

## About this Report

### Reporting period

The Group is pleased to present its first annual standalone Sustainability Report, covering its sustainability strategies, management approach, progress, and highlights from 1 January 2020 to 31 December 2020, unless otherwise specified.

### Reporting boundary

The information disclosed in this Sustainability Report covers the key businesses of the Group, including the generation of thermal and renewable power, the transmission of electricity, oil and gas, as well as the distribution of electricity and gas in Hong Kong, the United Kingdom, Australia, New Zealand, Mainland China, Thailand, the Netherlands, Canada and the United States.

In 2020, Portugal Renewable Energy was sold by the Group and is no longer included in the scope of the sustainability report.

### Reporting framework

This Report is prepared in accordance with the December 2019 updated Hong Kong Exchanges and Clearing Limited's (HKEX) Environmental, Social and Governance Reporting Guide (ESG Guide). The HKEX ESG Guide Content Index set out on pages 63 to 68 contains information about the extent to which the Group has applied the ESG Guide and cross-references to the relevant section in this Report.

This Report should be read in conjunction with the Group's 2020 Annual Report, which contains a comprehensive review of its financial performance and corporate governance, and also key policies which are published on the Group's website. To learn more about its operating companies' efforts and achievements in sustainability, please refer to their separate sustainability reports or websites.

### Reporting principles

The content of this report follows the ESG Guide reporting principles.

- **Materiality** – We focus on matters that impact business growth and are of importance to our stakeholders. For more information, please refer to the "Materiality Assessment Process" on page 18.
- **Quantitative** – Information of the standards, methodologies, assumptions and/or calculation references, and source of key conversion factors used on these KPIs are stated wherever appropriate.
- **Balance** – This report discloses information in an objective manner, aiming to provide stakeholders with an unbiased picture of the Group's overall sustainability performance.
- **Consistency** – Consistent methodologies are adopted when calculating the quantitative KPIs, unless otherwise specified. Reasons would be provided for any restating of information published in the Report.

### Language

In case of inconsistency or discrepancy between the Chinese and English versions of the Report, the English version shall prevail.

### Feedback

The Group welcomes feedback on this Report, its approach to sustainability and performance. Please share your views and email us at [sr@powerassets.com](mailto:sr@powerassets.com).

## Environmental Performance Indicators

Environmental KPIs <sup>1</sup>	Unit	2019	2020
<b>GHG emissions</b>			
<b>Total GHG emissions<sup>2</sup></b>	tonne CO <sub>2</sub> e	<b>10,885,046</b>	<b>8,004,671</b>
Scope 1 emission		9,681,775	6,771,988
Scope 2 emission <sup>3</sup>		1,203,271	1,232,683
<b>Total carbon intensity</b>	tonne CO <sub>2</sub> e / HK\$'000 revenue	<b>0.42</b>	<b>0.33</b>
Scope 1 carbon intensity		0.37	0.28
Scope 2 carbon intensity		0.05	0.05
<b>Use of energy</b>			
<b>Total energy consumption</b>	'000 kWh	<b>35,290,198</b>	<b>27,072,650</b>
Direct energy consumption		<b>32,810,761</b>	<b>24,532,607</b>
Gasoline / Petrol		4,720	5,365
Diesel		239,094	247,167
Natural gas		11,489,233	10,970,402
Liquefied petroleum gases (LPG) <sup>4</sup>		248	5,043
Other fuels <sup>5</sup>		21,077,466	13,304,630
Indirect energy consumption		<b>2,479,437</b>	<b>2,540,043<sup>3</sup></b>
Electricity		2,479,437	2,540,043
<b>Total energy intensity</b>		kWh / HK\$ revenue	<b>1.36</b>
Direct energy intensity	1.26		1.02
Indirect energy intensity	0.10		0.11

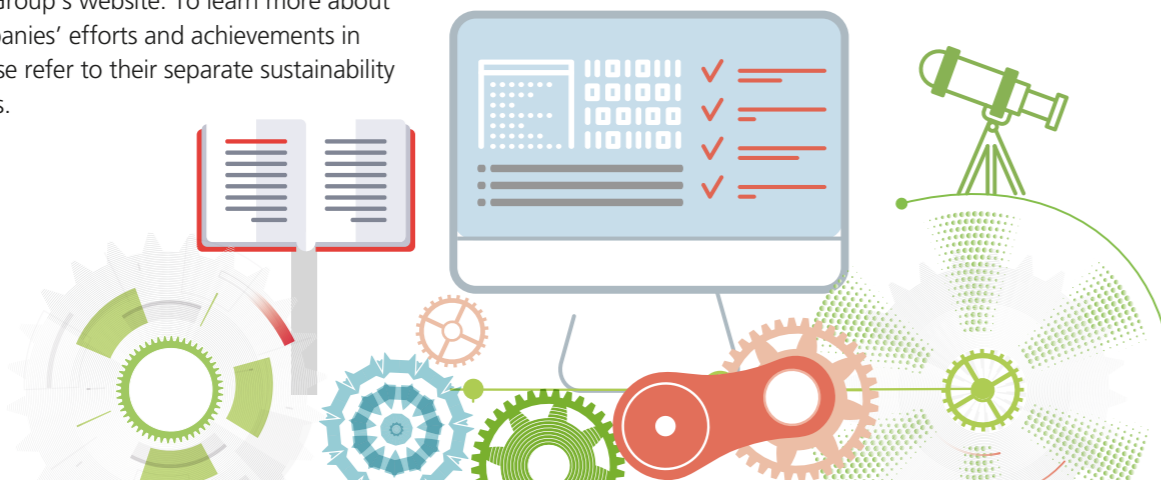
<sup>1</sup> Environmental KPIs in this data table are calculated using the equity method. We only include data in this report for 2020 that were confirmed by the end of March 2021. If significant data changes occur after preparation of this report, they will be updated in the following year's publication.

<sup>2</sup> Greenhouse gas emissions (GHG) comprise carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride. The data are calculated using local / industry-specific methodology where applicable under regulation. Otherwise, Scope 1 emissions are calculated using the latest available emission factors in line with the Greenhouse Gas Protocol, IEA's Energy Statistics Manual, US EPA's Emission Factors for Greenhouse Gas Inventories and Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong (2010 Edition). Scope 2 emissions include the emissions associated with electricity purchased and are calculated based on the IEA's latest available emission factors.

<sup>3</sup> Scope 2 emissions includes the emissions from purchased electricity of our businesses for its own use. It also includes the emissions from energy losses from distribution grid and the electricity system transmission grid ("network losses") for our electricity distribution companies, including UKPN, SAPN, VPN, Wellington Electricity and United Energy. Network losses are calculated as the difference between the electricity entering the network, and electricity which is used by customers, for which the data are received from the industry taken from meter readings. Due to COVID-19, there was a greater level of estimation by the industry (due to lack of actual meter readings) in the calculation of network losses in 2020, and this led to a slight increase in the assumed network losses, purchased electricity and Scope 2 emissions. It is expected that the figures will be fine-tuned when the meter reading are updated.

<sup>4</sup> The term is revised to better clarify the fuel used. "Gas (exclude town gas and natural gas)" was the term used previously.

<sup>5</sup> Other fuels include Lignite, residual fuel oil, industrial waste and biomass (e.g. landfill gas, sludge gas, etc.).





Environmental KPIs	Unit	2019	2020
<b>Air emissions</b>			
NOx emissions	tonne	5,916	4,789
SOx emissions		1,217	656
RSP emissions		140	136
<b>Use of water</b>			
Water consumption	'000 m <sup>3</sup>	5,530	3,775
Water consumption intensity	m <sup>3</sup> / HK\$'000 revenue	0.21	0.16
<b>Waste production</b>			
Total hazardous waste produced	tonne	8,460 <sup>6</sup>	11,536 <sup>7</sup>
Total non-hazardous waste produced		545,445	286,665 <sup>8</sup>
<b>Packaging material</b>			
<b>Total packaging material used for finished products</b>	tonne	<b>8.12</b>	<b>3.39</b>
Paper		8.12	3.39

<sup>6</sup>The 2019 data figures have been restated in line with re-categorisation of the hazardous waste across different operating companies. Moving forward, we expect that these numbers will continue to evolve as data sources improve.

<sup>7</sup>Hazardous waste generation from AVR, the Netherlands' leading energy-from-waste company is the source of more than 93% of the overall hazardous waste generation. The Group's hazardous waste generation was increased by 36% year-on-year largely due to increase in the Group's ownership of Dutch Enviro Energy Holdings B.V. (which owns AVR).

<sup>8</sup>The total amount of non-hazardous waste decreased by 47% compared with 2019. This is mainly due to the significant drop in the consumption of coal and limestone in 2020 as a result of the increase in gas generation to 50% of HK Electric's fuel mix, that led to a substantial reduction in the respective by-products, namely ash and gypsum produced from coal-fired generating units and associated Flue Gas Desulphurisation plants.

## HKEX ESG Guide Content Index

Mandatory Disclosure Requirements		Page	Remarks
Governance Structure	A statement from the board containing the following elements:  (i) a disclosure of the board's oversight of ESG issues;  (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and  (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	14-19	
Reporting Principles – Materiality	(i) the process to identify and the criteria for the selection of material ESG factors;  (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.	18-19	
Reporting Principles – Quantitative	Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable)	61-62	
Reporting Principles – Consistency	The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	61-62	
Reporting Boundary	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report.	60	

Subject Areas, Aspects, General Disclosures and KPIs		Page	Remarks
<b>A. Environmental</b>			
<b>Aspect A1: Emissions</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	22-37	<ul style="list-style-type: none"> <li>• <a href="#">Environmental Policy</a></li> <li>• <a href="#">Supplier Code of Conduct</a></li> </ul>
KPI A1.1	The types of emissions and respective emission data	28, 61-62	
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity	28, 61-62	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity	62	
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity	62	
KPI A1.5	Description of emission target(s) set and steps taken to achieve them	29	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	35-37	
<b>Aspect A2: Use of Resource</b>			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	22-37	<ul style="list-style-type: none"> <li>• <a href="#">Sustainability Policy</a></li> <li>• <a href="#">Environmental Policy</a></li> <li>• <a href="#">Supplier Code of Conduct</a></li> </ul>
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	29, 61	
KPI A2.2	Water consumption in total and intensity	35, 62	
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	29	
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	34	
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	62	

Subject Areas, Aspects, General Disclosures and KPIs		Page	Remarks
<b>Aspect A3: The Environment and Natural Resources</b>			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	32	<ul style="list-style-type: none"> <li>• <a href="#">Environmental Policy</a></li> <li>• <a href="#">Supplier Code of Conduct</a></li> </ul>
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the action taken to manage them	33-37	
<b>Aspect A4: Climate Change</b>			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	24-25	<ul style="list-style-type: none"> <li>• <a href="#">Environmental Policy</a></li> </ul>
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	24-29	
<b>B. Social</b>			
<b>Employment and Labour Practices</b>			
<b>Aspect B1: Employment</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	40-41, 44	<ul style="list-style-type: none"> <li>• <a href="#">Code of Conduct</a></li> </ul>
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	42	
KPI B1.2	Employee turnover rate by gender, age group and geographical region	42	
<b>Aspect B2: Health and Safety</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	45, 59	<ul style="list-style-type: none"> <li>• <a href="#">Health and Safety Policy</a></li> </ul>
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	–	0 work-related fatality during the year; 1 for 2019; 0 for 2018
KPI B2.2	Lost days due to work injury	–	1,556 lost days due to work injury
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	46-49	

Subject Areas, Aspects, General Disclosures and KPIs		Page	Remarks
<b>Aspect B3: Development and Training</b>			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	43	
KPI B3.1	The percentage of employees trained by gender and employee category	43	
KPI B3.2	The average training hours completed per employee by gender and employee category	43	
<b>Aspect B4: Labour Standards</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	–	<ul style="list-style-type: none"> <li>• <a href="#">Human Rights Policy</a></li> <li>• <a href="#">Modern Slavery and Human Trafficking Statement</a></li> </ul>
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	–	<ul style="list-style-type: none"> <li>• <a href="#">Supplier Code of Conduct</a></li> </ul>
KPI B4.2	Description of steps taken to eliminate such practices when discovered	–	
<b>Operating Practices</b>			
<b>Aspect B5: Supply Chain Management</b>			
General Disclosure	Policies on managing environmental and social risks of the supply chain	52	<ul style="list-style-type: none"> <li>• <a href="#">Human Rights Policy</a></li> <li>• <a href="#">Modern Slavery and Human Trafficking Statement</a></li> <li>• <a href="#">Supplier Code of Conduct</a></li> </ul>
KPI B5.1	Number of suppliers by geographical region	53	
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	52-53	
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	52-53	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	52-53	

Subject Areas, Aspects, General Disclosures and KPIs		Page	Remarks
<b>Aspect B6: Product Responsibility</b>			
General Disclosure	Policies and compliance with relevant laws and regulations on health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	47, 50, 59	<ul style="list-style-type: none"> <li>• <a href="#">Code of Conduct</a></li> <li>• <a href="#">Personal Data Privacy Policy</a></li> </ul>
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons		This indicator is not considered material to the Group hence such data are not disclosed.
KPI B6.2	Number of products and service related complaints received and how they are dealt with	56	
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights		Our Code of Conduct outlines our commitment to intellectual property rights protection.
KPI B6.4	Description of quality assurance process and recall procedures	47	
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	50-51	<ul style="list-style-type: none"> <li>• <a href="#">Information Security Policy</a></li> <li>• <a href="#">Personal Data Privacy Policy</a></li> </ul>
<b>Aspect B7: Anti-corruption</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	20	<ul style="list-style-type: none"> <li>• <a href="#">Code of Conduct</a></li> <li>• <a href="#">Anti-Fraud and Anti-Bribery Policy</a></li> </ul> <p>No recorded cases of non-compliance with laws and regulations relating to anti-corruption and bribery during the reporting period.</p>



Subject Areas, Aspects, General Disclosures and KPIs		Page	Remarks
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	–	No such cases recorded during the reporting period.
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored	21	<ul style="list-style-type: none"> <li>• <a href="#">Procedures for Reporting Possible Improprieties in Matters of Financial Reporting or Internal Control</a></li> </ul>
KPI B7.3	Description of anti-corruption training provided to directors and staff	20	
<b>Community</b>			
<b>Aspect B8: Community Investment</b>			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	54	<ul style="list-style-type: none"> <li>• <a href="#">Sustainability Policy</a></li> </ul>
KPI B8.1	Focus areas of contribution	54-59	
KPI B8.2	Resources contributed to the focus area	11, 54-59	

