



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

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

A large, decorative graphic consisting of a grid of squares. The squares are arranged in a pattern that recedes into the distance, creating a 3D effect. The colors of the squares transition from light green on the left to dark blue on the right. The background behind the grid is a soft-focus image of a green field and a blue sky with light clouds.

WORLD'S LEADING
CLEAN ENERGY PROVIDER
LOW-CARBON & ENERGY-SAVING
INTEGRATED SOLUTIONS PROVIDER

Environmental, Social and Governance Report 2016

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Environmental, Social and Governance Report

ABOUT THIS REPORT

Introduction

This is the first Environmental, Social and Governance (“ESG”) Report (the “Report”) of Shunfeng International Clean Energy Limited (“SFCE”, “We” or the “Company”) and its subsidiaries (collectively, the “Group”) with an aim to elaborate on our approaches, strategies and practices in relation to the sustainability development of the Group.

Reporting Scope

The reporting period of this Report is from 1 January 2016 to 31 December 2016 (the “Reporting Period”). Unless otherwise stated, this Report mainly focuses on our core business segments—manufacturing and sales of solar products in the People’s Republic of China (the “PRC” or “China”), which accounts for over 80% of our total revenue during the Reporting Period.

Report Framework

This report has been prepared in accordance with disclosure requirements of the ESG Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities published by Hong Kong Exchanges and Clearing Limited (“HKEX”).

Access to this Report

The Report is published in both Chinese and English, available to the public in electronic version. Please visit the official website of SFCE (<http://sfcegroup.com>). Should there be any discrepancy between the two language versions, the English version shall prevail.

Your Feedback

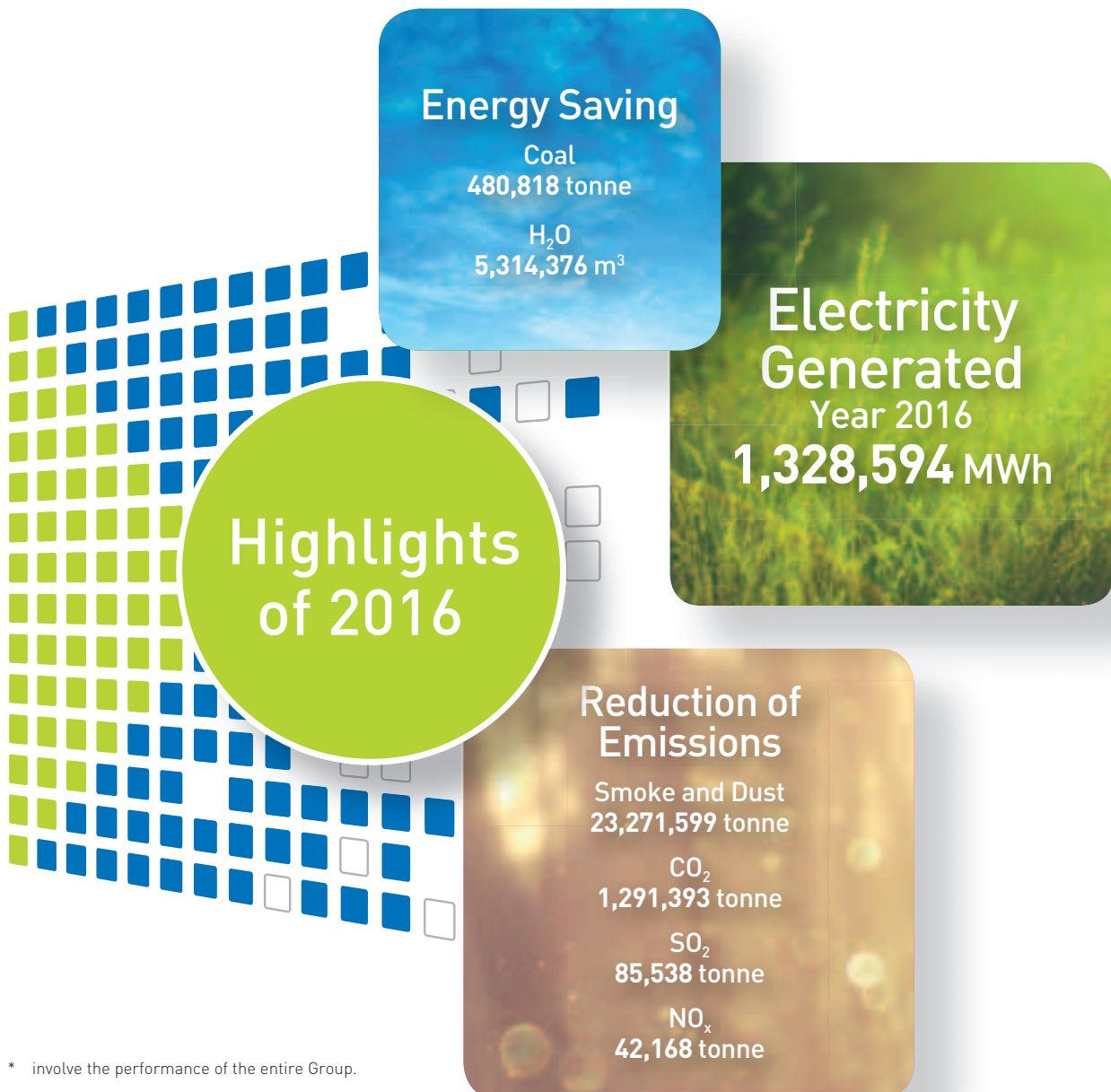
We sincerely welcome your comments and suggestions with regard to this Report and our sustainability performance. Please send your feedback to us via email at ir@sfcegroup.com.



Our Business

We are a diversified leading provider of clean energy, low-carbon and energy-saving integrated solutions. Resonating with the development of clean energy encompassing the "13th Five-Year Plan" for renewable energy supported by the National Development and Reform Commission, We have evolved from engaging purely in solar power business into a diversified leading integrated provider of clean energies and low-carbon and energy-saving solutions with international influences. Nevertheless, leveraging strong market growth, especially in China as well as our reputation, we continued to optimize manufacturing operations of our solar products including wafers, cells and modules. As of 31 December 2016, we have produced and sold a total 2,954.6MW of solar products during the Reporting Period. We have been recognised in the solar market for our product quality, advanced proprietary technology, evolving innovation and cost-effectiveness.

Environmental Highlights of the Group in 2016*



* involve the performance of the entire Group.



Our Sustainability Vision

To become the world's largest low-carbon, integrated, clean energy generation provider to create a low-carbon environment

We believe that sustainability encompasses not merely our environmental performance and contribution to the wider community, but also underpins our core business practices and our relationships with shareholders, employees, customers and suppliers. Our sustainability visions, being in line with our corporate strategies, encapsulate five key areas of our commitments:



Commitment to Our Customer

- Deliver high quality products and services to our diverse customer base through regular health and safety assessments, supply chain management and customer engagement.



Commitment to Our Reputation

- Sustain our economic performance while balancing the environmental and social impact through robust corporate governance and risk management.



Commitment to Our People

- Foster a rewarding, fair and safe workplace for our people to unleash their full potential and develop their career in the company.



Commitment to Our Environment

- Optimize the use of natural resources and minimize the impact our operations bring to the environment by going beyond regulatory compliance, adopting best practices in business operations and active stakeholder engagement.



Commitment to Our Community

- Create positive impact and address social issues in the community by leveraging our business resources and actively engaging with our stakeholders.



Key Awards and Honors in 2016

Key Industrial Enterprises in Wuxi district

(無錫區重點工業企業)

Frost & Sullivan 2016 Asia-Pacific Award for Excellent Leadership in Renewable Energy Technology Development

(Frost & Sullivan 2016 亞太區可再生能源技術發展卓越領導獎)

TUV NORD GROUP Excellent Quality Award

(TUV NORD GROUP 卓越品質獎)

2016 Top 10 Enterprises for Innovative Components in China Photovoltaic Industry in 2016

(2016年中國光伏行業十大最具創新元件企業)

Top 50 Innovative Enterprises in China Photovoltaic industry in 2016

(2016年中國光伏行業最具創新力企業50強)

Top 10 Employers in Wuxi of China in 2016

(2016年中國年度最佳僱主無錫最佳僱主10強)

China New Energy 10-Year Contribution Award (2006-2016)

(2006-2016中華新能源十年貢獻獎)

Top 20 Enterprises with Innovative Photovoltaic Components in China in 2016

(2016年中國光伏元件企業20強)

Top 100 Leading Renewable Energy Enterprises in China in 2016

(2016領跑中國可再生能源先行企業第一軍團100強)

Gold Award for Best Public Decentralized Building at the 1st National Decentralized Innovative Application Gold Award Ceremony in 2016

(2016年首屆全國分散式應用創新金獎最佳公共建築分散式金獎)

National "1st May Labor Day" Labor Award in 2016

(2016年全國「五一」勞動獎狀)

Communication Strategy Award in 2016

(2016年年度傳播策略大獎)

SNEC Committee Top 10 Highlight Tile Level Diamond Award

(十大亮點太瓦級鑽石獎—SNEC組委會)

Asiasolar Asia Solar photovoltaic forum and exhibition — 2016 Asiasolar Asia PV Innovation Enterprises

(2016亞洲光伏創新企業—亞洲光伏論壇組委會)

Water Saving Enterprise in Jiangsu Province

(江蘇省節水型企業)

Key Industrial Enterprises in Wujin District

(武進區重點工業企業)

Silver Award for Large Tax-Paying Enterprise in 2016

(2016年度納稅大戶銀獎)

Large Tax-Paying Enterprise in 2016

(2016年度納稅大戶)

Top 10 Effective Input Enterprises in 2016

(2016年度十佳有效投入企業)

Top 10 Industrial Enterprises in 2016

(2016年度十強工業企業)

Qualified Staff Home in 2016

(2016年度合格職工之家)



Stakeholders Engagement

Throughout the years, we strive to maintain good relationships with our stakeholders (including employees, customers, suppliers, shareholders and investors, governments, Non-Governmental Organization and community) through close communication via a wide variety of channels in our daily operation to identify key ESG issues. By understanding our stakeholders, we can better shape our business strategy to respond to their needs, anticipate risks and strengthen key relationship.



COMMITMENT TO OUR CUSTOMER

Quality Product

We believe the more efficient and durable a photovoltaic product is, the more positive its impact on the environment over the long term would be. In addition to conforming to applicable local laws and regulations, including but not limited to Product Quality Law of the PRC (中華人民共和國產品質量法), all our products are rigorously tested internally and externally by recognized international product quality inspection and certification institution including VDE, CQC, CSA, MSC, JET, KEMCO etc., to ensure they meet and exceed standards with regard to quality, health, safety and environmental impact. Our laboratory, established to ensure product quality and reliability, has the world's advanced testing capabilities in the photovoltaic industry. Our laboratory management system is in full compliance with ISO/IEC17025. The quality standards we apply include extended hail test, dynamic mechanical load test VDE Quality Tested and potential induced degradation (PID) test, Electroluminescence (EL) test, visual inspection and reliability test. All of these have assured the quality and reliability of each photovoltaic product. Cells fail to meet the standard will be handled with care. We also carry out sampling test for packed final products and reflect to relevant units if there is any defect one for improvement. We ensure our products are widely used as well as stand up to harsher conditions than competitive products. We are the first company that received the certification of exemption from export inspection in China's photovoltaic industry.

We have a highly-motivated global team of scientists and specialists who is always committed to increase conversion efficiency by developing new materials and improving the production process. With leading technology and excellent manufacturing standards, we are striving for the early fulfilment of the target for photovoltaic "Grid Parity".

Exceeding Industry Standards

We participate in the Quality Tested program of the German independent certification institution VDE, one of Europe's largest technical-scientific associations, attesting that the quality of our module products exceed existing industry standards. The VDE created its VDE Quality-Tested seal of approval to recognize a level of quality control that goes beyond existing standards in the Photovoltaic industry when validating Photovoltaic products. Low rates of degradation and high safety standards are essential aspects of attaining VDE certification. Compared to other industry standards, the VDE Quality-Tested seal relies on a more rigorous examination of performance capabilities, continuous high safety and quality of our modules over a long term. Quality Tested by VDE considerably expands the well-known tests of IEC 61215 and IEC 61730, in terms of the approval certification, the quality controls during the production process and the frequency of the testing cycle.

Management Standards

To fulfil our commitment, we have initiated the "clean production" program to promote sustainable development of the organization throughout the technology innovation, system certification, policy implementation, advocacy and other cultural initiatives. Below is the overview of the certifications we have obtained:

- ISO 9001 – Quality Management Standard
- ISO 14001 – Environmental Management Standard
- OHSAS 18001 – Occupational Health and Safety Standard
- SA8000 – Management Systems Standard



7S Workplace Management

We promote 7S in our workplace to achieve efficiency and effectiveness. 7S is built on top of the traditional 5S workplace management (Seiri, Seiton, Seiso, Seiketsu and Shitsuke) which was proven to be an effective tool for workspace efficiency and effectiveness. "Safety" and "Save" are incorporated into the 5S such that our ability to manage the increasing concern of sustainability is enhanced.





Product Safety

We have established a comprehensive management system with clear roles and functions to ensure our products are safe to customers, employees and the environment through every step of their way.

Routine System Maintenance	Implement policies, systems and regulations on quality, safety and environmental protection and constitute continuous improvement of the system.
Routine Audit Monitoring	Supervise and monitor safety production, environmental protection, employee health and quality.
Internal Auditor Training	Organize and arrange both internal and external training for internal auditors.
System Audit	Arrange Environmental, Occupational Health and Safety ("EHS") system audit.
Management Audit	Assist General Directors and the management to conduct annual management audit.
Client System Audit	Carry out audit for client system with the help from customer service department.
Care Quality Commission (CQC) System Audit	Carry out Care Quality Commission (CQC) management system annual audit.
Carbon Footprint Verification	Conduct verification for carbon footprint record for relevant units.

Warranty Protection

In an effort to providing customers with reassurance in the performance quality of products, during the Reporting Period, we have extended product warranties period from ten years to twelve years. The move reflects our confidence in the quality of our products banking on the cutting-edge and industry-leading technologies.

Moreover, by cooperating with a leading china-based insurance company and reinsured by a global risk carrier, we offer 25-year warranty protection for a significant decrease in performance for solar modules.

Customer Service

Customers are the foundation of our business success. Identification and satisfaction of the needs of our customers is always our first priority. We believe that by referring to customer feedback we can make meaningful and continuous improvement. We conduct customer survey at least once every year. The questionnaires contain the degree of satisfaction to our products and services in terms of product/service quality, delivery time, price and etc. We review and analyse the feedbacks to make corresponding improvements in the hope of enhancing customer satisfaction.

Marketing and Advertising

The Company has organized and participated in a series of exhibitions, conferences and other external activities in the industry over the years. We also make full use of online platforms and social networking services such as Weibo, WeChat, YouTube and Twitter to communicate with our stakeholders. In order to ensure objectivity and accuracy concerning external marketing and advertising, the External Advertising Management Measure is formulated with an aim to increase our transparency and give out contents based on facts, complying to the Advertisements Law of the People's Republic of China (中華人民共和國廣告法). Special approval process is implemented to ensure the appropriateness and accuracy of all marketing materials.



Complaint Handling

To make sure customers' complaints are properly handled, a comprehensive Customer Complaint Handling Procedure is developed. Our complaint channels include hotline, e-mail box and in person. We offer product exchange or refund or maintenance with the approval by product quality unit in case of complaints about product quality. We also conduct customer feedback survey yearly and distribute questionnaire to customers when we conduct on site customer service. We collect and analyse feedback regarding product quality, product delivery, product price, service quality and etc. The customer service department collects the complaint and send to the relevant departments for review and analysis. The Client Complaint Prevention Policy Report will be followed for evaluation of the effectiveness of the way of handling.



COMMITMENT TO OUR REPUTATION

Corporate Governance

Maintaining high level of corporate governance is a key to protect our reputation. The Group strives to fulfil its roles and responsibilities as a leading global company by practicing compliance-driven management based on relevant laws and principles. To this end, the Company is dedicated to eliminating any unlawful and unethical acts while fostering an organizational culture of integrity. We seek to exceed our rivals with transcendent business performance by fair and honest competition, rather than illegal or unethical business practices. We strictly prohibit infringement of the third parties' intellectual properties. We adhere to the principles of fairness, integrity and legal compliance. Every employee is required to treat customers, suppliers and competitors equally and respect their rights.

To cultivate a culture of integrity, we continuously reinforce our compliance management systems and puts compliance at the heart of all business activities and decision-making processes through employee training and system reviews. We developed conduct guidelines for the employee code of conduct to compliance to help ensure that we act with uncompromised integrity.

Supply Chain Management

Since our establishment, we have been dedicated to doing business with honesty and integrity in stringent compliance with applicable local laws and regulations. By the same token, we expect our suppliers and business partners to operate in a manner that demonstrates best practices in connection with environmental and social matters as how we work with them has a significant impact on the quality of our products and services and our reputation. Our expectations on environmental and social responsibility for our suppliers, in terms of local law and regulation compliance, privacy, health and safety issue, environmental protection and prevention of bribery, are outlined in the Supplier Undertaking and Environmental and Social Responsibility Undertaking, which are signed by new suppliers. For instance, they are required to comply strictly to the local environmental protection laws and regulations, including but not limited to obtaining necessary environmental licences, permits and registration certificates, and making sure they are effective at all times. They are also required to operate pollutants handling facilities according to the law and assure that emission density and volume is within the legal limits, with hazardous waste being treated by qualified organizations. Besides, they are obligatory to establish and maintain effective environmental management system and pass the ISO14001 certification. They also have the responsibility to pass the above message and monitor the implementation of their own contractors and upstream suppliers.

Meanwhile, we have adopted a transparent and fair procedure including Supplier Management Control Procedure and Merchandising Control Procedure to select quality suppliers who comply with applicable local laws and regulations and uphold high ethical and environmental standards. We will only work with the suppliers on the pre-qualified supplier list. Regular review on the performance of qualified suppliers is conducted.



Code of Conduct

We have developed a code of conduct outlining the guiding principles that we require our employees to uphold.

Major Principles	Specific Action Guides
Principle 1: Comply with laws and ethical standards	<ul style="list-style-type: none"> • Compete fairly in accordance with laws and business ethics • Protect personal and business partner information
Principle 2: Maintain a clean organizational culture	<ul style="list-style-type: none"> • Draw a strict line between public and private affairs in all business activities • Protect and respect the intellectual property of the Company and others • Create a healthy organizational atmosphere
Principle 3: Respect customers, shareholders, and employees	<ul style="list-style-type: none"> • Make customer satisfaction the top priority in business activities • Maintain mutual respect among employees
Principle 4: Care for the environment, safety and health	<ul style="list-style-type: none"> • Pursue eco-friendly management • Put emphasis on people’s safety and health
Principle 5: Fulfil social responsibility as a global corporate citizen	<ul style="list-style-type: none"> • Perform basic obligations faithfully as a corporate citizen • Respect local sociocultural characteristics and achieve shared growth • Establish business partnerships that promote coexistence and co-prosperity

Our employees are also required to strictly follow other relevant guidelines and policies such as Integrity and Self-discipline Undertaking, Commercial Confidentiality Agreement and Competition Limitation Agreement to maintain business ethics.

Anti-corruption

We uphold the highest integrity and honesty standards with an aim to root out bribery, extortion, fraud and money laundering behaviour in rigid compliance with the Criminal Law of the People’s Republic of China(中華人民共和國刑法), Anti-Unfair Competition Law of the People’s Republic of China (中華人民共和國反不正當競爭法), Anti-Money Laundering Law of the People’s Republic of China (中華人民共和國反洗錢法), the Interpretation of the Supreme People’s Court on Several Issues concerning the Specific Application of Law in the Trial of Money Laundering and Other Criminal Cases (最高人民法院關於審理洗錢等刑事案件具體應用法律若干問題的解釋), the Supreme People’s Court and the Supreme People’s Procuratorate on Issuing the Opinions on Issues concerning the Application of Law in the Handling of Criminal Cases Involving the Acceptance of Bribes (最高人民檢察院、最高人民法院關於辦理受賄刑事案件適用法律若干問題的意見) and other relevant laws and regulations on bribery, extortion, fraud and money laundering.

The success against corruption hinges on maintaining high ethical standards, showing zero tolerance for graft, and reporting it whenever it occurs. We focus on legitimate business and adhere to the highest standards of business ethics, not limited to following laws and regulations, but also following more strict requirements. We have formulated the Gift and Benefit Receiving Management Regulations and Whistle-blowing Management System, requiring and helping our employees to stick to these ethical standards advocated by the company. We provided honesty practices training to our senior staff members and channels including hotline and e-mail box for all employees to report any case on bribery, extortion, fraud and money laundering.

We will keep perfecting our internal audit and control system and anti-corruption system to comply with business ethics and strengthen monitoring on moral business operation. There is no reported case of bribery, extortion, fraud or money laundering during the Reporting Period.



COMMITMENT TO OUR PEOPLE

Employment Overview

Employees form the keystone of our success. We are committed to establishing a comprehensive and fair human resources management system to protect employees' rights and enable them to excel in their own area of excellence. We provide diverse and integrated training and development programs to our people and attach importance to their health and safety through constantly improving our occupational health and safety management system. We regularly review our management policy and system to create a safe and sound working environment for our people. Devoting our human talent and technology to create superior products and services to contribute to a better global society has always been our guiding principle. Base on this belief, we develop and nurture our employee by providing them with the resources, opportunities and rewards to help them unlock their potentials.

As of 31 December 2016, the Group had a total of 6,921 employees across all business segments, the vast majority of over 97% our staff worked in China.

Compliance to Employment Regulations

By upholding international conventions on human rights and labour standards, we strictly comply with the Labour Law of China and the Labour Contract Law of China and other applicable laws and regulations to protect the legitimate rights and interests of our employees:

- We ensure equal employment opportunity and fight against any kind of discrimination regarding gender, age, sexual orientation, marital status, race, ethnicity, social class, religion, disability, or political background. Men and women enjoy equal pay for equal work and the benefit of maternal staff is highly protected.
- We offer employees a respectful, pleasant and safe workplace. All work should be voluntarily performed and any form of forced labour is strictly forbidden in our company.
- We eliminate child labour in the production or service provision process. If it is the case, termination of the duty for the child will immediately take into effect and he/she will be fully compensated before being passed to his/her guardian.
- We grant leaves, allowances, insurance and other social welfare in accordance with the law.
- We provide draft contracts and only sign official contract upon mutual agreement on the contract content.
- We work with managers to develop new joiner onboarding plan. Training is provided for internal policies, staff manuals and guides, HR systems and internal business processes to ensure they fully understand about the internal rules and procedures.
- We do not encourage overtime work and apply a total of 40 standardised working hours per week. Employees are required to seek approval from supervisors for overtime work and we compensate for the approved overtime work.
- We have outlined the details about dismissal in the respective internal policy.



Attracting and Retaining Talents

Annual recruitment plan is prepared based on the need of actual development. We recruit through various channels including recruitment fairs, internal recruitment, online recruitment and campus recruitment. We arrange orientation training sessions for new comers, aiming to help them fit in our corporate culture and integrate into their new working environment. We also partner with universities for collaboration and graduate internship programmes. We hold seminars at universities to arouse students' interest in solar energy industry and the Group. We establish University Graduate Training Scheme to train suitable talents with industry knowledge allow them to get connected to the networks necessary to embark on their career with us.

Performance Appraisal System

We have established an effective staff performance appraisal and promotion system to create opportunities for staff development. We conduct performance evaluation on a regular basis based on our annual goals and goals established by the employees themselves. The performance evaluation management committee is continual, formed by the management and comprises of members from the human resource department and other relevant developments. Salary increment, bonus, compensation and promotion opportunities are offered to employee based upon their actual performance. We endeavour to maintain highest fairness in our promotion system and hamper any form of discrimination, living up to our commitment to diversity and inclusion.

Responsible Department	Action
Management	<ul style="list-style-type: none"> Set annual goals and targets
Human Resources Department	<ul style="list-style-type: none"> Establish performance evaluation system and its procedure Assist and support the explanation of performance evaluation system Implement the evaluation system Keep all historical evaluation records Conduct regular check on the actual implementation of the evaluation system in each unit
Development Planning Department	<ul style="list-style-type: none"> Break down corporate annual and quarterly target Adjust operational targets according to market and corporate business strategy
Operation Management Department	<ul style="list-style-type: none"> Collect and analyse the data of operational targets Draft concise operation target evaluation implementation method according to actual operation for company approval
Finance Department	<ul style="list-style-type: none"> Assist in the break down and establishment of the evaluation target Provide necessary financial data regularly
Evaluator	<ul style="list-style-type: none"> Support employees to develop personal annual/quarterly targets and make sure they are in accordance with that of the Company Provide regular feedback and guidance to employees Conduct evaluation according to the evaluation management procedure Develop improvement action plan and supervise the implementation of the plan
Employees	<ul style="list-style-type: none"> Set personal annual and quarterly targets according to targets provided by senior Update, record and report the progress of the achieving the targets Accomplish improvement action plan (if there is any)



Two-way Communication

We attach importance to employees' communication and engagement. Improving employee satisfaction is also one of the important indicators of our management appraisal. Employees can voice out their opinion or complaints through Wechat, email or written letter. We are committed to providing prompt reply, making necessary improvement and handling all complaint cases with high confidentiality.

Complaint and Appeal System

We strive to enhance employee satisfaction, increase cohesiveness and establish a harmonious corporate culture. To ensure hidden risks are handled through proper and easy channels in an open and fair manner, the Complaint and Appeal System is formulated to safeguard the rights and interests of our employees.

Training and Development

To meet the needs for healthy development of the Group and self-development of employees, we attach great importance to the nurturing of our people. One of our focuses is offering development opportunities, at both professional and personal levels, to motivate and upskill our existing talents.

Every year, our Human Resource Department develops a comprehensive development plan for employees – from junior staff all the way to senior management. Our training programmes are regularly updated to ensure that our employees' skills and knowledge keep up with our business needs. We also actively seek feedback from our staff by training request questionnaires and training evaluation report.

To enhance the professional capability of our staff, we sponsored qualified staff to take external courses and invited external tutors to hold trainings. A wide range of internal training sessions has also been held. Areas of Internal training held during the year include but not limited to: orientation, professional skills, leadership and management, computer software, health and safety and language.



Environmental, Social and Governance Report (Continued)

Our Training System

Training Demand Identification	<ul style="list-style-type: none"> Internal and external training sessions are organized by the HR Department according to the Company business development and training request questionnaire submitted by the employees.
Formulation and implementation of training plans	<ul style="list-style-type: none"> HR Department develops Annual Training Plan, organize training sessions according to the plan, record the attendance and the result of the training sessions and include the record to annual appraisal. Departments can propose training sessions not included in the Annual Training Plan. After having approved by department head/development department/HR department and managing director, the training record will be included in the annual appraisal. External training session is approved by HR Department or Managing Director, depends on whether it is included in the Annual Training Plan. Sponsorship of external training session is approved according to seniority.
Evaluation of training effectiveness	<ul style="list-style-type: none"> Training evaluation report is submitted by trainee and recorded by Human Resource Department after approval by responsible department to review the effectiveness of the training.

	Aspects	Forms
Orientation Training	<ul style="list-style-type: none"> Corporate Introduction Operational procedure Management systems in all aspects Health and Safety 	<ul style="list-style-type: none"> Offline Internal
On-job Training	<ul style="list-style-type: none"> Professional skills and knowledge General skills and knowledge Management development Health and Safety 	<ul style="list-style-type: none"> Offline/Online Internal/External

Compensation and Benefit

We offer basic salary, allowance and bonus to our employees. Basic salary is decided based on educational background, experience and grading. We provide allowances such as housing allowance, travel allowance, night shift allowance, inflation allowance and etc. Bonus is distributed depends on attendance and performance. We also reward employees who demonstrate outstanding achievement with the Outstanding Employee, Best Progress Award and etc. once a year. By providing employees in each field with promotions and rewards, we support our best talents to maximize their skills and knowledge.



We provide all employees with social insurance (including national pension, medical insurance, employment insurance, occupational health and safety insurance), and support their physical examination and medical expenses. All employees are eligible for annual leaves, compassionate leaves, sick leaves, marriage leaves, maternity leaves, paternity leaves, parental leaves and other social welfare according to the law.

Work-Life Balance

We firmly believe that maintaining work-life balance helps relieve stress and create a working environment of mutual trust, support and care. We have gym rooms and we provide venues and sponsorship for a series of sports activities such as basketball, table tennis, soccer, badminton, marathon and even sports day. We also provide travel incentives to outstanding staff and loyal staff. We enrich employees' cultural life and celebrate national festivals together. For instance, we made rice dumplings on Dragon Boat Festival and ate moon cakes on Mid-Autumn Festival in China.

Health and Safety

To provide a safe and healthy workplace is our commitment to our people and we endeavour for an injury-free workplace. Our safety objectives are to continuously improve safety for all employees and improve the safety awareness for all the employees. Adhering to the "People-Oriented, Safe Production, Prevention Focused" management principle, we integrate health and safety management across our businesses.

We keep our people well-informed about potential risks and legal regulations with provision of corresponding protective measures. We systematically investigate incidents, events and accidents and implement the knowledge obtained. We proactively conduct risk assessments in relation to the safety risks posed to any person who may be affected by his undertaking in our workplace. We also invite the experts to check the safety facilities and operation instructions to insure production safety. We strive to improve the ability of our employees in case of emergencies, all with the aim to reduce man-made errors and achieve zero accident.

Occupational Health and Safety Risk Assessment

To avoid occupational hazard to our employees, we engage qualified institutions to carry out occupation hazard detection. Safety engineers and occupational physicians are entrusted to carry out Hazard Identification & Risk Assessment (HIRA) and review of the implementation of occupational health examinations. Regular safety audit and inspection are carried out to ensure compliance with all relevant safety regulations and requirements. Action plans and targets are made regularly and safety-related responsibilities are assigned at all levels.

Precautionary Measures:

- Workers in special position are equipped with precautionary package.
- Hazardous chemicals are clearly labelled and placed in special areas.
- Material area, Failed area and Product Transfer area are clearly divided to maintain tidiness.
- Warnings and safety reminders are placed.
- Protective clothing, aprons, boots, face shields and gloves are provided, replaced, cleaned and inspected regularly.



Environmental, Social and Governance Report (Continued)

- Sufficient washing facilities are provided in close proximity to injury-prone workshops.
- Safety responsibilities are clearly defined.
- Equipment is double checked before being used. Defect equipment is well-labelled and passed to maintenance unit.
- Occupational health examinations are conducted at least annually to monitor our employee's health condition.
- Operation approval and safety confirmation system is implemented and enforced at special workshops to closely monitor operation process and ensure safety.
- We immediately correct deficiencies and deviations by continuous improvement.
- We exchange safety management experience with companies in the industry

3-Level Health and Safety Training System

To foster the safety-first culture in our workplaces, all our employees are required to attend professional health and safety trainings at least once a year, with topics covering safe use of equipment, facilities, storage and handling of hazard-prone chemicals and materials, occupational danger prevention, first-aid and so on. While all new staff is required to attend not less than 24 hours of the 3-level safety training, all production operators must receive proper training before the use of any new production process, new technology, new materials or new facilities.

Special requirement on the training frequency for employees in particular positions are listed below:

Position Categories	Frequency
Manager grade or above	At least once a quarter
Special safety managers, production managers and technicians	At least once a month



Our 3-Level Training System

Orientation Training	On Job Training	Content
Corporate Level		– National and local safety laws, regulations and policies.
Department Level		– Policies, guidelines, source of risks and precautionary measures, on-site and on-position training.
Class Level		– Production operation procedure, safety reminders, safe production guidelines, characteristics of equipment and facilities, use and storage of protective products, emergency preparation and report procedure, etc.

Emergency Management

The Group established extensive emergency response plans, considering various types of potential risks and hazards of their respective areas in the workplace. We also organize emergency drills and exercises to raise the safety awareness of the employees and to strengthen their skills on crisis management. Emergency drills such as fire drill, earthquake drills, snake bit drills and blackout drills are held periodically.

Reward and Punishment System

To further stress the importance of work safety, monthly EHS evaluation is carried out and reward and punishment is implemented in accordance with the Reward and Punishment System for Work Safety. Integrating key performance indicators for safe production, fire prevention and environmental protection, we reward outstanding groups and individuals on safety management in production annually. We also distribute special awards for those who provide effective and feasible suggestions on safety measures; who make significant invention to improve workplace and prevent occupational casualties; who offer great help in avoiding serious loss of corporate properties and human lives and who outperform in the Month of Work Safety organized by the Company. Warning and punishment are imposed whenever violation of the guidelines happens to turn the Law on Work Safety into action.



COMMITMENT TO OUR ENVIRONMENT

We consistently work to drive a global transition towards a cleaner and more sustainable way of energy generation. At the same time, we are dedicated to improving energy efficiency, reducing emissions, and conserving resources throughout our operations. We are committed to addressing global climate change to create a sustainable future.

The Group's vision on environmental management can be simply described as pro-environment, resources conservation and sustainable development. Our commitment to environmental sustainability is embodied in the Code of Conduct, the EHS Policy as well as the international standards attained (OHSAS18001/ISO14001/ISO9001). Qualified third party is entrusted to conduct inspection on all emission indices. Prompt measures will be taken if any of them fail to meet regulatory requirement. Regular assessment and evaluation is also conducted to keep our staff awake and alert to the environmental issued in operation.

Environmental, Social and Governance Report (Continued)



Our EHS department works together with operation department for environmental protection with different responsibilities as below:-

EHS Department	<ul style="list-style-type: none"> • Promote and implement policies that are in accordance with national environmental laws and regulations • Establish and monitor the implementation of hazardous waste management plan • Involve in the establishment and audit of the environmental protection management system • Assign specialist for the collection, storage, transfer, handling and usage of hazardous waste according to national and the Company's internal regulation • Participate in the development and audit of environmental emergency response plan and organize drills regularly • Monitor the operation of environmental protection work by other departments, conduct environmental assessment and urge the implementation of environmental protection problems rectification and accountability • Carry out inspection and keep corporate pollutants' emission in control • Provide report concerning emission and prevention operation to the environmental department and assist in the department's inspection and monitoring • Conduct investigation on environmental accident • Organise various promotion activities and trainings on environmental protection
Operation Department	<ul style="list-style-type: none"> • Responsible for the environmental protection work of the department, establish the department's environmental protection policies and clearly define responsibilities and management procedure • Handle the department's sewage, exhaust gas, noise and solid waste in accordance with the regulations • Responsible to the sewage treatment facilities, online Chemical Oxygen Demand ("COD") monitoring facilities, emission port, site operation and environmental management to comply with the law • Conduct daily monitoring of the department's environmental operation • Organize training for daily environmental related tasks • Define responsibilities for environmental pollution work, organization of emergency drills etc • Write report of the department's environmental pollution accident, conduct investigation and take precautionary measures



Emission Management

Air Emissions

To reduce pollution to the atmosphere, Regulations on Exhaust Gas Management is issued, in accordance with Atmospheric Pollution Prevention and Control Law of the PRC, to execute control on the emission of exhaust during our business activities, product production and services. Various types of exhaust gases are properly processed and neutralised before emitting to the atmosphere. We authorize qualified unit to monitor the emission of exhaust gases and carry out annual check for the exhaust ports. The emission of cooking fume is managed and regulated by the Staff Canteen Management System. Cooking fume is processed by Fume purification system which is washed by professional third party quarterly. To minimise emission of exhaust gases generated by company and external vehicles, vehicles condition is properly maintained under the Vehicle Management System.

Carbon Footprint Reduction

We follow strict emission discharge standards and consistently improve the carbon emission performance by reducing energy consumption and improving its utilization efficiency in our operation as well as throughout the life cycle of our products from product design to end of product life.

Waste Reduction

As a determined advocator of saving economy and green Gross Domestic Product (green GDP), we particularly cares about enhancing resources and materials usage in production design and technological improvement. We are committed to reducing the waste we produced. As such, using reusable and recyclable resources are our priority. We also use packaging materials that are recyclable and easy to degrade.

To comply with the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes, the Waste Management Policy and the Hazardous Waste Management System are developed and strictly implemented to cater the needs of our staff and minimise negative impact brought to the environment.

All wastes are properly transferred to handling internal departments or external qualified third parties according to the corresponding respective guidelines. Careful protection measures are taken to avoid any pollution caused to the production materials and our products. We also make sure all waste is being clear up on a daily basis to maintain workplace hygiene.

**Initiatives to reduce acidic substance used during production**

- 1) Reduce the amount of automatic rehydration of nitric acid
- 2) Adjust the concentration of hydrofluoric acid
- 3) Separate the concentrated acid discharge pipe lines from the less concentrated ones
- 4) Optimize the cleaning process
- 5) Unified exchange time and maintenance time

Sludge Treatment

Sludge are sold to qualified sludge treatment enterprises and turned into solid waste, which could be used in bricks manufacturing or paving.

Water Discharge

We are committed to complying with applicable local water discharge laws and regulations where we operate. We treat wastewater at our manufacturing and recycling facilities using a wastewater treatment system. Once being treated, the water is accumulated in holding tanks, which are sampled and tested to confirm compliance with regulatory limits before being discharged. No industrial wastewater is allowed to leave our site unless we have tested and approved it for discharge. Water is sent for re-treatment internally if it is unqualified to be discharged.

Noise Control

We strictly comply to the Industrial Enterprise Noise Emission Standard (GB12348-2008) and Workplace Hazardous Factors Occupational Exposure Limits, Physical Hazard Factors GBZ2.2-2007 to manage the noise we produce. We take precautionary measures such as keeping doors and window shut, making use of isolation trenches and maintaining facilities in good condition to minimise noise produced and its effect to the neighbourhood. We also make sure all our construction projects have undergone environmental examination by authorised environmental department.

We conduct regular internal check regarding noise pollution and prevention and apply remedy once deficiency is spotted. We also entrust professional external party to conduct noise examination in our workplace at least once a year. The Corrective Prevention and Continuous Improvement of Control Procedures will be carried out once noise level fails to meet industry standard.



Energy Conservation

During the Reporting Period, we have adopted the below energy saving initiatives:

- An energy consumption record database has been built to conduct statistical analysis on the company's overall energy consumption and to spell out effective energy conservation policy accordingly.
- Annual electricity usage budget has been developed according to previous year's actual data of electricity usage and current year's budget production volume.
- Monthly report on electricity usage for each workshop would be prepared. Corresponding solutions would be formulated for problem areas found. Evaluation on the effectiveness of the solution would be done in the following month.
- Strict control on the use of lighting and air-conditioners has been implemented to make sure they are switch off in idle areas.
- Training on energy conservation was held quarterly to update our staff about related laws and regulations, as well as the application of new technology.
- Temperature of air-conditioners has been set at 26°C or above in summer and 20°C or below in winter.
- Factory fluorescent and LED lighting renovation, reduce lighting power consumption.

Case study:

In our solar production operations in Changzhou, we previously used two screw machines to power the air-conditioning system, which resulted in high energy consumption. With the launching of Energy Management Contract (EMC) program, the air-conditioning systems have been connected, together using one centrifugal machine as their power source. Through the central intelligent control, the flow rate and temperature can be automatically adjusted. The energy efficiency reaches around 80%-90%, meaning a total saving of 100,000 kWh per month.



Water Conservation

In view of the vital role water plays to our manufacturing operations, we conserve, reuse and recycle as much water as possible. During the Reporting Period, we have adopted the below water saving initiatives:

- Training and education have been provided to employees to raise their awareness of water conservation.
- Regular inspection of faucets has been conducted to make sure there is no leakage of water.
- Water-saving faucets have been introduced.
- Reward and punishment system have established to reward units who significantly reduce water consumption or provide feasible recommendation to conserve water. Punishment would be imposed for those who fail to meet water consumption limit.
- Water meters have been installed in each workshop of the production plant to record the use of water in each point every day. Analysis on water consumption of unit product of each workshop and monthly assessment has been made to make corresponding improvements.
- Frequency converters have been installed on the pumps to monitor whether there is leakage.

Water Recycling

To comply with the Water Pollution Prevention and Control Law of the People's Republic of China, we build our own sewage treatment facilities and are in use in accordance with the operation guidelines.

The major initiatives concerning water recycling are:

- Recollect and reuse after-processing water from the sewage disposal plants.
- Waste water generated by the research and development division, production division and recycling facility is treated by waste water treatment system.
- Recycle rinse water for secondary water use.



COMMITMENT TO OUR COMMUNITY

While exploring our own sustainable development model, we actively engage in various social welfare activities to advocate the concept of sustainable development to the public. We built the world's first low-carbon concept museum in our Eco-building, joined international environmental organizations such as the World Wide Fund for Nature, the Climate Group and Photovoltaic Cycle, and actively participated in global environmental actions.

Environmental Protection

We participated in industry events with an aim to raise awareness of environmental protection by means of solar energy during the Reporting Period:

Industry Event	Level of involvement
Photovoltaic Magazine's 4th Quality Roundtable at Solar Power International (SPI)	Participant
Solar-TEC Egypt 2016	Exhibitor

Charity Program

We proactively seek for opportunities to sponsor projects that create greater awareness of clean energy and meanwhile benefit local neighbourhoods. We organised elderly home visit activity and blood donation day to contribute to the society.



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Environmental, Social and Governance Report (Continued)

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