

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

2023

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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About this Report

1. Basis of Preparation of the Report

This Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) in Appendix C2 of the Security Listing Rules of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) for disclosing the management measures and performance related to the Company’s Environmental, Social and Governance (“**ESG**”).

2. Time Scope

This report is an annual report covering the period from 1 January 2023 to 31 December 2023 (“**2023**” or the “**Reporting Period**”).

3. Coverage of the Report

The entities covered by this report include Xinte Energy Co., Ltd. (the “**Xinte Energy**”, “**we**” or the “**Company**”) and its subsidiaries (with the meaning given to that term under the Listing Rules) (collectively, the “**Group**”), and is consistent with the scope covered by the Company’s annual report.

4. Release Cycle

This report is Xinte Energy’s eighth environmental, social and governance report, which is released annually.

5. Basis of Preparation

This report is prepared in accordance with the principles of materiality, quantitative, balance and consistency under the ESG Reporting Guide of the Stock Exchange to ensure relevance, completeness, clarity and comparability of the report. The Company has determined the disclosure content and scope through identification of material ESG issues and communication with various stakeholders.

6. Information Description

The data used in this report come from the Group’s official documents and reports, internal statistical data and public data. The currencies in this report are presented in RMB, unless otherwise specified. This report has been reviewed and approved by the company’s board of directors (the “**Board**”). All directors guarantee that the contents of the report are free from any false records or misleading statements.

7. Access to the Report

This report is published in both Chinese and English versions. If there is any inconsistency in the content, the Chinese version shall prevail. Please visit the website of Xinte Energy at www.xinteenergy.com or the website of the Stock Exchange at www.hkexnews.hk for review.

About our Group

The Group is a world-leading polysilicon producer and developer and operator of wind and photovoltaic (“**PV**”) resources. It is committed to implementing the national “dual carbon” strategy, promoting the global low-carbon transformation, and providing green and intelligent clean energy system solutions to the world. The Company was established in 2008 and listed on the Hong Kong Stock Exchange in 2015 (stock code: 1799.HK). The Group has always been adhering to the philosophy of “green, recycling, synergy, symbiosis, and win-win” in development, with the mission of “contributing green energy and creating a better life”, and the vision of “building a modern silicon-based new energy industry system with international competitiveness and becoming a global green, intelligent energy supplier”, we will continue to promote the development of new energy industry and the transformation of energy structure towards green and low-carbon, injecting inexhaustible power into the implementation of the “zero-carbon earth” strategy.

In the field of polysilicon, as of the end of 2023, the Group’s annual production capacity of high-purity polysilicon reached 300,000 tons, with annual output of 191,300 tons and sales of 202,900 tons, an increase of 52.01% and 90.16% respectively over the same period last year, ranking among the top polysilicon production enterprises in the world; In the field of the development, construction and operation of wind and PV power plants, the Group is committed to providing solutions for the 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 power electronic products such as inverters, energy storage, Static VAR generators (the “**SVG**”), energy routers and flexible DC converter valves. As of the end of the Reporting period, the Group’s independently operated wind power and PV projects that have been connected to the grid for power generation have an installed capacity of more than 3 GW, and the operating power stations under construction have an installed capacity of 1 GW. The cumulative installed capacity of wind energy and PV power stations which have recognized had been recognised as revenue from power station construction in the past three years approximately 7 GW. Inverter shipments exceeded 15 GW in 2023.

During the Reporting Period, although the sales volume of polysilicon and the scale of operating power stations of the Group increased, due to the significant drop in the polysilicon market price, the Group achieved an operating revenue of RMB30.752 billion and net profit attributable to shareholders of listed company of RMB4.345 billion, representing a decrease of 16.51% and 67.37% respectively, as compared with the same period of the previous year. For details on the operation of the Group, please refer to 2023 annual report of the Company.

ESG Governance

1. ESG Management System

The Board of Directors is the highest responsible and decision-making body in charge of issues related to Company's environment, society and governance, 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 operation and the stakeholders, reviewing the Company's sustainability strategy, clarifying its standards for ESG management, identifying and handling ESG related issues and risks, and approving its ESG reports for publication.

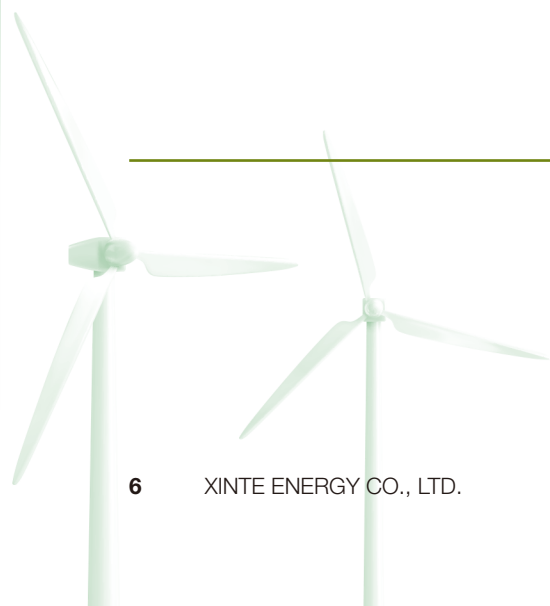
The Group actively implements the "carbon neutral" development strategy, integrates China's "14th Five-Year Plan", the Group has been striving to keep pace with the times and has undertaken the responsibility and mission bestowed by the industry to better integrate the concept of sustainable development and the improvement of ESG management levels into its daily operation and management. In order to ensure that the Group integrates ESG-related matters into its corporate governance and decision-making process, the Company has established an ESG Committee, which is composed of the members of senior management and people in charge of the relevant functions of the Company. The ESG Committee is mainly responsible for drafting and preparing the documents related to sustainable development, arranging various functional departments and subsidiaries to carry out and implement specific work, and providing professional support for the implementation of various tasks. 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 corporate governance, environmental protection, social responsibility, scientific and technological innovation, employee care, product and service quality and supply chain management.



2. Stakeholder Communication and Response

The Company attaches great importance to communication with stakeholders, continuously communicates with internal and external stakeholders, and understands and responds to the concerns and expectations of stakeholders through various channels such as publishing ESG reports, accepting interviews and surveys, participating in meetings and forums, and conducting cooperation and exchanges, while better helping companies identify ESG risks and opportunities, continuously optimizing and improving ESG work, and achieving win-win cooperation. In response to the key concerns or expectations of stakeholders such as shareholders, customers, employees, suppliers, communities, government and regulatory agencies, news media, industry associations, the Group’s response is as follows:

Stakeholders	Focus or Expectation	Response
Shareholders and investors	Corporate governance Sustainable profitability Standardize corporate governance Transparent business operations Risk control	Make compliance information disclosures Convene the general meeting of shareholders Organize investor exchanges and on-site inspections Optimize internal control risk management
Client	Fulfill the contract with integrity High quality product Innovative research and development Excellent service	Strictly implement the contract Strengthen product quality control Provide high quality products and services Carry out scientific and technological innovation projects and industry-university-research cooperation Participate in industry networking events Conduct customer visits Improve customer complaint handling process

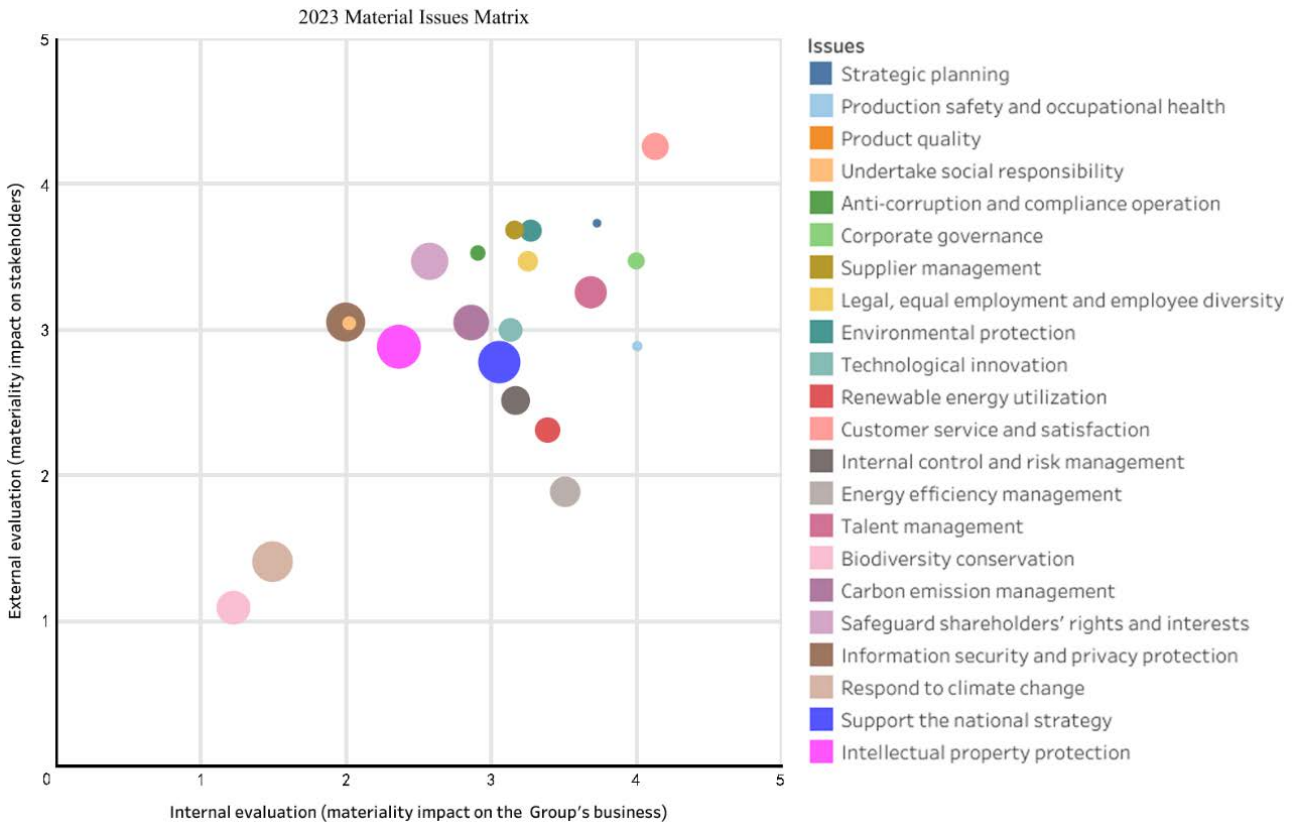


ESG Governance

Stakeholders	Focus or Expectation	Response
Staff	Protect legitimate rights and interests Salary and welfare guarantee Health and safety protection Build a development platform	Equal employment practices Provide competitive salary Pay salaries and benefits in full and on time Provide a healthy and safe working environment Improve talent development channels
Supplier	Sunshine procurement Fulfill the contract with integrity Win-win	Establish a supplier management system Fair and impartial selection of suppliers Perform the contract in accordance with the law Carry out cooperation on innovative projects
Community	Protect local environment Support community development Charity	Carry out energy conservation and emission reduction Protect the environment Support the development of community public utilities Participate in community welfare activities
Government and Regulatory Agencies	Obey the law Pay taxes according to law Environmental protection Promote local economic development	Establish internal control and anti-corruption mechanisms Pay taxes according to law Cooperate with supervision and inspection Provide jobs
News media, industry associations	Information disclosure Mutual Develop	Survey reception Organize visits and exchange meetings Accept interviews Carry out cooperation in frontier areas of industry development

3. Identification and Assessment of Material Issues

We accurately identify material issues which help companies manage risks, identify opportunities, optimize stakeholder relationships, conduct strategic planning, and ensure compliance. Based on the results of stakeholder communication, combined with industry characteristics, the actual situation and development strategy of the Group, key concerns of internal and external stakeholders, policy research, and advanced practices in the industry, we identified 22 topics with substantial impact. At the same time, the Company collected feedback from various stakeholders on the importance of material issues by distributing online questionnaires to various stakeholders, and collected a total of 3,787 valid questionnaires. The material issues identified by the Company in 2023 and their importance matrix are as follows:



Corporate Governance

1. Corporate Governance

In strict accordance with the Company Law of the People's Republic of China, the Listing Rules and other related laws, regulations and normative documents as well as the articles of association of Xinte Energy Co., Ltd. (the "**Articles of Association**"), 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. The Company's general meeting of shareholders, the Board of Directors, the board of supervisors and management operate according to decision-making authority and standardized procedures, with clear powers and responsibilities, each performing their duties and effectively safeguarding the rights and interests of the Company and all stakeholders.

In 2023, the corporate governance structure, operation and organizational structure were as follows:

Governance body	Scope of authority	Achievements for 2023
Shareholders meeting	As the Company's highest authority, the shareholders' meeting must abide by the relevant provisions of the Articles of Association, the Rules of Procedure for the Shareholders' Meeting, and other relevant provisions, and legally convene and hold the shareholders' meeting.	Convened five shareholders' meetings and reviewed 18 proposals, including the amendment of the A share offering plan, the participation in strategic allotment under A Share offering by connected persons, the 2022 annual report, the 2022 report of board of directors, the 2022 report of board of supervisors, and updated existing ongoing related transactions.

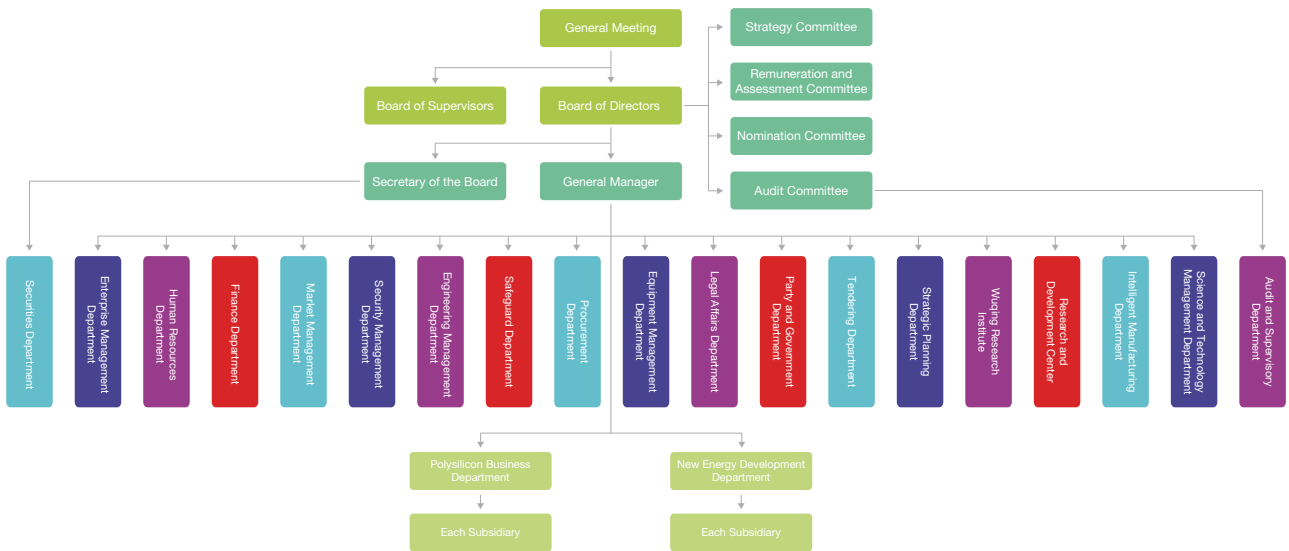
Corporate Governance

Governance body	Scope of authority	Achievements for 2023
Board of Directors	<p>The Company's board of directors consists of 9 directors, including 3 executive directors, 3 non-executive directors and 3 independent non-executive directors, including 1 female director, accounting for 11.11% of the total board members.</p> <p>The Board of Directors is responsible for convening the shareholders' meeting, implementing the resolutions of the shareholders' meeting, and reviewing the Company's external investments, connected transactions and other matters within the scope authorized by the shareholders' meeting. The board of Directors is responsible for evaluating the responsibilities and work performance assigned to senior management to ensure the effective operation of the company and safeguard the rights and interests of shareholders.</p>	<p>Convened 18 Board meetings and deliberated 56 proposals, including investment in the construction of new energy power plants, the amendment of the A share offering plan, the participation in strategic allotment under A Share offering by connected persons, regular performance reports, capital increase to subsidiaries and related transactions.</p>
Special committee of the Board of Directors	<p>The Company's special committees of the board include the Audit Committee, Nomination Committee, Strategy Committee and Remuneration and Assessment Committee. Among the Audit Committee, Remuneration and Assessment Committee and Nomination Committee, the number of independent non-executive directors exceeds one-half and serves as the chairman. Each special committee plays its professional role in accordance with the rules of procedure to ensure the Company's standardized operations.</p>	<p>Convened 13 specialized committee meetings, including 11 audit committee meetings, 1 nomination committee meeting, and 1 remuneration and assessment committee meeting, and reviewed 31 proposals.</p>

Corporate Governance

Governance body	Scope of authority	Achievements for 2023
Board of supervisors	<p>The Company's board of supervisors consists of 5 supervisors, including 2 employee supervisors.</p> <p>The board of supervisors is the Company's supervisory body, which lawfully inspects the financial status of the Company, supervises internal control, risk control, information disclosure, major issues, and the performance of the Board of Directors and senior management personnel.</p>	<p>Convened 10 meetings of board of supervisors and reviewed 23 proposals, including the amendment of the A share offering plan, the participation in strategic allotment under A Share offering by connected persons, regular results reports, and related transaction matters.</p>
Senior management	<p>The Company has 8 senior managers, including 1 female senior manager, accounting for 12.5% of the total senior management staffs.</p> <p>Senior managers are responsible for the Company's production and operation management, implementing the Board of Directors' resolutions, the Company's development strategy, annual operating plans, investment plans and financial budget plans, etc.</p>	<p>Fully implemented the decisions of the Company's Board of Directors, and the Company achieved an operating revenue of RMB30.752 billion and net profit attributable to shareholders of listed company of RMB4.345 billion in 2023.</p>

Corporate Governance



For details, please refer to the Corporate Governance section of the Company's 2023 Annual Report.

2. Risk Compliance Management and Internal Control

Risk management and compliance operations are important cornerstones to ensure the sustainable development of enterprises. The Group is committed to establishing and continuously improving a risk compliance management system, integrating risk prevention and compliance management into all business links, improving the effectiveness of internal control, and achieving effective control and management of the Company's business development.

The Group attaches great importance to internal control management, strictly abides by the Corporate Internal Control Assessment Guidelines, Corporate Internal Control Audit Guidelines and other guidelines and regulations, and continuously improves the Company's relevant systems and mechanisms, by focusing on internal control enhancement in core business links such as financial reporting, procurement and payment, cost management, major investment, information disclosure, connected transactions and information system management, including incompatible duty separation control, authorization and approval control, accounting system control, asset protection control, budget control, operation analysis control and performance evaluation control to prevent and control risks.

In 2023, in order to further enhance the Group's risk compliance system, we continued to improve the construction and operation of an effective "big risk control, big compliance" system, strengthened the investigation and judgment of compliance risk sources, dynamic detection, and real-time warning capabilities to ensure corporate compliance operation, the Company established a compliance committee and office. Under the management of the compliance committee, the Company revised and improved the "Compliance Management System", "Three Key and One Important Business Review Management System", and "Major Business Review Process Review and Performance Standards" " and other internal system documents to further clarify the decision-making mechanism and division of responsibilities for major matters, refined and improved the review and performance list of major businesses, and strengthened risk prevention and control of major businesses. In order to actively and effectively respond to changes in the internal and external environment, the Company formed a risk and opportunity assessment analysis table through internal and external environment analysis and surveys of stakeholder needs and expectations. A total of 110 internal and external risks and opportunities were sorted out, and the "2023 Major Risk Management Plan" was issued focusing on 15 major risks. We formulated management strategies and measures for tracking and control, and reduced the occurrence of major risk events.

The Company regularly carries out internal control evaluations and system compliance inspections, and evaluates the effectiveness of internal controls through interviews, inspections, inquiries and discussions, walk-through tests, sampling and analysis, on-site inspections and other methods. In 2023, the Company had no major deficiencies on internal control in the financial reports; no major deficiency on internal control in the financial reports was found. The Company continues to maintain the effectiveness of its internal control system to ensure the Company's stable operations. During the Reporting Period, the Company took multiple measures to promote the construction of a legal culture, strengthened cooperation with law firms and other professional institutions, explored multiple legal popularization mechanisms, and worked closely in legal popularization, intellectual property protection, diversified dispute resolution, and cooperation with local legislation, demonstrates the good image of a legal enterprise, winning the 2022 Advanced Collective for Legal Construction in Urumqi.

ShineWing Certified Public Accountants (Special General Partnership) ("**ShineWing**") is the Company's internal control audit agency and audited the effectiveness of the Company's internal control in its financial reports as at 31 December 2023. ShineWing believes that: the Group maintained effective internal control in its financial reports in all material aspects as at 31 December 2023 in accordance with the provisions of the Basic Standards for Internal Control of Enterprises and related regulations.

3. Anti-corruption Behavior Promotion

Establishing an honest and clean corporate culture and upholding fair and just business values are the prerequisite for the steady development of enterprises. The Group adheres to business ethics, adheres to the principle of fair competition, strictly abides by laws and regulations such as the Anti-Unfair Competition Law of the People's Republic of China, the Anti-Money Laundering Law of the People's Republic of China, and the Interim Provisions on the Prohibition of Commercial Bribery, attaches great importance to the construction of integrity, and thoroughly implements the responsibility system for the construction of integrity. The Company has formulated the Code of Conduct for Integrity, the Reporting and Investigation Management System of Integrity Compliance, the Management System of Disciplinary Violations and other systems, focusing on key areas and key links, and taking a series of measures from clarifying management responsibilities, strengthening system construction, implementing supervision and inspection, attaching importance to risk prevention and control to strengthening learning and education to ensure the decent operation of the Company and the integrity of employees, maintaining anti-unfair competition and anti-corruption deterrent all the time.

Corporate Governance

In terms of employee integrity standards, the Group requires managers to sign a target responsibility letter and requires all employees to sign an “Employee Compliance Commitment Letter” and conduct a “Declaration of Interests”, and incorporates employees’ integrity into performance appraisal and promotion evaluation indicators; organizes integrity warning education training and publicity activities through the combination of “online + offline”. In 2023, the Group organized 174 integrity trainings, 5 visits to the integrity education base, 1 “Ode to Integrity” poetry recitation competition, 1 integrity calligraphy and painting competition, 1 fun answer contest on integrity system, with the training scope covering directors, supervisors, senior management and all employees, creating an integrity education atmosphere of “all employees acting incorruptly, promoting integrity multifariously, and advocating integrity comprehensively”, striving to improve employees’ awareness of integrity and self-discipline.

In terms of the integrity and self-discipline management of stakeholders, the Group has solidified “compliance clauses” in various contract templates and signed a separate “Business Partner Compliance Commitment Letter” covering the content of integrity cooperation, actively conveying anti-corruption principles to business partners, and encouraging business partners to be clean and self-disciplined; the Group issues a letter of initiative to business partners, advocating that both parties not to provide any benefits other than normal business for any reason during the cooperation period, and invites business partners to jointly supervise, and report in a timely manner if any unfair benefit transmission is discovered, creating a fair, just and win-win business environment.

The Group encourages all employees and other insiders to report violations of integrity and self-discipline regulations, sets up a reporting mailbox, and publishes information on integrity supervision and reporting channels on the internal network, public places, project sites and other places, and writes terms related to integrity complaints and reporting in contracts, bidding documents and other documents, facilitating stakeholders to reflect and report actual or suspected corruption.

The Group maintains a zero-tolerance attitude towards all types of corruption and strictly investigates and punishes violations of relevant regulations to deter violations of laws and disciplines. In 2023, the Group did not engage in any illegal or irregular activities that had a significant impact on the Company, such as bribery, extortion, fraud, and money laundering, nor did it have any pending or concluded corruption litigation cases.

R&D Innovation

Innovation is the core competitiveness and inexhaustible driving force for the long-term sustainable development of enterprises. The Group has always adhered to the operating policy of “innovation-led”, scientifically builds an innovation system platform, carries out product technology and service innovations at the forefront of industrial technology and production and operation bottlenecks, continuously promotes patented research and development and the industrialization of achievements, contributing to the green and high-quality development of the Group and the new energy industry.

1. Innovation System and Platform Construction

The Group continues to strengthen the organizational management of research and development and innovation and the construction of talent echelon, formulates and effectively implements the “Technological Innovation Project Management System”, “Technological Innovation Project Reward Management Standards” and other institutional documents, and optimizes the performance and innovation incentive system by continuously increasing investment in research and development, deepens industry-university-research cooperation with target universities and scientific research institutes, fully stimulates the innovation enthusiasm of scientific and technological workers, accelerates the transformation and application of research and development results, and continues to promote the reform of scientific and technological innovation mechanisms and the improvement of scientific and technological innovation capabilities.

In 2023, the Group implemented the “change empowerment” operation policy, steadily promoted integrated product development (“IPD”) reform management, formulated the “IPD Project Management and Assessment and Evaluation Mechanism”, and selected pilot research and development projects around the core goal of improving quality, reducing costs and increasing efficiency based on customer needs, promoted the construction of product and service innovation systems driven by market demand, and continuously improved product competitiveness.

In 2023, the Group continued to build an “industry-university-research” technological innovation platform and carried out joint technological research and talent team training:

- Signed a “Strategic Cooperation Framework Agreement” with well-known universities and established a “Silicon-based Materials Innovation Center”.
- Jointly hosted a series of activities such as the New Energy Industry Green Development Summit Forum and the Doctoral Forum with a number of well-known universities, signed a cooperation agreement on talent training for “excellent engineers”, and established a “joint training and employment training base for graduate students”.

R&D Innovation

- Convened industry-university-research demand matching meetings and doctoral and master's symposiums with well-known universities to communicate industry-university-research cooperation opportunities and high-end talent introduction plans, strengthening joint technological research and talent training.
- Cooperated with well-known universities to research frequency-division power transmission technology, and the developed flexible frequency-division power transmission system — M3C frequency conversion equipment was widely applied in the CEPRI-Zhangbei frequency-division power transmission demonstration project, which provided the equipment demonstration for a leap from theory to practical application of frequency-division power transmission, and the overall technology reached the international leading level.

In 2023, the Group's "Xinjiang High Purity Silicon Material Engineering Technology Research Center" was evaluated as excellent in the performance evaluation results of engineering technology research center in Science & Technology Department of Xinjiang Uygur Autonomous Region ("**Xinjiang**") in 2023; 2 national enterprise technology centers established were rated as excellent and good respectively in the 2023 national evaluation results, ranking first and third in Xinjiang respectively.

Employees are the important subjects of enterprise innovation and development. In order to further stimulate the potential of front-line employees to innovate and create profits, the Group forms a working mechanism and operation model with full participation and multi-level linkage. As of the end of 2023, the Group had a total of 11 innovation studios for model workers and craftsmen, giving full play the important role of skilled talents in technological research and innovation, skill innovation and research and development, etc.

2. Product Technology and Business Innovation

In 2023, the Group focused on the integration and innovation of new technologies, new fields, new processes and new solutions, strengthened basic research on product technology innovation, promoted key core technology research, and provided technical support to improve the performance of new energy products and reduce the cost of electricity.

R&D Innovation

In terms of polysilicon production, the Group adopts Xinte Energy's eighth-generation polysilicon "intelligent manufacturing" technology with the main feature of intelligent manufacturing. With value creation as its core, intelligent factors and production factors are embedded in each link of "man, machine, material, method, environment and test". The Group comprehensively realizes 5G interconnection in production factors, combines smart terminals and IoT systems, realizes real-time production optimization of fully connected factories, creating safe, high-quality, energy-saving, environmentally friendly, green and low-carbon smart factories. The Group carries out scientific and technological innovation work focusing on bottleneck issues such as improving product quality and ensuring production stability. The Group conducts technological innovation, industry-university-research cooperation and process package optimization works in fields such as new reduction furnace design, reduction furnace intelligent control and simulation technology, production process recycling and reutilization, catalyst development, advanced intelligent control technology and other fields, with 74 technological innovation projects were approved throughout the year, and 9 industry-university-research projects were under research, researches on core key issues such as reduction conversion rate improvement, process operation stability, and system elimination management and control for breakthroughs, to improve production efficiency and stability, and improve product quality.

In terms of the development, construction and operation of wind and solar resources, the Group closely adheres to the policy guidance of the "3060 Dual Carbon" goal, continues to increase investment in technological innovation and product innovation, actively explores new business models, and achieves the development of "horizontal expansion and vertical deepening". In terms of technological innovation, the Group relies on the advantages of industry-university-research cooperation to carry out technological innovation in the fields of frequency division power transmission and flexible DC transmission technology to improve the performance of power electronic products; it also innovates around design solutions such as PV flexible brackets and truss-type wind turbine towers, shortens the project construction cycle and reduces costs while improving the project's environmental adaptability. In terms of product innovation, we carry out product innovation, research and development around high-power inverters, enhanced SVG, and large-capacity static synchronous compensators, complete 12 new product developments, and realize the release of 7 new products including the domestically produced string inverters of 320kW, 330kW, and 250kW, liquid-cooled battery cabinets, centralized 4.4MW inverters, and 4.4/8.8MVA inverter-booster machine series products, effectively enhancing product market competitiveness. In terms of exploring new business models, we study household PV and distributed wind power layout plans at different latitudes, promote source-grid-load-storage low-carbon industrial park solutions, study shared energy storage profit models and energy storage equipment selection, and develop typical designs of independent energy storage power stations and technical solutions for shared energy storage power station, providing technical support for large-scale commercial operations.

R&D Innovation

In 2023, a number of projects and topics independently developed or jointly developed by the Group won awards, reflecting the recognition on the Group's scientific and technological innovation achievements by the government and relevant professional institutions:

- The three projects including “Breakthroughs and Applications of Key Green Processes and Quality of High-Purity Polysilicon”, “Development and Engineering Application of Converter Valve for $\pm 800\text{kV}/3000\text{MW}$ Flexible DC Transmission System” and “Key Technologies and Applications of Multi-Temporal Wind Power Prediction and System Balance Control based on Xinjiang Climate and Geomorphology” developed by the Group won the first prize of Xinjiang Uygur Autonomous Region Science and Technology Progress Award.
- The “Key Technologies and Engineering Applications of UHV ± 800 kV Hybrid Multi-terminal Flexible DC Transmission” project jointly developed by the Group won the first prize of the Guangdong Provincial Science and Technology Progress Award.
- The “Key Technologies and Engineering Applications of Large-Scale PV Energy Storage Converter Control Based on DC Bus Voltage Information” project jointly developed by the Group won the first prize of the Jiangsu Provincial Science and Technology Award.
- The “Key Technologies and Applications of High-Performance Modular Cascaded Power Electronics Equipment” project jointly developed by the Group won the second prize of the Jiangxi Provincial Science and Technology Progress Award.
- The “Research and Development of Key Technologies and Series of Equipment for Frequency Division Transmission Systems to Increase Transmission Capacity on a Large Scale” project developed by the Group won the first prize of the Science and Technology Progress Award of the China Electrotechnical Society.
- The “Research and Application of Key Technologies for Smart PV Digital Reality and Light Control Engineering” project developed by the Group won the first prize of the Xinjiang Uygur Autonomous Region Digital Science and Technology Progress Award.



3. Intellectual Property Protection

Intellectual property protection is an important guarantee for enterprise innovation capabilities and competitiveness. The Group strictly abides by the “Patent Law of the People’s Republic of China”, “Trademark Law of the People’s Republic of China”, “Enterprise Intellectual Property Management Standards” and other relevant laws, regulations and standards, and has formulated the “Intellectual Property Management System”, “Intellectual Property Reward and Punishment Management Standards”, “Intellectual Property Emergency Management Standards”, “Patent Management System”, “Trademark Management System” and other management systems, established a patent committee to be responsible for intellectual property management, and built a complete intellectual property business processing procedure, focusing on the high-quality creation, high-level application, high-efficiency protection and high-level management of intellectual property to comprehensively promote the management and layout of intellectual property to better empower and ensure the high-quality development of the Group.

The Group protects its own intellectual property rights such as patent rights, technical secrets, trademark rights, trade secrets and copyrights from infringement in accordance with the law, and respects and avoids infringement of the intellectual property rights of others. The Group comprehensively strengthens the protection and application of intellectual property, stimulates innovation vitality, improves the transformation and industrialization level of scientific and technological achievements, continuously creates new development momentum and new advantages, continues to promote the implementation of innovation-driven development strategies, and empowers industrial transformation and upgrading. In 2023, the Group compiled the “Technical Research and Development and Intellectual Property Risk Control Matrix” to manage and control the intellectual property risks that may arise during research and development and production and operation processes. It actively optimized intellectual property management methods and strengthened intellectual property protection, and there was no illegal violations and litigation cases regarding intellectual property protection occurred.

During the Reporting Period, the Group’s “Zirconium Oxide and Methyl Chlorosilane Joint Preparation Process and Joint Preparation Equipment”, “A Dual Active Bridge Circuit Modulation Strategy Suitable for PV Power Generation Applications” and “ Configuration System and Method for a High-voltage Flexible DC Converter Valve Control Device” and other projects won 2 first prizes and 1 second prize in the Xinjiang Uygur Autonomous Region Patent Award; 80 new authorized patents were obtained in 2023. As of the end of 2023, the Group had a total of 820 domestic authorized patents and 7 international patents, and participated in the preparation of 126 published standards, of which 6 were international standards, 37 were national standards, and 33 were industry standards.

Products and Services

1. Improving Product Quality

Product quality is the cornerstone of earning customers' trust and reputation for an enterprise. Guided by the quality policy of "pursuing excellent quality and meeting customer needs", the Group integrates digital quality management into all business processes such as product design and development, material selection and control, production and manufacturing, warehousing and logistics, customer service. We strictly abide by laws such as the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》), and industry standards. Through establishing a sound quality management system, improving quality management systems, emphasizing whole-process quality management, and actively conducting quality training, the Group continuously enhances its quality of products.

(1) Quality system

The Group has formulated several product quality management systems, including the Quality Improvement Management System (《質量改進管理制度》), the Product Quality Management System (《產品質量管理制度》), the Quality Inspection Management System (《質量檢驗管理制度》) and the Quality Problem Management System (質量問題管理制度), and has established a comprehensive quality management mechanism for raw material inspection process and the entire production process of products. Various production process indicators have been strictly implemented, quality-related meetings have been regularly organized and held, and special initiatives for quality problem lists and control measures have been launched to effectively promote the resolution of key quality problems.

In 2023, the Group established a Continuous Improvement Committee (持續改進委員會) and a Special Team for Quality Improvement (質量提升專項小組), organizing 78 special quality-related meetings and regular meetings, which focused on reporting and summarizing the completion of product quality indicators and the promotion results of quality work, arranged and deployed plans for subsequent product quality improvement, accelerated the refined management and control in the production process to ensure a steady increase in product quality. During the Reporting Period, the Group added or revised 18 systems such as the Clean Management System (《潔淨管理制度》), Customer Application End Quality Evaluation Standards (《客戶應用端質量評價標準》) and Product Sample Management System (《產品試料管理制度》), improved 7 operation standards, and added and revised 115 testing methods. Emphasis was placed on advancing the construction of quality information systems such as equipment status monitoring data and drone intelligent inspections to continuously improve product quality.

(2) Quality process control

In terms of improving the quality of polysilicon products, the Group adhered to the customer application end quality evaluation as the guideline. A team led by senior management conducted follow-up visits to N-type monocrystalline customers, jointly discussing market quality demands, optimizing quality evaluation dimensions, and determining subsequent quality development plans. Focusing on reducing the body and surface metal contents and increasing the proportion of N-type monocrystalline, the Group made efforts in quality improvement. In terms of the raw material, the Group comprehensively carried out raw material quality evaluation, established 9 new procurement standards for main and supporting production materials and other materials, and completed the revision of 80 procurement technical standards to improve product quality from the source. During the production process, the Group strictly controlled the stability of the process and carried out technical improvements in aspects such as improving system load and impurity removal capacity, reducing impurity enrichment in recycled materials, and increasing residue removal; relying on the R&D center and digital empowerment, we deepened the digital and intelligent reform of the production system, provided accurate, timely, and reliable data support for production processes, processes, and quality optimization through applying innovative achievements such as industrial Internet platforms, smart manufacturing, and digital twins, so as to reduce costs and improve production efficiency. In 2023, the Group's digital delivery project of Xinte Silicon New Materials Co., Ltd. (新特硅基新材料有限公司) was selected as the pilot project for intelligent manufacturing standards application for 2023 (2023年度智能製造標準應用試點), making it the only unit in the national new materials field and the silicon-based new materials industry to receive this honor.

In terms of improving the quality of wind energy and PV power station construction and operation, the Group strengthened equipment supervision and quality control. In 2023, it focused on carrying out factory inspections of equipment suppliers and equipment supervision, eliminating 21 unqualified suppliers and rejecting defective equipment such as blades and components, thus the quality of power station construction was effectively improved. The Group strictly controlled the quality of key construction processes, established daily management and control mechanisms, and promptly shared highlights and issues in power station civil construction, installation, commissioning, etc., so as to share excellent experience in real time and procure closed-loop rectification wherever problems were identified. The Group carried out special preventive inspections for industry-prone major quality problems such as overspeeding and tower collapse in wind farms, completing inspections of 714 wind turbines; comprehensively implemented quality improvement activities, strengthening employees' sense of responsibility for quality management.

Products and Services

In terms of improving the quality of inverters, SVG and other products, the Group strengthened process quality management. It achieved full-process quality traceability from raw materials to product delivery by promoting the application of Manufacturing Operations Management (“**MOM**”) system and identification resolution system, effectively increasing the rate of issue resolution; continuously improved quality standards, optimized 9 factory inspection and key material control measures, and formulated 34 quality control plans and raw material inspection standards for energy storage products.

The Group strengthens the establishment of quality control standards for ex-factory products, strictly implements quality inspection and disposal of non-conforming products, and prohibits products that have not passed testing and verification from leaving the factory. The Group standardizes the scope of product testing, establishes a centralized process for recovery of failed products, and carries out maintenance and scrap processing according to the recovery system and product conditions. The Group has CNAS (China National Accreditation Service for Conformity Assessment) and CMA (China Metrology Certification) qualified laboratories, which can conduct quality testing in strict accordance with industry standards and customer needs, ensuring 100% inspection of products before shipment, and guaranteeing the quality of shipped products.

During the Reporting Period, the Group actively organized internal and external quality knowledge and tool training, and carried out 33 quality training activities such as labor competitions, quality knowledge competitions, skills competitions and speech competitions. These activities have strengthened the participants’ understanding of quality compliance knowledge, quality professional knowledge and skills learning, established quality awareness among all employees, and guaranteed more effective quality management work. In 2023, the overall test pass rate of the Group’s polysilicon, inverters and other products remained above 99%. There were no major quality defects in construction projects. The first phase 100,000-ton project of the 200,000-ton-per-annum high-end electronic-grade polysilicon green low-carbon circular economy construction project (“**200,000-ton Polysilicon Project in Zhundong**”) was rated as AAAAA high-quality project by China National Association of Chemical Construction Enterprises, and two projects namely “Wind Farm Customized Solution Reduces Tower Design Cost (《風電場定製化解決方案降低塔筒設計成本》)” and “Reducing the Incidence of PV Pipe Pile Foundation Cracks (《降低光伏管樁基礎裂縫發生率》)” were rated as the third-class results of group activities during the 2022 Electric Power Construction Quality Management campaign by the China Electric Power Construction Association.

2. Optimizing Service Experience

High-quality service is the key to improving customer experience. The Group attaches great importance to customer service quality and has formulated the Marketing and Sales Management System (《市場營銷與銷售管理制度》), the Customer Relationship Management System (《客戶關係管理制度》), the Customer Credit Management System (《客戶信用管理制度》) and the Customer Satisfaction Analysis and Complaint Handling Management System (《客戶滿意度分析及投訴處理管理制度》) and other management measures around the core principle of “customer first”. With these systems, the Group improves complaint feedback and handling process, ensure customer information security, increase service levels, and provide customers with better and more satisfactory services.

(1) Customer satisfaction

The basis for increasing customer satisfaction is full and effective communication with customers. The Group actively maintains smooth two-way communication with customers, deeply understands customer needs, and strives to enable customers to have a deeper understanding of the Company’s products and services. The Group conducts a comprehensive customer satisfaction survey every quarter to understand customer satisfaction from aspects such as product quality, pre-sales and after-sales service quality, logistics and transportation, and brand. The Group invites customers from time to time to conduct evaluation on product usage and contract execution during the cooperation period, and with customer satisfaction surveys and analysis results, the Group makes targeted improvements and enhancements.

In terms of customer interaction, in 2023, the Group organized multiple customer communication meetings and after-sales return visits around the themes of improvement in polysilicon product quality, service improvement, and mutual growth, and invited customers to the Company’s production base for more than 30 investigations and inspections. The average customers satisfaction score of the polysilicon business was 93.16 points, representing a slight increase as compared with the previous year; the Group focused on ten dimensions including economic benefits, scheme design, technical advantages, project quality, construction progress, risk prevention and control, contract performance, team cooperation, and after-sales service. Customers were invited to conduct satisfaction evaluations on the implementation of new energy power station projects. The average score was 4.88 points (out of 5 points), which was highly recognized by customers.

Products and Services

In terms of customer complaint handling, the Group has established a complete complaint and feedback mechanism, which clarifies such aspects as responsible departments, complaint information collection, complaint problem analysis, complaint handling and reply, complaint improvement and verification, and properly addresses customers' requirements for product quality and service guarantee. In response to problems such as inverter module failure and SVG tripping, the Group received a total of eight customer complaints in 2023 and organized an investigation of the causes immediately, and carried out rectifications through module replacement, software optimization and other means to avoid the same or similar situation from happening again. In response to issues such as polysilicon product quality and service, the Company focuses on continuous communication with customers, collects the application effects of the Company's products from customers, conducts internal full-process production process analysis and continuous improvement, and through internal quality research, lean management, digital technology application, and packaging improvement, real-time monitoring of transportation processes and other measures are taken to ensure customer service quality and continuously improve customer satisfaction. In 2023, the Company has sold or shipped no products that need to be recalled due to safety and health reasons.

(2) Ensuring information security

The Group strictly abides by the Cybersecurity Law of the People's Republic of China (《中華人民共和國網絡安全法》), the Data Security Law of the People's Republic of China (《中華人民共和國數據安全法》), the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》) and other relevant laws and regulations, and has established an internal confidentiality system to strictly manage customer data, aiming to ensure the security of customers' business and personal information. In terms of managing information systems, documents, contracts, technical data, design drawings, etc. involving business secrets, the Group implements access permission management, with dedicated personnel responsible for managing customer confidential data. The storage and access of confidential data requires approval procedures, and specify punishment methods for employees who leak customer confidentiality, so as to maximize the prevention of customer data from leakage. In terms of information network security, the Group has formulated the Information Security Management System (《信息安全管理制度》) to conduct regular backups of commonly used information systems, and uses a file encryption system to achieve 100% encryption of all types of files to increase data security.

In 2023, the Group had no violation incidents or lawsuits caused by the leakage of customer information.

Supply Chain Management

Building a healthy, stable and sustainable supply chain system is the foundation for high-quality development of enterprises. The Group adheres to good moral principles and business practices, creates an open, transparent, fair and win-win cooperation environment, helps improve production and operational efficiency, thus achieving a win-win situation with supplier partners while protecting the enterprise's own interests. In order to guide and promote the sustainable development of suppliers, the Group continues to promote the healthy and green development of the supply chain by strengthening communication and cooperation with suppliers in corporate social responsibility management and low-carbon transformation.

1. Supply Chain System

The Group has formulated and continuously improved internal system documents such as the Supplier Management System (《供應商管理制度》) and the Procurement Management System (《採購管理制度》) to optimize the systematic and informatized construction of supplier management, and standardize the supplier's access review, evaluation, supervision and assessment process. The Group pays attention to the entire process of end-to-end delivery of products which is managed from raw material procurement cycle, production cycle to sales and transportation cycle.

In terms of supplier selection, the Group follows the established procurement procedures and policies to implement a management mechanism of mutual separation, restriction and supervision, and selects suppliers in an open, fair and impartial manner. During the access stage, the Group conducts due diligence on suppliers, reviews supplier credit, production licenses, product testing reports, quality certification systems, environmental management systems, occupational health and safety management systems, supply capabilities, price levels, performance and other supporting materials, so as to prevent procurement risks through such rigorous supplier qualification review.

In terms of supplier management, the Group has established a Credit Evaluation File (《信用評價檔案》) of suppliers to conduct daily dynamic evaluations and annual comprehensive assessments of suppliers. Procurement, quality inspection, finance and other relevant business departments conduct internal reviews on suppliers from multiple perspectives such as quality, supply speed, response speed, and service level, to form a Supplier Internal Evaluation Report (《供應商內部評價報告》). The suppliers regularly self-examine their basic situation, personnel status, quality management, production safety and system construction to form a Supplier External Evaluation Report (《供應商外部評價報告》). Then, the evaluation results are summarized to form a comprehensive supplier evaluation and record, and finally the Qualified Suppliers Directory (《合格供應商名錄》) is compiled to classify and manage suppliers, strategically cooperating or terminating procurement to ensure the stability and safety of the supply chain.

Supply Chain Management

In building a digital and intelligent supply chain, the Group promotes the construction of an electronic bidding platform and the comprehensive application of supply chain management platform (the “**SCM Platform**”), covering supplier introduction, registration, credit evaluation, filing and review, bidding and procurement, assessment management and other modules. The Group has realized centralized sharing of resources between the enterprise and suppliers and improvement in management efficiency through efficient, convenient and value-added digital procurement experience and services. In 2023, the Group optimized the online platform functions in various aspects, simplifying the authorization and approval process while ensuring the effectiveness of decision-making, and further improve work efficiency.

As of the end of 2023, the Group had a total of 1,415 registered qualified suppliers, and their distribution by region is as follows:

Region	Province	Number of suppliers
East China	Shanghai, Jiangsu, Anhui, Jiangxi, Shandong, Fujian, Zhejiang	457
Northwest China	Xinjiang, Gansu, Ningxia, Qinghai, Shaanxi	422
North China	Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia	209
Central China	Henan, Hunan, Hubei	119
Southwest China	Tibet, Yunnan, Sichuan, Guizhou, Chongqing	96
Northeast China	Heilongjiang, Jilin, Liaoning	65
South China	Guangdong, Guangxi, Hainan	47
Total		1,415

2. Responsible Procurement

The Group fully integrates the concept of responsible procurement into the entire supply chain management process, focuses on guiding and promoting suppliers to strengthen social responsibility management and low-carbon transformation, and continues to promote the healthy and green development of the supply chain.

In terms of registered supplier management, the Group has formulated internal systems such as the SCM Platform Registered Supplier Review Standards (《SCM平台註冊供應商審核標準》) and the Engineering Project Recommendation Review Standards Manual (《工程項目薦標審核標準手冊》), requiring registered suppliers to provide three system certifications (quality management system certification, environmental management system certification and occupational health and safety management) information, and whether it has passed the certifications will be included as a key bonus item in later management. The Group signs a safety and environmental protection agreement with the registered suppliers, clearly requiring the suppliers to perform safe production, occupational health, environmental protection and emission reduction and other social responsibilities.

In terms of improving supplier capabilities, the Group sets relevant evaluation indicators for suppliers' environmental, occupational health and safety management levels during daily and annual evaluations of suppliers. Through continuous monitoring, following-up and supervision of rectifications, the Group comprehensively evaluates suppliers' fulfillment of social responsibilities and improve their performance in social responsibilities. For suppliers who are found problems and cause serious adverse effects, we will take measures such as terminating transactions and making rectifications within a time limit according to the severity; for supplier product quality problems exposed in production and operations, we will train suppliers through online and offline methods. We assist suppliers mainly in improving their ability to use quality tools to analyze problems, identify real causes, and eliminate quality problems, so that suppliers can quickly change their perceptions and move toward standardization, unification, and high quality to meet the Group's procurement needs.

In terms of green supply, the Group follows the principle of being environmentally friendly and strives to build and maintain the ecological environment of the industrial chain by providing reliable, economical, green and high-quality products and services, and actively promotes the green and low-carbon transformation of the supply chain. Riding on resource advantages in the new energy applications, we encourage and support suppliers to use green electricity to produce green products; advocate suppliers to conduct safety and environmental system certifications, and use and produce materials that comply with national and regional environmental protection laws and regulations as well as industry environmental standards. For those suppliers who do not meet standards, we will promptly issue rectification notices and provide guidance and suggestions. If necessary, we will conduct on-site review and evaluation within the specified time. Suppliers who fail to pass the annual review and rectification will be removed from the Qualified Suppliers Directory.

3. Mutual Benefit and Win-Win

The Group expects to establish friendly and long-term cooperative relationships with excellent suppliers, and conducts business with suppliers by adhering to the concepts of “safe, prompt and economical supply” and the procurement principles of “fairness, impartial, equal, voluntary and free negotiation”. We promote mutually beneficial cooperation with suppliers, strictly perform contracts, and make contract payments on time to protect the legitimate rights and interests of suppliers. The Group communicates, interacts and shares information with suppliers through supplier conferences, high-level personnel visits, industry benchmarking and other channels, and jointly explores cooperation models, room for improvement in production and operations, and the development direction of the industry and market.

In 2023, the Group carried out supplier questionnaire collection work, mainly investigating purchasing managers’ work attitude, competence, payment performance, receipt of goods and integrity issues. 300 suppliers were selected and distributed questionnaires, and an in-depth analysis of the issues reflected therein were conducted to form a special report; for graphite parts, packaging boxes, etc., we benchmarked against the industry, collaborated with suppliers to optimize technology, and achieved procurement cost reduction; held technical exchange meetings with tower and component suppliers to jointly increase the level of technological R&D, thereby achieving long-term strategic cooperation and mutual growth with suppliers.

Environmental Protection

As an industry-leading manufacturer of high-efficiency PV materials and a green and smart energy service provider, the Group has always borne in mind the mission of “providing green energy and creating a better life”. It responds to domestic and foreign policies of addressing climate change and the national call of “carbon neutrality” strategies, and gives play to the role of the new energy industry in optimizing energy structure and building ecological civilization. While deeply exploring the fields of clean energy, energy conservation and environmental protection, we strengthen the construction of our own environmental management system, and strive to achieve green development.

The Group strictly abides by the Environmental Protection Law of the People’s Republic of China (《中華人民共和國環境保護法》), the Cleaner Production Promotion Law of the People’s Republic of China (《中華人民共和國清潔生產促進法》), 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廢物污染環境防治法》) and other environmental protection laws and regulations of the PRC and the locations where the Group operates. It actively studies environmental protection-related policies, formulates, implements and optimizes 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 (《污染源在線監控系統管理規定》), the Environmental Factors Identification and Evaluation Regulations (《環境因素識別與評價規定》) and other institutional documents, and has formed a systematic, complete and highly operable environmental management system to continuously improve the Group’s environmental management.

As of the end of 2023, the Company and its affiliated companies have completed environmental management system certification and obtained corresponding certified qualifications. They fully fulfilled their tax responsibilities related to environmental protection during the year, and there occurred no incident of major penalties or notifications due to violations of environmental laws and regulations.

1. Efficient Utilization of Resources

The Group adheres to the policy of energy conservation and emission reduction, earnestly abides by the Energy Conservation Law of the People's Republic of China (《中華人民共和國節約能源法》) and other regulations, and formulates and implements the Energy Management Manual (《能源管理手冊》), the Energy Program Implementation Management System (《能源方案實施管理制度》), the Energy Operation Management System (《能源運行管理制度》), the Energy Review Management System (《能源評審管理制度》) and other institutional documents. It actively carries out key projects such as energy and water conservation, improves resource utilization efficiency through technological innovation and process improvement, and facilitates the construction of a resource-saving enterprise.

The Group mainly uses electricity, coal, water as well as wood, paper and plastic packaging materials and other resources in the production and operation. In order to strengthen environmental protection and reduce resource loss, the Group actively studies energy-saving measures, regularly supervises and inspects energy-saving work such as energy usage and implementation of energy consumption quota per unit product, and timely rectifies and optimizes problems discovered and areas that can be improved, for the purpose of promoting green production and operations of the enterprise.

(1) Coal and power resources

Coal and electricity are the main resources consumed in the production and operation process of the Group. Coal is mainly used to generate electricity in the Company's self-owned power plant for the production of polysilicon. In 2023, the Company conscientiously implemented the Notice on Carrying out the Renovation and Upgrading of National Coal-fired Power Units issued by the NDRC and the NEA. On the premise of ensuring the energy demand for polysilicon production, the fine management of coal mines was enhanced through the optimization of combustion boilers, fine control of air distribution for combustion and intelligent fuel control systems, resulting in an improvement in the combustion efficiency of coal, and the coal consumption of self-owned power plants was further reduced. At the same time, technical research was carried out to address the bottlenecks of the machine set's long-term operation load capacity gradually declining, low turbine operating efficiency and high heat consumption, and a research team was established to conduct energy-saving and consumption-reducing transformation research. After technical transformation, by improving steam turbine efficiency and reducing energy consumption, the standard coal consumption for steam turbine power supply dropped by 0.7g/kW.h, saving approximately 2,800 tonnes of coal throughout the year, saving coal economic benefits of RMB970,000, and generating carbon economic benefits of RMB560,000.

Environmental Protection

In terms of production electricity, the Group optimizes the load of electrical equipment in each process, promotes the application of the new 40-pair rod reduction furnace with low power consumption and high density control mode, reduces the high-voltage electricity consumption in the raw material workshop, reduces reducibility power consumption by applying the reduction intelligent control system, and improve the efficiency of heat exchangers and reduce the frequency of use of circulating water pumps to achieve energy saving and consumption reduction.

In terms of electricity consumption in office and daily life, the Group specially formulated a code of conduct for employees to conserve electricity. By dividing the grid responsibilities in public areas, the Group implements the requirements for energy-saving use of lighting and public appliances in public places, and advocates employees to establish an environmental-friendly awareness of energy conservation to reduce electricity consumption in office and daily life.

(2) Water resources

The Group strictly abides by the Water Pollution Prevention and Control Law of the People's Republic of China and other relevant water resources laws and regulations, strengthens water resources management, establishes and improves a water-saving management system, and implements water resource management measures such as water conservation and water recycling. The Group's water resources are mainly used in the process of waste gas treatment and cleaning, chlor-alkali salt pool, desalted water replenishment in the production of polysilicon, the construction in power station construction and operation, and daily greening, office and domestic water of the plant area.

In terms of production water, the Group continues to strengthen the utilization of recycled water and reduce fresh water consumption on the basis of ensuring the supply of water resources required for production operations. In terms of polysilicon business, the Group reduces the demand for fresh water through wastewater recycling, treatment and reuse, set up an automatic monitoring system in the polysilicon production plant area to realize real-time monitoring and control of water consumption, optimizes the flow of circulating water pump into the water, and adjusts the temperature difference of circulating water in each production devices to reduce water consumption. In terms of the construction and operation of new energy power stations, the Group incorporates energy conservation, environmental protection, safety, intelligence and other factors into the planning and design process, and strictly controls the construction quality to improve the management level of new power stations in aspects such as low-carbon environmental protection, soil and water conservation, and occupational health and safety. The Group set up machinery, equipment, and vehicle flushing and recycling water devices at the construction sites of power station projects in deserts, mountains and other water-scarce areas, and established rainwater collection systems at the construction sites of power station projects in areas with abundant rainfall to improve the utilization rate of water resources.

Environmental Protection

In terms of daily office and domestic water use, the Group formulated a special water conservation plan and effectively improved water resource utilization through specific measures such as sewage reuse and reasonable implementation of greening and water-saving irrigation, achieving the goal of a year-on-year decrease in per capita domestic water consumption.

(3) Other resources

In terms of other resources, the Group mainly uses wooden, paper and plastic materials for product packaging. The Group advocates reducing the production and use of packaging materials during operations, and gradually increases the use of recyclable packaging. Taking into account loading and unloading conditions, transportation methods, transportation distance and other factors, the Group continuously optimizes product packaging and shipping methods to reduce packaging damage and improve packaging recovery rates. In 2023, the Group replaced the finished polysilicon packaging boxes with recyclable integrated environmental-friendly large packaging boxes, achieving low-carbon and environmental protection while reducing costs.

The Group also takes a series of resource-saving actions in office and daily life, including promoting the “Clear Your Plate” campaign for dining in the internal canteen to reduce food waste, advocating the secondary use of non-confidential paper, and reducing office paper consumption by continuously improving the level of informatization and promoting paperless office and other measures, such as promoting the in-depth integration of PLM (product whole lifecycle management) and MOM systems, so as to realize the automatic transmission of all process documents to the workstation signboard through the system, and achieve paperless and accurate distribution of operation standards.

(4) Usage amounts and density of main energy and resource

Index	Type	2023		2022	
		Consumption	Density ⁽¹⁾ (per tonne)	Consumption	Density ⁽²⁾ (per tonne)
Water resources	Consumption in Production (ten thousand m ³)	995.91	0.0052	774.34	0.0062
	Consumption in Office (ten thousand m ³)	88.10	0.0005	68.77	0.0005
Electric energy	Consumption in Production (ten thousand kWh)	1,482,765.29	7.7509	874,285.00	6.9443
	Consumption in Office (ten thousand kWh)	1,731.18	0.0090	976.00	0.0078
Fuel and other	Diesel (tonne)	95.79	0.0005	117.00	0.0009
	Coal (tonne)	2,543,359.00	13.2949	2,574,665.00	20.4501
Packaging materials	Wooden materials (tonne)	24,673.80	0.1290	3,767.00	0.0299
	Paper materials (tonne)	43,608.60	0.2280	3,232.00	0.0257
	Plastic materials (tonne)	40,547.64	0.2120	2,079.00	0.0165

(1) Density is calculated based on the Group's output of 191,300 tonnes of polysilicon in 2023.

(2) Density is calculated based on the Group's output of 125,900 tonnes of polysilicon in 2022.

2. Reducing Pollution Emissions

As an industry-leading demonstration enterprise with full coverage of green manufacturing systems such as green design, green products, green factories, and green supply chains, the Group adheres to green and clean development and strictly complies with 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, constantly improves the environmental management system and updates environmental protection technology to reduce pollution emissions, optimizes the waste recycling system, and actively balances the relationship between economic benefits and environmental protection benefits through circular economy practices, so as to establish a civilized and environmentally-friendly corporate image. The Group regularly entrusts qualified third-party testing agencies to test waste gas and wastewater emissions, as well as noise, soil, groundwater, etc. The test results are all in compliance with relevant emission limit requirements, ensuring that pollution emission management measures are implemented and emission reduction targets are achieved according to regulations.

Environmental Protection

(1) Exhaust gas and carbon emissions

The Group strictly abides by the national and local exhaust emission standards, and has established an air pollution control leading group centered on the general manager and relevant business leaders to organize, formulate and implement the Group's special air pollution control plan. In view of the exhaust gases such as dust, sulfur dioxide and nitrogen oxides generated during the power generation of the Group's self-owned power plants and the production of polysilicon, the Group monitored the exhaust gas emissions in real time through scientifically configured exhaust gas treatment facilities and monitoring systems to ensure that the emissions and concentration meet standards.

At the same time, the Group is committed to creating a new industrial development model of "producing green products with green electricity", continuing to increase investment and construction of green power such as wind power and PVs, expanding the construction and operation scale of the Group's new energy power stations, and continuously improving the contribution of green and clean energy. In 2023, the installed capacity of PV and wind power projects recognized by the Group will be approximately 2.19 GW. As of the end of 2023, the scale of the wind energy and PV power station operation projects that the Group has completed will exceed 3.23 GW. Compared with coal-fired power plants of the same scale, the annual power generation of the self-owned power station can reduce nitrogen oxide emissions by approximately 907.17 tonnes/year, sulfur dioxide emissions by approximately 566.13 tonnes/year, dust emissions by approximately 115.95 tonnes/year, and carbon dioxide emissions by approximately 5,620,400 tonnes/year.

In 2023, the Xi'an Zero Carbon Industrial Park of subsidiary of the Group was awarded the title of "Zero Carbon Park" Standard Pilot jointly issued by the Energy Investment Committee of the China Investment Association and the Research Center of Zero Carbon Center of the China Investment Association.

(2) Wastewater treatment

The Group strictly abides by national and local wastewater emission standards. The Group established a complete sewage treatment system for wastewater such as COD (Chemical Oxygen Demand) and ammonia nitrogen generated in the Group's production process of polysilicon to ensure that the emissions and concentration of wastewater meet the standards. At the same time, the Group achieved the safe discharge and comprehensive utilization of water resources by recycling cooling water, updating centrifuge equipment and improving the recovery rate of wastewater. In 2023, the Group's domestic sewage treatment stations received and treat a total of 316,047 m³ of domestic sewage, and reused 270,481 m³ after treatment. The annual domestic sewage recovery rate is 85.58%.

Environmental Protection

(3) Waste management

The Group strictly abides by the laws and regulations and waste emission standards issued by the national and local governments, such as the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》) and the Measures for the Prevention and Control of Environmental Pollution by Waste Hazardous Chemicals (《廢棄危險化學品污染環境防治辦法》). With regard to the hazardous waste (such as waste oil, waste denitration catalyst, waste acid barrels, waste sulfuric acid and waste oil barrels, etc.) and non-hazardous waste (such as fly ash, furnace slag, hydrolyzate and desulfurization gypsum, etc.) generated in the production and manufacturing process of the Group, through the formulation of internal management systems such as the Pollution Discharge Permit Management System (《排污許可管理制度》), Hazardous Waste Management System (《危險廢物管理制度》), Three Wastes and Noise Pollution Prevention and Control Management System (《“三廢”及噪聲污染防治管理制度》), the Group clarifies the responsibilities of hazardous waste management, and standardizes the disposal requirements of hazardous waste in the collection, storage, disposal, management and other aspects, carries out identification of emission sources and optimization of production processes, and scientifically manages waste based on the principles of reduction, resource utilization, and harmlessness.

Environmental Protection

(4) Noise prevention

The Group strictly abides by the Emission Standard for Industrial Enterprises Noise at Boundary (《工業企業廠界環境噪音排放標準》) (GB12348-2008), pays close attention to the operating noise of boilers, steam turbines, ball mills, compressors and other equipment, and the noise during construction, regularly monitors the noise and main noise sources at factory boundaries, factory areas and living areas, and takes the noise prevention and control measures listed in the table below, effectively strengthening noise management. During the Reporting Period, the measurement results of all noise measurement cycles of the Group were in compliance with relevant national standards.

Management sector	Prevention
Noise source	Purchase machinery and equipment with advanced technology and low noise
Noise propagation	Install soundproof doors, windows and mufflers, etc.
Noise Reception	Reduce the impact of noise on the surrounding environment through reasonable layout, make full use of the sound insulation effect of buildings on site and use green belts to reduce noise; provide employees who may be affected by noise pollution with standard earmuffs and other labor protection supplies

Environmental Protection

(5) Discharge amounts and density of main wastes

Index	Specific type	Production sector	2023		2022	
			Emissions (tonne)	Density ⁽¹⁾ (per tonne)	Emissions (tonne)	Density ⁽²⁾ (per tonne)
Exhaust gas	Dust	Self-owned power plants	37.47	0.0002	30.12	0.0002
	Sulfur dioxide	Self-owned power plants	310.47	0.0016	312.75	0.0025
	Nitrogen oxides	Self-owned power plants	706.58	0.0037	712.55	0.0057
	Carbon dioxide (Scope 1)	Self-owned power plants	4,454,305.21	23.2840	4,373,460.00	34.7376
	Carbon dioxide (Scope 2)	Purchased electricity	6,105,056.64	31.9130	1,047,143.00	8.3173
Wastewater	COD	Polysilicon production	67.76	0.0004	37.93	0.0003
	Ammonia nitrogen	Polysilicon production	9.75	0.0001	3.86	0.0000
Hazardous waste	Waste oil	Equipment lubrication	280.00	0.0015	100.71	0.0008
	Waste denitration catalyst	Self-owned power plants	210.25	0.0011	183.64	0.0015
	Waste acid barrel	Polysilicon production	8.14	0.0000	4.87	0.0000
	Waste sulfuric acid	Polysilicon production	1,344.04	0.0070	627.68	0.0050
	Waste oil barrel	Equipment lubrication	25.56	0.0001	1.32	0.0000
Non-hazardous waste	Fly ash	Self-owned power plants	215,997.50	1.1291	267,583.42	2.1254
	Furnace slag	Self-owned power plants	204,939.85	1.0713	232,373.28	1.8457
	Hydrolyzate	Polysilicon production	218,227.44	1.1407	72,710.09	0.5775
	Desulfurization gypsum	Self-owned power plants	68,568.58	0.3584	66,957.95	0.5320

(1) Density is calculated based on the Group's output of 191,300 tonnes of polysilicon in 2023.

(2) Density is calculated based on the Group's output of 125,900 tonnes of polysilicon in 2022.

3. Protecting Natural Ecology

Natural ecosystem contains rich biological resources and biodiversity and is an important source of human innovation and development. In the protection of biodiversity and practices, the Group fully implements the ecological philosophy of respecting nature, conforming to nature and protecting nature.

The Group's PV projects are mostly located in deserts and Gobi. PV power stations can adjust the thermal balance in deserts and Gobi areas by converting solar radiation, reducing the frequency of sandstorms and sandflows. As the PV panel is set up higher than desert vegetation and sand-fixing barriers, it has a better effect of wind and sand protection than native vegetation and sand-fixing barriers. In addition, the PV panel also has the function of collecting water, which can use the wastewater from cleaning PV panels and collected rainwater to promote the growth of vegetation in the PV field, increase vegetation coverage, and improve the ecological environment of deserts and Gobi. In the construction of wind power projects, the Group fully considers the migration factors of birds and ensures that the site selection of proposed wind farm fully refers to the schematic diagram of China's migratory bird migration routes to avoid the wind farm having a major impact on the migration of migratory birds. In project construction and later maintenance arrangements, priority will be given to existing roads and railways to avoid crossing ecologically sensitive areas. After construction is completed, ecological restoration measures, such as vegetation restoration and soil remediation, will be implemented to promote the recovery of biodiversity.

The Group strives to build a garden-style industrial park and continues to improve the ecological environment of the park. Focusing on the overall policy of "evergreen all year round, flower viewing in spring, foliage viewing in summer, and fruit viewing in autumn", more than 1,000 square meters of flowers were planted in industrial parks in 2023. There are more than 50,000 flowers of various types, 8,600 square meters of turf, 748 trees and 72 shrubs planted, taking solid steps towards creating a green industrial ecological environment with "blue sky and white clouds, birds singing and fragrance of flowers".

In 2023, the Group joined forces with the Wildlife Conservation Association and other public welfare organizations to conduct a survey of wild animals in the factory area, plant berry trees and shrubs for the wild animals in the factory area, create a natural ecological environment, and provide employees with more direct opportunities to participate in wildlife protection activities as well as acquire relevant knowledge to enhance employees' awareness of protecting biodiversity. Due to the continuous improvement of the ecological environment, wild animals such as squirrels and ring-necked pheasants appear in the factory area all year round, achieving harmonious coexistence between humans and animals and plants, which is conducive to biodiversity conservation.

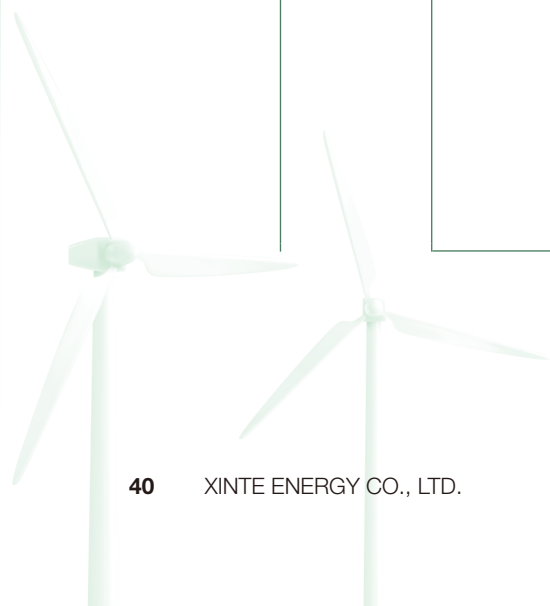


4. Combating Climate Change

The risk of climate change has become a key issue that cannot be ignored in the world and will have a profound impact on global economic and social development. In the process of promoting green development, the Group resolutely responds to the country’s “double carbon” goals to regard the identification of climate change risk as a core part of corporate management. It has comprehensively assessed and identified the risks and opportunities brought by climate change, and developed specific response strategies for risks, striving to reduce potential risks, actively seeking paths for low-carbon transformation, so that continuously enhanced its strength in combating climate change.

The results of the Group’s climate change risk and opportunity identification and response measures for the locations where its operating sites (including but not limited to offices, factories and new energy power station projects) are as follows:

Risk category	Risk subcategory	Risk name	Risk description	Mitigation and adaptation measures
Physical	Acute risk	Floods (including storms, rising rainfall, river overflows)	<ul style="list-style-type: none"> Heavy rain and floods will cause serious damage to the infrastructure and related equipment at the operating site. If power supply is interrupted, requiring immediate evacuation of personnel, which will result in the suspension of operational activities, significant loss of assets and reduction in revenue. Heavy rain and floods have adverse effects on logistics and supply chains. It may affect the normal delivery of products to customers, damage product quality, or cause inventory backlog, thereby increasing operating costs and reducing revenue; it may affect the normal delivery of raw materials, causing serious deficiencies and shortages, increase procurement costs and reduce profitability of the enterprise. 	<ul style="list-style-type: none"> Develop detailed emergency plans for different physical risks; To ensure the stability and diversity of the supply chain, at least two partners for each type of raw and auxiliary material suppliers shall be maintained, and implement a multi-region and multi-supplier supply strategy for major raw materials; Actively respond to the challenges of global climate change and set clear greenhouse gas emission reduction targets; Adopt effective energy-saving and emission reduction measures to reduce the impact of its own operations on the environment;



Environmental Protection

Risk category	Risk subcategory	Risk name	Risk description	Mitigation and adaptation measures
		Strong wind/ cyclone/ typhoon	<ul style="list-style-type: none"> • Due to the complexity and uncertainty of its forecast, typhoons can cause damage to wind turbine equipment, PV power generation equipment, operational infrastructure or transmission lines, resulting in continuous interruption of operating activities and heavy losses of assets. • Under extreme weather conditions, employees are usually unable to work outdoors, and it may affect commuting, which will bring risks to the safety and health of employees and affect project construction, thus delaying project progress and adversely affecting operational efficiency, thereby increasing the operating costs of the enterprise. 	<ul style="list-style-type: none"> • In response to heavy rains and floods, the drainage system should be improved to ensure that there is no accumulation of water in the operation site, surrounding embankments should be reinforced to increase flood control capabilities, and flood control materials should be stocked to prepare for emergency management; • In response to typhoon weather, it is necessary to reinforce buildings, structures and equipment to reduce wind damage, and at the same time, power cut and production shutdowns are made in advance before the typhoon comes to ensure safety; • In response to extremely hot weather, working hours should be adjusted to avoid high-temperature operations, provide cooling facilities, improve the working environment and distribute heatstroke prevention supplies to enhance protection.
		Extremely hot	<ul style="list-style-type: none"> • High temperature may cause equipment failure and employee heatstroke, thereby reducing production efficiency. In addition, high temperatures may affect the performance of raw materials and thus affect product quality. Extremely hot weather may also increase the risk of fires and other safety accidents, posing a threat to production safety. 	<ul style="list-style-type: none"> • In response to extremely cold weather, the insulation of factory buildings should be strengthened to ensure indoor warmth, equipment should be insulated to maintain normal operation, and ice and snow should be removed in a timely manner to prevent safety accidents.

Environmental Protection

Risk category	Risk subcategory	Risk name	Risk description	Mitigation and adaptation measures
		Extremely cold	<ul style="list-style-type: none"> Extremely cold weather often triggers heavy snow and road closures, and the transportation of raw materials is often delayed, leading to disruptions in the supply chain. 	<ul style="list-style-type: none"> Before the construction of new energy power station project, use the long-term statistical data of the local meteorological department of the project, introduce methods such as mathematical statistics and probability theory, simulate and calculate extreme climate data, optimize the project design plan, and enhance the adaptability of the power station under different extreme climate conditions, allowing it to adapt to the harsh weather conditions at the project site. During the project construction and operation process, use computing software to simulate the evolution rule of atmosphere in the future to predict the characteristics of meteorological disasters at the project site, assess meteorological disaster risks, provide early warning of meteorological disasters, and improve response capabilities.
	Chronic risk	Temperature rise	<ul style="list-style-type: none"> The significant rise of temperature will have a non-negligible impact on production equipment, refrigeration systems, human resources and products, etc. 	

Environmental Protection

Risk category	Risk subcategory	Risk name	Risk description	Mitigation and adaptation measures
Transformation risk	Policies, laws and regulations	Requirements and regulation of existing products and services	<ul style="list-style-type: none"> As national and local policies have increasingly stringent requirements and supervision on the environmental performance of products and factories, it is expected that relevant policies will be further tightened in the future, which may cause enterprises to face the challenge of increased costs during operations. 	<ul style="list-style-type: none"> Strictly abide by relevant national and local regulations and standards; Set clear greenhouse gas emission reduction targets and gradually achieve carbon neutrality; Make regular public disclosure of greenhouse gas emission data; Actively promote the research, development and innovation of green and low-carbon products; Adopt effective energy-saving and emission-reduction measures and strive to reduce greenhouse gas emissions in the entire business chain.
		Increasing pricing on greenhouse gas emissions	<ul style="list-style-type: none"> Governments of various countries continue to be committed to fulfilling their emission reduction commitments under the framework of the Paris Agreement. Against this background, China has officially launched a national carbon emissions trading market. As more industries and companies are gradually included in this trading system, the cost of carbon emissions exceeding quotas is expected to continue to rise. 	
		Strengthening emissions reporting obligations	<ul style="list-style-type: none"> As carbon emission management and carbon trading mechanisms continue to be improved and implemented, national and local levels have increasingly stringent requirements for the Group's emission reporting. 	
	Technical risk	Front-end costs of transitioning to low-carbon emissions technologies	<ul style="list-style-type: none"> In order to meet the government's requirements for emission reduction and consumer demand for environmental friendly products, the Group needs to actively control product carbon emissions and may need to increase research and development of new technologies and update production equipment, which may increase costs in the short term. 	

Environmental Protection

Risk category	Risk subcategory	Risk name	Risk description	Mitigation and adaptation measures
		Uncertainty about investing in new technologies and achievements	<ul style="list-style-type: none"> The "14th Five-Year Plan" emphasizes green transformation. The government strictly controls carbon emissions and promotes the Group to shift to low-carbon technologies and invest in energy conservation and emission reduction. However, the timing and results of technology development and application are uncertain, which may affect the return on technology investment. 	
	Market risk	Changes in customer behavior	<ul style="list-style-type: none"> In recent years, customers have paid more attention to the greenhouse gas emissions of products, and the carbon footprint of products will affect customer choices. The carbon footprint level of the Group's products may affect its market competitiveness and profitability. In order to meet customer demand for low-carbon services and green products and accelerate the transition to carbon neutrality, the Group may increase R&D and operating (such as purchasing green energy) expenses. 	
		Uncertain market signals	<ul style="list-style-type: none"> The emergence of substitute products and the uncertainty in the dependence between upstream and downstream partners and consumers may have unforeseen impacts on the Group's business development. 	
	Reputation risk	Changes of customer preferences	<ul style="list-style-type: none"> If the Group fails to meet customer expectations in areas of sustainable development such as product quality, energy conservation and consumption reduction, and fails to become a benchmark in the industry, existing customers may choose to establish cooperative relationships with other companies, resulting in the loss of customers. 	

Environmental Protection

Risk category	Risk subcategory	Risk name	Risk description	Mitigation and adaptation measures
		Stakeholders increasingly concerned about negative feedback	<ul style="list-style-type: none"> • If the Group's performance in environmental performance and information disclosure is insufficient, investors and customers may tend to choose other companies, which will have an adverse impact on the Group's revenue. • As customers and investors pay increasing attention to environmental performance, if the Group fails to comply with relevant regulatory requirements, it may face the risk of customer loss and investment withdrawal. 	

Environmental Protection

Opportunity type	Opportunity subcategories	Opportunity name	Opportunity description	Response measures
Transformation opportunity	Policies, Laws and Regulations	Construction of new energy system	<ul style="list-style-type: none"> The new power system is an important component of the new energy system and a key carrier to achieve the “double carbon” goals. China will actively build a new power system with a gradually increasing proportion of new energy and promote the large-scale optimal allocation of clean power resources. As the proportion of renewable energy continues to increase, it may bring opportunities to the development of the Group’s business. 	<ul style="list-style-type: none"> Polysilicon is a key raw material for PV power generation. We strive to produce high-quality, low-cost polysilicon products and promote the innovation and promotion of PV power generation technology; Increase the construction and operation scale of new energy power stations, increase the power generation capacity of power stations through management and technological innovation, reduce power generation costs, and increase the proportion of new energy power generation; Strengthen the development of agricultural-PV complementary, fishery-PV complementary, industrial and commercial and household PV projects, establish a green and low-carbon economy brand image, and increase brand awareness.
	Market opportunity	Renewable energy consumption	<ul style="list-style-type: none"> Relevant national ministries and commissions have made it clear that new renewable energy and raw material energy consumption will not be included in the total energy consumption control. The Group is a renewable energy raw material supplier and a power plant developer and operator. The above regulations can promote society to increase the use of renewable energy and are conducive to the development of the Group’s business. 	
	Reputation Opportunities	Changes of customer preferences	<ul style="list-style-type: none"> As awareness of low-carbon development increases, the public may change their lifestyles, and accept the “PV +” development mode to increase the proportion of new energy in their daily lives, which may be beneficial to the Group’s development of new business formats and increase in its market share and competitiveness. 	

In 2023, the Group has not encountered climate change and related matters that have a material adverse impact on corporate operations.

Employee Care

The Group always upholds the idea of people-oriented, respects and safeguards the legitimate rights and interests of employees, implements the corporate culture and concept of “development for employees and relies on employees, and sharing development achievements with employees” by taking practical actions. The Company always gives top priority to realization, maintenance and development of the maximum interests of employees, strives to improve the happiness index of employees’ material life and spiritual culture.

1. Profile of Employees

As of the end of 2023, there were 8,586 employees in the Group including 7,933 regular employees, 653 workers from labor dispatch agencies, among them, 1,596 were female employees. The details are as follows:

Classification indicators	Category	Number of individuals	Proportion
By gender	Male employee	6,990	81.41%
	Female employee	1,596	18.59%
By age	Under 30	4,400	51.25%
	Between 30 and 49	4,049	47.16%
	Above 50	137	1.60%
By functional role	Production personnel	5,113	59.55%
	R&D personnel	1,137	13.24%
	Management personnel	1,273	14.83%
	Sales personnel	685	7.98%
	Financial personnel	162	1.89%
	Others	216	2.52%
By geographical region	Northwest China	7,037	81.96%
	North China	1,549	18.04%
By education level	Doctor	36	0.42%
	Postgraduate	715	8.33%
	Undergraduate	4,097	47.72%
	Others	3,738	43.54%

Employee Care

In 2023, a total of 1,874 employees resigned from the Group and the staff turnover rate was 21.83%. The specific statistics are as follows:

Classification indicators	Category	Number of employees lost (person)	Proportion
By gender	Male employee	1,604	85.59%
	Female employee	270	14.41%
By age	Under 30	1,142	60.94%
	Between 30 and 49	715	38.15%
	Above 50	17	0.91%
By geographical region	Northwest China	1,417	75.61%
	North China	457	24.39%

2. Staff Recruitment and Compensation

(1) Equal and regulated employment

The Group strictly abides by national labor laws and regulations such as the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Social Insurance Law of the People's Republic of China (《中華人民共和國社會保險法》), and the Law of the People's Republic of China on the Protection of Rights and Interests of Women (《中華人民共和國婦女權益保護法》). The Group has formulated and implemented internal regulatory systems such as the Recruitment Management System (《招聘管理制度》), the Human Resources Service Management System (《人事服務管理制度》) and the Organizational Structure and Position Establishment Management System (《組織機構及崗位編製管理制度》). Based on the principles of equality, voluntariness and consensus through negotiation, the Group sign labor contracts with all employees, clarifying the contract period, working hours, work location, job type, rest and vacation, salary and benefits, etc., to ensure that employees are employed in compliance with laws and regulations.

Employee Care

In the Human Resources Service Management System (《人事服務管理制度》), the Group clearly prohibits forced labor, child labor, discrimination, bullying, harassment, violence and other behaviors, and stipulates management operations, supervision and inspection procedures. During the recruitment process, the Group introduces the Company's basic information and relevant rules and regulations to applicants, and truthfully informs them of the relevant work conditions. It strictly prohibits false promises and any form of deception or forced labor that induces applicants to join us; it strictly verifies the identity information of applicants and conducts regular internal identity checks after joining to prevent the use of child labor. During the production and operation process, the Group fully guarantees reasonable work and rest hours for employees to achieve a balance between work and life. The Group provides equal opportunities to employees in all aspects such as recruitment, hiring, promotion, transfer, salary adjustment, etc., do not discriminate or treat employees differently by virtue of races, skin, nationalities, genders, ages, religious beliefs or cultural backgrounds. The Group lists reporting and complaint channels such as email and complaint hotline in the system, and encourages anonymous reporting of behaviors explicitly prohibited in the Human Resources Service Management System (《人事服務管理制度》). The Human Resources Department will promptly investigate, handle and give feedback; Once the accidental recruitment of child labor is discovered, the child laborer must be removed from the job immediately, and the employment department or workshop leader and the human resources department shall be notified immediately. The child laborer who has been accidentally recruited shall be given a health check, paid wages, arranged for escorting home, and the Company shall bear all expenses related to escorting the safe return of accidentally recruited child worker. Thereafter, the human resources department shall review the reasons for such accident, check for gaps in the existing process, and formulate corresponding preventive measures. At the same time, the Group promotes and implements relevant regulations through regular internal training, continuously improves employees' awareness of legal rights protection, and fundamentally eliminates illegal employment such as child labor, forced and discriminatory labor.

During the Reporting Period, the Group continued to introduce 1,677 professionals of various types through social recruitment, campus recruitment and other methods, including 223 experts, which injects vitality into the workforce. In 2023, the Company did not experience any major violations or lawsuits related to the employment of child labor or forced labor, nor was aware of any infringement of employees' rights and interests or was subject to complaints or penalties from regulatory authorities.



(2) Employee remuneration

As the new energy industry gradually enters the era of fierce competition of “high quality and low cost”, the profit margins of all aspects of the industry have been greatly reduced. In order to reduce employee turnover and maintain the stability and continuity of the organization, the Group has implemented a variable remuneration system in light of changes in the internal and external environments, which advocates efficiency first and compares with the remuneration levels of leading enterprises in the industry. It scientifically constructs a salary mechanism oriented by value creation and performance incentives to stimulate employees’ enthusiasm and initiative, and improves organizational performance while guaranteeing employees’ salary levels. The Group clarifies employee performance indicators and remuneration fulfillment plans by signing target responsibility letters, and determines employee performance assessment and corresponding remuneration through a nine-square grid assessment model that combines 360 assessment and performance assessment. It fully integrates the assessment process with organizational performance goals to increase management efficiency, and achieve a win-win situation for organizational goals and employee compensation.

In 2023, the Group paid its employees on time and there were no cases of delayed payment or non-payment of wages, and paid five social insurances and the provident fund for employees in a timely manner in strict accordance with relevant regulations.

3. Staff Development and Training

The Group has established an all-round, multi-level talent training system to meet the learning needs of employees to improve their professional knowledge and vocational skills, and encourages employees to choose appropriate development paths based on their own circumstances, so as to realize self-worth while promoting the development of the Company.

(1) Career development

The Group upholds a people-oriented approach, attaches importance to the cultivation and development of talents, provides employees with broad career development space, helps employees realize self-worth in their careers, and promotes the mutual growth of employees and the enterprise. The Group adheres to the concept of organically integrating employees' professional skills with the Company's development needs. With in-depth analysis of the subjective and objective determinants of employees' career development, the Group scientifically formulates the Professional Role Qualification Management System (《專業序列任職資格管理制度》) and the Occupational Skill Level Recognition Management System (《職業技能等級認定管理制度》) to design a “dual-track” career development channel that coexists “horizontally” and “vertically” for employees. Employees can achieve horizontal job rotation, transfer or secondment across departments and businesses through internal competition, and choose the business field that suits them based on their own work practices. They can also achieve promotion and development in dual channels of management or professional technology along the vertical route by continuously leveraging their management or professional expertise in their own field. In the recruitment, promotion and appointment of personnel, the Company adheres to the principle of “horse racing” instead of distinguishing with subjective evaluation, emphasizing appointment of personnel on their merits, having both ability and moral integrity, and being professional. Through open selection, competitive recruitment, and open review, the Company is endeavouring to select outstanding personnel to suitable positions.

In 2023, the Group implemented a cadre development path optimization project and released the Cadre Path Planning Manual (《幹部路徑規劃手冊》). Based on the “dual-track” development path, the Group has further proposed a “zigzag” development path for cadres and supporting standards and corresponding rotation mechanisms to standardize the horizontal and vertical talent training and selection process, so as to promote reasonable and effective staffing and maintain organizational vitality. As of the end of 2023, the Company's employee career development channels included five major roles and 27 sub-roles, forming a diversified career development channel.

(2) Training and growth

The Group has always adhered to the strategy of “promoting corporate development with talent” by regarding employee development and training as an important way to achieve the corporate’s business goals and long-term sustainable development. It closely focuses on the strategic development directions of the country, industry and enterprise, and increases efforts in standardized management, training capability, and integration of industry and education, with special training programs offered to employees at all levels to encourage employees to continue learning and increase their business capabilities.

The Group has continuously improved its training system by formulating a number of policies such as the Training Management System (《培訓管理制度》), the Internal Part-time Lecturer Management System (《內部兼職講師管理制度》), the Online Learning Platform (ELP) Service Management Standards (《線上學習平台(ELP)服務管理標準》) and the Training Resource Management System (《培訓資源管理制度》). It has passed ISO 29990:2010 certification of service quality standards of non-academic education and training institutions, prepares training plans every year and allocates special funds for employee training. The Group has established an industry knowledge system that includes multiple courses such as quality, safety, finance and marketing topics, and encourages employees to continually promote the accumulation of internal industry knowledge and experience through courses development, attracting and training 243 internal lecturers to participate in course development and internal training. It has established an online learning platform, and promoted the “online + offline” training model to further expand the training coverage and learning scope and enrich learning content to meet the learning needs of employees. Through the building of a management talent training supply chain with new employee training camp programs, backup mid-level and senior-level 100-person plan programs, new middle-level training camps, professional improvement plans for current cadres, and executive performance improvement training courses as the core, the Group creates a training strategic map for management cadres from management starting, improvement, acceleration and leadership. In 2023, the employee training organized by the Group mainly included:

- Through course development workshops and teaching skills improvement training camps, more than 40 internal high-quality teachers were newly trained; focusing on finance, marketing, IPD reform, industry knowledge accumulation, fundamentals of chemical engineering, safety responsibility fulfillment, and professional skills improvement, 17 special training projects were carried out to fully ensure the continuous improvement of the job skills of personnel in each business segment.

Employee Care

- In customizing development of a full-process learning control platform, the Group focuses on “systematic training of skilled personnel” and “training business process control”, to achieve digital control of the entire employee training process. At present, 23 functions have been launched on the platform, which has enabled accurate control of the training progress of 1,044 new employees, and completed early warning and follow-up training for the professional qualification expiration of 4,453 safety managers and special operators.
- For further enriching the training content of online learning platform, the Group introduced 1,407 courses such as safety fundamentals and general chemical knowledge to meet business needs, 42 sets of training matrices for 225 positions for all devices, more than 190 sets of examination question banks, and 37 simulation software such as production operations and general chemical production devices.
- Being awarded as “Xinjiang Uygur Autonomous Region Level High-Skilled Talent Training Base”, the Group has relied on resources of training base construction, formulating and completing 931 daily training plans around safety, technology, equipment, quality and other knowledge and operational skills, thus the proportion of high-skilled talents in key production front-line positions (senior workers, technicians, and senior technicians) increased by 20.5% compared with the previous year.

As of the end of 2023, the Group has jointly developed more than 30 employee skills training courses with major universities, established school-enterprise cooperation training bases with more than 3,000 practical trainings conducted, and built four practical training platforms including the “Skills Master Studio”. The Group has completed vocational qualification level accreditation for 486 people, gathered hundreds of technical experts, innovative talents, and front-line craftsmen. It has been rated as the “Best Practice Entity” for the building and reform of industrial worker team in the new era of the Xinjiang Uygur Autonomous Region.

In 2023, all employees of the Group have received training. The details are as follows:

Average training hours (hours/person)					
All employees	By gender		By position		
	Male	Female	High level	Middle level	General staff
27.07	26.09	23.17	197.64	91.12	25.41

4. Employee Care

(1) *Employee communication*

The Group insists on creating an equal, open and transparent working atmosphere, focusing on communication and exchanges among employees and giving positive feedback to employees' needs, so as to ensure that employees have the right to know, participate in and supervise the Company's operations and management, thereby motivating employees to devote more enthusiasm to their work and life. In 2023, the Group listened to employees' demands through labor union committees, open columns, work communication meetings, questionnaire surveys and other channels, and continued to improve the working and living environment, so as to enhance employees' cohesion and sense of belonging.

- The Group collects proposals from employee representatives in various aspects such as administration, safety, labor union work, union funds and public support projects, organizes and convenes employee representative meetings to review each item, and actively implements the requirements of the proposals submitted at the meetings.
- General manager reception day meetings are held every quarter, where the Company's general manager and leaders in charge of each business segment provide unified responses and assistance to employees on commuting, living security, children's schooling, medical resources and other difficulties and problems they encounter in their work and life, and at the same time actively listen to employees' opinions and suggestions on the Company's operation and management for rectification and implementation.
- An online employee feedback platform "Speak on Code" has been launched, which allows all employees to scan QR codes to provide feedback on various difficulties and demands, democratic livelihood suggestions, management advice and suggestions, etc., so as to fully realize a highly efficient employee communication mode of bottom-up feedback and top-down response.
- The Group organizes and carries out restaurant satisfaction and other questionnaire surveys to provide new ideas for further improving guarantee services for the employees.

Employee Care

(2) Employee benefits

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 and housing. In 2023, the Group distributed various holiday benefits such as Spring Festival, Lantern Festival, March 8th Women's Day, Ruzi, Eid al-Adha, Children's Day, Dragon Boat Festival and other holiday benefits to employees, with a total of more than 46,000 person-times and a total amount of more than RMB29 million. The employee benefits of the Group mainly include:

- Free hotel apartment-style staff dormitories.
- In addition to normal salary payment and payment of five insurances and one fund, employees are also provided with multiple living subsidies such as corporate annuities, commercial insurance, catering subsidies, transportation subsidies, communication subsidies and high temperature allowances.
- Efforts has been made to attract outstanding talents, and for newly introduced high-end talents, tuition subsidies and settlement subsidies of varying amounts are provided based on their educational background and qualifications.
- The Group has invested in the construction of a cultural and sports center equipped with gyms, badminton halls, table tennis halls, basketball halls, billiards halls, spinning rooms and other cultural and sports facilities to provide employees with rich rest and exercise options, improve their quality of life, and promote their physical and mental health.
- The Group has organized a variety of leisure activities for employees such as family symposiums, family open days, fun sports games and the selection of the most beautiful families, which not only enriches employees' spare-time life, improves their overall quality and cohesion, but also demonstrates corporate culture to employees' families.
- The Group pays attention to the development and health of female employees, and has organized hospitals to visit the Company three times to provide HPV vaccination, thus adding a safeguard to the health of female employees.
- The Group has established an employee mutual aid fund mechanism. If an employee or his or her immediate family member suffers from serious illness, accidental injury or disaster that makes life extremely difficult, mutual aid funds of varying amounts will be offered according to the employee's financial difficulty.

5. Safe Production and Occupational Health

The Group takes safe production as its primary responsibility, firmly establishes safety redline awareness and bottom-line thinking, takes safety culture as the guide, and implements the safe production policy of “safety first, prevention first, and comprehensive governance”.

(1) Safety and occupational health management

The Group has always complied with laws and regulations related to safe production such as the Production Safety Law of the People’s Republic of China (《中華人民共和國安全生產法》), the Regulations on Production Safety Licenses (《安全生產許可證條例》), the Regulations on the Safety Management of Hazardous Chemicals (《危險化學品安全管理條例》). In terms of safety tool management, special operation management, fire and explosion prevention management, safety accident management, hazardous chemicals management, accident emergency plans, key devices and critical sites management, the Group has formulated the Safety and Environmental Protection Production Responsibility Management System (《安全環保生產責任制管理制度》), the Safety Grid Management System (《安全網格化管理制度》), the Major Hazard Source Management System (《重大危險源管理制度》) and the Hazardous Chemicals Safety Management System (《危險化學品安全管理制度》) and other safety management systems, constantly improving the construction of safety system. The Group has established a production safety management committee and sub-committees for equipment, production, engineering, intelligent manufacturing, process technology, human resources and training to fully implement the safety management responsibilities of each business segment and ensure the effective implementation of the principle that “those in charge of industries, business, and production and operations must be responsible for safety”. Moreover, by signing the Safety Target Responsibility Letter (《安全目標責任書》) and other methods, the Group clarified safety management responsibilities to promote the organic integration of hierarchical safety risk management and control and hidden danger investigation and governance, strengthen safety production responsibilities, and enhance the awareness of production safety among all employees. In 2023, the Company successfully passed the GB/T 45001–2020/ISO 45001:2018 occupational health and safety management system re-certification.

Employee Care

In 2023, the Group strengthened the development of its safety system by revising and adding new systems. In view of the complex business formats with many subcontracting units in power station construction projects, the Group added the Standardized On-site Safety Chart for Engineering Construction (《工程建設施工現場安全標準化圖冊》) and the Implementation Outline for Safety Management of Engineering Projects (《工程項目安全管理工作實施大綱》) to continuously improve the standardization of safety in engineering construction. According to industry technological innovation and the development of new business formats, the Group prepared the documents such as the Safety Control Plan for Mixed Tower Installation (《混塔安裝安全管控方案》) and the Safety Production Guidelines for New Business Formats of Energy Storage and Household PVs (《儲能、戶用光伏新業態安全生產指引》) to effectively guide the safe construction at the project sites. The Group also carried out practical emergency drills on a regular basis. A total of 1,809 emergency drills of various types were organized throughout the year, with 43,548 participants. The Group conducted emergency response capacity enhancement training, practical assessments and business quality tests for various disasters and accidents to improve employee emergency response management capabilities.

The Group pays attention to the occupational health of its employees and strictly abides by laws and regulations such as the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), and has formulated relevant occupational health management systems such as the Occupational Health Management System (《職業健康管理制度》) and the Regulations on the Management of Labor Protection Supplies (《勞動防護用品管理規定》). It regularly invites third-party professional organizations to monitor occupational disease hazard factors, comprehensively identify occupational disease hazard factors, investigate and rectify potential risks of occupational disease hazards, so as to fully carry out hazard warning instructions, real-time monitoring and allocation of protective facilities and labor protection supplies. The Group coordinates the notification of occupational hazards to employees, the operation of occupational health skills and related training, occupational health check-ups and other work. It also continues to carry out technical and process modifications based on occupational disease hazards to reduce hazard sources, and scientifically controls the time of employees' daily contact with hazard sources, so as to fully protect employees' occupational health and safety. The Group has established personal occupational health monitoring files for employees, and in 2023, it conducted pre-job, on-the-job and off-the-job occupational disease physical examinations for 5,755 person-times.

(2) Promotion of safety and occupational health culture

The Group has always adhered to the principle of “life first, safety foremost”, giving top priority to the life safety and health of employees and the public, continuously promoting the construction of safety culture, consistently strengthening safety and occupational health training, and improving production safety and occupational health management and control, striving to eliminate fatal liability accidents, major disaster accidents, systematic safety accidents, multi-person risk-related accidents, occupational hazard accidents and incidents with significant social impact.

- During the production safety month, we organized 26 major special activities in 8 aspects including emergency rescue, accident warnings, safety culture, traffic civilization guidance and occupational health around the theme of “everyone pays attention to safety and everyone knows how to respond to emergencies”. During the fire protection month, we organized fire protection publicity, education, training and “Firefighting Month” emergency rescue competition activities, which effectively improved the safety production professional quality and management level of personnel at all levels, providing strong support for ensuring safety production.
- The Group extensively carried out safety culture theoretical training, safety culture practical training, safety culture corridors, workshop safety culture training, safety symposiums, safety theory skills competitions, safety leadership projects, accident case warning education and other activities to popularize safety-related knowledge and improve training results. A total of 7,090 company-level, workshop-level and team-level safety trainings were organized, with a total of 210,731 person-times trained.
- The Group organize the event of “Publicity Week for Occupational Disease Prevention and Control Law”, during which 1,048 copies of various promotional brochures were distributed on site, 16 promotional video broadcast points were placed, 132 promotional posters were posted, and various new media were used to promote laws and regulations related to occupational disease prevention and control for 64 times, 37 promotional cartoons were produced on occupational diseases, creating an atmosphere of full participation and further improving employees’ awareness of occupational disease prevention and control and their protective skills.

Employee Care

- The “Ankang Cup” occupational health knowledge competition was organized through an online training platform, with a total of 5,059 person-times. External experts were commissioned to conduct labor protection supplies training for relevant employees at the polysilicon production bases, focusing on the use of dust-proof, anti-poison, and anti-noise earplugs.
- Hospital experts were invited to the Company to conduct basic knowledge training on occupational disease protection, with a total of 665 individuals participating in the training.

During the period from 2021 to 2023, the Group had no work-related fatalities, no major safety production accidents, and the number of lost workdays due to major work-related injuries was nil, and there were no penalties imposed on the Group for violation of laws and regulations relating to occupational health and safety.

Social Feedback

The Group never forgets to serve the society and the people, integrates social responsibility into its corporate development gene, participates in social welfare, faithfully fulfills its corporate citizenship obligations, and actively gives back to the society.

1. Promoting the Development of Rural Green Economy

In 2023, the Group actively invested in rural infrastructure construction and economic development.

- The Group launched an employee agricultural assistance program, purchased agricultural products and distributed them to all employees as their gifts in the festivals. In 2023, a total of approximately RMB1.04 million of agricultural products were purchased to support the rural economy with practical actions.
- The Group promoted the household PV business in the entire county, town/township, and supported the construction of rural power grids, realizing the grid connection of household projects for 280.10 MW throughout the year.
- The Group constructed 60MW of fishery and PV complementary projects throughout the year, and combined aquaculture and PV power generation through “fishery and PV integration”, so as to achieve dual economic benefits of fishery farming and PV power generation, provide employment opportunities for local farmers, and increase their income sources.
- The Group constructed 350MW of agricultural and PV complementary projects throughout the year, and combined solar power generation, modern agricultural planting and efficient facility agriculture through “agricultural and PV integration”, so as to maximize the use of land and achieve the integration of new energy power generation and agriculture and forestry development.

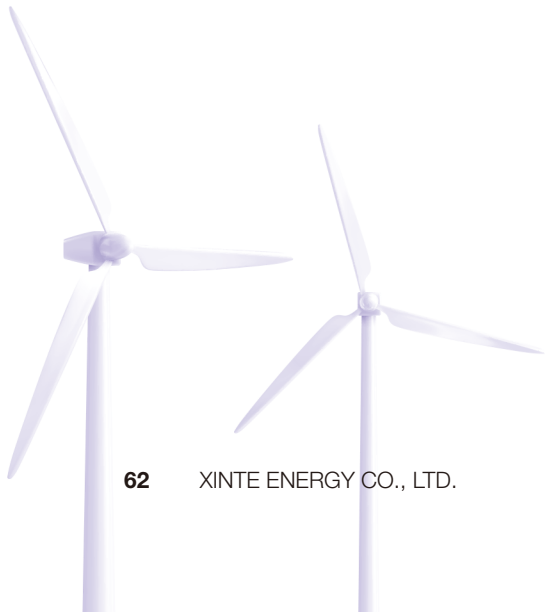
2. Supporting Education Development

Education is a primary task that is crucial for generations to come. In 2023, the Group has always kept in mind the importance of education to the development of the country, enterprises and citizens, and actively assumed its social responsibility in the field of education.

- Taking the integration of industry and education as the breakthrough point, and guided by moral education, the Group deepened the school-enterprise cooperation mechanism, carried out industry-university-research cooperation with a number of key universities, established industry-university-research scholarships, built training bases for joint cultivation, and carried out a series of “visit enterprises and expanding jobs” activities to promote employment. In addition, it provided on-the-job training and learning to stimulate young students’ enthusiasm for innovation and creativity, and guide them to develop their personal career plans.
- The Golden Autumn Student Aid Fund was established to provide educational support to qualified employees’ children and help them realize their dreams of studying.
- The “Volunteer Cloud” service platform was launched to encourage employees to register as volunteers, actively participate in volunteer activities, and offer volunteer services such as sending students to the exam sites with love.

Prospects in 2024

In 2024, the Group will continue to uphold the development philosophy of “green, recycling, synergy, symbiosis, and win-win”. With the mission of “dedicating to green energy and creating a better life”, and the vision of “building a modern silicon-based new energy industry system with international competitiveness and becoming an outstanding green smart energy service provider in the world”, the Group will create new advantages of high-quality development with a proactive spirit, adhere to the strategic layout of green and low-carbon transformation and development, insist on green and low-carbon development, and actively build a new system for the development of modern industries. Through scientific planning, rational layout, cyclic synergy, step-by-step implementation and key breakthroughs, we will drive the “zero-carbon” model in the whole industrial chain, and forge a triple-cycle ecology of small cycle between devices, medium cycle between businesses and large cycle between industries, which enables the Company to truly realize zero pollution and zero emission in the entire system. We will actively participate in the work to keep our skies blue, waters clear, and lands clean, and make every effort to enhance our core competitiveness, value creativity and sustainable development capabilities, striving to become a green energy demonstration enterprise that is leading in the industry, trusted by our shareholders, proud from our employees, and welcomed by the community.



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Governance Structure	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses. 	5-8
Reporting Principles	<p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:</p> <p>Materiality: The ESG report should disclose:</p> <ul style="list-style-type: none"> (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. <p>Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p> <p>Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.</p>	3
Reporting Boundary	<p>A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.</p>	3

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新特能源股份有限公司
Xinte Energy Co., Ltd.