



亚洲洁能资本有限公司

Asia Clean Capital

<http://www.asiacleancapital.com>

Sustainably Powering the Future
Sustainability Report 2016 - Setting our Baseline

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1. Introducing Asia Clean Capital

The purpose of our business is to sustainably power the future through renewable energy.

Climate change is one of the greatest risks facing humankind. With the energy sector, industry and buildings contributing three quarters¹ of the world's greenhouse gas (GHG) emissions, displacing fossil-fuel based energy sources with renewable energy is a game changer to help to create a sustainable world for current and future generations. Affordable and clean energy, sustainable cities and communities, and climate action are three of the United Nation's *Sustainable Development Goals* (SDGs). They also drive Asia Clean Capital (ACC)'s business and given the linkage between these goals and overall sustainable development, they are pivotal to the world achieving the 17 SDGs.



ACC is a clean energy company that integrates sustainable and cost-effective electricity, heating, cooling and hot water systems into buildings and industrial processes operated by leading, multinational companies in China. We finance, design, build and oversee the operation and maintenance of photovoltaic solar systems (PV Solar) based on the build-own-operate model. We provide clean energy at a discount to the prevailing electricity tariff through long-term utility contracts with the added benefit of avoided air pollutant and GHG emissions, among other environmental impacts, arising from extraction, processing, transport and combustion of fossil fuels. We also install ground energy systems (GES) that bring savings in heating and cooling costs that increase over time, avoid emissions of air pollutants and GHGs arising from fossil fuel combustion for conventional processes, and reduced water consumption.

Headquartered in Hong Kong, with our operational centre in Beijing and an office in Shanghai, our core team of 39 people focuses on delivering ACC's business on sites across Mainland China. We have invested in PV Solar systems at more than 15 large-scale factories, each of which has over 1,000 employees, with over 300 onsite construction staff of our contractor companies overseeing the operation and maintaining of the systems. Our equipment suppliers represent the leaders in the renewable industry in China. We also operate six, large-scale GES systems for our customers that transfer heat to and from the ground, providing a cost and resource efficient heating and cooling process for production and other operational purposes, and water for heating, cooling or treatment processes, from renewable sources.

¹ Electricity and heat production, other energy, industry and buildings contribute 25%, 10%, 21% and 6%¹, respectively to global GHGs. International Panel on Climate Change (IPCC), *Contribution of Working Group III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change*, 2014.



我们为雀巢、可口可乐，联合利华，大众等资信良好的企业客户实施新能源项目

Elite portfolio of the world's leading clients such as Nestle, Coca Cola, Unilever, Volkswagen, etc.



While the purpose of our renewable energy business is inherently sustainable, we integrate sustainability into our business planning, decision making and daily operations and in our engagement with our key stakeholders – our employees, customers and their staff, investors, suppliers and contractors. Our company culture is not only to create a positive healthy work environment, but also to cultivate the sense of mission and responsibility to promote and support the development of the renewables industry. In December 2016, we were proud to be recognized as TÜV NORD Group's "Best Distributed Solar Developer" for 2016.

Features of our renewable energy systems are provided below.

Solar Photovoltaic Systems

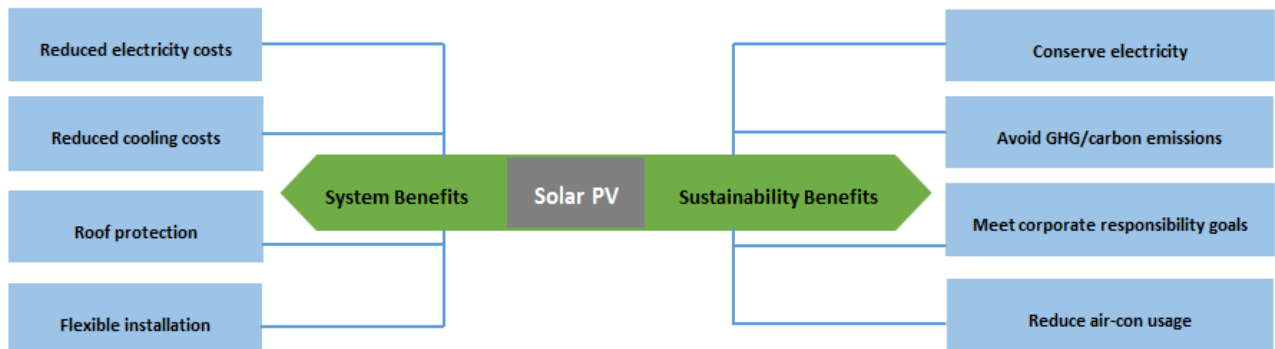
Distributed Solar Photovoltaic (Solar PV) systems use PV modules to convert sunlight into electricity. The system can be located anywhere exposed to sunlight, ranging from rooftops, verandas and building façades to the ground and car parks. Systems are typically connected to the local utility grid to provide additional electricity for users' daily use. Typical ACC projects range from 1 megawatt (MW) to 20 MW in capacity.

Key benefits of the systems include:

- stable, onsite source of energy;
- avoided emissions of air pollutants and GHGs associated with fossil fuel combustion for energy generation;
- avoided purchase of coal and other fossil fuels for onsite energy generation, bringing environmental and cost savings;
- no noise is generated;
- reduced electricity bills arising as up to 15% less energy is required to operate air conditioning as the panels absorb the sun's rays and reduce indoor temperatures between 4-6°C; and
- extended lifetime for roofs protected from the elements by the panels.

Panels from our suppliers can provide 30% to 50% more capacity per square metre and have an integrated inverter that saves space with a longer average life of 25 years compared to average inverters that last around 12 years. Another benefit is that there is no risk of fire or electrocution with the system, even if panels are damaged or blocked.

Our Solar PV journey and system benefits



Ground Energy Systems

“The most energy efficient, cost-effective, and environmentally-friendly space conditioning systems available.” (US EPA)

Ground Energy Systems (GES) extract geothermal energy from the Earth to provide heating, cooling and hot water to buildings, as well as industrial and production processes, by taking advantage of the fact that temperature underground is relatively stable throughout the year and generally higher than the air temperature in the winter and cooler in the summer. This temperature differential means that the earth is a heat source in the winter and a heat sink in summer.

Key benefits of the system include:

- Up to 40% less energy is required for heating, cooling and hot water supply, resulting in significantly reduced GHG emissions and air pollutants, and cost savings;
- Replacement of conventional chillers and boilers while retaining the buildings standard internal HVAC distribution systems;
- Closed loop system saves water that would be lost to evaporation through cooling towers;
- Removal of external cooling towers frees space for rooftop gardens and other uses and reduces noise pollution; and
- Major contributor to LEED² and other national, environmental building requirements and standards.

Furthermore, and compared to other ground source heat pumping (GSHP) and steam refrigeration systems, ACC's system brings the following key benefits:

- significantly less energy consumption;
- a higher Coefficient of Performance for the conversion ratio between the energy and heat;
- a source of heated water for water supply or production processes, that avoids the need to operate and pay for this from a separate process, while at the same time providing steam refrigeration; and
- a longer average lifetime than conventional cooling water systems.

Our GES journey and system benefits



² Leadership in Energy and Environmental Design (LEED).

2. Our Approach to Sustainability

ACC's vision is to contribute to making the world a better place by providing sustainable power-generation, heating and cooling solutions to the world's leading corporations and organizations. Our priorities include: conducting business ethically, minimizing environmental impacts onsite and in office operations; maximizing the generation of renewable energy; respecting the rights of employees and contractors; and providing safe and healthy working environments. We believe that our business and our customers can primarily make a meaningful contribution to these nine UN Sustainable Development Goals:



We conduct our business based on the principles of leadership, honesty, integrity, inclusivity and sustainability, and we engage with our stakeholders, including our colleagues, suppliers and contractors, to implement our *Sustainability Policy*, which was established in July 2016 and is presented below. It outlines our commitment to meet high ESG standards and to continually improve our sustainability performance. Human and labour rights commitments are also addressed in *The Fundamental Principles Underlying Corporate Personnel Policy* that outlines our practices for recruitment, working terms, conditions and benefits, performance review and dismissal practices.

We are committed to operate in compliance with all legal and regulatory requirements and the *UN Guiding Principles on Business and Human Rights*. These requirements are integrated into our business planning, engagement with customers and contractors and daily operations. They are included in all contracts and compliance is regularly assessed through onsite reviews and internal audits.

All employees are trained on the company's *Sustainability Policy* during their three-day orientation training and employees are supported through meetings and daily operations to adhere to the company's ethical requirements, to minimize resource consumption and environmental impact, and maintain a respectful and safe workplace. Contractors are required to meet our *Sustainability Policy* and they also engage their workers through training and briefings on sustainability issues relevant to onsite operations. The commitments are reinforced during business operations and progress is shared regularly.

Our Sustainability Officer is dedicated to overseeing the implementation of our *Sustainability Policy*, ensuring appropriate resources are allocated to meet our commitments and to assessing and reporting on compliance and performance with the policy and existing or new regulatory requirements to management. Management reviews and assesses progress and performance regularly. We are in the process of formalizing our management of sustainability issues, in line with our policy and relevant standards, and of establishing key performance indicators (KPIs) and our baseline to track performance going forward.

Vision

ACC strives to make the world a better place through providing sustainable heating, cooling and power-generation solutions to the world's leading corporations and organizations.

Principles

We commit to following the principles of leadership, honesty, integrity, inclusivity and sustainability in all our business dealings.

Commitment & Scope

- This policy will apply to all business dealings undertaken by our organization. This includes construction, engineering, procurement, investment, consulting and other activities in which we may engage from time to time. Staff and related contractors are expected to adhere to these objectives under this policy to the fullest extent possible within prevailing budgets.
- We acknowledge that we have limited influence over the behaviour of our clients, suppliers, contractors and their workers, and other organizations, with which we interact. However, to the extent possible we commit to educating partners throughout our business ecosystem and encouraging them to adopt best practices wherever possible regarding principles of sustainability and the sound management of environmental, social and governance (ESG) issues, including carbon reduction and minimizing environmental impact, respecting human and labour rights, safeguarding the health and safety of our staff and partners, and adopting good governance and anti-corruption practices in compliance with the law and international standards.
- ACC commits to promoting continuing education regarding matters of sustainability and ESG issues at all levels of our organization, from senior management to new recruits. All ACC staff will receive basic sustainability/ESG training as part of their orientation upon joining the company, and will receive semi-annual updates throughout their employment in the form of internal and external training and seminars.
- ACC's Sustainability Officer has the role and responsibility to champion sustainability throughout all aspects of the business, to educate staff and provide regular monitoring and feedback of progress against targets. The Sustainability Officer will notify management of challenges and impediments in meeting sustainability/ESG targets and proactively seek solutions to such issues as they arise.

Objectives**We commit to:**

- Maintain a respectful workplace environment that is free from any form of discrimination or harassment, provides equal opportunities for all staff as well as contract and working terms and conditions that are, at a minimum, in compliance with relevant laws. Only voluntary labour will be provided and the right to freedom of association and collective bargaining will be respected.
- Minimize environmental impacts in the areas of energy, water, resource consumption, hazardous materials and waste, and maintain a healthy and safe working environment in our
 - Establish a baseline of office electricity use and develop reduction targets.
 - Encourage sustainable commuting such as walking, cycling and public transportation; monitor actual results and establish policies to encourage sustainable commuting as necessary.
 - Work toward the goal of a paperless office by printing only those documents that require hard copies.
 - Utilize reusable items and recycled materials whenever possible, ranging from reusable utensils and cups to recycled tissues and office paper.
 - Maintain, and measure to ensure, healthy air quality in working areas.
 - Encourage the adoption of ergonomically-sound working practices and working areas.
 - Ensure emergency services and response equipment and plans are accessible and known to all staff.
 - Hold meetings and discussions via video conference whenever possible to reduce travel impact.

- Minimize environmental impacts in the areas of energy, water, resource consumption, hazardous materials management, waste and transportation and adopt best practice in occupational health and safety (OHS) management in our **supply chain** and **construction activities**.
 - Commit that 100% of our projects will include sustainable technology, such as ground source heat pumps, solar, wind, highly efficient HVAC systems and/or other sustainable solutions.
 - Whenever possible, work toward LEED, 3-star or other sustainable, environmental or OHS certifications on our projects.
 - Source materials and equipment from suppliers that demonstrate responsible environmental and OHS management practices.
 - Source materials and equipment locally whenever possible to reduce transportation and associated GHG emissions.
 - Reduce GHG emissions and work toward Green Field offices on all our jobsites.
 - Work to improve water efficiency on all jobsites by collecting and reusing water onsite.
 - Work to reduce waste onsite through minimizing packaging of materials, reducing the amount of materials sent to landfills, and utilizing greywater to the extent possible.
 - Promote a culture of safety. Ensure that OHS training and appropriate equipment and personal protective equipment (PPE) are provided for contractors and onsite workers, and that appropriate OHS practices are adopted onsite during construction and maintenance operations. Measure and publish safety results in internal reports.

- Engage our staff, suppliers and contractors on business ethics and anti-corruption, human and labour rights, environmental and OHS management, in line with the UN Business Principles on Business and Human Rights.
 - Require the adoption of best practices, as outlined in ACC's Sustainability Policy, in contractual agreements with staff, suppliers and contractors.
 - Require staff and key suppliers and contractors to demonstrate compliance with ACC's Sustainability Policy and review practices onsite to verify compliance.
 - Ensure staff and key suppliers and contractors have received guidance and training on the content and intent of ACC's Sustainability Policy and the Business Principles on Business and Human Rights.

Reporting

We commit to:

- Report our progress against these goals once per year.
- Conduct internal senior management reviews annually.
- Make sustainability reports available to partners when requested or proactively share where it may serve to encourage best practices.

3. Our Reporting Scope

This is our first sustainability report, setting the baseline for reporting on our performance with a reporting scope that covers our offices in Beijing, Shanghai and Hong Kong, and the onsite activities undertaken at our clients' operations in Mainland China by our own staff and those of our contractor partners.

In preparing this report, an independent review was conducted of ACC's operations to assess how the company addresses the *UN Guiding Principles on Business and Human Rights*, relevant international standards, the ESG reporting elements of the Hong Kong Exchanges and Clearing Limited (HKEx)'s *ESG Reporting Guide*, including the mandatory and recommended general disclosure items and the recommended KPIs, and how ACC achieves the commitments of its corporate *Sustainability Policy*. The review covered ESG management and performance, including human rights and labour conditions, environmental, health and safety practices, the management of hazardous substances and waste and other ESG issues associated with the production, installation and management of Solar PV and GES. An action plan was developed that identified areas for improvement to enhance ACC's existing management structure, systems and procedures.

This report outlines ACC's approach to sustainability and to meeting the above-noted guidance and standards. Going forward, ACC will continue to enhance its sustainability performance and reporting on progress, and raise awareness and support the development of renewable energy to contribute to our global effort to mitigate climate change.

4. Corporate Governance

Our approach

We integrate good governance and sustainability issues into our business planning, engagement with customers and contactors, and daily operations. Conducting business ethically is of utmost importance and we believe that honesty, integrity and fair play are important assets in business. We expect all of our staff to adopt responsible and professional behaviour. Our Board of Directors comprises five members and is responsible for overseeing the good governance of our business with ongoing operations being the responsibility of our management team, which comprises four senior managers and seven middle managers, ranging in age from 30 to 50 years with a gender split of 70% male and 30% female.

Assessing corruption risk is part of our due diligence process when entering commercial agreements with customers, contractors and suppliers. The company's *Equipment & Material Supply Contract* requires all parties to respect ACC's zero-tolerance policy towards bribery and corruption, and to operate in compliance with all applicable laws and regulations.

All of our employees are also trained on our zero-tolerance approach to corruption during their three-day orientation training on company culture, human and labour rights and anti-corruption, conflict of interest and business ethics, and the message is reinforced during business operations. We have established internal procedures to meet the anti-corruption commitments of our *Sustainability Policy* and *The Fundamental Principles Underlying Corporate Personnel Policy*. We also have a strict internal control system with internal audits and an annual, professional external audit conducted. In 2016, our company operated in compliance with all applicable legal requirements relating to our services and the products and services that we procure from suppliers and contractors.

Engaging our stakeholders

Engaging with our stakeholders to understand their needs and requirements and to receive valuable feedback and ideas on how we can improve, is vital to the development of our business. We regularly engage

and seek feedback from our employees, investors, customers, business partners, suppliers and contractors, and we conduct annual surveys of customers to seek feedback and address any issues as needed.

We also engage with our investors, customers and contractors and suppliers on our sustainability performance and to identify how we can enhance our delivery of ACC's renewable energy systems, including the production, installation and maintenance of equipment and systems. Reinforcing that our governance and anti-corruption requirements are adhered to, and that employees and workers are treated fairly in safe working environments, are also important areas of focus for our ongoing engagements.

While we regularly engage with and respond to any questions or issues raised by internal or external stakeholders, we will establish a formal process with procedures to enhance our engagement approach and our procedures for receiving, managing and responding to concerns and complaints.

5. Our People

Our commitments

We are committed to maintaining a respectful, fair and safe working environment free from discrimination and harassment that provides equal opportunities to all and supports people to grow and develop. We enshrine this in our *Sustainability Policy* and we are committed to meeting all applicable regulatory requirements related to human and labour rights, in line with the *UN Guiding Principles on Business and Human Rights*. Our policy also outlines our specific commitment to avoid underage and involuntary labour, and should an occurrence of suspected underage or forced labour issue arise, we would adopt all necessary measures to rectify the situation. We employ skilled and technical professionals and all of our people are educated beyond college with more than 77% holding bachelor and/or master degrees.

The Fundamental Principles Underlying Corporate Personnel Policy outlines our adherence to human and labour rights in employment practices in line with relevant labour regulations and the principles of equity and fairness in all employee matters. It is part of the terms and conditions of employment that are formally accepted by all employees. The policy specifically covers our approach to providing equal employment opportunities and support of affirmative action and that the selection of personnel for each position shall be based purely on individual ability, performance, potential, and suitability for the position. Applicants with any particular challenges to employment will be considered without discrimination based on physical or mental ability for any position for which the individual is qualified. There shall be no discrimination based upon race, colour, religion, age, sex, national origin, disability or veteran status in recruitment, promotion, demotion, layoff, termination, transfer, selection for training, compensation and working conditions. In 2016, we did not have any reported grievances or cases of noncompliance with legal or policy requirements.

Our employees are compensated well above minimum wage standards, have the opportunity for performance-based bonuses, and are provided with flexible working arrangements and a variety of benefits ranging from leave to health care insurance that are also above minimum legal requirements. We also have procedures and record-keeping practices in place to protect security and the privacy of our employee data.

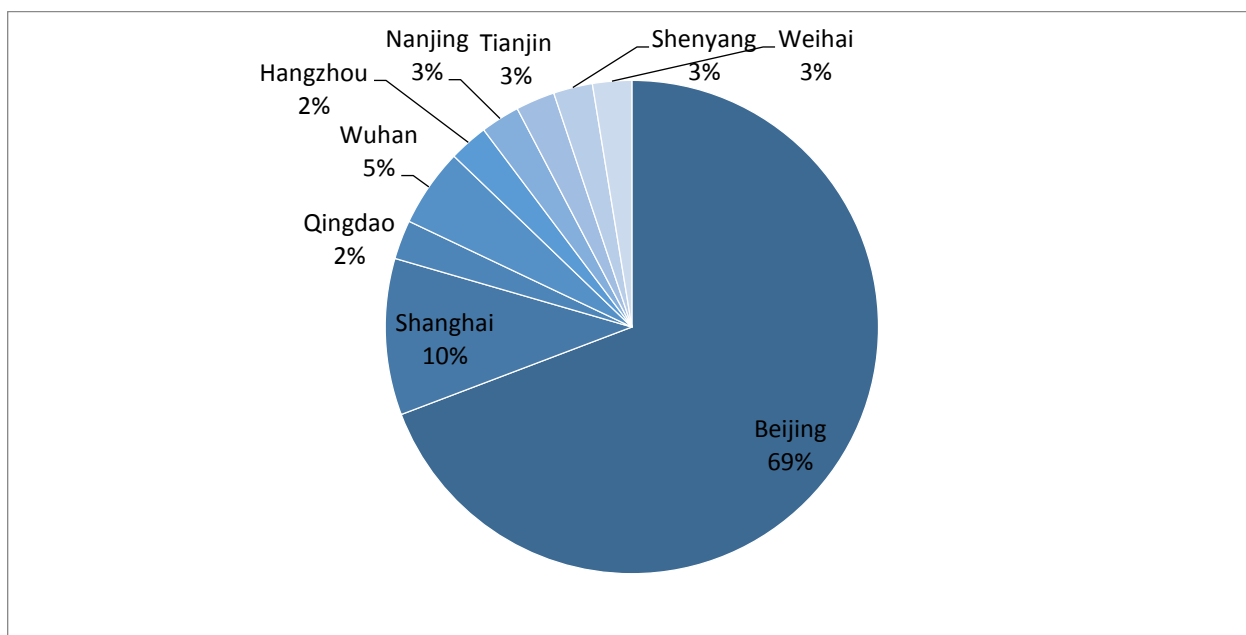
Our workforce

We have three offices in Beijing, Hong Kong and Shanghai, and our people also work across onsite locations in Mainland China to meet the needs of our markets and customers. As presented below, the majority of our employees are located in Beijing and our workforce of 39 people is characterized by:

- 28% in senior or middle management, 64% in functional or technical roles and 8% providing administrative support;
- our Chief Executive Officer is American and all others are of Chinese nationality;
- 56% being male and 44% female;

- 26% under 30 years of age, 72% between the ages of 30 and 50, and 3% over 50 years of age;
- all employees employed with full-time, permanent contracts; and
- 10 newly-joined employees in 2016 with a voluntary turnover rate of 5%.

Employee Breakdown in Percentages across Mainland China



Health, safety and wellbeing

The health, safety and wellbeing of our employees and our suppliers and contractors onsite, is of critical importance to us. We are pleased to report that we did not have any incidents of lost time from injuries or fatalities in our workplaces and onsite locations in 2016.

We implement a health and safety management system, which aligns with Occupational Health and Safety Standard (OHSAS) 18001 and is regularly audited with improvements made as needed. We implement procedures to prevent, manage, investigate and address environmental and human health impacts arising from potential accidents and emergencies, and to monitor and track our performance. Key risks that we manage in our industry relate to injury from unsafe or improper use of mechanical equipment or electrical installations, working at height, traffic accidents and fire or explosions. We also seek to reduce risk by working with contractors and equipment that are certified to national and/or international standards³. Together with our contractors, we provide appropriate personal, protective equipment (PPE), including customized safety helmets and vests for all working onsite to install and maintain the PV Solar or GES system, as well comprehensive safety training and biannual safety and fire drills.

Health and safety in the office environment focuses on ergonomics and wellbeing, building management systems and equipment, indoor air quality (IAQ), fire safety and emergency response. To meet the required standard for and to enhance IAQ, we have installed air cleaners and specialized IAQ detectors and that check daily pollutant levels. Training is provided to our employees on maintaining a healthy and safe workplace and professionals are retained to ensure the appropriate lighting levels and fire and emergency prevention and response measures are implemented in the office. Office building management conducts risk assessments to reduce workplace incidents and improve the overall safety, health and wellbeing of everyone in the workplace. We also regularly conduct fire drill evacuation exercises, provide safety, healthy living and nutrition tips and talks, and implement wellness programmes. Our employees have access to the influenza vaccine, annual health examinations and a fitness club membership.

³ Including and for example, China General Certification Center (CGC), Golden Sun Certificate, Quality Care Commission (CQC) Standards, Occupational Health and Safety Management System (OHSAS) 18001.

Communication and engagement

Being engaged is important for the wellbeing of our people and the development of our business. We regularly consult our employees on how to enhance communications and the team-building and recognition activities that we organize.

In addition to communications via email and a company-wide WeChat group and notices, each department also holds weekly meetings, operates their own WeChat groups to share information and provide suggestions, and every team member shares weekly reports on progress, issues and updates to enhance the team's connection within and across office and working locations. We also organize group lunches, birthday celebrations, quarterly outings for activities such as hiking or tree planting, and annual meetings that are designed by employees and include an award ceremony.

Training and development

We are committed to support the growth and development of our people, personally and professionally, and we provide financial support and subsidies to make this happen. In addition to our formalized, professional training program to enhance job knowledge and capabilities in performing work functions, ranging from PV and GES industry knowledge and financial management to business English, departments also organize specific training and personal development. Outdoor training based on themes is organized to promote cooperation, cohesiveness and build competencies among our teams.

6. Environment

Doing our part to improve the environment and minimize impacts, is core to our business model, integrated in our *Sustainability Policy* and part of how we manage our own operations. We share and discuss this commitment regularly, including at company meetings, on notice boards, and through communications and in engagement with business partners and onsite contractors. We also partner with other stakeholders to further environmental initiatives, such as the cooperation agreement with the Suzhou Government to be part of its high-tech zone green industrial convention alliance.

As the company's direct operations are office-based, we engage with our property managers to request the efficient and effective operation of building management systems so as to reduce energy consumption, monitor and ensure healthy IAQ, properly manage solid and hazardous waste and recycling in compliance with legal requirements, and minimize the use of chemicals in maintenance and cleaning activities. We also support our people to reduce energy, water, paper and other resource consumption, reduce waste generation and capture recyclables, use public transportation and avoid unnecessary travel through the use of online meeting platforms.

Our 2016 baseline for electricity consumption within our offices is 23,949 kilowatt hours, which equates to 16.35 tonnes of carbon dioxide equivalent (tCO₂e)⁴. In 2017, our new office in Beijing will be equipped with energy-efficient LED lighting, which will displace current consumption from T-5 fluorescent lamps. Other measures we adopt to reduce consumption and GHG generation include:

- running ongoing awareness campaigns;
- using energy-efficient equipment, servers and lighting;
- turning off the power supply during non-working hours;
- maximising natural lighting;
- using fans and open space to facilitate air flow and reduce air conditioning need in our offices and server rooms;

⁴ International Energy Agency (IEA) People's Republic of China 2014 - <http://data.iea.org/>

- teleconferencing to reduce travel; and
- commuting by public transportation by over 90% of our employees.

We focus on reducing our consumption of water through awareness campaigns and the use of water-efficient features in our offices. To reduce waste generation, we avoid disposables and reuse items as much as possible, purchase items with sustainability attributes, use recycled paper and products, and require contractors to minimize waste. For example, we capture aluminium cans, glass, plastic and paper for recycling, use bulk water coolers and reusable cups, crockery and utensils, hold paperless meetings, use double-sided printing and default settings and maintain soft-copy filing.

The renewable energy systems that we implement on existing sites operated by our customers, contribute to reductions in environmental impact and do not generate negative impacts to the surrounding environment, biodiversity or communities. By displacing the need for energy to be supplied from polluting sources, such as electricity generated from coal or other fossil fuel combustion, they thereby result in reduced airborne pollutants affecting workers and local communities in the vicinity of the systems, and a reduced contribution to GHG emissions. We ensure that our contractors operate in compliance with all applicable environmental regulations and provide training to their employees to minimize any potential impact and properly handle, store and dispose of lubricants and cleaning products used to maintain the systems.

While PV panels only require minimal water consumption for cleaning, our GES brings water savings of 50 to 100% over other heating and cooling systems and significantly reduced noise generation over other onsite energy generators. The 15 Solar PV systems that we operate annually save our customers a total of almost 68 million kWh of electricity that would have been generated from traditional sources, over 64,000 tonnes of avoided GHGs, over 257 million tonnes of water and over 29 million litres of fuel. Our six, large-scale GES installations have the capacity to generate over 14,700 kWh of electricity for heating, cooling and/or production and other operational purposes, and close to 4,200 tons of water for heating, cooling or treatment processes, from renewable sources.

7. Supply Chain

We engage our business partners and suppliers to help us achieve the commitments of our *Sustainability Policy*, the *UN Business Principles on Human Rights* and to improve ESG standards. These expectations, including legal compliance, are required in all business operations and contracts, and compliance is assessed through onsite reviews and internal audits. Going forward, we are planning to also implement focused training on these expectations with our key business partners and suppliers.

Over 85% of our procurement is from suppliers within nearby cities or provinces to each of our offices and project locations, supporting local businesses and providing local employment opportunities. Our major equipment suppliers comprise around ten of the main providers of such equipment in Mainland China and include Hanwha, Hanergy and Yingli, among others. Our PV suppliers are required to meet legal requirements⁵ associated with the sourcing of minerals that have the potential to “conflict minerals”⁶, including the tracking of these minerals throughout the supply chain and providing evidence or declarations to ensure that components provided to our suppliers do not contain “conflict minerals”. We require product manufacturers to meet national and other applicable standards and adopt cleaner manufacturing techniques

⁵ Section 1502 (“Section 1502”) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“the Act”), requires the disclosure of its use of “conflict minerals” as well as the related rules and regulations issued by the U.S. Securities and Exchange Commission.

⁶ “Conflict minerals”, from the Democratic Republic of Congo (DRC) or adjoining countries, include cassiterite (i.e. tin), columbite-tantalite (i.e. tantalum), gold, wolframite (i.e. tungsten), or their derivatives, and any other minerals or their derivatives determined in applicable laws and regulations.

that reduce environment pollution, including the responsible sourcing of polycrystalline and its recycling in the production process. In 2016, we did not have any incidents related to product safety.

We also require that our suppliers respect the provisions of the *UN Universal Declaration of Human Rights* and the Conventions of the International Labor Organization regarding the elimination of underage and forced labour of any form, adherence to contract terms and the provision of fair benefits, freedom of association and collective bargaining, respect for individuals and elimination of discrimination, maintenance of safe and healthy working conditions. Onsite contractors are also required to adopt measures and be responsible for the prevention, control and/or treatment of potential pollution or other environmental hazards resulting from on-site dust creation, exhaust gas, effluents, solid waste and noise.

To identify how we can continually improve sustainability performance in our business and supply chain, we conduct annual customer surveys to assess the performance of our energy systems, address issues and gather feedback from our key stakeholders.

8. Community Investment and Engagement

Supporting community needs and furthering the sustainable development of communities where we live and work, and operate our business, is important to us. Our renewable energy systems displace energy generated from more polluting sources (e.g. fossil fuels) resulting in reduced airborne pollutants affecting workers but also local communities in the vicinity of the systems, and a reduced contribution to GHG emissions, air pollution and climate change. We believe that renewable technology has the potential to improve the lives of people in rural and underprivileged areas, beyond the more common small-scale biogas and solar water heating projects.

We have prioritized our community investment by implementing our Solar Life Charity Program. Each year, we commit to providing solar lanterns to areas in China affected by earthquakes, typhoons and other natural disasters, in partnership with JD Green Logistics. Given that it is essential to maintain communication channels during relief efforts both with external parties and people on the ground, we have plans in place to provide portable energy sources to make this happen as needed. Our portable, solar energy illuminating lights can help charge vital communication equipment with electricity and power solar lanterns that allow for the charging of mobile phones when there is no access to power.

9. Priorities Going Forward

Enhancing the sustainability performance of our business and integrating the views of our stakeholders are important priorities for us as we expand our business of enabling the building, manufacturing and industrial sectors to implement sustainable energy systems that help us all address the challenge of climate change.

In 2017, will implement initiatives based on the results of the independent sustainability review to further enhance our ESG performance, including: implementing formalized processes for receiving and addressing grievances from internal and external stakeholders; assessing training needs and tracking training and development initiatives; conducting performance reviews; procuring paper and paper products from certified sources; and appointing a manager to oversee an ongoing corruption risk assessment and conduct internal training, as well, as external training for contactors and business partners.