

LONGi Green Energy Technology Co., Ltd.

Social Responsibility Report, 2017

I. Overview

As the PV manufacturing technologies become increasingly mature and the associate capacity of the whole industrial chain more complete, the cost per kWh has gradually decreased. The newly installed PV capacity has risen rapidly in recent years. The solar power is changing the global energy pattern and it will become the cleanest, safest and most reliable energy in the future. The data issued by CHINA PHOTOVOLTAIC INDUSTRY ASSOCIATION shows, the global installed capacity of the PV industry in the report period kept strong growth and the newly installed capacity reached 102GW—the year-on-year growth exceeded 37%, and the accumulated installed capacity reached 405GW. The newly installed capacity in China reached 53GW—the year-on-year growth exceeded 53.6%, ranking the first in the world for five years in a row; and the accumulated installed capacity reached 130GW, ranking the first in the world for three years in a row and taking the lead in the world. Other countries and regions also made great contributions to the world, where the newly installed capacity was 12.5GW in the USA, 9GW in India, 8.8GW in the European area, and 6.8GW in Japan.

In 2017 (hereinafter referred to as “the report period”), LONGi Green Energy Technology Co., Ltd. (hereinafter referred to as “the Company” or “LONGi”) saw the trend that the monocrystalline market shares gradually grew and made full use of its technical advantage and good cost control capacity. BY doing this, it was aimed to provide the user with efficient and quality products and extend its brand influence. Meanwhile, it focused on building of new capacity projects and further establishing the scale advantage. The key strategic plans were carried out as scheduled and it

achieved good operation performance. In the report period, the Company realized RMB16.362 billion yuan of operating income, 41.90% up year-on-year; The net profit for the parent company was RMB3.565 billion yuan, 130.38% up year-on-year; The return per share was RMB 1.81 yuan, 110.47% up year-on-year; the ROE (Rate of Return on Common Stockholders' Equity) after deducting the non-recurring profit and loss was 29.29%, 8.03% up year-on-year; the gross profit margin was 32.27%, 4.79% up year-on-year.

The Company also actively took its social responsibilities while rapidly developing its business.

With “Close Integration, Gung Ho” as its concept of social responsibilities, it integrated the social responsibilities to the business pattern. It focused on the long-term and sustainable value creation with the stakeholders to achieve its own stable development and value share with its stakeholders.

In 2017, the Company paid more attention to protection of shareholders' rights, care for employees, supply chains, customer benefits, inputs to environmental protection and green clean energy. It won several honors. It was selected as the first batch of single champion pilot enterprises of the

manufacturing industry by the Ministry of Industry and Information Technology of the People's Republic of China, the first batch of intelligent manufacturing pilot enterprise of Shaanxi Province (1st batch). It was ranked to Top 500 in *Fortune* 2017 China. It was ranked to Top 100 of value in

the listed companies to the main board of China. It also won the following titles: Top 10 Excellent Management Teams, Best Shareholders' Return Award, Excellent Board of Directors in the listed strategic companies in 2017, Top 500 of global new energy enterprises, 2017, China PV

Achievement Award, 2017, Household PV Golden Enterprise of China. Its 60-piece monocrystalline module won the only monocrystalline award of TV “Excellent Award of PV Module Power Generation” since it ranked No.1 for the actual power generation. The module brand won many

awards, e.g., “Top 10 brands for influence on China’s household modules”, “Top 10 Household PV Module Brands, China” and etc.

II. Performance of Social Responsibilities

1. Protection of shareholders’ and creditors’ rights

Since it was listed, LONGi has always paid great attention to the rights of the small and middle shareholders and worked to develop well the investor relationship management. The Company kept good communications with the investors via many means, e.g., investor investigation, investor hotline and interactive platform, strategy meetings and investor days and so on, and developed interactive communications with the investors on the preconditions of laws and regulation.

Accordingly, the investors could understand the industrial status and the operation status of the listed company in a just, adequate and timely manner. In addition, the Company fully respected the rights of the small and middle shareholders and gave them the rights to execute their rights. It defined the terms “It mustn’t specify the minimum share limit for the voting right; the votes of the small and middle shareholders shall be counted separately when the key issues affecting the interests of the small and middle shareholders are reviewing at the shareholder meeting and so on” in *Articles of Association*. The speech of the small and middle shareholders was listed to the agenda of the shareholder meeting. In June 2017, it won the title “I am a shareholder—the small and middle shareholders go into the listed company” issued by Shanghai Stock Exchange. In addition, it won “Best Shareholder Return Award” and “Excellent IR Best Case Award, China, 2017” in November, 2017, and January, 2018, respectively.

The Company paid great attention to the rights of the creditors. It paid the interests of “the company bonds (1st issue) publicly issued in 2016 by Xi’an LONGi Silicon Materials Corp.” for the period

from March 7, 2016, to March 6, 2017, in March, 2017. At the same time, the Company disclosed the accumulated newly added borrowings in time according to the relevant regulations of China Securities Regulatory Commission and *Guideline to Formats of Temporary Report Information Disclosure for Company Bonds* issued by Shanghai Stock Exchange.

2. Company Management

In accordance with *Company Law*, *Securities Law* and other relevant laws, the Company has built the legal management structure with the shareholder meeting, the board of directors and the board of supervisors as the basis. Besides, it also prepared *Articles of Association*, *Rule of Procedure of Shareholders Meeting*, *Rule of Procedure of the Board of Supervisors* and other relevant systems according to its actual situation and standardized its authority mechanism, decision-making mechanism, supervision mechanism and operation and management.

It defines clearly the followings: the nature, responsibilities and rights as well as the working procedure of the shareholder meeting, the board of directors and the board of supervisors; the qualifications, responsibilities, rights and obligations of the chairman of the board, the directors, the supervisors, and the general manager; and the right balancing relationship among the shareholder meeting, the board of directors, the board of supervisors and the high-level management. There are four commissions, i.e., the strategic commission, the nominations commission, the salary and review commission, and the auditing commission, under the board of directors. The commissions shall develop the work according to the laws, administrative regulations, department regulations and their own working systems. The operation and management level shall be responsible for preparation and execution of the internal control systems, and it shall execute its right and manage the daily issues via direction, management and coordination of the business management departments. The

headquarters and the subsidiary departments shall develop actual operation businesses and ensure normal operation of the Company.

3. Protection of Employees' Rights

As for protection of employees' rights, the Company followed the policies "Open, Fair and Equal" and kept harmonious and stable employment relations. It followed the international covenants of human rights and the labor standards and relevant local laws and regulations in the global factories and offices. It paid attention to local talent management and fostering and respected the free union of employees as well as collective negotiations. It did not employ any child labors and the woman had the equal salary with the man. No forced working is allowed during production activities and/or service. It did not interfere the belief freedom of employees, and no any prejudice was allowed due to people, race, nationality, religious belief, gender, age, disability, marriage and etc. In addition, the Company also set up the employee service & complaint telephone and email. In this way, it was aimed to build effective communications and complaint channels and supervision mechanisms to protect the legal rights of the employees.

As for employees' training, the Company always followed the enterprise culture "Reliable, Value-added, Delighted" and viewed training as a key means for employees' development and employer branding. In 2017, the Company paid special attention to fostering of the new employees, especially the excellent graduates to support rapid development and talent introduction, and it was aimed to promote integration of enterprise culture and teams via training; it focused on fostering of advanced talents and developed multi-dimensional training projects such as SMDP training for the high and middle managements, the open classes of LONGi and so on to improve the cadres' management capacity; it developed professional skill trainings for various levels, improving greatly

the post operating level; it also paid attention to building of training resources and accumulated the lecturer and class resources to make knowledge sorting and reserve and ensure output of excellent courses.

As for salaries and welfare, the Company paid the social insurances, e.g., endowment, employment injury, unemployment, medical, maternity insurances, and the housing fund for the employees. It also offered welfare for the employees concerning working, living, communications and care, including but not limited to birthday gifts, wedding money, welfare scores, transport subsidies, holiday welfare and so on. The Employees enjoyed the competitive salaries and welfare that conformed to the local laws.

The Company organized many entertainment and sports activities such as basketball/badminton/ping-pong games, singers match, chess games and so on. Besides, 16 employees' clubs were set up, e.g., ball, Ikebana, English, outdoor clubs and so on, reflecting individual and customized employee activities.

4. Focus on Supply Chain

The Company paid continuous attention to the performance of the supplier on social responsibilities and viewed it as the basic condition of cooperation. It encouraged its suppliers via the procurement business to continuously improve their performance and sustainable development capacity. In 2017, LONGi issued *Notice on Social Responsibility Management of Suppliers*. It developed social responsibility research and site review for the new key suppliers, and asked them to sign the commitment of social responsibilities. In this way, it strengthened communications and cooperation with the suppliers with aim to build a stable, credit and reliable supply chain. In the report period, the Company developed research on the environment management system and OHS certificates for the

suppliers of long-term cooperation. Under continuous promotion of the Company, 50% of the main suppliers had built, improved or were building their environment management system and OHS system.

In 2017, the Company conducted performance evaluation for 157 main material suppliers. It also developed training, instruction and improvement activities for the suppliers to improve their capacity. For the suppliers with poor evaluation results, we will conduct target communications and instruction to promote their improvement; and for the suppliers without improvement in a long term, we will gradually limit, freeze and eliminate them. In addition, the Company conducted site research to 50 key suppliers, as required by environment, safety, occupational health, employee rights and other social responsibilities, especially the special environmental evaluation on such products of high risk as silicon materials, graphite parts, carbon parts, and glass etc. At the same time, the instructions on social responsibility management strategy and requirements were made to the suppliers

The Company conducted actively strategic cooperation with the global partners in addition to focus on its own development. It established long-term strategic partnerships with many well-known enterprises, e.g., TBEA, Applied Materials, HUAWEI, DuPont and etc. By doing this, it was aimed to extend the cooperation field and achieve mutual win and development.

5. Focus on Customers

In the report period, the Company always focused on the customer demand and viewed the customer value as the core. Based on its leading monocrystalline technology, it offered the monocrystalline products of high cost performance for the global customers and achieved mutual win with its partners.

It developed the research on customer satisfaction and held many activities, e.g., customer appreciation banquet, new product release meeting and media communication meetings and etc. In this way, it can keep continuous communications with its customers and keep close focus on their demand in time and share its latest product technology. It can also make prevention measures for the fake products and take the legal actions, especially the “authenticity query” channel in the aftersales link, to protect its legal rights from infringement.

6. Focus on Audit and Supervision to Promote Clean Employment

In the report period, the Company carried out special auditing on procurement bidding, project management, information system, plan and logistical control and son with focus on the key businesses and risks to make full use of the auditing guarantee and supervision functions and promote the auditing work in advance; and it promoted optimization of its supervision management system, prepared and issued the supervision management system and promoted clean employment environments by means of clean employment publicity, handling of fraud cases, forming a clean culture in the Company. In 2017, LONGi joined China Anti-fraud Association. Based on the information share and experience exchange mechanism of the Association, it listed the fraud actions, e.g., bribery, illegal possession of the corporate property, disclosure of business secret, illegal benefits by abusing their power and so on, to the dishonest conduct range. It built the internal list and database of dishonest employees to share with other members in the Association. Those with dishonest records shall be rejected during recruitment so that the social cost of such dishonest conducts will rise.

7. Environmental Protection

Since LONGi Green Energy Technology Co., Ltd. (the parent company) is a company of large scale and it has large water consumption and discharge due to its process characteristics, it was listed by the environmental authorities to a national key wastewater supervision enterprise. To ensure the pollutants discharged as required, the Company followed strictly the national environmental laws and regulations and built the complete environmental risk control measures and the emergency response plans for various risks. Its *Emergency Response Plans for Sudden Environmental Pollution Accidents* was filed in the environmental protection authority. It executed the environment monitoring plan to develop discharge monitoring. The environmental impact assessment system was executed for project building to make sure that the project environmental assessment can be conducted legally.

The Company incorporated the ISO14001 Environment Management System to the system management. It gradually improved its process and strengthened its input to environmental protection and facility maintenance to make sure of highest environmental standard during operation. The Company has achieved the discharge permissions, and its environmental facilities were building and running in conformity to the management requirements of environmental protection.

The business departments are provided with full-time employees for daily system maintenance and management, and the detailed management measures are described below:

Link	Description
Energy saving & consumption reduction	1. To foster the awareness of energy saving, conduct publicity on power saving, turn off the unnecessary lights, and switch off the unnecessary electric apparatuses; 2. The power consumed for office and production shall be monitored and

	<p>recorded by month;</p> <p>3. To prepare the maintenance plan for the power equipment and avoid excess power consumption due to aging of the relevant equipment;</p> <p>4. The temperature mark shall be made to the air conditioners in the office and the workshop, and the supervision and management shall be conducted.</p>
Management of dangerous waste	<p>1. To build the dangerous waste warehouse and store them by category, and take the relevant records;</p> <p>2. To sign the handling contract of the dangerous waste with the qualified enterprise as required;</p> <p>3. To submit the handling plan of dangerous waste as required, handle them regularly, and take the records on transfer and handling of dangerous waste.</p>
Treatment of wastewater/sewage	<p>1. To maintain and manage the wastewater treatment plant;</p> <p>2. To monitor regularly the wastewater;</p> <p>3. To differentiate the living wastewater from the industrial one.</p> <p>The new wastewater treatment facility was built, which can handle the new pollutants brought by capacity expansion. Compared with the old wastewater treatment system, it can reduce the discharge concentration of the pollutant at the main discharge port, meeting the requirements of “emission reduction” in environmental control.</p>

In the south area of Xi'an Slicing Factory, a Physicochemical sewage treatment system was built, whose daily capacity was 800t. In the north area, the improved design treatment capacity of the new

wastewater treatment facility was 3,800t/d. At present, it can handle 2,500 t/d. The detailed discharge data is given below:

Main pollutants	Discharge method	Quantity of discharge ports	Discharge standard	Discharge concentration	Verified discharge	Total discharge
Conventional pollutants: COD, ammonia & nitrogen, Ph; specific pollutant: SS, petroleum	Continuous stable discharge	2	<i>Wastewater Comprehensive Discharge Standard of the Yellow River Valley (Shaanxi Section)</i> (DB61/224-2011) Level-II	COD: 91mg/l; ammonia & nitrogen: 0.51mg/l; Ph: 7.8; SS: 21.5mg/l; Petroleum: 0.29mg/l	Annual discharge: COD ≤163.58t/year; ammonia & nitrogen ≤1.7t/year; SS ≤196.1t/year; Petroleum ≤4.5t/year	COD: 96.18t; ammonia & nitrogen: 0.5t; SS: 31.67t; Petroleum: 0.35t

The subordinate enterprises of the Company performed their social responsibilities on environmental protection, and established and improved their environmental management system. They strengthened source control and process monitoring and promoted energy saving and discharge reduction. By doing this, they were aimed to improve operation quality of their environmental protection facilities and ensure the pollutants can meet the requirements and handled properly.

8. Green & Intelligent Manufacturing

The Company has followed the concept “Producing clean energy by clean energy” and “Being the carrier and amplifier of clean energy” and produced the PV product with the local renewable energy. It is aimed to protect the green hill and clear water by the clean energy -PV. The Company was listed to the second batch of green manufacturing pilot enterprises due to its green and intelligent concept and practice results.

9. Social Welfare

To spread the positive energy and make the employees work and live in an active manner, the Company set up the charity committee to search the charity information and organize the employees participating in the charity activities and the social welfare cause.

The leaders of LONGi has set up LONGi One Percent Foundation (private), which is under Chinese Red Cross One Percent Foundation. With the concept “one percent of donation, one hundred percent of change”, it advocates everyone to spend 1% of his time and/or money in social public welfare.

The foundation consists of two brands: “One Percent of School Sponsorship Plan” and “Aiyou Childhood-CHD Children Treatment”.

LONGi donated the 39.6kW distributed system (about RMB310,000 yuan) to School of Physics, Peking of University, in Nov., 2017. It will also offer a scholarship to the students of excellent performance in the PV subject study from Peking of University. In this way it is hoped to drive the academic circle to focus more on development and innovation of the PV industry. It donated a 37.62kW distributed system (about RMB280,000 yuan) to Huaping Girls’ Senior High School, Lijiang, Yunnan, (where the girls from poverty-stricken families can be educated without any cost) for its environmental improvement, and the revenues thereof shall be used for a scholarship to support their further study.

10. Accurate Poverty-alleviating Work

(1) Accurate Poverty-alleviating Plan

The Company is a leading PV enterprise in China. Based on its efficient PV products and technical advantages, it used its experience in poverty-alleviating PV projects and joined the accurate poverty-alleviating work. It is aimed to build the good poverty-alleviating project with efficient and

leading products and raise the income in the regions, achieving economic and environmental benefits.

(2) Briefing

The Company has actively developed the PV poverty-alleviating projects and create long-term and stable power generation income for the poverty-stricken region and the local people with efficient and quality products. In the report period, totally three PV projects were built and connected to the grid, i.e., Baisha LONGi 20MW Ecological Agricultural PV Power Poverty, Xi'an LONGi Huanglong 30MW PV Power Poverty Project, Yanchuan 15MWp PV Poverty-Alleviation Power Station of Minhao PV Power Station Investment Management Company. 2,400 poverty-stricken households were directly benefited, realizing the goals of accurate poverty alleviation, utilization of new energy, energy saving and discharge reduction.

(3) Follow-up Accurate Poverty-alleviating Plan

The Company will continue to develop the poverty-alleviating projects and propose the associate solutions with consideration to the local characteristics and resource advantages. It hopes to help the poverty-stricken people become rich and promote development of the PV industry by means of the leading, accurate and efficient PV agricultural poverty-alleviating projects.

In 2017, the Company improved its management structure and its management level, protected the shareholders' benefits, cared about its employees and executed its social responsibilities. In 2018, it will continue to achieve mutual win with the stakeholders. It will take its responsibilities in economic, social and environmental development. Besides, it will carry out social responsibility management and practice, and work in joint hands with its partners to guard the green hills and clear water and build the bright domain and our collaborative undertaking.

Board of Directors, LONGi Green Energy Technology Co., Ltd.

March 27, 2018