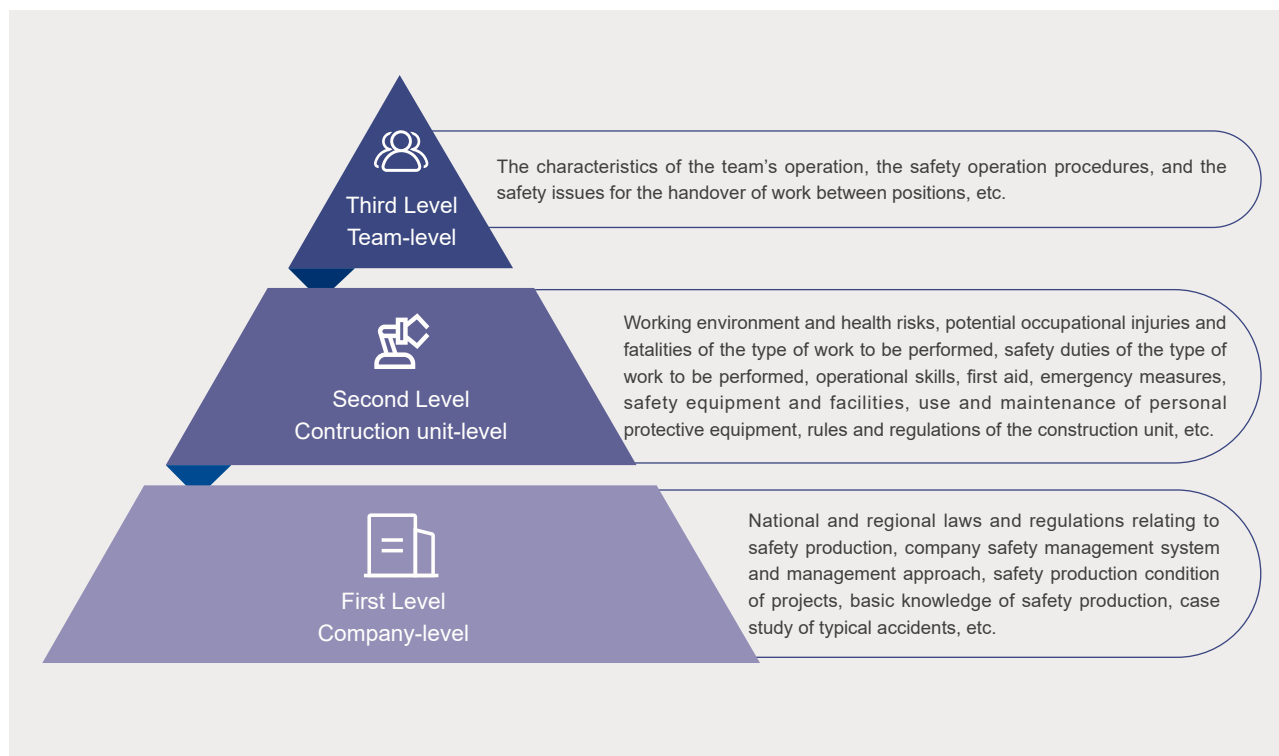
The Group adopts a "Prevention-based" strategy and establishes a comprehensive and effective safety system with a focus on systems, measures, equipment, education, drills and other aspects. The Group has established the *Control Procedures on Safe Production* to set out safety precautionary measures in the course of business operations and to provide details on the management of the working environment, operational processes, safeguarding the safety and health of employees, equipment safety, fire safety, etc.

The key elements of the Group's safety system are as follows.



Safety Training

In order to strengthen and standardise safety training and prevent casualties, the Group has developed the *Management Approach of Safety Production Education and Training*. This management approach clearly sets out the safety responsibilities of various departments, management procedures and requirements on documentation. In the case of CNI (Nanjing), all new employees are required to complete at least 40 hours of "Three levels of Safety Training", namely pre-boarding safety training at company-level, construction unit-level and team-level.



All employees are required to pass a safety training examination after the training before they can enter the construction site. The Group's Internal Control Department and Human Resources Department (HR Department) also conduct regular training and examinations on safety techniques for employees engaging in production to reinforce their knowledge and awareness of safety production.

Emergencies

To effectively handle emergencies, the Group has established the *Control Procedures on Emergency Preparedness and Response*. We organise education activities regarding emergency and safety at least once a year. In addition, we organise emergency drills, such as fire drills and first aid drills, at least once every two years. The purpose of these drills is to test our ability to deal with accidents and emergencies and to ensure the feasibility and effectiveness of our emergency plans. After the drills, the Internal Control Department will evaluate their effectiveness and, if necessary, revise the emergency plan based on the experience of the drills.



Case study

In June 2020, CNI (Nanjing) organised the second safety knowledge competition of the Month of Safety Production with the theme of "Eliminating Hidden Hazards, Building a Strong Safety Line of Defence". Individual and team prizes were presented to reward employees with in-depth knowledge of safety.



During the Reporting Period, the Group did not violate any laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards that have a significant impact on the Group.

Prevention and Control of Pandemic

In order to effectively strengthen the prevention and control of the Coronavirus Disease 2019, the Group has formulated the *Prevention and Control Work Plan for the Coronavirus Disease 2019*. This plan sets out the responsibilities of the Leading Group on Pandemic Prevention and Control and various anti-pandemic measures. The Leading Group is responsible for the timely dissemination of various policies, measures and knowledge on the prevention and control of the pandemic through the Company's website and mobile applications for communication. Besides, the Leading Group is also responsible for the procurement and distribution of pandemic prevention materials.

Prevention Measures of the Coronavirus Disease

- Strengthen the promotion of pandemic prevention knowledge and educate employees on taking self-protection measures
- Wear a mask during work
- Disinfect the workplace comprehensively
- Require all personnel to undertake body temperature check before entering the workplace
- Replace business trips with video conferencing if possible
- Keep abreast of the health condition of employees and advise them to seek timely medical treatment if symptoms of infectious diseases appear





05

Building an
Extraordinary Team

We recognise the importance of talent to the corporate development and hence constantly improve the working environment, benefits and career development of our employees in order to attract and retain talents. In addition, we strive to be the best employer in the eyes of our employees by creating a fair, diverse and inclusive working environment; protecting the rights and interests of our employees at all times.

Recruitment and Dismissal

The Group welcomes talents with different backgrounds to join us and create new momentum. We recruit employees based on the principle of "Fair Competition, Comprehensive Assessment and Merit-based Recruitment". No candidates will be subjected to unfair treatment due to their age, gender, race, ethnicity, religious belief or physical disability. The Group has established the *Recruitment and Employment Management Standard* which stipulates the recruitment process and selection principles to ensure that all candidates are treated equally.

Recruitment Process

The HR Department will publish recruitment post externally after receiving requests for employee recruitment from functional departments

Recruitment Post

The HR Department will conduct resume screening according to the job requirements

Resume Screening

The HR Department will conduct background inspections on the candidates to be recruited to ensure that the information on their academic qualifications, working experience and professional qualifications are authentic

Background Check

Interview

Official Appointment



Candidates who fulfil the job requirements would be invited to undergo at least two rounds of interviews. The actual number of interviews would depend on the position level

The successful candidates will be officially employed after passing the medical examination

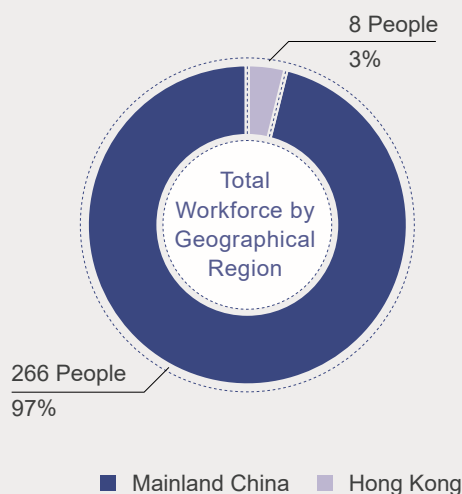
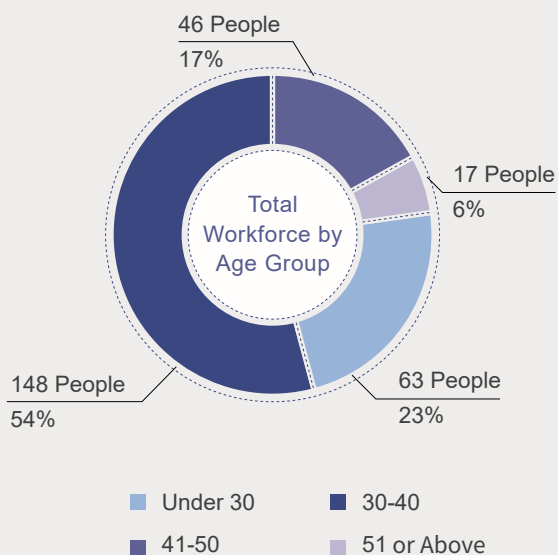
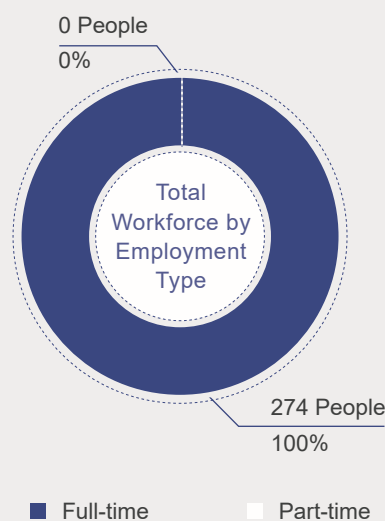
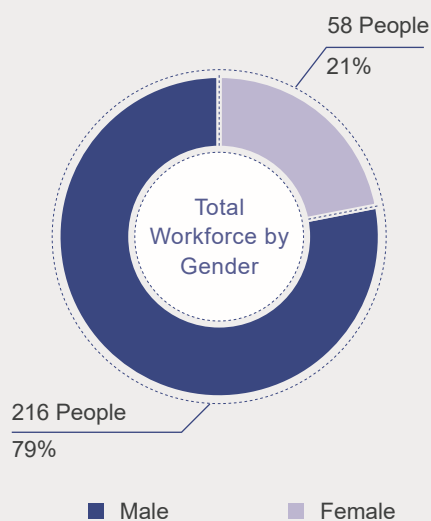
The Group's *Labour Contract Management Standard* and *Employee Handbook* stipulates the arrangements on the dismissal and termination of contract. All departing employees are required to complete the handover work, submit an exit report and conduct an exit interview with the HR Department. In addition, the labour contracts signed between the Group and our employees clearly state the obligations of both parties in respect of dismissal and termination of contracts to protect the rights and interests of both parties and to avoid labour disputes.



Legal Labour

The Group strictly adheres to the *Provisions on the Prohibition of Using Child Labour* and never employs people under the age of 16. To ensure that no child labour is employed, the Group's HR Department carefully verifies the identity documents of candidates during the recruitment process to ensure that they are aged 16 or above. In addition, we strictly comply with the *Labour Law of the PRC*, which stipulates that the daily working hours of employees shall not exceed 8 hours and the average working hours per week shall not exceed 44 hours. The Group protects the legitimate rights of our employees and does not force them to work involuntarily. In the event of child labour and forced labour, we will hold the relevant departments and personnel accountable.

Workforce Statistics in 2020



Training and Development

The Group strives to provide diversified learning and development opportunities for our employees to help them broaden their career paths and promote mutual growth of the employees and the Group. The Group has formulated the *Employee Training Management Standard* to regulate training management and to stipulate management responsibilities, forms and types of training. We formulate annual training plan to meet the needs of our employees and business development every year. We also organise different types of training to enhance the work capability and professional knowledge of our employees.

Apart from internal professional training, the Group also invites external professional organisations to conduct various types of training for our employees. The main objectives of these training are to enhance employees' understanding of the Group's internal management approaches, professional knowledge and skills, and to assist them in obtaining professional qualifications. In addition, we encourage our employees to actively adopt various forms of learning for continuous self-enhancement. We hope that our employees will continue to unleash their potential, achieve self-actualisation and contribute to the corporate development through learning and training.

Case study



Professional Training on Engineering Design



Training on Company Rules and Regulations



Training on Market Development

Remuneration and Promotion

The Group aims to attract, motivate and retain talents through competitive remuneration packages and promotion mechanisms. The Group's *Remuneration Management Standard* stipulates the mechanism of determining employees' salary to ensure that they receive fair salary adjustments. In addition, we continue to nurture talents and provide a diverse range of development and promotion opportunities for top performers.

The Group's five major principles for adjusting salary and granting promotion opportunities are as follows.



Caring for Employees

In order to enhance our employees' sense of belonging to the Group, we actively communicate with our employees, safeguard their rights and interests and organize different types of employee activities to create an ideal working environment.



Welfares and benefits

Apart from providing social insurance and housing provident fund as required by law, the Group also provides various subsidies and allowances to our employees such as rental subsidy, transportation allowance, phone expenses allowance, etc. The Group's *Welfare Management Standard* lists out the types of welfare, the amount of different subsidies and allowances and the frequency of distributing payments to ensure that all employees are treated equally. In addition, all employees are entitled to public holidays and annual leaves in accordance with statutory requirements such as the *Regulation on Public Holidays for National Annual Festivals and Memorial Days* and the *Regulation on Paid Annual Leave for Employees*.



Close communication

The Group has set up various communication channels to listen carefully to our employees and understand their needs in order to build a relationship of mutual trust. The Group believes that effective and high-quality communication with our employees is one of the keys to success so we encourage our employees to communicate more with the management and make recommendations that are beneficial to employees and corporate development.



Team-building activities

In order to foster close team relationships, the Group organizes a wide range of cultural and sports activities. We encourage employees to actively communicate with one another to strengthen team spirit and create a good corporate morale.



Ongoing rewards

In order to motivate our employees to continuously pursue great achievement, we recognize the efforts and contributions of our employees through awards and honouring ceremonies.

Case study



CNI (Nanjing) organised different types of team-building activities, such as safety quiz. These activities not only enhance the safety knowledge of our employees, but also help promote team spirit.



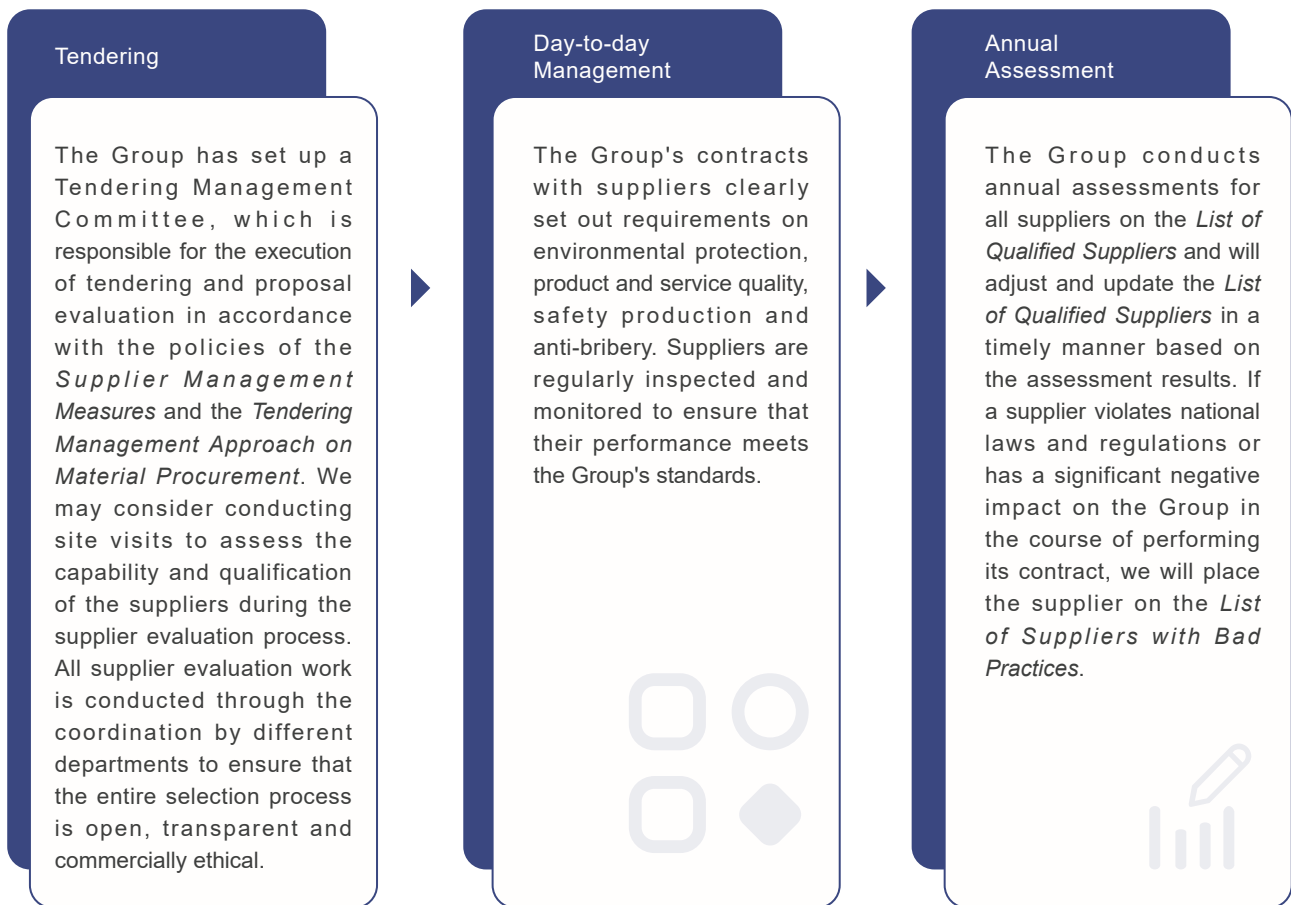


06

Undertaking Operational Responsibility

Supplier Management

In order to effectively strengthen the management of suppliers and to reduce procurement risks, the Group has established a comprehensive supplier management mechanism. Our *Supplier Management Measures* regulates the tendering, daily management and annual assessment of suppliers. In addition, the Group has adopted an open-for-internal e-procurement platform to enhance the efficiency and transparency of supplier management.



During the Reporting Period, the Group conducted performance evaluation for **22** raw material suppliers and **26** construction sub-contractors.

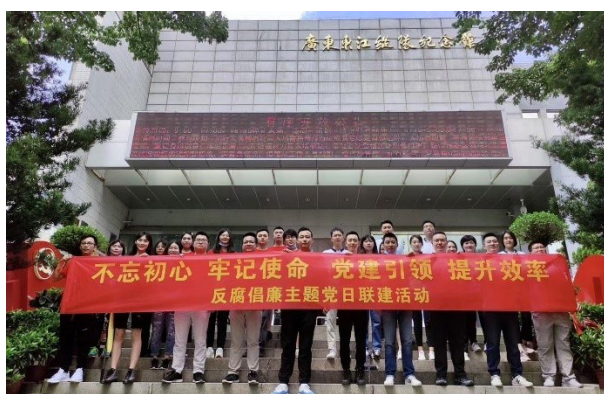


Integrity in Business

The Group is committed to creating a corruption-free and fair working environment and will not tolerate any form of corruption. We have formulated the *Anti-Corruption Policy*, which requires our employees to perform their work with integrity and business ethics. Employees are required to strictly comply with anti-corruption laws and regulations and internal company policies and should not abuse their authority for personal gain. In addition, the Group's *Employee Handbook* and the *Regulation on Gift Acceptance and Registration* provide clear guidelines to employees on their day-to-day business practices.

In addition, the Group's *Whistleblowing Policy* sets out the reporting channels and methods of handling reports. Anyone who finds suspicious or inappropriate business activity can report it to the Whistleblowing Team by email or post. The Group keeps all the information received strictly confidential and ensures that both the whistle-blower and the person who has been reported are treated fairly. If a report is found to be substantiated, the Group will handle it according to our internal mechanism and, if necessary, transfer the case to the judicial authorities for handling.

To raise the anti-corruption awareness of the Board and employees, we organise various types of anti-corruption training, create posters and use online platforms to promote anti-corruption knowledge.



During the Reporting Period, there were no concluded legal cases regarding corrupt practices brought against the Group or our employees. The Group did not violate any laws and regulations relating to bribery, extortion, fraud and money laundering that have a significant impact on the Group.





07

Building Sunshine Communities

The Group concerns about the needs of the community while driving its business growth. We are passionate about making positive impacts on the communities in which we operate. The Group upholds the principle of "Bringing Green Energy into Thousands of Households" and takes advantage of our strengths to provide clean energy for impoverished communities.

Interaction with Communities

To minimise the negative impacts of our business on the community, we identify and assess the impacts of our projects on the community during the design phase and develop a plan that strikes a balance in the environmental, social and economic aspects. During the construction phase, we continue to maintain close communication with the local communities. We maintain good relationships with the residents by listening to them and addressing their needs. Briefing sessions are arranged to help residents understand the needs of the project development and visits are organised to collect their opinion on the projects.

Sunshine Poverty Alleviation

In 2020, the Group made donations of money and materials that worth a total of HKD508,000 to the Red Cross Society of China Qinghai Branch where our Qinghai photovoltaic poverty alleviation project is located, the government where our Suining wind power project is located, the Sanlihe resettlement housing project in Pei County of Jiangsu Province and the renovation project of the Liyuan shantytown.

The Group participated in the power station project for poverty alleviation in Jianchuan County, assisting Jianchuan County in getting rid of poverty. Jianchuan County has a complex landscape with rolling hills. With our extensive experience in renewable energy EPC and consulting, we were able to overcome various difficulties and completed the construction of the power station. The project covers 8 towns in the county, benefiting 40 villages. In November 2020, the government of Jianchuan County awarded the Group the honour of "Caring Enterprise for Poverty Alleviation".



Fight the Pandemic Together

CNI (Nanjing) donated RMB100,000 to the Pei County Charity Federation in February 2020 and RMB200,000 to the Red Cross Society of China Qinghai Branch in March 2020 to support the regional anti-pandemic work. In addition to donations, the employees of CNI (Nanjing) actively participated in the anti-pandemic work of the community such as performing the duties at the anti-pandemic station and encouraging all employees to make donations.



Performance Indicators

Environmental Performance Indicators

Emissions	Units	2020 ¹	2019
Air Pollutants ²			
Nitrogen oxides	kg	25.92	58.73
Sulphur oxides	kg	0.35	0.27
GHG Emissions			
Total GHG emissions ³	Tonnes CO ₂ e	3,552.68	2,243.66
	Tonnes CO ₂ e /number of employees ⁴	13.77	6.58
Scope 1: Direct emissions ⁵	Tonnes CO ₂ e	55.48	43.42
Scope 2: Indirect emissions ⁶	Tonnes CO ₂ e	3,495.57	2,183.40
Scope 3: Other indirect emissions ⁷	Tonnes CO ₂	1.62	16.83
Non-hazardous Wastes			
Domestic wastes (including food wastes)	Tonnes	40.75	66.10
	Tonnes/ number of employees	0.16	0.19
Hazardous Wastes			
Waste oil	Tonnes	0.10	0.20
	Tonnes/ number of employees	3.88 x 10 ⁻⁴	5.87 x 10 ⁻⁴
Waste solar cells	Pieces	15.00	55.00
	Pieces/ number of employees	0.06	0.16

¹CNI (Nanjing) had 5 new operating projects in 2020, bringing the total number of operating projects to 20. The increase in the number of operating projects has led to an increase in the Group's energy consumption and GHG emissions. The shutdown of the module plant of Xuzhou Herun in the second half of 2020 resulted in a significant decrease in air pollutant emissions, diesel consumption, hazardous waste generation and packaging material consumption. The Group updated the data of sulphur oxides emission for 2019 to ensure meaningful comparisons. The data for 2019 of this ESG report shall prevail.

²Air pollutant emissions primarily came from on-road and non-road mobile sources. The calculation method of air pollutant emissions and the relevant emission factors for 2020 are the same as those for 2019, with reference to the Road Vehicles Air Pollutant Emission Inventory Preparation Technical Guide (Trial) and the Non-road Mobile Source Air Pollutant Emission Inventory Preparation Technical Guide (Trial) issued by the Ministry of Ecology and Environment of the PRC and the EMEP/EEA Air Pollutant Emission Inventory Guidebook 2016 issued by the European Environment Agency.

³The total GHG emissions include scope 1, scope 2 and scope 3 GHG emissions of the Group.

⁴The number of employees used for calculating the intensities of environmental performance indicators is the number of employees within this ESG reporting scope as at the end of the Reporting Period. The number of employees is 258 in 2020 and 341 in 2019.

⁵Scope 1 GHG emissions primarily came from on-road and non-road mobile sources. The calculation method of scope 1 GHG emissions and the relevant emission factors for 2020 are the same as those for 2019, with reference to the Guidelines for Calculation Method and Reporting Guidance on Greenhouse Gas Emissions for On-road Transportation Enterprises (Trial) and the Calculation Method and Reporting Guidance on Greenhouse Gas Emissions by Other Industrial Enterprises (Trial) issued by the National Development and Reform Commission of the PRC and the Fifth Assessment Report issued by the Intergovernmental Panel on Climate Change (IPCC).

⁶Scope 2 GHG emissions primarily came from the purchased electricity. The calculation method of scope 2 GHG emissions and the relevant emission factors for 2020 are the same as those for 2019, with reference to the 2015 national grid average emission factor of the Notice on the Establishment of 2018 Carbon Emission Reporting and Verification and Emission Monitoring Plan issued by the Ministry of Ecology and Environment of the PRC and the Sustainability Report 2019 issued by the HK Electric Investments Limited.

⁷Scope 3 GHG emissions include employees' business travel by airplanes. The calculation method of scope 3 GHG emissions and the relevant emission factors for 2020 are the same as those for 2019, with reference to the carbon emissions calculator developed by the International Civil Aviation Organisation, a United Nations agency.

Use of Resources	Units	2020	2019
Energy			
Indirect energy (purchased electricity)	MWh	4,664.22	3,575.16
	MWh/ number of employees	18.08	10.48
Direct energy (gasoline and diesel)	MWh	210.97	161.95
	MWh/ number of employees	0.82	0.47
Gasoline ⁸	L	22,400.51	14,836.75
	L/ number of employees	86.82	43.51
Diesel	L	1,095.00	3,012.00
	L/ number of employees	4.24	8.83
Water			
Water ⁹	Tonnes	27,542.72	35,430.00
	Tonnes/ number of employees	106.75	103.90
Packaging Materials			
Total	Tonnes	189.00	867.00
	Tonnes/ number of employees	0.73	2.54
Paper	Tonnes	52.00	298.00
Plastic	Tonnes	16.00	55.00
Metal	Tonnes	86.00	369.00
Wood	Tonnes	35.00	145.00

⁸Due to the influence of the Coronavirus disease 2019, the Group increased the use of company vehicles in 2020 to reduce the risk of catching the Coronavirus disease 2019 from taking public transport. In addition, there was an increase in the use of vehicles for the new wind power project of the Group. These factors result in a significant increase in the gasoline consumption in 2020.

⁹Due to the influence of the Coronavirus disease 2019, the Group reduced the frequency of cleaning photovoltaic power stations, resulting in a significant drop in water consumption in 2020.

Social Performance Indicators

Number of Employees ¹⁰ (as of the end of the Reporting Period)	2020	2019
Total number of employees ¹¹	274	406
By Gender		
Male	216	290
Female	58	116
By Employment Category		
Full-time	274	406
Part-time	0	0
By Age Group		
<30	63	115
30-40	148	233
41-50	46	42
>50	17	16
By Geographical Region		
Mainland China	266	399
Hong Kong	8	7
Employee Turnover Rate ¹²	2020 ¹³	2019
Employee turnover rate	49%	35%
By gender		
Male	40%	35%
Female	72%	35%
By Age Group		
<30	53%	59%
30-40	51%	28%
41-50	34%	8%
>50	33%	0%
By Geographical Region		
Mainland China	50%	35%
Hong Kong	0%	40%

¹⁰The reporting scope of data relating to employees and training in the section "Social Performance Indicators" is consistent with the Company's Annual Report 2020.

¹¹There was a significant reduction in the total number of employees due to the shutdown of the module plant of Xuzhou Herun in the second half of 2020 and the associated employee layoff.

¹²The formula for calculating the employee turnover rate: number of employees who left/ ((number of employees at the beginning of the Reporting Period + number of employees as of the end of the Reporting Period) /2) ×100%

¹³There was a significant increase in the employee turnover rate due to the shutdown of the module plant of Xuzhou Herun in the second half of 2020 and the associated employee layoff.

Training

Percentage of Employees Trained ¹⁴	2020 ¹⁵	2019
Percentage of employees trained	23%	59%
By Gender		
Male	25%	56%
Female	15%	67%
By Employment Type		
Directors and senior management	8%	80%
Middle management	18%	75%
Rank and file	24%	56%
Average Training Hours Completed per Employee ¹⁶	2020 ¹⁷	2019
Average training hours completed per employee	11.43	4.69
By Gender		
Male	10.58	5.12
Female	15.28	3.78
By Employee Category		
Directors and senior management	16.00	32.50
Middle management	11.44	7.00
Rank and file	11.38	3.46

Safety

Safety Performance	2020	2019
Number of work-related fatalities	0	0
Work-related fatality rate	0%	0%
Lost days due to work injury	0	0

¹⁴The formula for calculating the percentage of employees trained: number of employees trained within the Reporting Period/ (number of employees as of the end of the Reporting Period + number of employees left within the Reporting Period) ×100%

¹⁵Due to the influence of the Coronavirus disease 2019, the Group cancelled some training sessions, resulting in a significant decrease in the percentage of employees trained in 2020.

¹⁶The formula for calculating the average training hours completed per employee: total training hours completed by the number of employees in the specific category/ number of employees trained in the specific category ×100%

¹⁷A significant decrease in the Group's number of employees as of the end of the Reporting Period resulted in a significant increase in the average training hours completed per employee.

Products

Product Recall Rate	2020	2019
Percentage of total products sold or shipped subject to recalls for safety and health reasons	0	0
Number of products and service related complaints received	0	1
Rate of products and service related complaints resolved	--	100%

Suppliers

Number of Suppliers	2020
By Geographical Region	
Jiangsu Province	93
Others ¹⁸	101

¹⁸Other regions include Beijing, Tianjin, Shanghai, Hebei, Liaoning, Heilongjiang, Jiangsu, Zhejiang, Anhui, Fujian, Jiangxi, Shandong, Henan, Hunan, Guangdong, Hainan, Sichuan, Shaanxi, Gansu, Inner Mongolia Autonomous Region and Ningxia Hui Autonomous Region.

Appendix 1:

Laws and Regulations Abided by the Group

Laws and regulations that were abided by the Group and have a significant impact on the Group are as follows:

Environment

PRC

Environmental Protection Law of the People's Republic of China

Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste

Energy Conservation Law of the People's Republic of China

Law of the People's Republic of China on Prevention and Control of Pollution from Environmental Noise

Law of the People's Republic of China on Environmental Impact Assessment

Law of the People's Republic of China on the Prevention and Control of Water Pollution

Cleaner Production Promotion Law of the People's Republic of China

Law of the People's Republic of China on the Prevention and Control of Air Pollution

Water and Soil Conservation Law of the People's Republic of China

Hong Kong

Cap. 358 Water Pollution Control Ordinance

Cap. 354 Waste Disposal Ordinance

Employment and Labour Practice

PRC

Labour Law of the People's Republic of China

Provisions on the Prohibition of Using Child Labour

Labour Contract Law of the People's Republic of China

Law of the People's Republic of China on the Protection of Minors

Hong Kong

Cap. 57 Employment Ordinance

Cap. 608 Minimum Wage Ordinance

Cap. 282 Employees' Compensation Ordinance

Health and Safety

PRC

Work Safety Law of the People's Republic of China

Fire Control Law of the People's Republic of China

Prevention and Control of Occupational Diseases Law of the People's Republic of China

Administrative Provisions on the Work Safety License of Construction Enterprises

Hong Kong

Cap. 509 Occupational Safety and Health Ordinance

Product Responsibility

PRC

Patent Law of the People's Republic of China

Product Quality Law of the People's Republic of China

*Law of the People's Republic of China on Protection of
Consumer Rights and Interests*

Hong Kong

Cap. 486 Personal Data (Privacy) Ordinance

Cap. 456 Consumer Goods Safety Ordinance

Cap. 362 Trade Descriptions Ordinance

Anti-corruption

PRC

Criminal Law of the People's Republic of China

*Anti-Unfair Competition Law of the People's Republic of
China*

The Bidding Law of the People's Republic of China

Interim Provisions on Banning Commercial Bribery

Supervision Law of the People's Republic of China

*Anti-Money Laundering Law of the People's Republic of
China*

People's Republic of China for Suppression of Corruption

Company Law of the People's Republic of China

Hong Kong

Cap. 201 Prevention of Bribery Ordinance

Appendix 2:

Content Index of The Stock Exchange *Environmental, Social and Governance Reporting Guide*

General Disclosures and Key Performance Indicators (KPI)	Description	Relevant Section or Remarks
Environmental		
Aspect A1: Emissions		
General Disclosure	(a) 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	Environmental Management, Appendix 1
KPI A1.1	The types of emissions and respective emissions data.	Environmental Performance Indicators
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Performance Indicators
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Performance Indicators
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Performance Indicators
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Environmental Management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Management
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Management, Appendix 1
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).	Environmental Performance Indicators
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Performance Indicators
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Environmental Management
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Environmental Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Performance Indicators
Aspect A3: The Environment and Natural Resources		

General Disclosures and Key Performance Indicators (KPI)	Description	Relevant Section or Remarks
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	Environmental Management
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Management
Social		
Aspect B1: Employment		
General Disclosure	(a) 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.	Building an Extraordinary Team, Appendix 1
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Social Performance Indicators
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Social Performance Indicators
Aspect B2: Health and Safety		
General Disclosure	(a) 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.	Employees' Health and Safety, Appendix 1
KPI B2.1	Number and rate of work-related fatalities.	Social Performance Indicators
KPI B2.2	Lost days due to work injury.	Social Performance Indicators
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Employees' Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Social Performance Indicators
KPI B3.2	The average training hours completed per employee by gender and employee category.	Social Performance Indicators
Aspect B4: Labour Standards		
General Disclosure	(a) Policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Legal Labour, Appendix 1

General Disclosures and Key Performance Indicators (KPI)	Description	Relevant Section or Remarks
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Legal Labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Legal Labour
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Undertaking Operational Responsibility
KPI B5.1	Number of suppliers by geographical region.	Social Performance Indicators
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Undertaking Operational Responsibility
Aspect B6: Product Responsibility		
General Disclosure	(a) 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.	Leading with Excellence, Appendix 1
KPI 6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Social Performance Indicators
KPI 6.2	Number of products and service related complaints received and how they are dealt with.	Customer Rights
KPI 6.3	Description of practices relating to observing and protecting intellectual property rights.	Innovation Excellence
KPI 6.4	Description of quality assurance process and recall procedures.	Leading with Excellence
KPI 6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Customer Rights
Aspect B7: Anti-Corruption		
General Disclosure	(a) 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.	Undertaking Operational Responsibility, Appendix 1
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.	Undertaking Operational Responsibility
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Undertaking Operational Responsibility
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.	Building Sunshine Communities
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Building Sunshine Communities
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Building Sunshine Communities

China Nuclear Energy Technology Corporation Limited

Address: Unit 2801, 28/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong

Telephone: (852) 39830923

Email: info@cnetcl.com