

新特能源股份有限公司

Xinte Energy Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock code : 1799

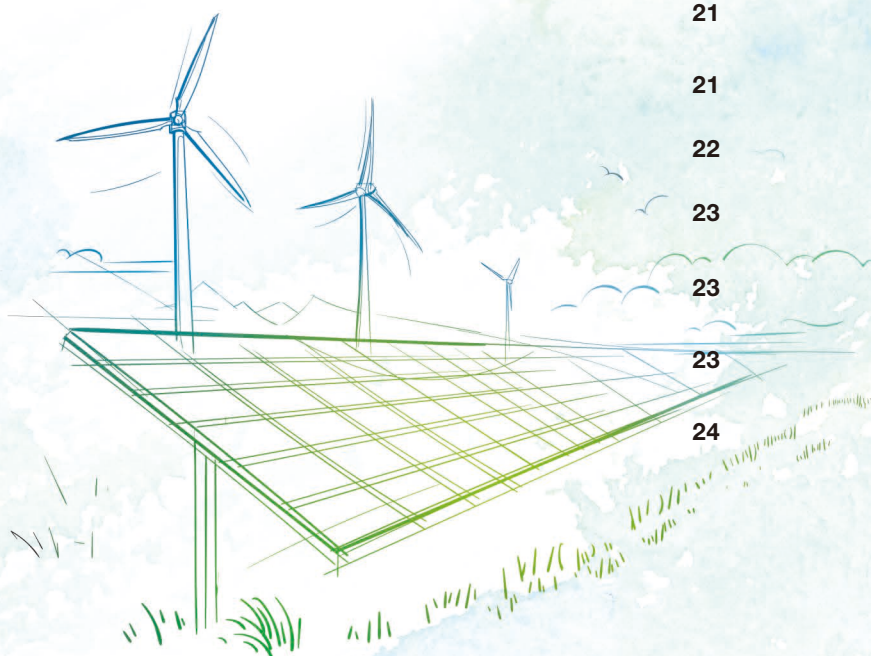


Environmental, Social
and Governance Report

2021

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About Us

Xinte Energy Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”, “**we**”, “**our**” or “**us**”) is a world-leading polysilicon producer and developer and operator of wind and photovoltaic (“**PV**”) resources, with its shares listed on the Main Board of The Stock Exchange of Hong Kong Limited on 30 December 2015 with stock code: 1799.

We have always been adhering to the philosophy of “green, recycling, synergy, symbiosis, and win-win” in innovation and development. With focus placed on the new energy industry and insistence on technological innovation, we continue our effort in becoming an outstanding provider of green smart energy services in the world.

The Group is principally engaged in the R&D, manufacturing and sales of high-purity polysilicon, as well as the development, construction and operation of wind and PV power plants. With regard to polysilicon production, the Group had an annual design capacity of 66,000 tons in 2021, and with the technical transformation of our production line in Xinjiang completed in the first half of 2022, we will have an additional design capacity of 34,000 tons/year. Our green-energy and circular-economy construction project in Inner Mongolia with an annual capacity of 100,000 tons of high-purity polysilicon (the “**100,000-ton Polysilicon Project in Inner Mongolia**”) is expected to be completed and put into operation in the second half of 2022, and our green and low-carbon circular-economy construction project in Zhundong with an annual capacity of 200,000 tons of high-end electronic-grade polysilicon is expected to commence production progressively in 2023–2024. Upon completion of the above projects, the output and quality of our polysilicon products will be significantly improved, with the cost substantially reduced, further enhancing the Group’s competitiveness in the field of polysilicon. Regarding the construction and operation of wind and photovoltaic power plants, the Group is committed to providing solutions for power plant projects spanning their whole lifecycle, from development, design and construction to operation and maintenance, with focus placed on the research, development and manufacturing of core new-energy products such as inverters, SVGs, energy routers and flexible DC converter valves. As at the end of 2021, the Group had achieved an operating capacity of approximately 2.2GW for its wind and photovoltaic power plants.

For the year ended 31 December 2021, the Group achieved a revenue from operations of RMB22,523.04 million, a gross profit of RMB6,318.35 million and net profit attributable to shareholders of the listed company of RMB4,955.26 million, representing an increase of 58.81%, 608.08% and 680.88% respectively, as compared with the same period of the previous year.

About this Report

This report is the sixth Environmental, Social and Governance Report issued by the Company. It mainly discloses the Group's performance and achievements in the areas of corporate governance, R&D and innovation, products and services, supply chain management, employee care, social responsibilities, environmental protection, and safe production during the Reporting Period. The board of directors of the Company (the "**Board of Directors**") has reviewed this report and confirmed that the contents hereof are true, accurate and complete.

Time Scope

This report covers the period from 1 January 2021 to 31 December 2021 (the "**Reporting Period**").

Coverage

The entities covered by this report include Xinte Energy Co., Ltd. and its subsidiaries.

Basis of Preparation

The contents of this report are prepared in accordance with the Environmental, Social and Governance Reporting Guide in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). For the disclosure summary of the respective indicators, please refer to the content index in section IX of this report.

Access

This report is published in electronic format in both Chinese and English, with the Chinese version prevailing in case of inconsistency. For more information about our products, services and development strategy, please visit the official website of the Company at <http://www.xintenergy.com>.



About this Report



System, Communication and Demand



Organizational system for environment, society and management

The Board of Directors of the Company is the highest responsible and decision-making body in charge of issues related to environment, society and governance (“**ESG**”), who assumes full responsibility for formulating the Company’s ESG strategy as well as monitoring and reporting ESG issues that may affect the Company’s business, operation, shareholders and other stakeholders, reviewing the Company’s sustainability strategy, overseeing the formulation and implementation of its annual ESG policy, clarifying its objectives for ESG management, identifying and handling ESG-related issues and risks, and approving its ESG reports for publication. The Company has established an ESG Committee for the management of ESG-related issues, which is led by the general manager of the Company, composed of people in charge of the relevant functions, and responsible for, among other things, the establishment and improvement of the Company’s ESG organizational system, formulation and implementation of its medium and long-term strategic plans, identification of ESG-related risks and opportunities as well as making recommendations. Each member of the ESG Committee is responsible for certain ESG issues in his/her own field, and should ensure that the Company is operating in strict compliance with the applicable laws and regulations in all aspects and making continuous improvement thereon, including but not limited to safe production, environmental protection, resource utilization, protection and development of our employees’ interests, scientific and technological innovation, intellectual property protection, product quality and service, supply chain management, social welfare, corporate governance and standardized operation.

In such an ever-changing global environment, we have been striving to keep pace with the times as pursuit of sustainable development has become a global trend. Considering the changes in the internal and external environment, we have developed a good awareness of our social responsibility, which is also the expectation of the whole society. To this end, we made great effort to fully identify the risks and challenges faced in the process of achieving sustainable development, and took the initiative to aggressively deal with them.

By preparing and making disclosure in this report, we constantly pondered over and tried to shore up the insufficiency in our ESG work, motivating ourselves to further strengthen our ESG management expertise and risk control capabilities.

About this Report

Communication with and Demand of Stakeholders

The sustainable and sound development of the Group is inseparable from the long-term support and trust of our stakeholders. We have been vigorously building an efficient platform for communication with our internal and external stakeholders, with emphasis placed on establishing a smooth and transparent communication mechanism, through which we can listen to their voices, and include their opinions in our decision-making process. In 2021, we kept ourselves within close reach of our stakeholders through various channels, attentively listening and responding to their expectations and demands.

Stakeholder	Communication Channel	Expectation and Demand	Communication and Response
Shareholders and investors	Shareholders' Meeting Corporate website and announcements Investor networking session ESG questionnaire	Return on investment Protection of rights and interests Corporate transparency Risk control	Improve profitability Convene general meetings Routine information disclosure Optimize internal control and risk management
Governments and regulators	Supervision and inspection Regular reporting ESG questionnaire	Compliance operation Respond to the call of the state Support local development	Tax payment in full and on time and anti-corruption management Actively implement relevant policies Actively undertake social responsibility
Employees	Staff Representative Meeting Staff training Staff activities Employee satisfaction survey Internal publication Online communication mechanism ESG questionnaire	Platform for career development Remuneration and benefits Healthy and safe working environment Listen to the voice of employees	Improve the mechanism for career promotion Competitive salary and safeguards for welfare Implement health and safety management system Mechanism for equal communication and appeal

About this Report

Stakeholder	Communication Channel	Expectation and Demand	Communication and Response
Customers	Customer Service Center and hotline Customer visits Customer satisfaction survey ESG questionnaire	Product quality Customer service quality Protection of customers' rights and interests	Practice craftsman spirit All-round attentive services Compliance marketing
Suppliers and partners	Suppliers' meeting Regular communication Supplier portal ESG questionnaire	Sincere cooperation Experience sharing Win-win cooperation Business ethics and reputation	Establish supplier management system Promote daily communication Carry out project cooperation Perform contracts according to laws and evaluation of suppliers
Society and the public	Corporate website and social media Charity events ESG questionnaire	Support social welfare Protect natural environment Promote social progress	Engage in public welfare Adhere to green development Share development achievements

In 2021, the Company rolled out a survey among its stakeholders of material ESG issues, which was designed to collect extensive views and suggestions from our investors, customers, employees, suppliers, communities and other stakeholders on the Company's ESG performance. With reference to the expectations and demands of our stakeholders as provided in the questionnaire, we have determined the disclosure focus of this report to actively respond to the expectations and demands of our stakeholders.

About this Report

Following the communication with various stakeholders, the Company has identified the following material ESG issues related to the Group, which are prioritized as follows:

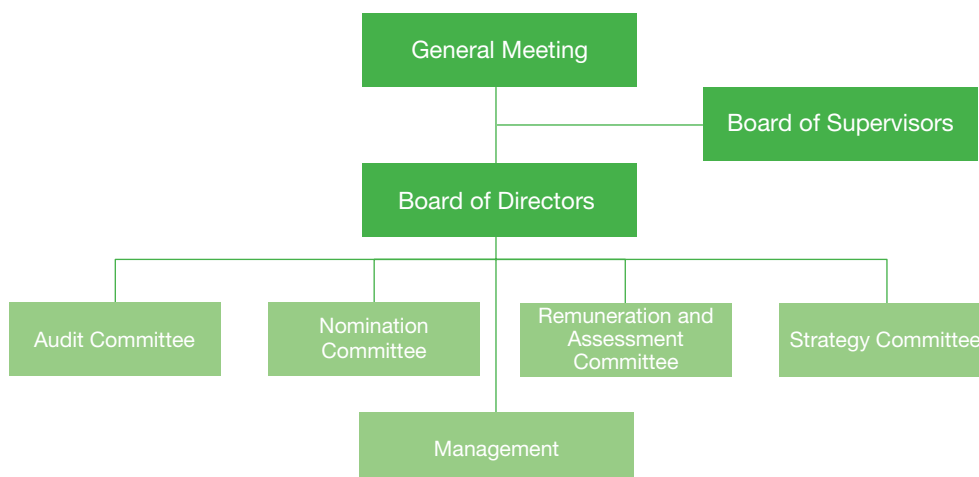
Issues of Materiality	Ranking
Anti-corruption behavior promotion	1
Compliance with laws and regulations	2
Safe production	3
Emission reduction	4
Energy utilization	5
Waste management	6
Product quality	7
Employees' interests	8
Water resource management	9
Customer service and satisfaction	10
Technological innovation	11
Intellectual property protection	12
Corporate operation	13
Prevention of child labor	14
Information security and privacy protection	15
Staff training	16
Responding to climate change	17
Supply chain management	18
Equal employment	19
Public welfare	20

Based on the above material issues, the Group will make disclosure in the following seven sections, i.e. "Corporate Governance", "R&D Innovation", "Products and Services", "Supply Chain Management", "Employee Care", "Environmental Protection", and "Social Welfare", with priority given to those issues high on the list so as to better respond to the concerns of our stakeholders. Meanwhile, the Group will determine the key areas of its ESG work plan for 2022 according to the results of assessment, while continuing to improve our management policies and strengthen system construction to improve performance, and share with our stakeholders the value we create in the fields of economy, society and environment.

Corporate Governance

1. Corporate Governance

An effective corporate governance structure is the core of the modern enterprise system. In strict accordance with the Company Law of the People's Republic of China, the Listing Rules, the articles of association of Xinte Energy Co., Ltd. (the “**Articles of Association**”) and other related laws, regulations and normative documents, the Group has set up a system for organization of modern enterprise and an operating mechanism with clear separation of powers which is able to maintain balance among the general meeting, the Board of Directors, the Board of Supervisors and the management. Under the Board of Directors of the Company, the Audit Committee, the Nomination Committee, the Remuneration and Assessment Committee and the Strategy Committee have been established to develop a sound corporate governance structure with clearly defined authorities and responsibilities, well-performing functions, scientific decision-making, coordinated operation and effective check and balance between the authoritative body, decision makers, supervisors and the management.



For details of the corporate governance of the Company, please refer to the section headed “Corporate Governance Report” in the 2021 Annual Report of the Company.



2. Compliance Management

Law-based corporate governance is an essential requirement for the high-quality development and an important guarantee for promoting the strategic upgrade and sound development of our Company. With stern adherence to its tenets of honesty, trustworthiness and compliant operation, the Group earnestly fulfilled its obligations as a listed company and continuously optimized its compliance management system which involved daily consultation, review of material issues, training in and inspection of compliance performance, and feedback and suggestions for improvement. In accordance with the requirements of the applicable laws and regulations and the Listing Rules, we continued to optimize our compliance management systems while formulating new and revising the existing systems and management measures from time to time to provide effective support for lawful and compliant operation of our businesses. With the characteristics of each business segment taken into account, the Company carried out various training and promotion activities throughout the year to enhance the awareness of our employees of compliant operation and improve its overall management expertise.



3. Anti-corruption Behavior Promotion

With strict adherence to its business philosophy of law-based corporate governance and honesty and trustworthiness, the Group doggedly opposed commercial bribery as per the Criminal Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China and other applicable laws and regulations, and determinedly fought corruption in accordance with its internal policies such as "Code of Conduct for Integrity", "Internal Audit Management System", "Management System of Disciplinary Punishment for Violation of Laws and Regulations", and "Whistleblowing Reward System".

The Company has set up an independent audit supervisory department to carry out internal audit tasks under the guidance of the Audit Committee of the Board of Directors, including establishing and improving the code of conduct and ethical standards for anti-corruption, strengthening supervision, inspection, reporting and restriction of corrupt practices with a constantly-improving anti-corruption prevention and control mechanism, and strengthening internal control, aiming to root out corruption within the Company. The Group offers the whistleblowing platform to its employees, clients, suppliers and other partners, ensures smooth reporting channels by establishing reporting hotline, mailbox and email account. Employees, clients, suppliers and other partners may raise their concerns about any inappropriate matters of the Group to the Secretary of the Discipline Committee, the audit and supervision department and the chairman of the Audit Committee. According to the information related to corrupt behavior provided by the above-mentioned persons, if the reported matters are found true after investigation, the Group will offer incentives such as cash or promotion or increasing



Corporate Governance

remunerations to the whistleblowers based on the validity of clues provided, the nature and severity of the case reported and the losses recovered. During the Reporting Period, the Group staged various activities to promote its anti-corruption efforts and enhance the compliance awareness of its employees:

- continuing to disseminate its anti-corruption requirements through publicity and training sessions, aiming to foster a corporate culture that values integrity and self-discipline and enhance the anti-corruption awareness of its employees, thus guarantee the sound development of the Group. In 2021, the Group conducted 15 customized training sessions on promoting integrity for each of its business segments, covering all its employees, with recorded videos distributed to suppliers for their learning afterwards.
- launching the “Month of Integrity” series of activities, including organizing its employees to watch warning educational films, attending court trials of corruption cases and visiting the corruption warning education base, aiming to carry out integrity education and corruption education to employees at large, and raise their awareness of integrity and self-discipline.
- conducting integrity interviews with more than 5,000 new recruits, recently-promoted officials and people in key positions such as procurement, sales, engineering, quality inspection, finance, human resources and information security, demonstrating its unremitting efforts to build a solid ideological line of defense against corruption.
- expanding its channels for internal complaints and whistleblowing while opening up overseas complaint channels, as an effort to encourage its employees to monitor and report all kinds of misconduct under enhanced protection of confidentiality and with greater rewards, while seriously investigating into and dealing with malicious false accusations and frame-ups. In addition, the Group integrated its internal and external resources to strengthen investigation and handling of corruption cases, and severely punish such violations as bribery, abuse of power, and duty-related encroachment.

In 2021, the Group recorded zero material corruption-related litigations.

R&D Innovation

With strict adherence to its business philosophy known as “innovation for efficiency (創新創效)”, the Group regards scientific and technological innovation as the only way for its survival and development. We have been constantly updating and optimizing our scientific and technological innovation system to facilitate patent research and development and industrialization of our achievements, and keep our intellectual property rights under good protection. With persistence on scientific and technological innovation, we will be able to maintain a long-lasting driving force for the sustainable development of the Company and our industry.

1. Technological Innovation Management

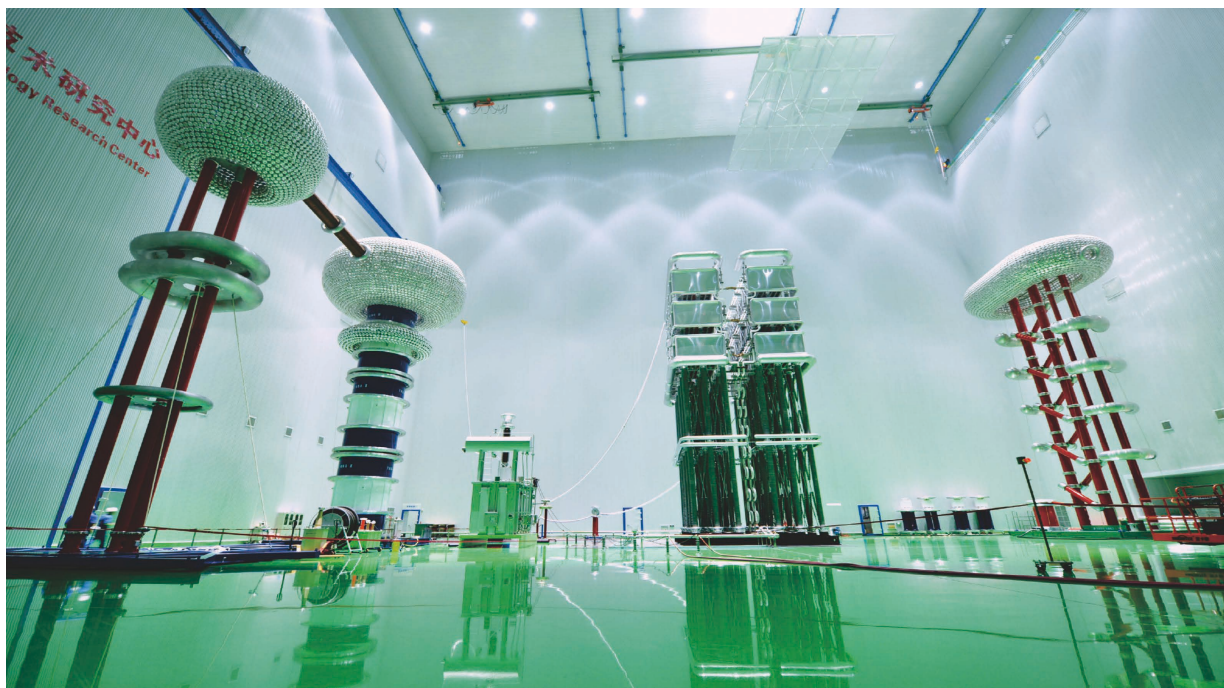
We unswervingly pursued our innovation-driven development strategy by scientifically planning the R&D and innovation of our products based on the demand of the market and our customers and improving our innovation system, aiming to continuously improve the management level of our scientific and technological innovation. Relying on our national technology center, joint engineering laboratory sponsored by the central and local governments and key laboratory of Xinjiang Autonomous Region, we have established four major R&D centers in Urumqi of Xinjiang Autonomous Region, Baotou of Inner Mongolia Autonomous Region, Wuqing of Tianjin City and Xi'an of Shaanxi Province respectively, which have undertaken a number of scientific and technological research projects, e.g. the national science and technology support plan, international scientific and technological cooperation, green manufacturing, intelligent manufacturing, and industrial Internet projects. During the Reporting Period, the Group accelerated the R&D process of its major innovation projects by smoothing the operation of its innovation system and deepening the industry-university-research cooperation with target universities and research institutes.



- The Group is making vigorous efforts to develop an innovation-oriented culture that values talents and creativity, revising and improving its innovation-encouraging policies such as the “Management System for Technological Innovation Projects”, “Rewarding Methods for Technological Innovation Projects”, and “Reward and Punishment Guidelines for Intellectual Property Rights”, with the aim of fostering an innovative culture that admires hard work, knowledge, talent and creativity. During the Reporting Period, the Group carried out 6 full-range inspections on the implementation of relevant systems to ensure satisfactory results and stimulate the potential of its employees in innovation.

R&D Innovation

- In 2021, on top of its existing incentive mechanism, the Group introduced additional incentive mechanisms and schemes for technological innovation projects to encourage trans-team cooperation within projects, motivate staged progress and achievements, establish a “New and Special Innovation Team” with financial support, thus ignite the enthusiasm of our R&D staff, and foster a culture that admires technological innovation.
- In 2021, the Group’s “Xinjiang Laboratory for Photovoltaic Materials Preparation and Application Technology” passed the experts’ review and the evaluation as a Key Laboratory of Xinjiang Autonomous Region. At the same time, the Group’s “Efficient Usage and Pollutant Prevention Key Laboratory of High-Alkali Coal Cleaning in Xinjiang” was recognized as a Key Laboratory of the Autonomous Region, making it the first industrial enterprise in Xinjiang with two Key Laboratories of Xinjiang Autonomous Region,
- In 2021, the Group entered into cooperation with Xi’an Jiaotong University in the establishment of a “Joint Innovation Laboratory under Jiaotong University iHarbour”, which now has 5 joint innovation projects in the field of electricity/electronics under planning or construction; in addition, the Group cooperated with Taiyuan University of Technology in the research and application of microgrid planning and design and energy storage operation and control technology, and with Tianjin University in the research and development of the stable preparation process and technology for high-purity particle size silicon nitride ceramic powder. During the Reporting Period, the Group organized more than 50 online and offline industry-university-research exchanges with dozens of universities and professional research institutes, and accommodated a total of more than 500 participants.





2. Product Technology Innovation

With an open mind, the Group enthusiastically cooperated with various types of industry-university-research institutions at home and abroad, and collaborated with its upstream and downstream partners in the industrial chain to achieve integration and innovation of new technologies, new fields, new processes and new solutions, driving the development of the industry towards professionalization and intelligent automation with multiple breakthroughs in core technologies.

In 2021, with regard to polysilicon production, the Group focused on implementing its science and technology development plan under the “14th Five-year Plan” and breaking the bottlenecks in technology and quality in various industries, promoting projects of technological innovation and conversion of scientific and technological achievements into productivity with priority given to cost reduction and efficiency improvement.

- The Group ensured smooth production and operation through 1) process treatment such as cold hydrogenation and material process optimization in raw material workshops; 2) evaluation, adjustment and control of process capability index at key quality control points and process control parameters with the help of MES/LIMS management platform; and 3) health management of equipment, and reduced the carbon content through cooperation with the industry-university-research partners.
- The Group has rolled out technical transformation of the existing polysilicon production line through technological innovation, process optimization and increasing the production capacity of equipment at the bottleneck, which is expected to be completed in the first half of 2022, upon which, the Group will have an additional design capacity of 34,000 tons of polysilicon per year, with its product quality further improved and production costs reduced. Our 100,000-ton Polysilicon Project in Inner Mongolia officially started construction in June 2021, which adopted the world’s advanced, efficient, energy-saving and environmental-friendly cold hydrogenation, distillation, reduction and tail gas recovery technologies to make itself a digital and intelligent polysilicon plant with better product quality, lower production costs and higher overall efficiency.

During the Reporting Period, regarding the construction and operation of wind and photovoltaic resources, the Group carried out technological innovation focusing on achieving the lowest Levelized Cost of Electricity (LCOE), optimal engineering design, intelligent microgrid, and intelligent operation & maintenance, etc., aiming to provide customers with smart solutions.

R&D Innovation



- The Group has completed the construction of physical models for 28 new projects, while continuously standardizing quality management of our projects-in-progress and striving to deliver superior projects to our customers to raise their trust in us. The QC research topics of four of our projects of the wind power base in Ximong, Inner Mongolia received a first prize, a second prize and 2 third prizes from China Electric Power Construction Association.
- The upgraded version of our 228kW inverter raised efficiency and reduced cost by 21.95% as compared with the 208kW model, through optimization of its PCB and chassis as well as weight reduction and improvement in power density. The Group also released a new generation of the 1500V300kW+ series high voltage string inverter, which focused on solving the problem in the high-power density design, with remarkable breakthroughs achieved in fixing harmonics and excessive current in DC component which have been difficult to resolve all along.
- The Group received the First Prize of Science and Technology of Xinjiang Uygur Autonomous Region for its “Key Technologies and Application in Autonomous Synchronization Operation and Active Support of the PV Storage System”.
- The Group’s “Smart Photovoltaic System Solution” and “Research on Multi-scale Intelligent Algorithm Model Based on AI Middle Platform” received the “Gigawatt Gold Award” and the “Terawatt Diamond Award” in the “10 Highlights of SNEC Exhibition” selected by the Asian Photovoltaic Industry Association and the China Renewable Energy Society, respectively.
- The Group’s “Research on and Application of PWM Theory in Output Performance Optimization of Multilevel Converters” received the second prize of the 7th Science and Technology Progress Award from China Power Supply Society.



3. Intellectual Property Protection

The Group actively protected its intellectual properties by establishing a set of specific regulations thereon, setting up a special post for intellectual property management and a complete intellectual property handling process. When introducing technology from and entering into cooperation with our partners, we built up a patent database to help us better understand the technological development trend in the industry by learning the latest patents in respect of new energy such as polysilicon and electricity & electronics, while intensifying our efforts in patent application, expanding our patent coverage in those key technologies, focusing on protecting our core technologies in the fields of polysilicon, electricity & electronics and new energy, and establishing a patent management mechanism covering the whole process of our product and project development.

- In 2021, we organized our R&D and patent registration staff to carry out two rounds of patent development and application campaign, aiming to ensure that our intellectual property achievements were protected in a timely manner when the new projects were in the stage of design.
- In 2021, in order to safeguard our interests and ensure the long-term healthy and stable development of our industry, the Group, in collaboration with the School of Intellectual Property of Peking University, organized a seminar and summit of leading enterprises, associations, experts and scholars in the polysilicon industry on intellectual property protection, where we discussed the feasibility for and plan on establishing a polysilicon intellectual property operation center, aiming to establish a new order for intellectual property protection in the polysilicon industry.
- In 2021, we conducted an internal review and assessment of our intellectual property management system for the purpose of better protecting our intellectual properties under the principles of “creating value, sensibly evaluating value and reasonably distributing value (創造價值、正確評價價值、合理分配價值)”, so as to further optimize the intellectual property management system.

During the Reporting Period, the Group attained inspirational achievements in scientific and technological innovation with 102 authorized patents. As at 31 December 2021, the Group had a total of 645 domestic patents and 7 international patents, and participated in the formulation of 96 standards, including 5 international standards, 51 national standards and 40 industrial standards.

Products and Services

We adhered to our basis of integrity while guaranteeing the quality of our products and improving the quality of our services and protecting the legitimate interests of our customers, striving to provide them with superior products and comprehensive after-sales services, creating good corporate reputation.



1. Product Quality

Product quality is of vital significance to the Group, therefore, we strictly abide by the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》), the Standardization Law of the People's Republic of China (《中華人民共和國標準化法》) and other relevant laws and regulations, and follow our guidelines and standards such as Quality Assessment Management System and Construction Project Quality Management Rules, observing the bottom line of quality assurance, carrying out quality management with focus placed on fostering a quality-oriented culture, promoting quality improvement and standardization with the help of information technology, and further improving the quality of our products and projects.



Products and Services



1.1 Enhancing systemic protection

The smooth operation of our quality assurance system is an important guarantee for achieving stable and reliable quality of our products and services. During the Reporting Period, we further improved our quality management system by carrying out on-site quality checks and a comprehensive evaluation of the system in terms of planning, design, process, procurement, production, inspection and testing, storage and transportation, sales, after-sales service, etc., and conducting statistical analysis and rectification of product quality problems, so as to ensure the continuous improvement and smooth operation of our quality management system.



1.2 Building up quality soft power

During the Reporting Period, we determinedly upheld our development philosophy known as “quality prioritization” while further enriching the connotation of our quality culture, striving to enhance the awareness of our employees of the importance of quality with performance-based incentives. We organized various quality culture activities such as publishing news on our internal platform, video promotion and the Month of Quality, hoping to see the quality-oriented culture deeply rooted in the hearts of our people and create a good quality culture atmosphere. We demanded the Letter of Targeted Quality Achievement to be signed by all levels, breaking down the quality assurance targets level by level, and asked for regular reporting on the accomplishment of quality targets by our departments, workshops and project companies on a monthly and quarterly basis. In addition, we further improved our “Quality Control Manual” and “Quality Management Knowledge Booklet”, and conducted systematic training for our employees, so that they would consciously learn, understand and comply with the laws when carrying out their quality-related tasks, and further improve their capability of quality assurance.

Products and Services

1.3 Process quality control

During the Reporting Period, we redoubled our efforts to improve our quality management expertise by extending the range of process quality control to cover our upstream and downstream partners so as to achieve quality control throughout the process while increasing the proportion of monocrystalline materials to improve quality performance of our products; we cooperated with professional testing institutions in regulating the inspection of raw materials and components when they were admitted into our factory while continuing to improve our quality control system for our supply chain, effectively avoiding the adverse impact caused by quality defects in raw materials; we continued to carry out after-sales follow-ups, perfect the guidance booklet for carrying out installation and standardize the on-site installation procedures, try to understand the needs of our customers in terms of quality in greater depth, with which we have significantly improved the performance of our products, effectively raising products' performance quality. We also conducted analysis of the causes of various internal and external quality incidents, aiming to continuously improve our product quality with such efforts as compiling case study manuals and equipment operation manuals as well as establishing a Six-Sigma defect research team.

During the Reporting Period, we redoubled our efforts to facilitate the application of information technology in our quality control process. In terms of measurement control, the Group introduced automated and digital equipment powered by customized IT systems, linking together equipment control and the object, to enable digital measurement and calibration and reflect measurement effectiveness in real-time. Through the IT-powered IPD process, we exercised strict control over our quality management system ranging from design, and manufacturing to delivery, as well as the quality management of R&D projects and document review, conducted tests in strict accordance with relevant standards with quality assurance tools such as FMEA, hoping to construct a comprehensive quality management system to ensure constant delivery of high-quality products.



Products and Services

In 2021, more than 99% of the Group's polysilicon products and inverters successfully passed the sample test on the whole, and no quality accidents occurred in the Group's engineering projects. The Group's two wind power bases in Zhundong and Ximeng passed the primary acceptance test and were put into production and operation. The Kunliulong project equipped with our UHV flexible DC converter valve has been operating efficiently and stably, and delivered a total of 26.2 billion kWh of electricity since it was put into operation. In 2021, the Group received a number of recognitions from the society for its quality management performance, as summarized as follows:

- In 2021, the Group received two major awards for its excellent performance, i.e. the "Most Influential Photovoltaic Inverter Enterprise — Iron Armor Award for Efficiency and Reliability" and "Most Influential EPC Enterprise" in the "Solar Energy Cup" Influential Photovoltaic Brand Selection Ceremony jointly organized by Solarbe (www.solarbe.com) and Solarbe Consulting.
- In 2021, the Group received three awards, i.e. the "Global Top Photovoltaic Brand Award", the "Power Plant EPC Brand Value Award" and "Brand Value Award for Inverters" at the "Century Photovoltaic Conference 2021" organized by Century New Energy Network.
- In 2021, the Group won two awards at the 12th OFweek Solar Photovoltaic Industry Conference held by ofweek.com, namely the "Outstanding/Excellent EPC Enterprise Award 2021" and "Outstanding Photovoltaic Intelligent O&M Service Provider 2021".
- In 2021, the Group received the "High-quality Photovoltaic Inverter Enterprise Award" at the "Solar PV World Expo 2021" jointly organized by the Guangdong Solar Energy Association and the Guangdong Foreign Economic Trade Enterprises Association, etc..

The Group continued to increase its efforts in supervising, reviewing and verifying its quality control process while strictly implementing the established procedures for quality inspection and disposal of defective products in the aspects of purchased raw materials and parts/components, product assembly & transportation, and installation site. Products failing to pass the tests and verifications would be blocked from leaving the factory. In addition, the Group demanded to further regulate the scope of product testing by establishing a centralized process for defective product recall, which would be repaired or retired based on their conditions and in accordance with the Group's product recall policies. In 2021, the Group continued to improve its testing standards and product recall policies, and recorded zero cases of sold or delivered products that need to be recalled for safety and health reasons.

2. Customer Services



2.1 Customer Satisfaction

The Group attaches great importance to customers' experience of products and services, continuously improves regulatory documents such as the "400 Customer Service Management Measures" and "Standardized Working Hours Processing Sheet" to establish a customer complaint response mechanism, and set up a management team to classify and manage customer complaints in different levels, so as to achieve primary accountability and cross-departmental linkage mechanism. Based on the "Return Visit Sheet on Handling Opinions for Customer Demands", we conducted an overall assessment and confirmation on our problem-solving effect. In 2021, the Group received 15 customer feedback issues, with a 100% issue addressing rate. At the same time, in order to reflect the importance of customers' evaluation of product quality and service more directly, we continuously improve product quality and service level by self-evaluating and engaging a third party to survey customer satisfaction as well as analyzing the fluctuation trend of survey data with scientific statistical methods. In 2021, the customer satisfaction survey showed that our customer satisfaction rate increased by 2 percentage points year-on-year. In recent years, the Group has been granted a number of awards by various customers, including "Strategic Partner Award" and "Excellent Quality Award".



Products and Services



2.2 Customer Privacy Protection

The establishment of a sound and effective information security management system is a fundamental guarantee for the Group's business development. The Group pays great attention to the protection of customer information and privacy, and has formulated relevant systems such as "Information Security Management System", "Application System Operation and Maintenance Management Measures" and "Trade Secret Management System" based on the relevant national laws and regulations on information security. The Group has staffed with a special person responsible for managing customer information and documents, and has encrypted documents through information-based confidentiality measures, implemented information security work in all aspects through the adoption of hierarchical authorization of information, the execution of Confidentiality Agreement and protection clauses, and training and education measures.

In 2021, the Group achieved its goal of safeguarding business information security with no major information security incidents and no complaints received from any official authorities regarding incidents of leakage of customer privacy.

Supply Chain Management

An efficient, reliable and sound supply chain system is the cornerstone for maintaining the product quality and creating enterprise value, and is an essential driving force for the Group's development. The Group is always committed to establishing long-term and stable cooperative relationships with suppliers and aims to build a supply chain management system that is integrity, efficient and professional, and to create a good cooperative environment with fairness, joint development and win-win philosophy. With the benefits of the suppliers taken care of, a win-win strategic cooperative relationship in which resources and strengths are shared with the suppliers is built according to the principle of "honesty, integrity and mutual benefits" so as to optimize our cooperation policy deeply and focus on quality partners.

1. Responsible Procurement

The Group concerns about the compliance and sustainability of supply chain management, integrates the concept of social responsibility into the management of suppliers, requires suppliers to comply with the corresponding laws and regulations and code of conduct, and guides suppliers to fulfill their social responsibility. In 2021, the Group optimized and improved the Supplier Management System in accordance with international standards and guidelines such as ISO 9001 in quality, ISO 14001 in environment, and ISO 45001 in occupational health and safety, to specify procurement responsibilities:

- Before suppliers deliver goods, the Group requires them to provide safety and technological specifications of the constituent elements or parts which are hazardous materials and sufficient written warning and notification of any products (including proper labels on the cargo, container and packaging);
- Suppliers should develop and provide environment-friendly products or services characterized by safety use, efficient utilization of energy and natural resources, recycling, re-utilization or proper disposal;
- The production activities and products and services provided abide by related national laws, regulations and standards in terms of environment and occupational health and safety;
- Suppliers should sufficiently identify risks (including potential risks) of products related to environmental and occupational health and safety incurred during the process of transportation, disassembling, installation and operation, and take effective control measures.

2. Optimizing Supply System

The Group adheres to the procurement concept of transparency, orderly and healthy development, implements the procurement principles of openness, fairness and impartiality, and improves the management of suppliers based on the systematic and informatization construction.



Supply Chain Management

In 2021, the Group optimized the operation of the supplier management system in various aspects, including supplier access, applicable cycle, quality management, internal and on-site evaluation, and performance evaluation, with risk prevention and control as the principle along with process standardization as the core. At the same time, the Group has specified the responsibilities of the procurement and demand departments, as well as technical, audit and legal departments more clearly, stipulating the procurement process and supplier management requirements, etc. to ensure compliance of the procurement process, improve management efficiency and reduce procurement risks.

In 2021, the Group has completed the annual evaluation of suppliers, of which the suppliers are evaluated and graded in 4 categories of A/B/C/D, optimizing the payment methods and purchase orders of category A and B suppliers, reviewing category C suppliers and eliminating category D suppliers. At the same time, the Group has developed a synergistic information platform for supply and demand, focusing on the entire process of end-to-end product delivery, managing the entire process from raw material procurement cycle, production cycle to sales and transportation cycle, and enabling information sharing among sales, R&D and supply chain in steps to greatly improve supply chain efficiency.

The Group publishes the procurement bidding process, sets reasonable purchase prices, makes payments in accordance with the relevant agreements of the contracts and safeguards the legitimate rights and interests of suppliers. In order to prevent corruption and commercial bribery in the procurement process, the Group demands that the Anti-Corruption Agreement must be signed before entering into a contract, requiring the Group to maintain professional integrity with suppliers, prevent commercial bribery and promote the healthy and orderly development of business with suppliers.



3. Win-win Cooperation

The Group has been deeply involved in the new energy industry for many years and has formed strong cooperative relationships and synergy with our suppliers in terms of quality, cost and technology. During our long-term and stable cooperation with our suppliers, we focus on listening to their voices, encouraging their innovation, and continuously increasing our support from all levels to jointly promote technological progress in the new energy industry while sharing a large number of business opportunities with them. The Group has continued to cooperate with suppliers sincerely, leveraging its advanced concepts and management experience in the development of the new energy industry to provide technical, information and personnel support for the development of suppliers and systematically improve supply chain management. During the Reporting Period, the Group conducted trainings and communications for more than 150 suppliers, with a total of over 500 attendees.

Supply Chain Management

In respect of polysilicon external packages, the Group actively assisted pallet suppliers to build plants in the vicinity of the Company and communicated with the suppliers on-site from time to time to assist them in improving the quality of packaging supplies while ensuring a sustainable and stable supply of polysilicon packages. In 2021, the Group achieved a cost reduction of RMB4,368,600 in packaging material procurement and assisted pallet suppliers to improve their own profitability.

The Group has carried out technical communications with wind turbine suppliers, and conducted research on a new type of wind turbine grid-connected system based on electric energy routers that replace wind power converters and wind turbine transformers. The project aims to reduce wind farm losses based on coordinated control of wind farm reactive power, and to carry out the demonstration project application of the entire field of wind farm with rapid reactive power response. Through this project, we achieve technological innovations to promote technological progress in the industry.

In 2021, the Group implemented analysis on supplier quality for 12 times, including onsite evaluation for 9 times, and conducted “Look Back” activities for 4 times on quality problems. To respond to the problem which has many quality-related feedbacks during use, the Group and suppliers jointly analyzed and formulated quality improvement measures, so as to systematically improve the management of the entire supply chain.

The Group implements the survival of the fittest mechanism for suppliers in accordance with its internal assessment standards. In 2021, the Group had 1,189 qualified suppliers recorded on the “List of Qualified Suppliers”.

The distribution of qualified suppliers by region is as follows:

No.	Region of suppliers in China	Number of suppliers
1	Northern China	166
2	Central China	81
3	Eastern China	379
4	North-western China	350
5	South-western China	66
6	North-eastern China	79
7	Southern China	68
Total		1,189

Employee Care

The development of the enterprise depends on the efforts of every employee. The Group always upholds the development concept of “people-oriented, establishing a professional enterprise and strengthening the enterprise with talents”, advocates the corporate culture of “development relies on employees, for employees and the development fruits are shared with employees”, and builds a business common entity of “sharing the fruits and risks”.

1. Equal and Regulated Employment

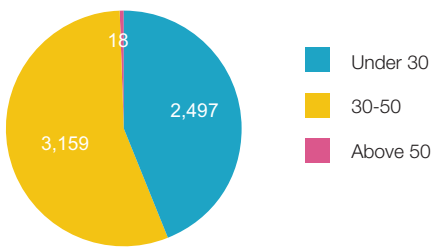
The Group strictly abides by the “Labor Law of the People’s Republic of China”, the “Labor Contract Law of the People’s Republic of China”, the “Trade Union Law of the People’s Republic of China” and other relevant laws and regulations and follows the relevant international conventions approved by the PRC government and the relevant laws, regulations and systems of the project location. The Group pursues an equal and non-discriminatory employment policy and has formulated a Recruitment Management System. According to relevant system, the Group treats employees of different races, skin, nationalities, genders, ages, religious beliefs and cultural backgrounds equally and fairly, prohibits and resists any form of employment of child labor and forced labor and ensures that the employment of employees complies with legal and regulatory requirements. In the recruitment procedures of localized talents outside the PRC, the Group takes the initiative to understand the requirements of labor laws and regulations of various countries and the specific requirements of local personnel to enhance the humanity and compliance of talent recruitment and management.

During the year 2021, the Group did not experience any major labor disputes or any case of child labor, forced labor and discrimination, nor did it suffer any punishment arising from serious violation of labor laws and regulations of the PRC.

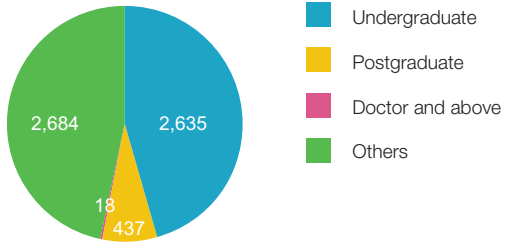
As at December 31, 2021, there were 5,774 employees in the Group including 5,428 regular employees and 346 workers from labor dispatch agencies, among them, 1,069 were female employees. During the year 2021, there were 1,816 newly recruited employees, of which 528 were fresh graduates and 1,288 were experienced workers. Meanwhile, in order to ensure the smooth start-up of the 100,000-ton Polysilicon Project in Inner Mongolia, the Group has already reserved the fresh graduates in 2022 in advance to ensure the supply of talents.

Employee Care

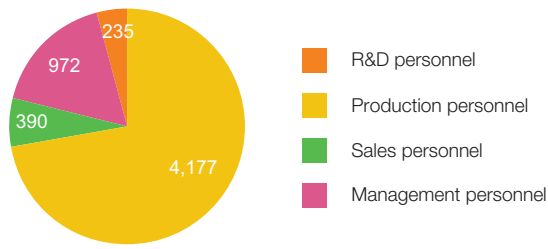
1 *Number of employees by age:*



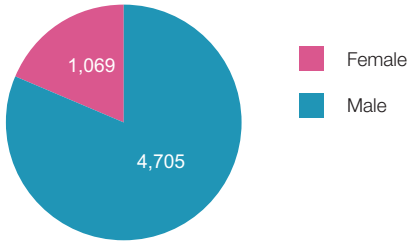
2 *Number of employees by educational level:*



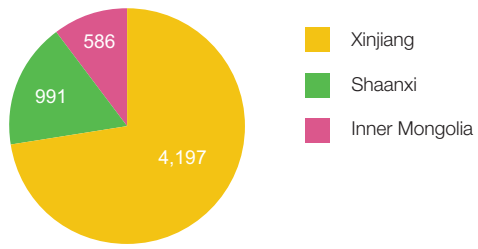
3 *Number of employees by functional role:*



4 *Number of employees by gender:*



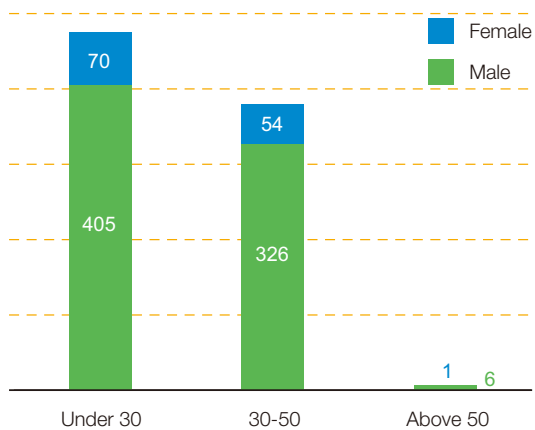
5 *Number of employees by geographical region:*



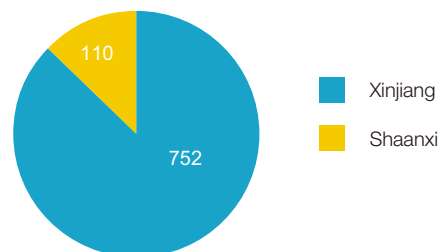
Employee Care

In 2021, a total of 862 employees resigned from the Group and the staff turnover rate was about 14.93%. The specific turnover statistics are as follows:

6 Staff turnover by age:



7 Staff turnover by geographical region:





2. Employee Remuneration and Benefit

The Group integrates the corporate culture of “creating and sharing” into its remuneration management. Under the framework of the Group’s remuneration system, each department and subsidiary establishes remuneration standards according to the actual situation in the place where the talents originate, focusing on value creation, to ensure “creating top-class performance and obtaining first-class gain”. At the same time, under the guidance of precise motivation, the Group has built a diversified and shared motivation system with a view to attracting external talents, retaining business backbones and motivating employees to improve their performance. In 2021, the Group reviewed and evaluated the remuneration of its employees based on external market benchmarks, internal horizontal comparisons and social consumer price levels, and further adjusted the remuneration levels to implement the corporate culture of “development relies on employees, for employees and the development fruits are shared with employees”. In 2021, the Group paid its employees on time and there were no cases of delayed payment or non-payment of wages. The Group continues to improve its benefit mechanism, and cares for and responds to the different needs of its employees, providing them with various kinds of benefits covering food, health, travel and housing.



Employee Benefits List

- Staff canteen with meal subsidies and lower than market price
- Three star hotel-style staff dormitory
- Mother and baby rooms for breastfeeding employees
- Free medical checkups for all employees
- Various benefits, such as holiday benefits, labor union benefits, birthday and wedding and childcare benefits
- Employee shuttles and care vehicles for business use
- Extra commercial insurance in addition to five social insurances and one housing fund
- Paid holidays based on length of service are available in addition to statutory holidays
- Arrangement of family members of employees to visit relatives at the project site
- Collective weddings for employees each year
- Free fitness areas such as basketball and football field with lights and gym

Employee Care



3. Training and Development

The Group regards staff development as a crucial foundation of sustainable development. Through providing employees with sufficient trainings, the Group helps them to achieve their personal growth. It also cultivates a work environment of fair competition, facilitating career development channels for its employees.



Employee Care



3.1 Employee Training

With the goal of “supporting strategy implementation, serving value creation, helping talent growth and building a knowledge sharing platform”, the Group established a learning organization and leveraged the resources and education system of the training college to provide employees with diversified, multi-level and multi-form training, thereby achieving a healthy interaction between employee growth and Group development.

The Group took four sections, namely “New Employee Training”, “Corporate Culture Training” and “Anti-Corruption Training” for employee guidance, “Safety, Quality, Informatization, Process, Marketing, Product R&D, Development, Engineering Management and Technology” training and “New Leader Turnover Plan” for performance enhancement, “Winter Training”, “In-house Instructor Enhancement”, “Key Lines Breakthrough” for value enhancement and “Senior Management Training” and “Star Project” for management skill enhancement, with the concept of whole process implementation such as employee guidance, clear professional lines and focusing on key items, etc., and undertook multiple measures to promote training work in a stable and orderly manner.

In 2021, the Group achieved a practical breakthrough in four aspects, namely strengthening guidance, focusing on effectiveness, performance improvement and results breakthrough, by connecting strategy at the top and performance at the bottom, and pulling all employees to participate in training in both online and offline, with the department as the unit and the in-house trainer system as the center. During the Reporting Period, the Group had a total of 176 in-house instructors and hired 36 external lecturers from other professional institutes to teach employees.

The Group has set up the online learning platform of Lexuewang (樂學網), covering various courses in engineering, manufacturing, safety, environment, pandemic prevention process, quality, financial management, compliance operation, customer service, supplier management, etc., and simultaneously carried out various offline learning programs such as senior management lectures, external training, extended training, rotation training, mentorship, on-the-job coaching, practice training and on-site visits.



Employee Care

During the Reporting Period, the average number of training hours in the Group was approximately 233 hours per person, the average number of training hours for senior management was approximately 538 hours per person, the average number of training hours for middle management was approximately 515 hours per person, and the average number of training hours for frontline employees was approximately 206 hours per person. The average number of training hours for male employees was approximately 229 hours per person, the average number of training hours for female employees was approximately 332 hours per person and the proportion of trained employees reached 100%.



3.2 Employee Development

Guided by the selection principle of “meritocracy, integrity, competence and professionalism”, the Group strives for the optimal allocation of human resources through the combination of open selection and competitive employment, actively creates a fair competitive environment for recruitment, and constantly improves the overall management level. Based on the employment mechanism of “horse racing instead of only horse selection”, the Group adopts regular selection and irregular internal recruitment at the end of every year to ensure the matching between talents and positions and the right talents for specific positions.

The Group has built a “one horizontal and two vertical” career development system to promote the career development of employees. “One horizontal” refers to the implementation of internal competition through talent review, by means of secondment, rotation and reassignment, to meet the job rotation needs of employees. The “two verticals” refer to providing employees with dual development paths of management and professional.

By the end of 2021, the Group has established a position system with 8 major groups and 45 professional lines in horizontal such as R&D, technology and management, and 12 levels in vertical, and each position is grouped into a line and level to form a chart, through which a variety of career development channels are established for employees to choose.

During the reporting period, we continued to promote the “zigzags” growth pattern of our cadres to facilitate the spiral development and promotion of talents. We encourage the rotation of both mid-and back-office departments to the front lines of the development and marketing operations to gain a deeper understanding of the business and develop a customer perspective and product perspective. We encourage the rotation of R&D line staff to marketing and technical marketing positions, to intervene in customer needs from the front end of the product and carry out technical implantation to promote the effective connection between R&D and the market. We facilitate an open channel of talent development, to practice the staff’s broader business perspective and promote the transfer of talents among various organizations, as well as to break the ossification of departmental personnel and achieve internal talent structure adjustment.



Employee Care

In 2021, the Group formulated and implemented a special rotation plan to select high-potential reserve talents from the “Star Project”, “100 People Plan” and “Star Talents” of the talent review, and required the heads who have served in the same region and department for three consecutive years to be compulsorily rotated to avoid talent ossification and internal business risks, and implemented 32 rotations during the Reporting Period. In addition, we have been promoting the leadership improvement of management cadres by precisely implementing internal programs such as “360 Assessment”, “100 People Plan”, “Star Project”, “New Intermediate Leader Turnover Plan” and “Backup Successor Scheme”.



4. Employee Care

The Group builds an open and transparent internal communication mechanism, actively creates a harmonious and positive communication atmosphere, continuously optimizes and improves working environment conditions, and enhances the cohesiveness and sense of belonging of employees.



4.1 Employee Communications

The Group promotes an open and transparent working environment for its employees, keeps them informed of the Group’s business and operational development as much as possible, listens to their opinions and suggestions, improves corporate management, and at the same time understands their needs and satisfies them reasonably. By planning and implementing employee surveys, democratic living meetings, employee representative meetings, thematic communication meetings and monthly, quarterly and annual performance communication meetings, the Group has been able to establish an open communication channel between the Group and employees, and continuously improved management transparency. At the same time, the Group distributed employee satisfaction questionnaires to carry out research and rectification for the whole staff and continuously improved the overall satisfaction of employees.



4.2 Work-life Balance

The Group provides sports equipment, fitness facilities and venues to create opportunities and conditions for its employees to develop interests, cultivate hobbies and learn new skills. It regularly organizes a variety of cultural and sports activities to encourage them to “work smart while living a happy life”.

- The Group organized family day activities and invited employees’ families to visit the office park to understand the working environment of employees and the development of the Group, there by promoting the sense of belonging of employees’ families. In 2021, the Group organized a total of 2 family day activities and invited more than 500 employees and their families.

Employee Care

- The Group has indoor table tennis court, billiard court, badminton court, fitness room, outdoor plastic track, basketball and football field with lights as well as many other sports venues to meet various sports hobbies of employees. The Group regularly organized sports matches such as football, basketball, table tennis, badminton and fun sports, and held amateur cultural activities such as “The Voice” and “Ice Sculpture Game” to encourage the employees to participate actively and enrich their lives.
- On 8 March 2021, the Group invited senior family education lecturers to share their knowledge on family education with all female employees and distributed gifts on Women’s Day.
- On 1 June 2021, the Group invited employees’ family members to participate in employee parent-child sports games to practice its care for employees’ family members.



5. Health and Safety

The Group strictly complies with the Law on Prevention and Treatment of Occupational Diseases of the PRC (《中華人民共和國職業病防治法》), the Regulations on Supervision over the Occupational Health at Workplace (《工作場所職業衛生監督管理規定》) and the Regulations on the Administration of Labor Protection Appliances (《勞動保護用品管理規定》), to provide a safe working environment for employees and to protect them from occupational hazards. At the same time, the Group has formulated management systems such as the Occupational Health Management System (《職業健康管理制度》), the Safety and Environmental Protection Production Responsibility System (《安全環保生產責任制》), the Emergency Response Plan Management System (《應急預案管理制度》) and launched various activities in relation to occupational health and safety orderly and effectively.



Employee Care



5.1 Safe Production

Focusing on the sound safe production management system, the Group improved the safety system construction, strengthened the safe production responsibility, enhanced the safe production awareness and regulated the safe behavior of employees. The Group focused on the implementation of safety standardization and formulated the “Safe Production Standardization System”, which stipulated the division of responsibilities, work requirements, acceptance management, rating standards, rewards and punishments for safe production standardization to continuously improve and enhance the overall safe production standardization work of the Group.

In addition, the Group improved the emergency response plan system, established a three-tier emergency management structure covering each department and business unit, each subsidiary and project department, and specified the types, quantities and categories of emergency response plans. During the Reporting Period, the Group continued to promote safe production culture construction activities and strengthened employees’ safety awareness and strengthened safe production defense through activities such as safety games, visualization management, knowledge competitions and safety month.

- The Group reviewed the implementation and conducted assessment every month according to the annual safety inspection plan, with the assessment results incorporated into the safety performance of the month to carry out rewards and punishments. The Group has organized a total of 12 major inspections by the safety committee and 6 inspections on legal holidays in the year. In 2021, the Group underwent various inspections by the relevant government departments of the state, autonomous region, Urumqi City and Ganquanpu Zone, etc., with all inspections successfully passed.
- Aiming at strengthening safe production promotion and education, enhancing employees’ safety awareness and facilitating the sustainable and stable development of safe production, the Group organized a series of activities in various forms in response to the 20th National “Safe Production Month”, made banners for safe production month and 43 publicity panels for safe production month to create a strong atmosphere for safe production with the theme of “Implementing Safety Responsibility and Promoting Safety Development”.

Employee Care



- In 2021, the Group organized 2,091 training sessions at company level, workshop level and team level for a total of 83,132 persons, and 635 training sessions for a total of 5,597 persons for related parties; carried out special training for 167 persons in charge of enterprises and safe production management personnel and helped them to complete training, obtain certification and pass re-examination, 1,183 persons obtained certification for special operators, 277 persons obtained certification for special equipment operation, and 591 persons obtained certification for cardiopulmonary resuscitation; as well as facilitated the promotion of safety awareness among all employees. In 2021, the Group had 30 persons passed the registered safety officer examination.
- By strengthening safety management, the Group's Xintai Power Station was awarded the "Advanced Unit for Safe Production" by Xizhangzhuang Town, Guyang and Yamansu Power Stations were awarded the Grade I Enterprise Rating for Electricity Safety Production Standardization by the safety departments of Baotou City and Hami City, respectively, and won the "Advanced Unit for Safe Construction" by Urumqi High-tech Zone in 2021.

During the period from 2019 to 2021, the Group had no work-related fatalities, and the number of lost work days due to major work-related injuries was nil. There were no major accidents, nor was any punishment imposed on us for serious violation of relevant laws and regulations regarding occupational health and safety in China.



5.2 Occupational Health

The Group has obtained the occupational health and safety management system certification and is subject to external certification audit on a regular basis every year. The Group provides employees with labor protective equipment in compliance with national and industry standards, develops occupational hazard job matrix, honestly notifies employees of occupational disease hazards and their consequences, occupational disease protection measures and treatment methods, etc., and regularly conducts occupational health monitoring work for employees, invites third-party institutions to conduct occupational disease hazard factor inspections every year, and regularly conducts training on occupational disease hazard prevention and control for employees.

- In 2021, the Group carried out occupational health check-up activities and conducted occupational disease medical check-ups for employees working in positions exposed to toxic and hazardous hazards, with a total of more than 500 medical check-ups, and 100% passing rate of check-ups and no suspected and confirmed occupational disease cases.
- In 2021, the Group installed 112 new occupational disease hazard notice boards, 7,422 warning signs and other notices, public notices of occupational disease location factor testing, etc., and published the results of occupational disease medical checkups, then established comprehensive employee occupational health monitoring profile information.
- In 2021, the Group carried out health checkups for all employees and invited experts from the Safety Education and Training Center in Urumqi and Xi'an to conduct special trainings on pandemic protection, occupational health, environmental management and personal injury first-aid knowledge for our employees in batches. At the same time, the Group invited professionals from Health 100 Physical Examination Center and 521 Hospital of Norinco Group, Xi'an to give guidance and advice on the Group's health checkups and employees' mental health, as practices of prevention, control and elimination of occupational hazards and protection of the health of employees.



5.3 COVID-19 Pandemic Prevention and Control

During the Reporting Period, the COVID-19 Pandemic (the “**Pandemic**”) in China was effectively controlled and the Pandemic prevention and control was gradually normalized. The Group strictly followed the Pandemic prevention measures in China, formulated and adjusted the Pandemic Prevention and Control Guideline (《疫情防控指導書》), Emergency Management Measures for Environmental Emergencies (《突發環境事件應急管理辦法》) and other documents of the Pandemic prevention timely, and realized the goal of zero infection and transmission through the unified deployment and implementation of the Pandemic prevention measures by the Pandemic Prevention and Control Office.

- The Group continuously implemented Pandemic prevention and management measures in the areas of employee entrance, office, catering and transportation, set up quarantine observation areas with electronic temperature measurement equipment, conducted regular nucleic acid tests, disinfected work areas on a regular basis, and established a health information monitoring system to dynamically track the health information of all employees on a daily basis.
- During late December 2021, in the case of the outbreak of the Pandemic in Xi'an, the Group promptly launched an emergency response plan in accordance with the Group's Emergency Response Plan for Infectious Diseases (《傳染病應急預案》) and promptly carried out the prevention and control work for employees in the Xi'an area to ensure the employees' health and safeguard the production in the park.

In 2021, the Group was successively awarded “Pandemic Prevention Benchmark Enterprise” and “Advanced Unit of Double Control and Prevention” by Urumqi High-tech Zone and Xi'an High-tech Zone respectively in recognition of its organization and implementation of Pandemic prevention and control.

Environmental Protection



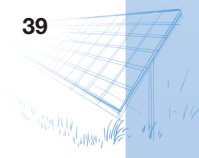
Actively combating environmental changes is one of the important contents of the sustainable development goals of enterprises, and it is also the social responsibility that enterprises should fulfill. Amid the global low-carbon transition, the Group actively responded to the national development strategy of “achieving carbon neutrality and peaking carbon emissions” by giving play to the role of the new energy industry in optimizing the energy structure and building an ecological civilization. While devoting itself to the fields of clean energy, energy conservation and environmental protection, the Group strengthened the construction of its own environmental management system and strove to achieve green development.

In strict compliance with the Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》), the Law on the Prevention and Control of Water Pollution of the People’s Republic of China (《中華人民共和國水污染防治法》), the Law on the Prevention and Control of Air Pollution of the People’s Republic of China (《中華人民共和國大氣污染防治法》), the Law of the People’s Republic of China on Prevention and Control of Solid Pollutants (《中華人民共和國固體污染物防治法》) and other laws and regulations, We have formulated the Environmental Protection Management Regulations (《環境保護管理規定》), the Hazardous Wastes Management System (《危險廢物管理制度》), the Pollution Source Online Monitoring System Management Regulations (《污染源線上監控系統管理規定》), the Environmental Factors Identification and Evaluation Regulations (《環境因素識別與評價規定》) and other institutional documents, identified and kept an eye on important environmental factors, and actively monitored various environmental indicators to ensure that the “three wastes” meet or surpass relevant emission standards and achieve clean production. In 2021, the Group was rated as an “advanced unit in green development” of Ganquanpu Economic and Technological Development Zone in Urumqi.



1. Energy Conservation and Consumption Reduction

The Group pays attention to the possible impact of its products and services on the environment, and strives to achieve energy conservation, consumption reduction, and materials recycling while improving product quality and lowering costs. We control the use of resources and the emission of pollutants in the entire process covering design, production and operation, formulate and comply with the Group’s internal energy conservation and emissions reduction system, conduct standardized management on production and operations, and continuously increase investments in technologies, equipment, manpower, and financial and material resources for environmental protection.



Environmental Protection



中广核白城光伏领跑者项目



云南巧家光伏电站



国电投渭南市光伏领跑者项目



湖北潜江光伏电站



云南建水山地光伏



江西鄱阳湖渔光互补

The Group's energy consumptions are mainly coal and electricity used in the production of polysilicon. In 2021, we further shared resources and reduced energy consumption through capacity expansion projects. At the same time, we reduced power consumption by optimizing the adaptive program and the cold hydrogenation power consumption through internal component improvement, realizing an overall decrease in the power consumption of polysilicon. In 2021, despite the increase in polysilicon production throughout the year, total electricity consumption decreased by 3.20% compared to the same period in 2020. With regard to coal-fired power plants, the fine management of coal mines was enhanced through the optimization of combustion boilers and fine control of air distribution for combustion, resulting in an improvement in the combustion efficiency of coal and a decrease in overall standard coal consumption as compared with that in the previous year. In 2021, the Group achieved the annual target of a year-on-year decrease in comprehensive energy consumption of coal, electricity and other energy sources.



Environmental Protection

The Group values the protection of water resources, implements strict water resource management system, and sets an annual target for polysilicon-related water consumption to be less than 100 tonnes/tonne. In 2021, we have achieved the goal of reducing the water consumption per unit of polysilicon production year-on-year through the project of comprehensive ladder utilization of waste water. In the construction of power plants in a desert area and photovoltaic projects in a mountainous area, it is difficult to obtain water. We use the method of collecting rainwater and groundwater as the water for concrete mixing and maintenance. The Group invested in the construction of an advanced sewage treatment and recycling project. Upon the completion of the project, the recycled water meets the demand for greening in summer, as well as the demand for refilling industrial circulating water in winter. Through waste water and rainwater recovery and treatment, the Group reuses the recovered water resources in production and park greening, improves the utilization rate of water resources and reduces the waste and usage of water resources. During the Reporting Period, the Group did not find any problems in obtaining water sources.

In respect of packaging materials usage, the Group mainly uses wooden, paper, and plastic packaging materials. In 2021, we continuously strengthened the improvement of packaging materials for polysilicon products, adopted vacuum sealing technology to reduce the damage of packaging bags caused by friction between the goods and packaging bags during the sealing and transportation process, and reduced the damage of inner and outer packaging bags to less than 3%, thus further reducing packaging costs and resource consumption.

Environmental Protection

The usage amounts and density of the Group's main energy and resource are as follows:

Item	2021		2020	
	Consumption	Density ⁽¹⁾ (per tonne)	Consumption	Density ⁽²⁾ (per tonne)
Energy:				
Electricity (ten thousand kWh)	508,053	6.50	524,863	7.38
— Consumption in Production	507,331	6.49	524,001	7.37
— Consumption in Office	721.96	0.01	861.58	0.01
Diesel (tonne)	223.27	0.00	80.18	0.00
Coal (tonne)	2,380,116	30.44	2,526,193	35.53
Water:				
— Consumption in Production (ten thousand m ³)	5,983,123	76.51	5,397,202	75.91
— Consumption in Office (ten thousand m ³)	5,434,311	69.49	5,038,223	70.86
— Consumption in Office (ten thousand m ³)	548,812	7.02	358,979	5.05
Packaging Materials:				
Wooden materials (tonne)	2,569	0.03	1,684	0.02
Paper materials (tonne)	2,192	0.03	1,916	0.03
Plastic materials (tonne)	1,410	0.02	1,628	0.02

(1) Density is calculated based on the Group's output of 78,200 tonnes of polysilicon in 2021.

(2) Density is calculated based on the Group's output of 71,100 tonnes of polysilicon in 2020.

2. Low Carbon and Emissions Reduction

Low carbon and emissions reduction are powerful measures to promote corporation development and improve the economic and social benefits of a corporation. By increasing the use of green energy and decreasing the emission of waste and hazardous substances, enterprises and the society can achieve sustainable development. As a leading green energy enterprise in the world, we strictly abide by the Law on Energy Conservation and Emission Reduction of the People's Republic of China (《中華人民共和國節能減排法》) and other relevant laws and regulations, actively implement energy-saving transformation projects, and promote the application of green energy technologies. We carry out various environmental protection activities, strengthen the operation, maintenance and management of environmental protection equipment, and enhance the supervision and assessment of energy conservation and environmental protection.



Environmental Protection

Through upstream polysilicon production and downstream clean energy development, the Group has achieved green circular economy. It is rated as an “excellent circular economy enterprise” in the field of industrial economy in China, and also the only demonstration unit in Xinjiang with “green engineering”, “green design product” and “green supply chain” honors and all green production lines.



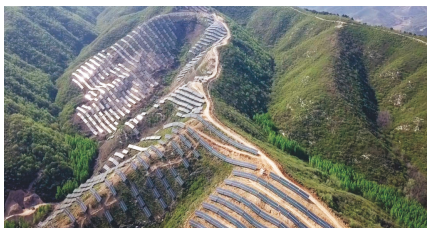
2.1 Development of Clean Energy

The Group never changes its original aspirations to fulfill environmental and social responsibilities. It keeps on improving the efficiency of new energy power generation and popularizing green and smart energy. In 2021, China's PV and wind power gradually moved towards the era of grid parity, and under the guidance of national policies and the strategic policy of “simultaneous development of wind and PV power”, the Group continued to optimize the resource structure and strengthen the construction of green energy base, striving for the goal of benefiting the human society.

Through the construction and operation of wind energy and PV power plants, the Group is expected to deliver approximately 4.56 trillion kWh of clean power to the society every year. It continuously promoted the development and utilization of clean energy, and facilitated the optimization and transformation of the energy structure, thereby playing an active role in promoting global energy conservation and emissions reduction. As of the end of 2021, the Group has built wind energy and PV power plants with a power generation scale of more than 2.2GW, which can reduce carbon emissions by approximately 3.7 million tonnes each year. This manifests our resolve to implement the strategic vision of “Zero-carbon Planet, Digital Energy (零碳地球·數字能源)”, as well as our commitment to steadily promote the achievement of net zero emissions.

In 2021, the Group undertook the EPC construction of the 100 MW wind power project for Zhangjiakou New Energy R&D Test and Certification Center. After the project is connected to the grid, the average annual power generation will reach 26,850 kWh, and the cumulative contribution of clean energy over the entire life cycle of the project will reach 10,285 million kWh. As a supporting project of the Beijing Winter Olympics, this project has utilized the “wind” in Zhangbeiba for power generation to light up the Winter Olympics venues in Beijing. Among a number of wind power projects in Zhangbei County, Hebei, the Group not only undertook and participated in the construction of large-scale wind power projects, but also provided TSVG dynamic reactive power compensation and harmonic treatment devices for multiple projects, providing technical and equipment support for continuous and stable delivery of green energy in Zhangbei to the Beijing Winter Olympics venues.

Environmental Protection



2.2 Waste Management

The Group is committed to combining green economy with circular economy, and insists on low consumption, low emission and high-efficiency development.

The exhaust gases emitted during the production of polysilicon mainly include nitrogen oxides and sulfur oxides; the solid and liquid wastes mainly include hydrolyzate produced during the polysilicon wastewater treatment process and fly ash, furnace slag and desulfurization gypsum produced by boiler operation of the self-contained power plant. Hazardous wastes mainly consist of waste oil produced during equipment lubrication and spent catalyst emitted during the replacement of power plant denitrification facilities. The Group strictly follows the national environmental protection standards regarding pollutants emission, strengthens the implementation of the measures for environmental protection facilities governance and pollutant prevention & control, and all the environmental protection facilities are put into operation without any incident that violates the national pollutants emission standards.

Environmental Protection

The discharge amounts and density of the Group's main wastes are as follows:

Item	2021		2020	
	Emissions (tonne)	Density ⁽¹⁾ (tonne/ tonne)	Emissions (tonne)	Density ⁽²⁾ (tonne/ tonne)
Exhaust gas and greenhouse gas:				
Dust	52.22	0.0007	53.41	0.0008
Sulfur dioxide	258.90	0.0033	260.00	0.0037
Nitrogen oxides	663.29	0.0085	649.53	0.0091
Carbon dioxide	4,078,556	52.1555	4,270,420	60.0622
Wastewater:				
COD (chemical oxygen demand)	13.86	0.0002	37.61	0.0005
Ammonia nitrogen	1.53	0	2.05	0
Hazardous waste:				
Waste oil	229.48	0.0029	76.22	0.0011
Waste denitration catalyst	187.90	0.0024	0	0
Non-hazardous waste:				
Fly ash	236,626.23	3.0259	195,867.23	2.7548
Furnace slag	194,284.95	2.4845	150,735.55	2.1200
Hydrolyzate	54,409.52	0.7174	51,009.28	0.6958

(1) Density is calculated based on the Group's output of 78,200 tonnes of polysilicon in 2021.

(2) Density is calculated based on the Group's output of 71,100 tonnes of polysilicon in 2020.



Environmental Protection

The Group has adopted various measures to reduce or to properly dispose of the above-mentioned discharged wastes. The handling details are as follows:

- In 2021, the Group carried out the alkaline washing tower replacement project of the exhaust gas and residual liquid device. For the treatment of residual liquid and exhaust gas, the alkaline washing tower was replaced, the alkaline liquid pool at the lower part of the alkaline washing tower was excavated and cleaned, and the sprinklers, alkaline liquid pipelines and circulating pipelines of the alkaline washing tower were replaced, which have minimized pollutant emissions;
- We handed over hazardous wastes such as waste oil and waste denitration catalysts generated in the production process to units that meet the qualifications for hazardous waste disposal for legal disposal, and signed strict disposal agreements with cooperative units to meet various relevant national requirements;
- The Group upgraded the online exhaust gas equipment and completed the flexible closed renovation of dry coal sheds, coal-unloading trenches and ash storehouses, which greatly improved the consistency of online equipment data and effectively reduced dust pollution to surrounding environment during coal-unloading operation. Part of the coal ash, furnace slag and desulfurization gypsum generated by the Group's self-contained power plant were recycled by the Group for the production and sale of aerated concrete. The Group produced approximately 282,100 m³ of aerated concrete in 2021. As for the remaining part, the Group entered into disposal and utilization agreements with construction material companies for the purpose of construction materials production. With these measures, the Group achieved a 100% recycling rate for solid wastes generated by its self-contained power plants;
- In 2021, the Group organized 457 wastewater inspections, 121 exhaust gas inspections and legal disposal of 111,343 m³ of solid slag, and all hazardous wastes were legally transferred as required, making the pollutants emission 100% compliant with relevant national standards. We upgraded the online monitoring facilities at each major discharge outlet of our self-contained power plants, connected our grid with the government network, thereby achieving real-time data transmission and monitoring. For the flue gas data of our self-contained power plants, we accepted the quarterly monitoring comparison implemented by the Municipal Ecological Environment Bureau according to law, and our compliance rate reached 100%, which were simultaneously released and publicized on the self-monitoring information release platform for key monitored enterprises in Xinjiang Autonomous Region.



Environmental Protection

Through the above measures, the Group has reduced the amount of pollutants discharged and eliminated and reduced environmental pollution, striving to achieve coordinated and sustainable economic and environmental development. In 2021, the actual emission of pollutants from the Group's self-contained power plants was far lower than the standard emission index of China, for which the Group was granted the title of "outstanding contribution unit for pollution control" by the Management Committee of Ganquanpu Economic and Technological Development Zone in Urumqi, Xinjiang. During the Reporting Period, the Group achieved its annual target of a year-on-year decrease in pollutant emissions.



3. Combating Climate Change

Global climate change has resulted in some extreme weather and climate events that are more intense, more frequent, and longer in duration. Heavy rain, frost, sandstorm, extreme low and high temperature weather all have a certain degree of impact on site selection and construction of new energy projects, stable operation of power plants and safe operation of projects.

Prior to the construction of new energy power plants, the Group actively researched and analyzed the possibility of various future climate changes in the selected venues and its potential impact on the production and operation at the site, and gradually deployed and adopted countermeasures and solutions. On the one hand, the Group continuously enhanced the adaptability of products under different extreme climatic conditions through the design optimization of the project, so that it can adapt to the severe weather at the project site; on the other hand, the Group's digitalized platform has integrated the data from the world's mainstream meteorological sources including NASA, Meteonorm, SolarGIS and Fengyun-4 meteorological satellite, collected the long-term statistical data from the climate department in the place where the project is located, introduced various methods such as mathematical statistics and probability theory and used the computing software to simulate the evolution of the atmosphere for a period of time in the future, predicted the characteristics of meteorological disasters at the project site, assessed the risk of meteorological disasters, and formulated a risk management system for meteorological disasters.

In 2021, the Group has not encountered climate change and related matters that have a material adverse impact on corporate operations.



Social Welfare

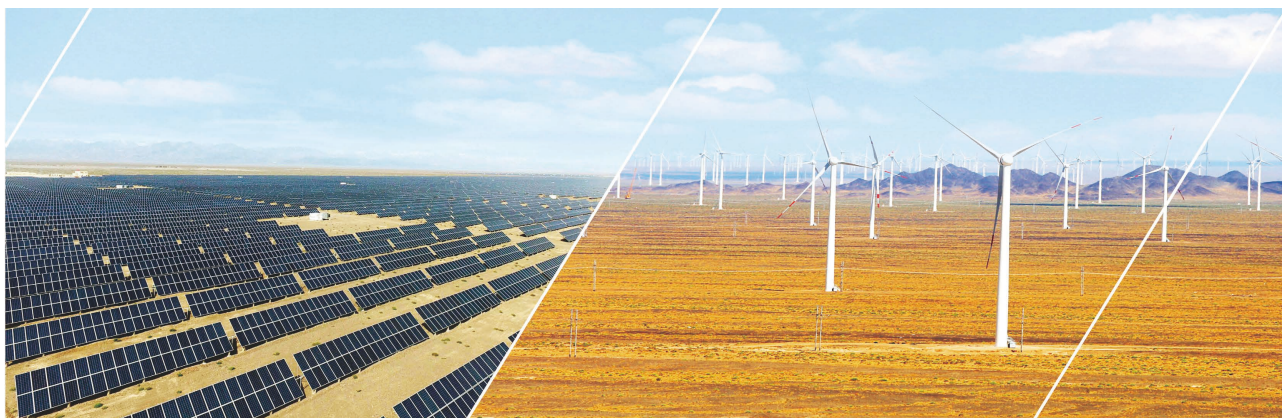
Maintaining harmonious development with communities is a crucial initiative to promote the healthy development of the Group's businesses. Since its establishment, the Group has adhered to its original aspirations by leveraging its corporate expertise to bring benefits and give back to the society. The Group actively utilizes its own advantages to carry out social activities rooted in local areas, so as to promote the harmonious integration between the Company and the society.

In 2021, in addition to actively fighting against the pandemic, the Group continuously promoted local economic development with stable tax contributions and employment opportunities, and actively participated in social public welfare undertakings by vigorously supporting the development of local public utilities such as education, culture and health, thus playing an active role in social construction.

- In 2021, facing with the pandemic, we earnestly fulfilled our corporate social responsibilities by utilizing our existing production lines to produce two tonnes of sodium hypochlorite and donating it to the Ganquanpu Industrial Park in Urumqi.
- In 2021, the Group donated tables, chairs and various reading materials to primary schools in poverty-stricken areas, with a total value of approximately RMB100,000.

Prospects

The Group will continue to unswervingly promote its sustainable development strategy and strive to fulfill the mission of harmonious coexistence between man and nature. In 2022, the new opportunities, challenges and environment brought about by the post-pandemic and de-subsidies to the industry will coexist. We will turn such challenges into a driving force and tap on such opportunities to vigorously pursue high-quality and efficient development, coordinate industrial chain resources, and explore a transformation from a community of interests to a community of destiny, devoting ourselves to costs reduction and competitiveness improvement in the entire industry. In the future, the Group will continue to improve its sustainable development management system, lay a solid foundation for the work, and create a long-term mechanism for continuously advancing its sustainable development. By promoting the in-depth integration of philosophy, strategies and culture of sustainable development, the Group strives to become a green energy enterprise that is highly respected and recognized by the society.



Environmental, Social and Governance Reporting Contents Index



Reporting Index

Subject Areas/Aspects Comply or Explain	Disclosure Index Recommended Disclosures	Page
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (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.	38-46
KPI A1.1	The types of emissions and respective emissions data.	41
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	41
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	41
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	41
KPI A1.5	Description of emission targets set and steps taken to achieve them.	41-42
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction targets and steps taken to achieve them.	45



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Subject Areas/Aspects	Disclosure Index	Page
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	38
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).	41
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	41
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	38-40
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.	40
KPI A2.5	Total packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	41
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	38
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	38
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate related issues which have impacted, and those which may impact, the issuer.	46
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.	46

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Subject Areas/Aspects	Disclosure Index	Page
Social		
Employment and Labor Standards		
Aspect B1: Employment		
General Disclosure	Information on: (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.	25-32
KPI B1.1	Total workforce by gender, employment type (e.g. full-or part-time), age group and geographical region.	26
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	27
Aspect B2: Health and Safety		
General Disclosure	Information on: (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.	33-37
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	35
KPI B2.2	Lost days due to work injury.	35
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	34-37

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Subject Areas/Aspects	Disclosure Index	Page
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	29-30
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management, etc.).	31
KPI B3.2	The average training hours completed per employee by gender and employee category.	31
Aspect B4: Labor Standards		
General Disclosure	Information on: (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	25
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	25
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	25
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	22
KPI B5.1	Number of suppliers by geographical region.	24
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.	24
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	22
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	22

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Subject Areas/Aspects	Disclosure Index	Page
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling, privacy matters relating to products and services provided and methods of redress.	17-21
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	19
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	20
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	16
KPI B6.4	Description of quality assurance process and recall procedures.	18
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	21
Aspect B7: Anti-corruption		
General Disclosure	Information on: (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.	10-11
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.	11
KPI B7.2	Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	10-11
KPI B7.3	Description of anti-corruption training provided to directors and staff.	10



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Subject Areas/Aspects	Disclosure Index	Page
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure that its activities take into consideration the communities' interests.	47
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	47
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	47

新特能源股份有限公司

Xinte Energy Co., Ltd.