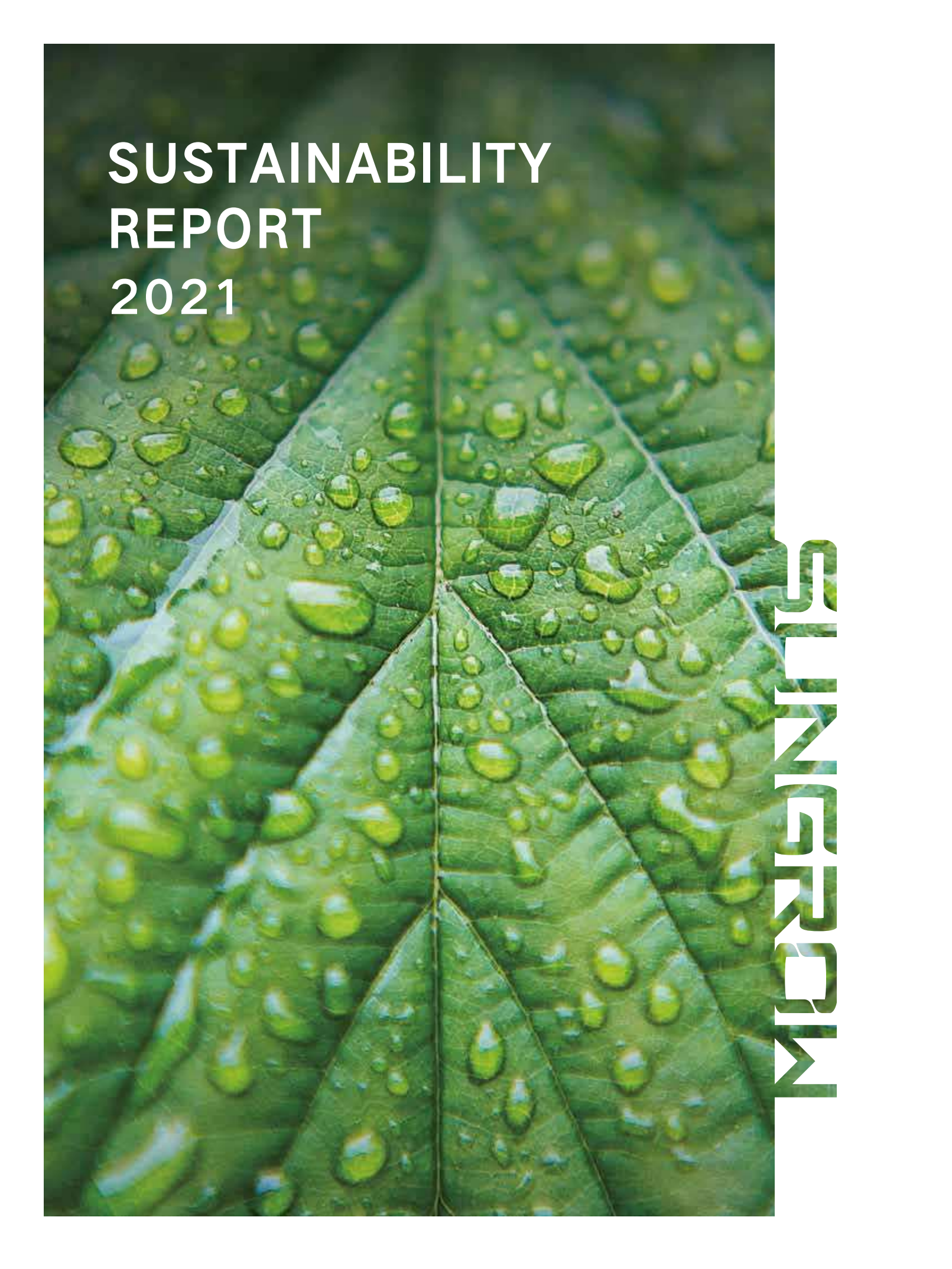




SUSTAINABILITY REPORT 2021

STINGERON

About the Report

For the purpose of promoting the Company's ESG capacity and developing sustainability competitiveness, the report is renamed the Sustainability Report as of this release. This is the seventh sustainability report released to the public by Sungrow Power Supply Co., Ltd. (the Company released six corporate social responsibility reports from 2016 to 2021), which intends to frankly communicate with stakeholders on the Company's sustainability strategy, the specific actions and performances, and respond to sustainability concerns of all parties in a systematical way.

Basis for Preparation

This report is prepared according to the core requirements of GRI Standards released by the Global Reporting Initiative (GRI). Meanwhile, the Recommendations of the Task Force on Climate-Related Financial Disclosures, the Social Responsibility Guidelines for Companies Listed on the Shenzhen Stock Exchange, and the CASS Guidelines for Preparing Social Responsibility Report in Chinese Enterprises (4.0) are used for reference.

Reporting Period

This is an annual report covering the period from January 1, 2021 to December 31, 2021. The most recent report was released in April 2021.

Scope of Report

This report covers Sungrow and subsidiaries/organizations under its control, and the scope is consistent with that of the Company's Annual Report. Refer to the List of Main Organizations for enterprises covered in the disclosure.

Disclosure of Report

This report is disclosed simultaneously with Sungrow's Annual Report 2021. All financial data involved herein are consistent with those disclosed in the Annual Report 2021 of Sungrow Power Supply Co., Ltd. released to China's A-share market. The Annual Report has been audited by an independent third party. Unless otherwise specified, the currency used in this report is Renminbi (RMB).

Names and Designations

To facilitate presentation and reading, Sungrow Power Supply Co., Ltd. in this report is referred to as "Sungrow", "the Company" or "we/us" based on the specific context, and subsidiaries/organizations under Sungrow's control are referred to as "Affiliate(s)" in this report. For the full name and abbreviation of the enterprises mentioned in this report, please refer to the List of Main Organizations.

Access to Report

This report is made in both Simplified Chinese and English, available in paper-based and electronic versions. The electronic version is available for download on Sungrow's official website (www.sungrowpower.com). In case of any discrepancy between the Simplified Chinese version and the English version, the former shall prevail.

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Development Zone, Hefei, Anhui Province

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Chairman's Statement

Cao Renxian

Chairman of Sungrow Power Supply Co., Ltd.

As the globe is currently stricken by climate and epidemic impacts, it is more challenging to promote the United Nations 2030 Agenda for Sustainable Development. In the face of various uncertainties in business operation, Sungrow adheres to long-termism and contract spirit, and has achieved breakthroughs in business revenues, gained increasing trust from the society and the market. The Company topped the list of Top 500 Enterprises, earned ratings of AA in the world-renowned MSCI ESG Ratings twice consecutively, and has been included in the Hang Seng Corporate Sustainability Index. The Company's current moves and long-term plans for sustainable development are further clarified.

Being a strong supporter and an active doer in responding to global climate change, Sungrow has always adhered to the mission of "Clean power for all", and continued to advance the deep integration of business and sustainability. By strengthening the development and utilization of renewable energy and improving energy efficiency, we vigorously contribute to global pollution reduction and carbon reduction. We focus on new energy industries of solar energy, wind energy, energy storage, electric vehicles, and hydrogen energy, and have installed over 224 GW of inverter equipment worldwide, reducing carbon dioxide emissions by more than 252 million tons per annum. By sticking to technological innovation and continuous investment, we accelerate to deliver the goal of 100% renewable electricity. In 2021, the Company's green electricity consumption accounted for 35% of the total. We comprehensively review and reduce our greenhouse gas emissions, actively promote the green supply chain with

our partners, and continue to enable the low-carbon operation across the entire industry chain.

In 2021, Sungrow joined the United Nations Global Compact to respond to the global sustainability initiative and incorporate the concept of sustainability into the Company principles. We upheld operation transparency and standardization, and delivered greater customer values by continuously promoting technological progress and product innovation. We were awarded the Best Companies to Work for in Asia for the third year in a row, providing an equal, diverse, secure and respected working environment for employees around the world, and setting up a sophisticated empowerment system to help employees' career development. We made plans for the global social welfare strategy, kicked off ecological public welfare programs, and continued supporting community growth.

This year, we have fully upgraded the corporate social responsibility report to a sustainability report, reporting the company's specific actions and performance in the past year with higher standards and requirements, in order to better communicate with all parties. Looking forward to the future, we must remain humble in the face of environment, products, markets, and customers at all times, respond to the UN Sustainable Development Goals with clean power conversion technology as our core business, and make energy cleaner, efficient, and accessible. We also look forward to continuing our collaboration with global partners, empowering the global ecological goals and contributing to a more sustainable future.

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At a Glance

About Us

Located in Hefei High-tech Industrial Development Zone, Sungrow Power Supply Co., Ltd. (Stock code: 300274) is a national key high-tech enterprise specializing in R&D, manufacturing, sales and service of solar energy, wind energy, energy storage, hydrogen energy, electric vehicles, and other new energy power supply equipment. With a wide range of products including photovoltaic inverters, wind energy converters, energy storage systems, floating PV systems, new energy automotive driving system, EV charging station, renewable hydrogen production system, renewable hydrogen production systems, and smart energy operation and maintenance service, we are committed to providing world-class solutions for the full life-cycle of clean energy.

Since the establishment in 1997, the Company has been concentrating on the field of new energy power generation, adhering to market demand orientation, and taking technological innovation as the propellant for development. The Company has cultivated a professional R&D team with solid R&D experiences and strong capabilities of independent innovation. Sungrow has successively undertaken more than 20 national key science and technology programs, led the drafting of multiple national standards, and is one of the few companies in the industry that have mastered a number of independent core technologies.

Photovoltaic inverters, Sungrow's core products, have been accredited by TÜV, CSA, SGS, and other international certification authorities, and sold to more than 150 countries and regions in the world. Sungrow's cumulatively installed capacity of inverter equipment across the world has been above 224GW by the end of December 2021.

The Company has successively won the awards of China Grand Awards for Industry, National Manufacturing Single Champion Demonstration Enterprise, Top 50 most innovative Chinese companies, National Intellectual Property Demonstration Enterprise, Global Top 500 New Energy Enterprises, and Best Companies to Work For in Asia. Sungrow is a company with state-level post-doctoral research workstation, a national high-tech industrialization demonstration base, a national enterprise technology center, a national industrial design center, a national green factory, and ranks among the best in the global new energy power generation industry in terms of comprehensive strength.

Going forward, Sungrow will shoulder to its mission of "Clean power for all", accelerate the development of clean energy power generation system integration based on the new energy equipment business, innovate and expand new business in the field of clean power conversion technology, keep in close contact with the customers, actively participate in global competition, and strive to build itself into a respectable world-class company.



Organization Structure



Organization Structure

Corporate Strategy

Adhering to the mission of "Clean power for all", Sungrow is committed to becoming the global leader of clean power conversion technology and making contributions to the sustainable development of human society. Throughout the critical period of energy transformation, Sungrow fully implements the overall strategic guideline of "Focusing on the field of clean power, promoting related diversification in an innovative manner at low-cost, striving to improve the market, technology and synergy capabilities, and achieving rapid and sustainable growth". The Company

deeply explores opportunities in the new energy sections including solar energy, wind energy, energy storage, electricity, and hydrogen energy, enhances organizational capabilities in terms of international-orientation, depth, collaboration, and vitality, and actively responds to global sustainability initiatives. By incorporating the concept of sustainability into the Company manifesto, Sungrow makes every effort to improve environmental, social and corporate governance capabilities, and promotes global sustainability with "technical strengths".

Corporate Culture

Mission

Clean power for all

Vision

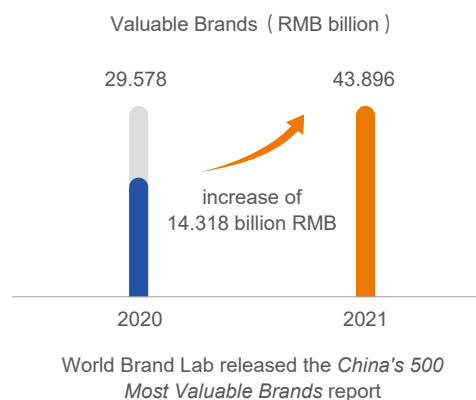
To be the global leader of clean energy conversion technology

Core Values

Sincere & Pragmatic,
Precise & Open,
Customer Oriented

Brand Communication

Following the brand internationalization strategy of serving the world with China as the home base, Sungrow's brand value has been making a robust growth. In recent years, Sungrow has continuously responded to global sustainability initiatives, made important climate commitments, and joined forces with more climate partners to accelerate the global decarbonization process. At the same time, Sungrow strengthens internal brand communication to reach a consensus among all employees on the sustainable development of the Company, facilitates sustainability-related trainings and invites Company executives to share the Sungrow brand history, brand positioning and sustainability at the induction trainings for new employees. Sungrow also incorporates the concept of sustainability into the Company principles and influence every Sungrow employee.



Global Presence

Sungrow continues to advance its globalization strategy. In 2021, the India Plant's production capacity was expanded to 10GW, and the second overseas plant was in active consideration. Presently speaking, the Company has set up 20+ subsidiaries overseas, and the core product, photovoltaic inverters, is sold to more than 150 countries around the world. By the end of 2021, has accumulated over 224 GW installed

inverter equipment, the Company will continue to deeply explore the global market, orderly promote the global presence of inverters, energy storage, power stations, floating PV systems, charging piles and other businesses, prioritize the improvement of key capabilities including global marketing, service, and financing, and strengthen the global support system, thereby enhancing global influence.



Our 2021

Annual Performances


24.14 RMB billion
 Operating income


1.58 RMB billion
 Net profit attributable to shareholders of the listed company

Item	Year 2021	Year 2020	Year 2019
Operating income (RMB)	24,136,598,726.55	19,285,641,347.02	13,003,331,783.65
Net profit attributable to shareholders of the listed company (RMB)	1,582,707,374.76	1,954,308,244.82	892,552,821.20
Net profit attributable to shareholders of the listed company after deducting net non-recurring gains and losses (RMB)	1,334,589,366.45	1,846,326,102.70	905,373,089.13
Net cash flow from operating activities (RMB)	-1,638,632,122.77	3,088,658,224.59	2,480,423,195.18
Basic earnings per share (RMB/share)	1.08	1.34	0.61
Diluted earnings per share (RMB/share)	1.08	1.34	0.61
Weighted average ROE	13.05%	20.36%	10.93%
	As at End 2021	As at End 2020	As at End 2019
Total assets (RMB)	42,840,130,915.46	28,002,933,994.86	22,819,128,262.19
Net assets attributable to shareholders of the listed company (RMB)	15,655,063,485.71	10,455,904,743.14	8,594,198,036.97

Major Accounting Data and Financial Indicators in Sungrow's
Annual Report of the Last Three Years

Annual Events

NO.1

Sungrow ranked first in the list of Top 500 ESG Excellence Chinese Companies, and enlisted the Forbes Top 50 Most Innovative Chinese Companies

NO.1

Sungrow successfully launched the 352 kW string inverter and "1+X" modular inverter. The Company's inverters' market share maintained the first in the global mainstream markets.

NO.1

Sungrow launched the liquid cooled energy storage system outside China, and its global shipment of lithium-ion battery energy storage systems ranked first among Chinese companies for five consecutive years.

NO.1

Sungrow Renewables Development Co., Ltd. topped the list of global PV developers

500 %

Sungrow residential PV system installed capacity increased by more than 500% over the same period last year

15 GW

Sungrow wind energy converters achieved an annual shipment of over 15 GW and an increase in market share

NO.1

Sungrow's market share in Floating photovoltaic system ranked first in the world for four consecutive years

280,000

Sungrow new energy automotive electronic control products achieved an annual shipment of 280,000 units

10 GW

Sungrow smart O&M business grew rapidly with the O&M scale exceeding 10 GW

1000 Nm³/h

Sungrow hydrogen delivered the 1000 Nm³/h electrolyzed water hydrogen production system to support the establishment of the North China Hydrogen Valley

3 year

Sungrow was awarded the Best Companies to Work For In Asia for the third year in a row



Annual Honors

Honors/Awards	Awarded by
★ 2021 Top 500 Chinese ESG Excellence Companies	Sina Finance ESG Rating Center
★ Environment Award	Sina Finance
★ ESG AA Ratings	MSCI Index
★ Inclusion in the Hang Seng (China A) Corporate Sustainability Index	Hang Seng Indexes
★ Inclusion in the Shenzhen 100 Index	Shenzhen Stock Exchange
★ Top 50 Most Innovative Chinese Companies	Forbes
★ China Top 500 Most Valuable Brands, the Social Responsibility Award	World Brand Lab
★ The 2020 report was rated AA during the selection of the MIIT Excellent CSR Reports	Ministry of Industry and Information Technology, United Nations Global Compact
★ 2021 Best Companies to Work For In Asia	HR Asia

Key Performances

Economic Performance	UoM	2021	2020	2019
Operating income	RMB	24,136,598,726.55	19,285,641,347.02	13,003,331,783.65
Total Profit	RMB	1,892,672,136.23	2,181,541,884.75	1,031,702,653.72
R&D Expenses	RMB	1,161,389,788.60	806,352,266.48	635,873,987.32
Cumulative number of patents	PC	1952	1568	1232
Customer satisfaction	%	93.5	92.83	93.28
Percentage of local procurement	%	98	84.8	79.4
Environmental Performance	UoM	2021	2020	2019
Environmental protection input	10K RMB	348.2	279.5	340
Percentage of green power consumption	%	35	23	11
Total water consumption	cbm/year	206,133	201,217	162,666
Water consumption per RMB 10,000 of output value	cbm/10K RMB	0.085	0.104	0.125
Total power consumption	kWh/year	72,205,295	52,973,714	34,514,436
Comprehensive energy consumption	tons of std. coal/year	9141.5	6851.0	4500.1
Energy consumption per RMB 10,000 of output value	kg of std. coal /10K RMB	3.79	3.55	3.46
Total COD emission	tons/year	37.928	38.569	27.352
Ammonia/nitrogen emission	tons/year	3.463	3.529	2.378
Total solid waste discharge	tons/year	1406.02	751.34	360.46
Hazardous waste discharge	tons/year	43.11	43.01	16.81
Effluent discharge	tons/year	164,906	160,974	118,921
Greenhouse gas emission	tCO ₂ e	38234.46	/	/
Scope I	tCO ₂ e	2323.46	/	/
Scope II	tCO ₂ e	35911.00	/	/
Utilization of recycled resources	%	52.3	51	/
Social Performance	UoM	2021	2020	2019
Total employees	Persons	6726	4492	3891
Number of R&D staff	Persons	2734	1824	1627
Number of minority employees	Persons	86	52	51
Number of employees with disabilities	Persons	12	13	13
Number of foreign employees	Persons	634	400	261
Number of female employees	Persons	1217	761	617
Percentage of female managers	%	14.21	12.6	10.84
Social insurance coverage	%	100	100	100
Labor contract coverage	%	100	100	100
Employee turnover (voluntary)	%	14.94	11.38	11.61
Organizational health	%	87.8	86	84
Employee training input	10K RMB	1220.8	936	772
Employee training coverage	%	100	100	100
Health and safety input	10K RMB	2617	1485.2	1234
Major safety incidents	times	0	0	0
Work-related deaths	Persons	0	0	0
Charity donations	10K RMB	526.20	1413.2	2592.3

Sustainability Management

Shaping a Sustainability Management System

Advance sustainability management

Sungrow practices the sustainability principle of “Green Mission, Better Life”, continues to improve the management standard and business performance, enhances trust from the society and the market, and is committed to leading the Company and the industry toward sustainability. In 2021, the Company provided greater support for sustainability. As per the Chairman's instruction, the concept of sustainability was incorporated into the Company principles, providing robust guidance

for developing sustainability in the future, and promoting global sustainability with "Technical Strengths". Meanwhile, the Company actively interviewed with internal and external stakeholders, took the initiative to respond to index ratings by benchmarking the leading companies, and sorted out the metrics system and objectives breakdown, so as to foster a sustainability culture and further integrate sustainability into organizational operation.

Sustainability Report Work Group

Sungrow has set up a Sustainability Report Work Group. Lead by the project steering team composed of executives of the Company, the Brand Center organizes relevant departments, such as the Strategy Center, the Board Office, the QA Center, the HR Center, and the Procurement Center, to prepare the report in accordance

with the Company's management practices and disclosure requirements. The Group is also accountable for optimizing the metrics system, implementing the various sustainability requirements in daily work, and building sustainability competitiveness.

Capacity Building

The Company vigorously advances sustainability and ESG capacity building. Executives actively share international and domestic ESG development trends; a sustainability column has been set up in the Company's OA (office automation) system for popularizing cutting-edge knowledge to employees and empower the

organization in the aspects of business ethics, social responsibility, and supply chain due diligence management; the department in charge of sustainability is proactively involved in external trainings, and communicates with enterprises from other industries to improve the level of sustainability management.

Communication with Stakeholders

Sungrow attaches great importance to the concerns and appeals of stakeholders, timely passes on and discloses correct and objective information, and listens to the feedback of stakeholders through an effective stakeholder identification and participation mechanism. Sungrow's stakeholders mainly include shareholders/in-

vestors, customers and consumers, suppliers/distributors/contractors, employees, governments/regulators, NGOs/international organizations/professional institutions, communities, media/opinion leaders/industrial organization, and environment.

Stakeholders	Issues of Concern	Communication Mode
Shareholders/Investors	1. Constant profitability 2. Anti-corruption and compliance evaluation	1. Annual report, half-year report, announcements 2. Shareholders meetings 3. Investors conferences 4. Feedback platform via phone/mail/web-site 5. Survey questionnaire
Customers and Consumers	1. Customer health and safety 2. Product quality 3. Customer information security 4. After-sales service 5. Supply chain social responsibility evaluation	1. Customer meeting 2. Customer satisfaction survey 3. Global service network 4. Exhibition, forum, conference and other events
Suppliers/Distributors/Contractors	1. Procurement practice 2. Anti-corruption and compliance	1. Procurement activities 2. Website(s), social media 3. Forums, conferences 4. Training and evaluation 5. Field visit and investigation 6. Satisfaction survey
Employees	1. No child labor and no forced or compulsory labor 2. Employee health and safety 3. Employee career development 4. Diversity and Equal Opportunity	1. Employee representatives' conference 2. Induction training 3. Routine communication & training 4. Employee satisfaction survey 5. WeChat culture group 6. Sungrow Speak-up email
Government/Regulators	1. Compliant operation 2. Supporting local economic development 3. Rural revitalization 4. Reducing negative impact on communities 5. Charity donation 6. Corporate governance 7. Energy saving and emission reduction	1. Regular communication & reports 2. Specific investigations and field meetings 3. Meetings/Seminars 4. Standard/Policy formulation, feedback of comments 5. Website(s), social media

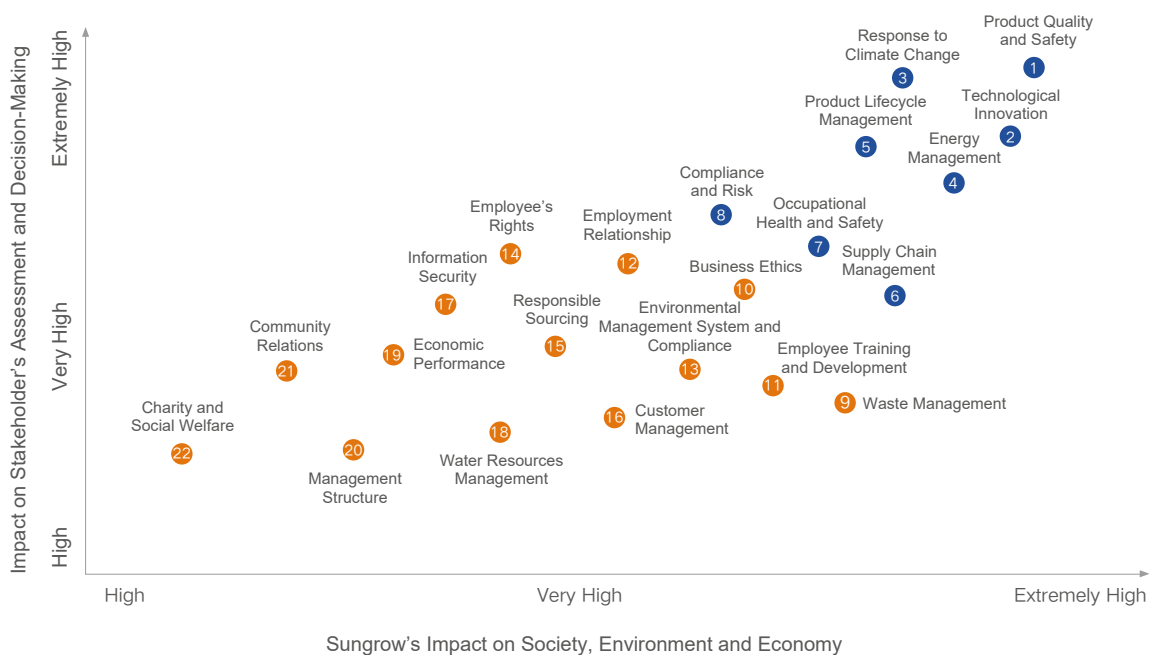
Stakeholders	Issues of Concern	Communication Mode
NGOs/ International Organizations/Professional Institutions	1. Response to international initiatives 2. Contribution to the UN Sustainable Development Goals 3. Contribution to economy, environment and society	1. Forums, conferences, and similar events 2. Cooperative programs on sustainability 3. Reception and interview
Communities	1. Supporting local economic development 2. Rural revitalization 3. Reducing negative impact on communities 4. Charity donation 5. Corporate governance 6. Energy saving and emission reduction	1. Field visit and investigation 2. Feedback of comments 3. Website(s), social media
Media/Opinion Leaders/Industry Organizations	1. Driving industrial development 2. Science & technology development	1. Forums and seminars 2. Reception and interview 3. Website(s), social media
Environment	1. New energy development & utilization 2. Waste management 3. Energy saving and emission reduction	1. Visit reception 2. Website(s) 3. Standard/Policy formulation

Identification of Key Issues

In order to dig deeper into the core expectations and needs of stakeholders and improve the relevance and substantiveness of the report, Sungrow follows the substantiveness analysis model for social responsibility issues which consists of three stages: issue

identification, issue evaluation, screening and reporting. We survey stakeholders in a scientific way to sort out substantive issues to be covered in the report through statistical analysis and evaluation.





External Engagement and Advocacy

Being a responsible corporate citizen and a leader in the renewable energy sector, Sungrow is committed to advocating the various key issues of sustainability in collaboration with stakeholders. In 2021, Sungrow joined the United Nations Global Compact and the China ESG Leaders Association to assume corporate responsibilities

for the sustainable development of the globe. By participating in industry organizations and assuming critical functions, the Company makes every move in collaboration, contributing to industry growth and innovation. The major organizations Sungrow has joined are listed as follows:

Organization	Role
United Nations Global Compact	Participant
RE100 (Renewable Energy 100)	Member
China ESG Leaders Association	Member
China Photovoltaic Industry Association	President
China Power Supply Society	Vice President
China Green Supply Chain Alliance	Director
Trust and Integrity Enterprise Alliance	Member
Asian Photovoltaic Industry Association	Vice President

Organization	Role
ACFIC New Energy Chamber of Commerce	Vice President
China Renewable Energy Society	Director
China Energy Storage Alliance	Vice President
China Industrial Design Association	Director
New Energy Electrical Appliances Alliance	Vice President
New Energy Association of Anhui Province	Vice President

Sungrow's Contribution to SDGs

As a company that practices the mission of "Clean power for all", Sungrow follows the Sustainable Development Goals (SDGs) to assess whether our business development is in line with the world's needs, also make professional contributions to the ultimate delivery of the SDGs. In 2021, we defined 12 sustainable development goals that were closely related to Sungrow. Key actions in response to these sustainable development goals are

captured in this report. We will continue to strengthen our connection with SDGs, comprehensively promote responsible and sustainable corporate governance and business practices, and pursue a win-win of business value and social value.



UN SDGs



Corresponding Chapter(s)

Care for Employees' Growth

Our Actions

- Make every effort to protect the occupational health and mental health of employees, and continue to increase input in safety
- Care for female employees, offer special health examination and health insurance to female employees
- Set up the Employee Development Center, continue to optimize hardware facilities, and plan a wide range of cultural and sports activities for employees

UN SDGs	Corresponding Chapter(s)	Our Actions
	Care for Employees' Growth Contribution to the Society	•Include "Supporting science and technology innovation, education and talents" as one part of the social welfare strategy, carry out in-depth public welfare activities in education, and help the community education to grow •Continue to increase the Company's training input, increase the per capita training hours, extend trainings to all employees, and focus on employees' career development
	Care for Employees' Growth	•Follow the principle of equal pay for equal work, and offer the same starting salary to employees of different genders •Employees are legitimately entitled to parental leaves; the return rate of male and female employees is 100% and 98% respectively •Focus on the career development of female employees, offer the same career development channels and promotion opportunities to female employees, and continuously raise the proportion of female managers
	Create Long-term Values Together	•Devote to the R&D, promotion, and application of clean energy conversion technology, focus on new energy industries including solar energy, wind energy, energy storage, electric vehicles, and hydrogen energy •Photovoltaic inverters, the Company's core product, are being sold to more than 150 countries around the world, the installed capacity of inverter equipment grows rapidly
	Our 2021, Care for Employees' Growth	•Inclusion in the Shenzhen 100 Index •Continue to establish and optimize a Medium- and long-term incentive system that is long-term oriented, growth-oriented, and achievement sharing-oriented; increase per capita annual income year by year
	Create Long-term Values Together	Take the new energy equipment business as the foundation to accelerate the clean energy system integration and the development of investment and construction businesses; innovate and expand new business in the field of clean energy conversion technology; continually shorten the gap with customer demands, and actively participate in global competition

UN SDGs	Corresponding Chapter(s)	Our Actions
	Care for Employees' Growth	Value and secure the legitimate rights and interests of all employees; strictly abide by the Labor Law, the Employment Contract Law and other laws and regulations as well as the policies and regulations of where the Company operates; be people-oriented, advocate equal employment, and reject discrimination
	Create Long-term Values Together	•Optimize the various systems, and continuously improve the Company's management level and promote sustainable development through the implementation of systems •Insist on responsible sourcing and green procurement; establish a quality and resilient Sungrow supply chain ecosystem
	Special Feature: Responding to Climate Change	Uphold the mission of "Clean power for all", get deeply involved in new energy industries of solar energy, wind energy, energy storage, electric vehicles, and hydrogen energy,, respond to global climate initiatives, vigorously promote global pollution reduction and carbon reduction efforts with increased development and utilization of renewable energy and energy efficiency improvement, and contribute to delivering the global climate goals with professional capability
	External Engagement and Advocacy, Reinforce Corporate Governance	•Join the United Nations Global Compact (UNGC), promote responsible business practices on a global scale, and jointly accelerate the delivery of the UN's SDGs •Comply with the various laws and regulations as well as corporate governance and business ethics, establish and optimize the punishment and corruption prevention systems and normalized supervision, complaint and whistle-blowing channels

Special Feature

Responding to Climate Change

In the context of carbon peaking and carbon neutrality goals, Sungrow is deeply aware of the far-reaching impact of climate-related risks and opportunities on the business development, and incorporates them as important environmental factors into the process of sustainability management. Based on the Task Force on Climate-related Financial Disclosures (TCFD) framework, the Company follows cutting-edge international standards and practices, and comprehensively upgrades the Company's climate risk management capabilities and information disclosure level with a focus on the following areas: strategy, governance, risk management, indicators and goals.

Strategy

Upholding the mission of "Clean power for all", Sungrow firmly supports and implements global low-carbon and emission reduction initiatives, advances the business strategy of "focus on clean energy conversion technology" externally and the climate strategy of "low-carbon operation" internally, striving for "synchronized internal and external growth" in responding to climate change.

Business Strategy

The Company abides by the overall strategic guideline of "Focusing on the field of clean power, promoting related diversification in an innovative manner at low-cost, striving to improve the market, technology and its synergy capabilities, and achieving rapid and sustainable growth", deeply explores opportunities in the new energy industries of solar energy, wind energy, energy storage, electric vehicles and hydrogen energy, and makes professional contributions to the delivery of the global climate goals.

Sungrow embeds the requirements of green design into the IPD process, and gradually improves the climate and environmental friendliness of products from various aspects, such as improving conversion efficiency, reducing energy consumption when using products, and prioritizing materials from low-carbon supply chains and environment-friendly recyclables, thereby providing customers worldwide with low-carbon and efficient products, services and solutions. By the end of 2021, the Company has accumulated over 224 GW installed inverter equipment, an annual production of 312.5 billion kWh of clean power, helping customers reduce carbon dioxide emissions by 252 million tons every year.

Climate Strategy

Sungrow integrates sustainability into the Company's business development strategy and identifies improvement areas in the following four aspects based on credible organizational carbon inventory data: increasing the use of green power, renovating energy-intensive equipment, improving operational efficiency, and fostering a low-carbon culture.

Increasing the use of green power: Electric power accounts for a major part of the Company's energy consumption, so continuously increasing the use of green power is the key to reduce the Company's operating carbon emission. Since the Company joined RE100, an increase of about 10% green power has been achieved every year, and the Company has promised to use 100% renewable power for production and operation

across the world by 2028. In 2021, the Company optimized its energy utilization structure by installing rooftop PV power stations and purchasing green power directly, with green power now accounted for 35% of total energy consumption.

Renovating energy-intensive equipment: The Company continues to explore options of using low-carbon and high-efficiency equipment, and has established an intelligent centralized control platform for lighting, air conditioners, air compressors, and other energy-intensive equipment. In the future, the Company will continually promote energy conservation in production, testing and other equipment.

Improving operational efficiency: By constantly carrying out lean production, process optimization,

process innovation and other activities, the Company seeks benefits from efficiency, and reduces the consumption of materials and energy. The Company has joined the EP100 (in March 2022), and made commitments to deploy the Company's energy management system by 2028 and increase energy productivity by at least 35% by 2028 on top of the 2018 data.

Fostering a low-carbon culture: Fostering a low-carbon culture: The Company organizes various activities on climate, low-carbon, and energy-saving, so as to enhance employees' awareness of low-carbon at work and in life, and enable them to gradually reduce waste of resources at work, increase the proportion of green mobility. Every employee was motivated to respond to climate change.

Governance

Governance Structure

In order to actively respond to the potential impact of climate change on the Company's business, Sungrow integrates existing resources, and includes climate-related performance into the roles and responsibilities of relevant departments, so that the Company's operation process is deeply coupled with climate change-related efforts. At present, the QA Center is assigned as the leading department responsible for developing the top-level climate-related design as per the requirements of the board of directors, and submitting the governance structure and the execution

plan in response to climate change for approval by the decision-makers. The Equipment Power Department, Production Center, business divisions, Administration Center, Procurement Center, Finance Center, Human Resources center, and Brand Center work collaboratively to assume the climate-related responsibilities and deliver the work goals. As the supervisor and appraiser, the Strategic Center is responsible for evaluating the work performance and reporting the progress to the top management on a regular basis.

Department	Responsibilities	Department	Responsibilities
QA Center	•Investigate international and domestic climate-related policies, regulations, industrial best practices and experiences •Organize risk identification, evaluation, management and control •Organize the implementation of the Company's environment and energy management systems •Organize the Company's carbon inventory efforts •Organize climate-related trainings	Equipment & Utilities Department	•Statistically analyze the Company's power consumption data, and carry out power and energy saving transformations and upgrades •Manage the Company's equipment introduction, maintenance, upgrade and phase-out •Coordinate and implement demand optimization, peak load shifting, and green power consumption, schedule the Company's power resources

Department	Responsibilities	Department	Responsibilities
Production Center	•Manage the power and energy consumption of production equipment •Explore and implement lean production, process upgrade, and other energy-saving measures •Look after internal logistics	Divisions	•Be responsible for products' green design •Be responsible for gathering needs and expectations from customers •Look after external logistics
Administration Center	•Manage power and energy consumption in ancillary areas such as offices •Implement power-saving measures in ancillary areas such as offices •Oversee the administrative fleet	Procurement Center	Be responsible for advancing supply chain sustainability
Finance Center	•Be responsible for managing climate change-related costs •Cooperate with audits and disclose climate change-related financials	HR Center	Be responsible for communicating the climate concept internally, fostering and growing a sustainable culture
Brand Center	Be responsible for external communication, and disclose the Company's progress in addressing climate change in a constant and transparent way	Strategy Center	•Be responsible for performance evaluation of climate-related objectives and indicators, and report to senior management on a regular basis •Participate in the development and maintenance of climate-related strategic plans

Work Mechanism

Work Process

Implement climate-related measures into specific work plans through a top-down decomposition of strategic goals and regular evaluation and supervision at all levels, make sure that the Company's actual operation is aligned with global climate change goals.

Invite external consultants to provide necessary climate change response training to the Company's strategic and execution levels. In 2021, a number of relevant knowledge trainings were facilitated, including the ESG training for senior management and training on carbon neutrality and carbon inventory for various departments.

Collaborate with experts to jointly promote the governance structure optimization, strategy formulation and adjustment, and decision-making for important initiatives, so as to reinforce the Company's sustainability competitiveness.

Organize climate-related work meetings on a regular basis to identify risks existing in the evaluation mechanism and develop corresponding countermeasures. In view of the current situation, risks in the following two areas are identified:

Assurance of organizational resources

Since the Company has adopted a comprehensive corporate governance structure, the departments are engaged in climate-related tasks in parallel with other work. It is necessary to increase input in labor, financial and other resources to make sure they progress the work in parallel without being caught in conflicts. In addition, this is a relatively new task to the Company, so it is necessary to enhance training and communication, sort out and address the bottlenecks in the process, so that the organization is further empowered.

The pertinence of processes and systems

It is necessary to strengthen the collection and analysis of basic data, such as carbon emission, equipment energy consumption, personnel activities and behavior, logistics energy consumption, and supply chain emission reduction, so as to provide effective support for making informed decisions. In principle, specific and effective measures should be given in a targeted manner after identifying high risks and high impacts, so as to enable low-cost and high-efficiency response.

Supervision Mechanism

As the department in charge of the Company's performance evaluation, the Strategy Center is also responsible for evaluating climate-related work goals and indicators. The Strategy Center sits with various departments to define three-year rolling plans and annual KPIs, and conducts quarterly evaluation to

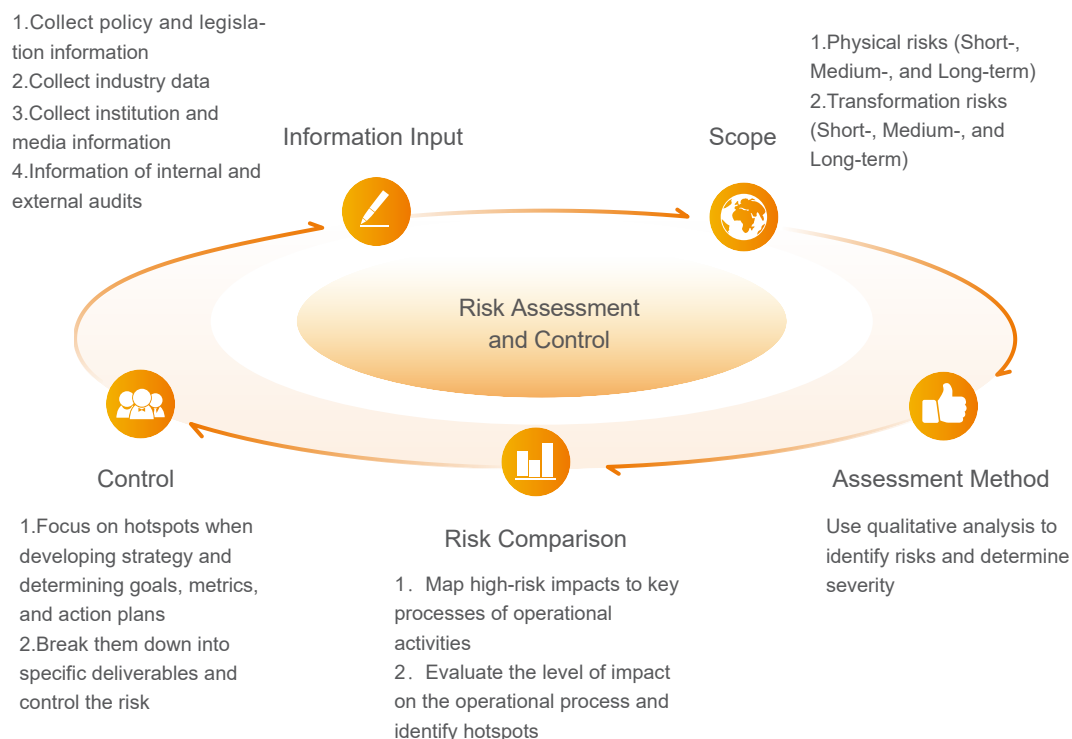
ensure effective supervision of climate-related efforts. After quarterly and annual reviews, the Strategy Center reports the evaluation results to executives, analyzes the deviations and follows up with the respective department for necessary countermeasures.

Risk Management

Risk Assessment and Control

The Company has established a complete risk assessment and control process covering information input, scope, assessment method, risk comparison, and

risk control, manages and controls risks following the PDCA cycle.



Physical Risks

The company is headquartered in Hefei of Anhui Province, China, consisting of offices, R&D facilities and production workshops. The headquarters are in the middle and lower reaches of the Yangtze River with a subtropical monsoon climate. Some of the Company's sales, R&D, and production facilities are located in Shanghai, Nanjing, Huainan, Beijing, and Bangalore, India.

The Company's products and services are widely

distributed across China and around the world, including cities, rural areas, coastal areas, islands, deserts and high-altitude areas. The Company's supply chain is mainly located in mainland China, and partially in Europe, Americas, East Asia and Southeast Asia, which is subject to complicated impacts of climate change in different places.

In order to better analyze the physical risks, each site is classified as a key site or a regular site from the

perspectives of output, headcount, value generated, complexity of operation, and etc. Key sites include plants with high output, facilities with more R&D personnel, regional operation centers, and key supply chain facilities. Regular sites include all other facilities. With regard to physical risks, risks faced by key sites should be closely watched, and risks facing regular sites should be considered in general in order to determine the overall risk level.

The QA Center organizes relevant departments to collect and evaluate climate change data from IPCC, CDP, and domestic/international meteorological services, as well as local geographic and climate data from key sites and regular sites. In consideration of the different climate scenarios, they have identified the following physical risks related to the Company's operation, which will affect the Company's operation, labor, supply chain and other aspects.

Risk Category	Hazard	Description	Climate Scenario	Time Span	Level of Impact
Climate disaster	Flood	May lead to impairment of physical assets; logistics under the impact may lead to reduced operational efficiency and business discontinuity. Flood may result in reduced food crop yields and increased labor cost	RCP2.6	Short-term	Low
			RCP8.5	Short /Medium-term	High
Climate disaster	Blizzard	Blizzard may lead to impairment of physical assets; logistics under the impact may lead to reduced operational efficiency	RCP2.6	Short-term	Low
			RCP8.5	Short /Medium-term	High
Climate disaster	Heatwave	May lead to unsuitable working environment and reduced food crop yields, thereby increasing labor cost	RCP2.6	Short-term	Low
			RCP8.5	Medium /Long-term	High
Climate disaster	Frequency and severity of extreme weather	Increased occurrence of extreme weather may lead to frequent suspension or delay of organizations' business. For example, in case of orange and red weather alerts issued by the weather authority, organizations may have to suspend some or all business activities. As the severity increases, organizations' cost of the response may increase since business activities may be fully suspended	RCP2.6	Medium /Long-term	Medium
			RCP8.5	Medium /Long-term	High
Climate change	Water resource stress	May lead to reduced food crop yields and increased labor costs	RCP2.6	Medium-term	Low
			RCP8.5	Medium /Long-term	High
Climate change	Sea-level rise	Operations in coastal areas may be affected, requiring relocation or building structure changes	RCP2.6	Long-term	Low
			RCP8.5	Medium /Long-term	Medium

Transformation Risks

Being concentrated on new energy power generation, the Company's main products include PV inverters, wind energy converters, energy storage systems, floating PV systems, new energy automotive driving system, EV charging station, renewable hydrogen production system, renewable hydrogen energy production systems, and smart energy operation and maintenance service,

which are closely aligned with the global trend of green economy. The QA Center joined forces with R&D, Marketing, Brand and other departments, and identified a number of transformation risks related to the Company's operation in the RCP2.6 scenario, including policy and law, technology, and market preference.

Risk Category	Risk Item	Description	Time Span	Level of Impact
Policy and Law	Carbon market prices increase	Government may include the industry the Company belongs to into carbon emission control, therefore, carbon prices and operating cost will rise	Medium/Long-term	High
Policy and Law	Implementation of carbon tax	Governments may specify import and export carbon taxes, raising the cost of imported and exported raw materials and finished products	Medium/Long-term	High
Policy and Law	Regulated usage of electric vehicles	Government may request a certain percentage of vehicles under the Company's control to be electric vehicles. The cost of upgrading vehicles may be high, resulting in cost increase	Medium/Long-term	High
Policy and Law	Increased financing threshold for green finance	Governments or banks may be prone to offering loans to environment-friendly and low-carbon companies or industries, while increasing the financing cost of other companies	Medium/Long-term	Low
Policy and Law	Increased disclosure requirements	Regulators mandate disclosure of climate-related financial data, but the data quality may be challenging due to lack of historical data	Short-term	Medium
Policy and Law	Increased regulation of high-emission industries	Governments may further strengthen the supervision of energy-intensive industries, such as mining, metallurgy, and petrochemicals, which may push a variety of basic raw material prices to go up and result in product cost increase	Medium/Long-term	High
Technology	Emergence of new renewable energy technologies	Company needs to keep investing in renewable energy technology and keeps pace with new technology evolution, so that products and services comply with higher standards	Medium/Long-term	High
Technology	New cooling media or cooling technology upgrade	Company upgrading cooling equipment results in additional expenses	Medium/Long-term	Low

Risk Category	Risk Item	Description	Time Span	Level of Impact
Technology	Transition to low emission	Company transitioning to low emission products and services results in additional expenses	Medium/Long-term	High
Market Preference	Company's environment-related reputation	Market may focus more on the Company's positive movements in response to climate change. Misbehavior or relatively slow response to environment and climate change may affect the Company's reputation, which in turn jeopardizes the Company's performance	Long-term	Low

Risk and operation

The Company's climate-related operation process is R&D → Procurement → Production → Logistics → Sales → Service. By mapping the process steps to the

risks identified, the following hotspots appear, and the Company's main direction and specific approaches in response to climate change are as the following:



Category	Main Risks	Time Span	Trend	Countermeasure(s)
R&D	Emergence of new renewable energy technologies	Medium /Long-term	Up	Include R&D input ratio into the Company's priority targets, and breakdown the indicators to relevant departments for evaluation; develop global R&D centers such as Shanghai and Nanjing
Procurement	Increased regulation of high-emission industries	Medium /Long-term	Up	Avoid the use of energy-intensive raw materials in the green design, set targets for using renewable raw materials; implement carbon reduction measures with suppliers, and push major suppliers' carbon reduction efforts
Production	Transition to low emission	Medium /Long-term	Up	Green production and lean production. Evaluate improvement measures on a regular basis, optimize energy-intensive processes, and incorporate energy productivity as a performance indicator of relevant departments. Upgrade to energy-saving and low-consumption equipment, use green power, and

Category	Main Risks	Time Span	Trend	Countermeasure(s)
				increase the percentage of green power usage by about 10% every year, achieving 100% on green power by 2028
Logistic	Regulated usage of electric vehicles	Medium /Long-term	Up	Keep using EV as employee shuttle, gradually upgrade self-owned vehicles, and prioritize new energy vehicles when selecting logistic services
Sales	Implementation of carbon tax	Medium /Long-term	Up	Reduce the carbon emission of products and make it to the industry-leading position through carbon reduction across the entire operation process
Service	Transition to low emission	Medium /Long-term	Up	Reduce consumption in the maintenance process with modular design and reliability improvement measures

To sum up, the above hotspots completely correspond to the Company's operation and climate strategies. While lowering risks from the market side by further improving the R&D strength in the field of clean power and providing users with diversified, reliable and efficient new

energy and power-related products and services, the Company continues to reduce carbon emission of operations and improve the carbon competitiveness of the Company's products and services.

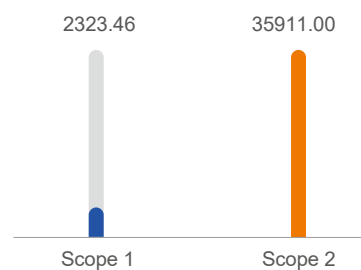
Metrics and Goals



Carbon Emission Management

The Company actively rolls out carbon inventory and carbon footprint standards, provides transparent and science-based verification procedures for low-carbon development, and assumes corporate responsibilities. The verification for 2020 and 2021 has been completed so far, and the following data is correlated to the Company's risk identification and analysis results. Carbon inventory enables the Company to get insights on the carbon emission of each operation process, and provides fundamental data support for addressing climate-related risks, reducing carbon emission, and improving the Company's competitiveness and stability. In 2021, the Company reduced 7,975.21 tons of carbon emission by directly purchasing green power and generating power with rooftop PV power stations, and offsetted 8,715.00 tons of carbon emission by purchasing I-REC, making significant emission reduction achievements. The Company's carbon emission results in 2021 as verified by a third-party institution are shown in the below:

Company's carbon emission results
(tons of CO₂ eq./year)



Note: The carbon inventory scope covers
Sungrow and Sungrow Energy
Storage

After the verification, items that result in top carbon emissions are mapped to the risks and hotspots identified, which will be treated as the key items of concern and addressed with specific actions and goals. The Company also compares and analyzes the changes in the verification data every year, so as to look for new

management and control directions and carbon reduction opportunities, and incorporate them into the updated work plan for the next year, thereby continually improving how the Company responds to climate change.

TOP	Scope	Item	Description
1	2	Outsourced power	Non-green power from the Grid used in various operational activities of the Company
2	1	Cooling media	Cooling media spilled by air conditioners, dehumidifiers, and vehicles within the Company
3	1	Gasoline and diesel consumption of vehicles	Gasoline and diesel consumed by internal and external logistics vehicles and commuting vehicles in the possession or under the control of the Company

TOP 3 Greenhouse Gas Emissions

In 2021, TOP 3 emissions accounted for a majority part of the Company's total emission. Therefore, the

Company will focus mainly on controlling TOP 3 emissions to effectively mitigate the climate-related risks.

Carbon Neutrality

The Company has formulated short-term to Medium/Long-term carbon neutrality goals, and split them into the annual appraisal of the respective departments. The Company will adjust and optimize the

indicators in a timely manner according to the actual status of completion, review the three-year plan versus completion every year on a rolling basis, making sure the actual efforts are aligned with the goals.

General Goal: Carbon neutrality by 2028			
	Items	Progress Update	Status
Action Plan	Installing rooftop PV power stations	PV power stations are built on the rooftops of plant buildings of the Company's main affiliates. Rooftop PV power stations are planned for Phase II and Phase III workshops in the industrial park, among which, the Phase II work has been completed is about to be officially put into operation	Ongoing

	Items	Progress Update	Status
Action Plan	Direct purchase of green power	Joined RE100 to accelerate the goal of operating on 100% clean power. In 2021, green power accounted for about 35% of the total energy consumption. Currently, Anhui Province has given the green light to direct purchase of green power. The Company has participated in the program and plans to continuously purchase green power. It is also exploring the option of directly purchasing green power from PV power stations owned by the Company according to the policy development	Ongoing
	Improving energy productivity	Joined EP100 (in March 2022) and made commitments to deploy the Company's energy management system by 2028 and increase energy productivity by at least 35% by 2028 on top of the 2018 data	Ongoing
	Increasing the proportion of electric vehicles	Use electric buses as employees' shuttle, prioritize electric vehicles when selecting logistic services, optimize internal warehousing and logistics routes, and minimize transit mileage when selecting external logistics routes	Ongoing
	Renovating energy-intensive equipment	Renovate energy-intensive equipment by adding intelligent centralized automation, control energy input based on the demand of equipment, and gradually reduce unnecessary operation and standby status of equipment	Ongoing
	Roll out the Sun Forest Program	Join hands with The Nature Conservancy (TNC) to have 66,667 sqm. of adaptive trees and edible bamboos planted in the Sichuan Giant Panda National Park. The Program intends to build 5 habitat restoration sites in 5 years. With a total afforestation scale of 333,333 sqm, it is expected to absorb 7,500 tons of CO ₂ in the next 30 years, setting an example for ecologically restoring 3,000 hectares of potential habitats in the region	Ongoing

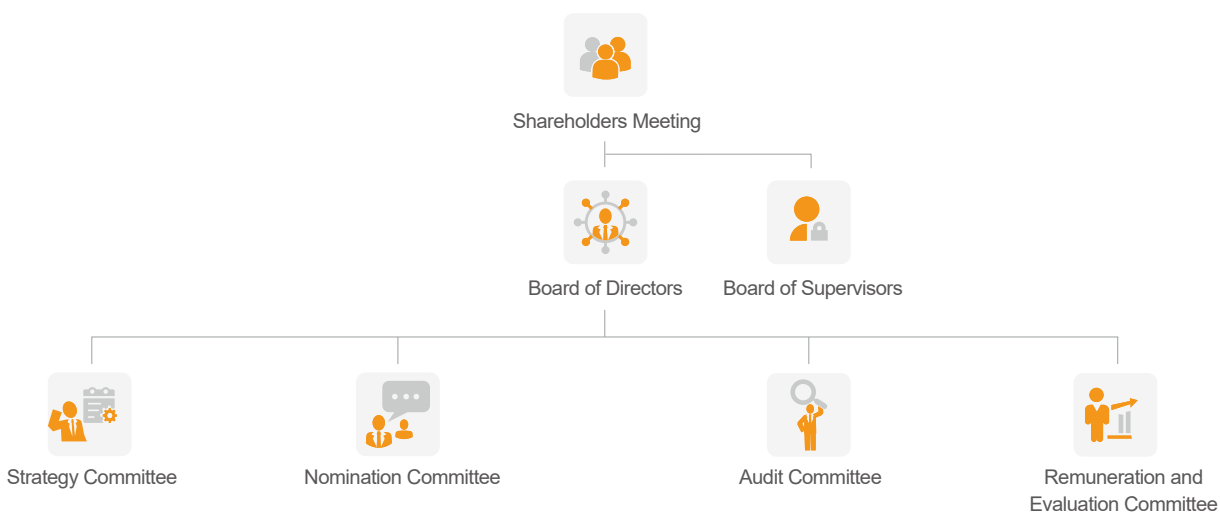
In the future, the Company will gradually increase the ratio of using self-owned rooftop PV power stations and green power directly purchased, promise to use 100% green power by 2028, and substantially reduce Scope 2 carbon emission. As more electric vehicles are used for logistics and the cooling equipment are renovated and

upgraded, Scope 1 carbon emission will also be gradually reduced, which effectively reduces the transformation risks facing the Company and allows the Company to make professional contributions to delivering the global temperature control goals.

01 Reinforce Corporate Governance

Corporate Governance

Governance Structure



According to the Company Law, the Securities Law, the Rules Governing the Listing of GEM Stocks at the Shenzhen Stock Exchange, Guidelines of Standard Operation for Companies Listed on the GEM of the Shenzhen Stock Exchange, and other laws, regulations, and the requirements of relevant normative documents, Sungrow has formulated the *Articles of Association*, the *Information Disclosure Management System*, and other policies as a listed Company, established a corporate governance structure consisting of the Shareholders Meeting, the Board of Directors, and the Board of Supervisors, which contributed to a governance system that is scientific and standardized, with clearly specified rights and responsibilities, mutually restricts and

balances, and operates efficiently, so that the Company's governance transparency and effectiveness are constantly improved.

The Company highly values the effectiveness and operability of normative governance documents, and use them to guide the Company's various governance practices. In the reporting period, as per the requirements of relevant laws, regulations and regulatory rules and in combination with the Company's actual situation, the *Articles of Association* and other policies were revised and updated, which further improved the level of corporate governance.

Shareholders Meeting

The Shareholders Meeting is the highest authority of the Company. The Company convenes and holds the Shareholders Meeting in strict accordance with the *Rules for the Shareholders Meeting of Listed Companies*, the *Articles of Association*, and the *Rules of Procedure for*

the Shareholders Meeting, making sure shareholders legally exercise their rights and interests equally, and provide convenience for shareholders to participate in the Shareholders Meeting and exercise their rights.

Board of Directors

Diversity was taken into full consideration when the Company's board of directors was established, the diversification background of directors is continually being enriched in order to improve the competence and the comprehensive governance level of the board of directors. Currently, the board consists of 8 directors who have profound professional background in the industry or extensive exposure in management. Among them, 3 independent directors are experts in legal affairs, finance, and renewable energy, complementary to those with an enterprise background; 1 director is female, accounting for 12.5% of the total board members. The Shareholders Meeting, the Board of Directors, the Board of Supervisors, and the Special Committee of the Board of Directors are responsible for reviewing major issues related to the Company's development.

The board of directors cautiously implements resolutions reached at the Shareholders Meeting, diligently performs its duties and obligations, so as to ensure the sustainable, healthy and stable development of the Company, promote the compliant operation, and safeguard the legitimate rights and interests of the Company and public shareholders. The board of directors consists of several special committees, such as the Strategy Committee, the Nomination Committee, the Audit Committee, and the Remuneration and Appraisal Committee. The committees have clearly defined roles and responsibilities, operate independently, effectively balance and coordinate, promoting the Company's production and operation to progress in an efficient, scientific and compliant manner.

Board of Supervisors

The Board of Supervisors is the supervisory body of the Company, which supervises the legitimacy and compliance of major transactions, related party

transactions, financial status, as well as directors and senior executives. The Board of Supervisors consists of 3 supervisors, including 2 employee representatives.

For detailed information on corporate governance, please refer to the *2021 Sungrow Annual Report* available at the Company's official website. In 2021, the Company held 8 board meetings, 4 shareholders' meetings, and 7 supervisors' meetings.

The remuneration of the Company's directors and supervisors is determined by the Shareholders Meeting, and the remuneration of executives is determined by the board of directors. Directors, supervisors and executives

who hold an office in the Company receive remuneration according to their specific position. The remuneration of directors, supervisors and executives is determined and paid in accordance with the *Working Instruction of the Remuneration and Appraisal Committee*, with their work performance, job competency, title and etc. also taken into consideration. For the total remuneration of each director, supervisor and executive, refer to the Company's 2021 Annual Report.

Investor's Rights

The Company has formulated the *Investor Relations Management Regulations* and set up dedicated positions and personnel to maintain open communication with investors, securities analysts and other parties, so that they fully understand the Company's strategy, operation and development dynamics. The Company communicate with investors in a number of ways, such as online performance briefing, investors conference, investor hotline, email, and corporate website, and discloses information about the Company to the capital market and investors in a timely, proactive, and detailed manner. The Company adequately secures the rights and interests of small and medium shareholders. The Shareholders Meeting has adopted a cumulative voting mechanism, and through a combination of on-site voting and online voting, each and all shareholders can get involved and exercise their rights. In 2021, the Company organized five field investigations for institutions, held the 2021 Performance Briefing online, answered 318 questions from investors through the Shenzhen Stock Exchange's investor relations interaction platform, and maintained online and offline communication on corporate governance, development strategy, business status, sustainability, production and operation situation

and other issues concerning investors, making sure that the Company's business development information is fairly accessible to all investors.

The Company strictly follows the *Information Disclosure Management Regulations* to fulfill its information disclosure obligations and ensure the genuineness, accuracy, completeness and timeliness of information disclosure. At the same time, the Company strictly practices the *Insider Registration Management Regulations* to standardize the reporting, transmission and confidentiality of major internal information, thereby ensuring security of insider information, allowing shareholders to get updated of the Company's operating dynamics, financial status and progress of major issues in a timely manner, and effectively safeguarding the legitimate rights and interests of all investors. In 2021, the Company disclosed 4 periodic reports and made 165 temporary announcements. The Company's information disclosure performance was rated B in the information disclosure assessment organized by the stock exchange, and there was no information disclosure incident throughout the year.

Risk Management

Sungrow incorporates the risk management process throughout the entire operation, implements dedicated control of major risks, and identifies major risks and control standards by referencing external regulatory requirements, laws and regulations as well as relevant punishment cases. The Company actively advances the establishment of the risk control information platform, pushes information on major internal and external risks

in a timely and effective manner, continues to optimize the risk control system, and establishes a three-level risk management system consisting of business departments, the Risk Management Department, and the Audit Division, so that the Company's risk management and internal control systems function effectively.

1 Business Departments

Strengthen management of themselves, reinforce their control over risk-exposing businesses

2 Risk Management Department

Effectively manages and controls risks before, during and after the business operation process with a number of measures including business design, process management, contract review, credit management, process monitoring, and payment collection, hence to effectively mitigate business risks.

3 Audit Division

Audits and supervises the main business of the Company, urges all personnel to practice integrity at work, and ensures the effective implementation of risk management measures

On the foundation that business departments strengthen management of themselves and the control department reinforces risk management, the Company continues to expand the coverage of internal audit, audits, supervises and assesses the authenticity, legitimacy and effectiveness of various business management activities and financial activities, as well as the compliance of internal control according to the annual audit plan, so as to help business departments identify and solve problems, and provide effective solutions for cost reduction and efficiency improvement. By examining

risk-exposing businesses through internal audits, a total of 170 non-conformities were identified during the reporting period, among which 149 were effectively corrected, accounting for 88%. Internal audits pushed business management to evolve at the system level and management improvement measures to solidity, preventing similar problems from happening again. During the reporting period, there were no major administrative penalties, lawsuits, or major defects in internal control that should be disclosed.

Business Ethics

Compliant Operation

Sungrow honors the corporate values and deeply integrates compliance concept into the Company's operation and employees' routine work. The Company

operates in strict accordance with the various laws and regulations as well as corporate governance and code of ethics standards, abides by the laws and regulations of

all countries where it operates and does business, and prohibits obtaining business by ways that are illegal or non-integral, hence to maintain a market of fair competition. Internally, the Company constantly optimizes the law-abiding and compliant operation system to ensure all business activities of the Company are legitimate and compliant, carries out diversified law-abidance and compliance training through multiple channels, so as to enhance employees' risk control capacity in the business process. Externally, the

Company is actively involved in various activities of the Trust and Integrity Enterprise Alliance, strengthens cooperation and exchanges with other alliance members, and sets an example of compliant operation.

In addition, the Company specifically requests all employees and their family members to take necessary avoidance measures and prevent conflicts of interest when holding shares, taking offices, taking part-time jobs, doing or referring businesses.

Case



"Integrity lays the foundation for brand management, and plays an essential role in building in-depth and broad trust with customers. It is also one of the key elements for an enterprise to build a good reputation and achieve sustainable development. China's energy industry must insist on the path of sustainable development, practice integrity in operation, build a credible ecological chain, and adhere to long-termism."

— Cao Renxian, Chairman of Sungrow
at the 2021 China Brand Day

Anti-corruption

The Company has an independent Audit Division. The Audit Division, the Human Resources Center, the Procurement Center and the various business divisions cooperate with each other to continuously optimize the Company's punishment and corruption prevention system. By establishing management mechanisms such

as anti-corruption prevention, whistleblowing and complaining, punishment and publicity, the Company gradually shapes an environment with no room for corruption and makes sure the Company's business operates in a compliant, orderly and efficient manner.

Corruption prevention

Corruption prevention: The Company has built a corruption prevention mechanism, revised the *Code of Conduct for Sungrow Executives* and the *Sungrow Regulations on Integrity and Self-Discipline* to provide guidance for anti-corruption. All employees are required to sign the *Employee's Commitment to Integrity and Self-discipline* when joining the Company, and to date the Commitment is 100% signed and included in employees' performance management. All suppliers of the Company, including those of the India plant, have signed the *Integrity Agreement*. The Company communicates anti-corruption requirements through publicity and training, promotes the corporate culture of integrity and self-discipline, enhances employees' anti-corruption awareness, to safeguard the healthy development of the Company.

Whistle-blowing Mechanism

The Company has established efficient, unblocked, open and transparent whistle-blowing and reporting channels. Every employee and other informed personnel may report business ethic violations via phone, WeChat, or e-mail at any time. In case of any objection to the result, the whistle-blower may directly report the case to the Chairman of the Company via iSungrow, the instant messaging tool, making sure the result is under effective supervision. Sungrow's Integrity Hotline: 0551-6532 6873 Email: complain@sungrowpower.com

Punishment and Improvement

The Company has zero tolerance for corruption of any kind. During the reporting period, there were 5 typical cases of violating the *Regulations on Integrity and Self-Discipline*. Five employees' employment contracts were lawfully terminated, 3 were transferred to judicial authorities for suspected crime. In addition, the Company terminated cooperation with 3 suppliers due to their corruption-related violations.

The Company formally informs all employees or suppliers of the results of dealing with corruption in a timely manner, so as to effectively warn and deter violations. For corruption cases discovered, the Audit Division and the business department will discuss the

conditions and modes of corruption, hence to identify blind spots and deficiencies in management, and avoid similar incidents by improving existing systems, processes or management modes.

Whistleblowing and Whistleblower Protection

According to the *Regulations on Integrity* and *Self-Discipline* and the *Regulations on Internal Audit and Supervision*, the Company safeguards the legitimate rights and interests of the whistleblower and the person (s) being accused. For whistleblowers who provide valid clues/evidences and assist in verifying the truth, the Company will reward an appropriate proportion of the

verified amount and keep the whistleblower's information strictly confidential. At the same time, the Company will deal with false accusations or malicious whistle-blowing seriously, make clarifications and provide necessary comfort to those being accused, so that their normal work is not adversely affected.

Privacy Protection

In terms of products and services

Sungrow has launched isolarcloud, a smart energy product that helps global customers to collectively operate and maintain PV energy, wind energy, energy storage and etc. In light of the data privacy in managing user data and uploading data to the cloud, the Company has made relevant deployments in data collection, information deletion, information transmission, privacy agreement, data access, and privacy modification following the EU's GDPR, and appointed 4 DPOs (Data Protection Officers). In the event that users' privacy data is to be transmitted to servers located outside the EU for processing and storage, the DPO should be informed of the name of the organization, contact information, purpose of data storage, and evidence of legitimacy. According to the professional assessment of SGS, the data security and trustworthiness of isolarcloud meet the current global standards personal data protection and corporate AI application, and Sungrow has therefore become the first company in the industry to pass the third-party GDPR certification.

In terms of operation

the Company has established a customer relationship management system. Customers' basic information, contracts, technical agreements and other related documents are only accessible to authorized personnel. Documents can only be borrowed with the approval of the borrower's department manager and the person in charge of the system. Accounts of departed personnel will be deactivated and their access to the system will be denied. In case of job transfer or relocation, the customers that they are responsible for will also be transferred. In this reporting period, no complaints related to customer privacy breach or customer data loss were received.

In terms of marketing

the Company's Internet advertising and marketing platform consists of the self-built information system and third-party media communication platforms. The self-built information system mainly refers to the Company's official websites, which are registered at the Ministry of Industry and Information Technology and the Ministry of Public Security. Such websites are subject to audits by the regulatory authority every six months or every year, and the contents provided should strictly abide by the provisions of the *Administrative Measures on Internet Information Services of the People's Republic of China* and the *Advertisement Law*

of the People's Republic of China. Websites for overseas markets should refer to world-renowned third-party privacy platforms, and strictly abide by the applicable data protection laws and regulations, especially the EU *General Data Protection Regulation* (GDPR). Third-party media communication mainly refers to the self-media accounts registered in the name of Sungrow or affiliates. For such accounts, the Company has to qualify the corporate identity authentication to ensure the compliance of the corporate marketing accounts, and the content released must be reviewed by the local platforms in various countries in advance.

Intellectual Property Protection

Following the patent protection principles of "Prioritizing quality while maintaining an equal emphasis on quantity", Sungrow insists on "escorting the Sungrow industry with intellectual property", sets up the intellectual property center, the decision-making committee, the review committee and etc., and establishes a comprehensive intellectual property strategy and system,

enabling it to become a national intellectual property demonstration enterprise. The Company continues to focus on the full process from research and development to product launch, and safeguards innovation achievements from the aspects of patent application, patent intelligence, risk management and control, and assertion of rights.



Patent application

The Company has set up a disclosure review mechanism and a patent management platform, and developed an independent patent management system. In 2021, 1,115 new patent applications were filed, with a patent application growth rate of 79%, adding up to 3,654 patent applications cumulatively, including 3,128 domestic and 526 overseas. A total of 1,952 patents were awarded cumulatively, including 838 invention patents, accounting for 42.9%.



Patent intelligence

The Company collects important industry information and conducts a panoramic analysis on patents in the related technical fields, hence to obtain insights on technological development trends, competition status, and technical hotspots in the field, provide intelligence support for R&D and predict technological trends, while pointing the way for the patent portfolio planning.



Risk management and control

The Company carries out risk investigation and conducts infringement search and analysis at the beginning of a new project, so as to avoid infringing on others' intellectual property rights.



Assertion of rights

The Company closely watches its intellectual property rights for any infringement, effectively handles intellectual property disputes with domestic and overseas companies, and contributes to a fair and orderly competition environment with the cooperation, sharing, and win-win philosophy.

In addition, the Company has established a multi-level and all-round intellectual property motivation mechanism and set up patent proposal award, patent application award, patent authorization award, and special contribution award for technological innovation. In 2021, a total patent award amounting to RMB 3.568 million was issued. The Company continued to strengthen the

popularization of intellectual property protection, extended 18 training sessions on patent popularization, writing, and exploration throughout the year, and implemented the TRIZ innovation empowerment training camp program, in order to improve employees' awareness of innovation and intellectual property protection.



Responsible Marketing

Following Sungrow's global marketing strategy, the Company's advertising and marketing platforms at home and abroad strictly abide by local privacy policies and relevant laws and regulations. The Company has formulated the *Website Management Regulations*, the *Media Management Regulations*, the *WeChat Official Account Management Regulations*, the *Regulations on Public Opinion Crisis Management*, and the *Product Information Release Process*, to regulate the release and management of product marketing advertisements and accept the supervision and guidance of the information and supervision authorities. The Company

has appointed the Brand Center to assume the overall management responsibilities and the various divisions for assistance and implementation, carried out regular training to improve professional capability, and set up a two-way communication mechanism between the brand and the market, so as to systematically progress the advertising and marketing work. In 2021, there was no occurrence of regulatory investigation or punishment due to the Company's unlawful advertising, and there was no business violations or breaches of marketing and promotion regulations.





02 Create Long-term Values Together

R&D Innovation

R&D Innovation Management

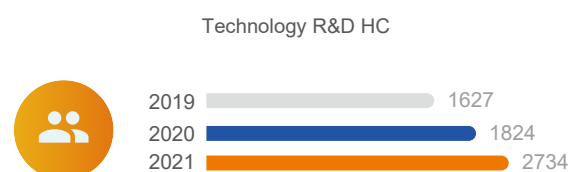
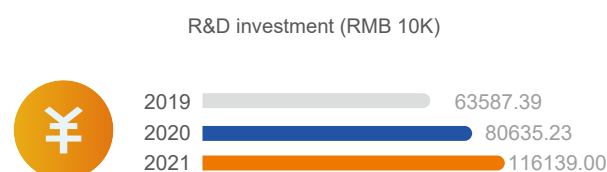
Having been deeply engaged in the field of clean power for more than 20 years, Sungrow always believes that innovation is the ultimate propellant of a company's sustainable development. During the process of new product introduction, the Company fully considers environmental and social innovation, improves energy efficiency and minimizes the use of raw materials and hazardous substances across the stages of raw material acquisition, design and manufacturing, production, packaging and shipping, thereby truly embracing sustainability. The Company has successively introduced the Integrated Product Development (IPD), the Advanced Product Quality Planning (APQP), and the Capability Maturity Model Integration (CMMI) requirements to enhance the promotive effects of market demand and product manufacturing on product development, and strengthen the research and development concept of teamwork.

The Company continues to integrate internal R&D and innovation resources, sets up four R&D centers in Hefei, Shanghai, Nanjing, and Shenzhen as well as a central research institute, so as to enhance technology sharing and knowledge management for large-scale R&D, and build up reserves of future technology and pre-research. Divisions have established independent R&D teams, and the Company has established an Integrated Portfolio Management Team (IPMT) composed of leaders in strategy, finance, human resources and other fields to define overall strategic goals and direct the Company's R&D efforts. The Company has set up an Integrated Technology Management Team (ITMT) to formulate the Company's technology development strategy for the next 3 to 5 years as well as directions of technology breakthrough and technology roadmap plan for the next 2 to 3 years, and provide technical guidance and decision-making to the R&D team of each business division.

Scientific and Technological R&D Investment

The Company continuously stimulates the endogenous power driven by innovation, increases R&D and innovation investment, and optimizes the mechanism for attracting, fostering, and motivating technological human resources, so as to maintain the long-term

innovation capability. In 2021, the Company invested RMB 1.16 billion in research and development, an increase of 44% over the previous year; the technological R&D headcount reached 2,734, accounting for more than 40% of the total employees.



Product and Technological Innovation

Focus on the Core Markets

Adhering to the mission of “Clean power for all”, Sungrow is committed to the research and development, promotion and application of clean power conversion technology. With a focus on main development orientation of the new energy including solar energy, wind energy, energy storage, electric vehicles and

hydrogen energy, the Company holds on to a diversified development strategy, and makes new business explorations in a way that prioritizes market synergy and industrial chain synergy, with technology synergy as a supplement.

Scientific and Technological Innovation Achievements

A Method and System for Controlling the AC Side Parallel Connection of PV Inverters

In June 2021, *A Method and System for Controlling the AC Side Parallel Connection of PV Inverters* won the 22nd China Patent Excellence Award, which effectively addressed the common mode loop appeared when suppressing the AC side parallel connection of inverter.

The world's highest-power string inverter SG350HX

With a maximum output power of 352 kW, the inverter refreshes the power level of 1500V string inverters, making higher power and lower LCOE possible. According to estimates, for a 100 MW power station, the SG350HX solution can save system cost by more than RMB 10.2 million and reduce LCOE by 2%. SG350HX can run stably in a weak network environment with an SCR of 1.2, and its fast power response technology is the first and the only one that has been proved in the industry, which can rapidly derate by 99.2% within 60 ms and make reactive

power response in 30 ms, hence to support the stable operation of power systems. Additionally, through the in-depth integration with PV & energy storage, SG350HX can enhance the primary frequency regulation and realize virtual synchronization, hence to fit in the new energy frequency regulation requirements of power systems.

The world's first PV & energy storage "1+X" modular inverter

The PV & energy storage "1+X" modular inverter features a unit power of 1.1 MW and supports a flexible 1.1 MW to 8.8 MW sub-array configuration through parallel expansion, hence to meet the diverse needs of different markets around the world. Each module has an independent MPPT design to further increase power generation. Modular plug-and-play design is adopted for key components, which improves the operation and maintenance efficiency by more than 70% and greatly reduces the operation and maintenance cost. The inverter can meet the diverse needs of AC/DC coupling of PV & energy storage. In the DC coupling scenario, the inverter supports a maximum 2 times DC/AC ratio, and the energy storage power and lithium battery capacity can be flexibly configured according to different needs, further improving the flexibility and cost-effectiveness of PV energy storage power stations.

Contribute to Industry Evolvement

Continue to Expand Cooperation

The Company actively cooperates with governments, industry associations and other organizations, shares practical experience and explores cutting-edge trends with global peers, and establishes solid partnership

with enterprises and universities, thereby progressing professional researches and jointly accelerating industry evolvement.

Partners

The Company holds the annual partner conference so that partner representatives can have in-depth exchanges with the various business organizations of the Company, expressing their interests in investing resources, guaranteeing supply, innovating and reducing costs, and enhancing the value of the Sungrow supply chain through joint efforts.

Enterprises

The Company strengthens collaboration with CGN New Energy, Geely, Goldwind and other companies to share benefits and achieve win-win, continuing to expand joint R&D innovation in different areas and accelerating the realization of carbon peaking and carbon neutrality goals.

Colleges and Universities

The Company joins forces with Hefei University of Technology in cutting-edge scientific research. The two parties signed off 8 projects, all of which have been successfully completed, with research results delivered in accordance with the project requirements, 4 invention patent applications filed, and several papers published.

Involvement in Standards Formulation

The Company is actively involved in the formulation and revision of standards in the field of clean power conversion, provides fundamental support for the industry, and leads and standardizes the development

of the industry. In 2021, the Company presided and participated in the formulation of 10 standards, and has presided and participated in formulating 39 standards up to date.

Supply Chain Management

Sungrow is committed to developing sustainable partnerships, and always passes on customer demand directly to the supply chain management process, striving to establish a sustainable green supply chain and push suppliers to implement sustainability practices, safeguard human rights and labor rights, restrict and control the use of harmful substances, and give up using conflict minerals. The Company conducts Conflict Minerals Reporting Template (CMRT) surveys on key material suppliers, pushes suppliers to sign the *Suppliers' Commitment to Compliance with the Social Responsibility Code of Conduct* and the *Commitment to Non-use of Conflict Minerals* step by step, and urges suppliers to complete social responsibility self-assessment, so as to continuously lower supply risks and improve supply chain risk management capabilities.

The Company has established an integrated business interaction platform to enable the electronic information exchange from quotation to settlement, and improve the timeliness and accuracy of information exchange between the Company and partners. To prevent corruption and bribery in the procurement process, the Company has entered the *Integrity Agreement* and the *Supply Agreement* with all qualified suppliers of production materials. Meanwhile, the Company has implemented the *Supplier Blacklisting Mechanism* to prevent bribery and malicious fraudulent acts and strengthen the Company's punishment for breaches and non-integrity of suppliers. The Company has formulated the *Procurement Code of Conduct* and the *Implementation Rules for Procurement Confidentiality* to standardize the clean operation of employees at all levels and prohibit anybody from making any personal profits for any reason. The Company terminated cooperation with 3 suppliers because of their corruption-related breaches.

The Company focuses on the compliance and sustainability of supply chain management, and has specified law compliance, labor rights and human rights, health and safety, environment, business ethics, and other social responsibility requirements for suppliers according to international standards and guidelines such as ISO26000, ISO14001, ISO45001 and SA8000. For the development and introduction of production material suppliers, the Company has formulated the *Work Instructions on Supplier Development*, which clearly requires suppliers to establish a management system following the IATF16949:2016, pass the entry-level certification of ISO9001:2015 with a certified rate of 92.5%, and strive to obtain ISO14001 and ISO45001 certifications with a certified rate of 64.7% and 43.3%, respectively. For suppliers of materials and devices that have environmental protection requirements, ROHS, REACH and other hazardous substance control systems must be established, and effective third-party test reports must be provided. During the supplier access process, candidates should be audited as per the *Supplier Quality System Audit Report*, and any candidate with non-conforming EHS mandatory items should be immediately vetoed. Candidates should be considered as failing the audit in case of the following: having not entrusted a qualified organization to dispose hazardous waste, having bypassed the environmental protection-related approvals in reconstruction and expansion works, or having not obtained fire control permits or approvals for the plant.

According to the relevant requirements of suppliers' social responsibility assessment, the Supplier Management Department organizes at least one on-site audit of key material suppliers' social responsibility and ethical standard system status every year, so as to evaluate their social responsibility performance and gradually promote them to sign the Suppliers' Commitment to

Compliance with the *Social Responsibility Code of Conduct*. Suppliers who have been certified or meet the standards should be given the relevant auditing score according to the Work Instruction on Supplier Quality

Audit. In 2021, 124 new suppliers passed the supplier access audit, of which 98 were selected based on the environmental and social responsibility standards, accounting for 79%.

Responsible Sourcing

Local Sourcing

The Company persists to the local sourcing strategy to promote local economic development and create employment opportunities, while effectively saving

energy and time consumed in transportation and reducing environmental pollution. In 2021, local sourcing accounted for 98% both in China and at the India Plant.

Conflict Minerals

Tantalum, tin, tungsten, gold, and cobalt are materials required for electronic products to function properly. In order to avoid conflict minerals from illegal mining operation or transaction, in the Supply Agreement, the Company has specifically requested suppliers to make

commitments on the compliance of minerals and not using conflict minerals. All suppliers have signed the Supply Agreement, and the Company is also pushing key material suppliers to complete CMRT due diligence.

Green Supply Chain

Being a company that researches, develops, and manufactures new energy supply equipment, Sungrow's energy consumption and waste emission in the production process accounted for only a relatively small part of the environmental impacts across the entire industrial chain, and no pollution is generated during the operation of the equipment. Most of the resources consumption and emission come from companies in the upstream of the supply chain.

The Company encourages suppliers to improve environmental management performance and reduce environmental risks in various ways, including establishing the environmental management system, reducing pollutant emission, developing and using environment-friendly products or services. When

developing new suppliers, the Supplier Management Department investigates the suppliers' production environment, evaluates their environmental protection efforts from time to time through audits or manufacturing supervision activities, and incorporates the findings as an integral part of the supplier qualification evaluation.

In 2021, the Company launched a survey on the green power usage of 440 manufacturers, and received feedback from 240. Among them, 71 suppliers used at least one kind of renewable energy to optimize their energy structure, accounting for 30%; 135 suppliers intended to roll out photovoltaic energy construction, accounting for 56.25%; and more than 30 suppliers looked forward to Sungrow's assistance in optimizing their energy structure.

Case

Increasing Green Energy Consumption, Building a Green Smart Factory



In 2021, the Company worked with a large number of suppliers to help them use renewable energy independently. By building a distributed PV power station of over 100 MW on the rooftop of their workshops, Ningbo Aux reduced carbon emission of 2.82 million tons in the life-cycle; by building a smart distributed PV power station of 7 MW on 50,000 square meters of rooftop in one of their production bases, Ningbo Jintian Copper Industry reduced carbon emission of about 70 million tons.

Supply Chain Communication

The Company continues to keep an eye on the performance of suppliers, and uses SRM, SAP and other information systems for suppliers' performance evaluation. Four quarterly evaluations were completed in 2021, which mainly covered the indicators of quality, cost, delivery, and technology, so as to get an overall understanding of suppliers' performance in multiple dimensions. At the same time, the Company held more than ten quarterly performance improvement meetings with suppliers to jointly identify improvement plans and

track the implementation results, so that the overall supply chain level could be improved. In addition, the Company established a platform for joint development with suppliers, and deepened information interaction, collaborative innovation, mutual trust and mutual benefit with suppliers through the global partnership conference, high-level visits, technology exchange seminars, and etc., in order to enhance the core competitiveness in the respective fields, maximize the supply chain value, and accelerate the development of the industry.

Quality Assurance

Sungrow attaches great importance to the quality management system, always practices the quality strategy of "Pursuing excellence, constantly meeting and exceeding the expectations of global customers", and is committed to providing customers with quality products and service experience.

Taking the ISO9001:2015 quality management system as the foundation, the Company has introduced IATF16949:2016, CMMI, ISO26262:2018, ANSI/ESD S20.20 as well as other industry and product differentiation systems to build a holistic, reproducible, differentiated and forward-looking quality management system, and maintained efficient operation. During the system upgrade in 2021, the Company conducted a comprehensive diagnosis of the group system, revised the *Quality Manual*, the *Internal Audit Management Measures* and other documents to standardize internal operation and improve efficiency, and benchmarked the APQP4wind standard to meet and exceed customer expectations and constantly improve customer satisfaction and loyalty.

The Company highly values sustainable development. In terms of sustainable business operation, the Company fully implements ISO9004, GB/T19579, GB/T19580 and other performance management systems, continuously keeps a focus on corporate operational performance, and achieves constant success by using quality management methods. In terms of product sustainability, the Company insists to implement the QC080000 hazardous substances process management system. In 2021, the Company continued to innovate and improve through management reviews, internal audits, rationalization proposals, QCC, quality month, Quality Excellence Award and other activities, so that the process system was constantly optimized and the product reliability was improved. In 2021, an ex-factory pass rate of 100% was achieved for all products, the quality of products and services further improved, and the Company was awarded the Anhui Province High-end Manufacturing Brand Incubator, with an internationally competitive quality brand coming into shape.

Sungrow Power Supply Co., Ltd.

Accreditation	Accreditor	Accreditation	Accreditor
Quality Management System	SGS	Environmental Management System	SGS
ISO9001:2015		ISO14001:2015	
Occupational Health and Safety Management System	SGS	Hazardous Substances Process Management System	SGS
ISO45001:2018		IECQ QC 080000:2017	
Social Responsibility Management System	SGS	Energy Management System	TÜV
SA8000:2014		ISO50001:2018	
Laboratory Accreditation	CNAS	Automotive Industry Quality Management System	BV
ISO/IEC 17025:2017		IATF16949:2016	
Capability Maturity Model Integration	PKT	ESD Management System	SGS
CMMI L3		ANSI/ESD S20.20:2014	
		IEC-61340-5-1:2016	

Sungrow Energy Storage Technology Co., Ltd.

Accreditation	Accreditor	Accreditation	Accreditor
Quality Management System ISO9001:2015	SGS	Environmental Management System ISO14001:2015	SGS
Occupational Health and Safety Management System ISO45001:2018	SGS	Social Responsibility Management System SA8000:2014	SGS

Sungrow Renewables Development Co., Ltd.

Accreditation	Accreditor	Accreditation	Accreditor
Quality Management System ISO9001:2015 GB/T 50430-2017	CQC	Environmental Management System ISO14001:2015	CQC
Occupational Health and Safety Management System ISO45001:2018	CQC		

Sungrow FPV Sci.& Tech.Co.,Ltd..

Accreditation	Accreditor	Accreditation	Accreditor
Quality Management System ISO9001:2015	CQC	Environmental Management System ISO14001:2015	CQC
Occupational Health and Safety Management System ISO45001:2018	CQC	Hazardous Substances Process Management System IECQ QC 080000:2017	SGS

Hefei Sungrow E-Power Technology Co., Ltd

Accreditation	Accreditor	Accreditation	Accreditor
Quality Management System ISO9001:2015	SGS	Environmental Management System ISO14001:2015	SGS
Occupational Health and Safety Management System ISO45001:2018	SGS	Automotive Industry Quality Management System IATF16949:2016	BV
Functional Safety System ISO26262:2018	SGS		

Sungrow continues to improve the quality management system, comprehensively popularizes quality knowledge, and reinforces the quality awareness and quality culture of all employees. In 2021, the Company organized the

Quality Creates Value and the Interpreting ESG Standards training for middle and senior managers, as well as ISO9001, ISO9004, QC080000, VDA6.3/6.5 (process/product audit), CP (control plan), PPAP

(Production Part Approval Process) and other quality tools training for front-line employees. Throughout the year, 50 courses were developed, 98 training sessions

were held, and 2,498 person-times were trained cumulatively.

Customer Service

Delivering Extraordinary Service

With local service as the core and an intelligent system platform as the support, Sungrow builds a service support system featuring close online and offline collaboration, provides services and solutions covering the full life-cycle of products, and improves service efficiency and response with professionalism, hence to constantly exceed customer expectations and create greater value for customers.

The Company builds a service network with a worldwide footprint and continuously optimizes its layout. At present, five global service regions have been established, covering 60+ global service centers, 400+ professional service engineers, 180+ authorized certification service providers, and 110+ warehouses, serving customers in more than 150 countries. The Company has successfully launched the Global Service

Platform which supports multiple languages. The Platform has integrated a large part of the Company's service process systems to provide complete customer, project, product and other master data, is capable of addressing work order submission, material requisition, field service, as well as information consolidation and data analysis requirements upon service delivery. It also helps to improve the delicacy management in the service process, further strengthens the interaction with users, improves user experience, and guarantees a fast response to various customer service requests with a 24-hour response for domestic customers and a 48-hour response for overseas customers. At the same time, the Company has set up service centers, call centers, practice centers, warehouses, and training centers around the world to improve comprehensive service level and enhance customer satisfaction.

Global Service Center



With a focus on serving the local customers, GSCs are established in areas with major power stations, providing customers with convenient spare parts, warehousing, training, troubleshooting and maintenance services, and maximizing the availability of customers' equipment.

Call Center



Call Centers provide 24/7 online service, remote guidance, service supervision, customer return visit, quick response to customer requests, and immediate answers to questions.

Practice Center



Equipped with various maintenance tools, monitoring and inspection devices, popular products and common spare parts, Practice Centers provide students with an experiment platform, so that they get an intuitive understanding and improve their hands-on capabilities.

Warehouses



Leveraging a digital information management system to rationally plan and manage the global spare parts inventory, warehouses make sure that front-line service demands are met, supply lead-time is shortened, and cost is continuously reduced.

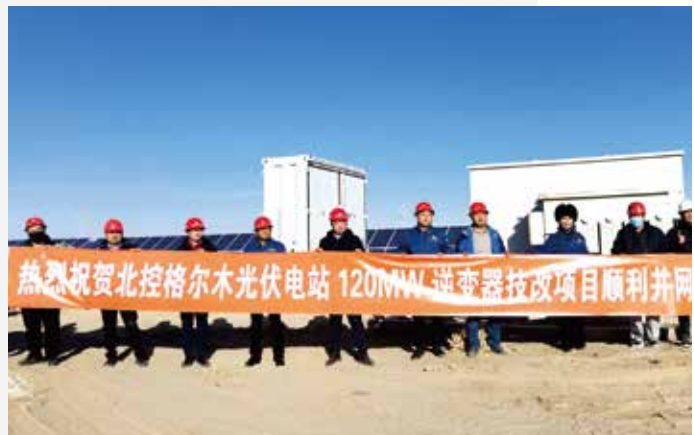
Customer Satisfaction Survey

With a focus on improving customer satisfaction, the Company has established an internal satisfaction measurement system following the relevant requirements of GB/T 19038-2009 *Guidelines for Model and Methods of Customer Satisfaction Measurement* and GB/T19039-2009 *General Rules of Customer Satisfaction Measurement* while taking the characteristics of the new

energy industry and ISO10001/2/3 Quality management - customer satisfaction guidelines into consideration. The measurement system covers product delivery, product reliability, commitment fulfillment, service response, professional skills, brand image, product recommendation, benchmarking improvement, and etc. In 2021, the Company's customer satisfaction rate was 93.5%.

Case

Overcoming the Challenges in 26 days - China's Largest Standalone Technical Renovation Project Successfully Connected to Grid



The BE Lvchan Golmud PV Power Station has been in operation for 10 years. In order to actively respond to the requirements of the power grid, the owner approached Sungrow for a power station upgrade. The project faced a number of challenges throughout the technical renovation period, such as the limited possibilities reserved for technical renovation and upgrade in the original inverter room, the project site being in the Gobi Desert, commissioning of the legacy and new communication equipment, the extreme weather of heavy snow and -20°C low temperature, and the epidemic impact. Adhering to the value of being customer oriented, the project team overcame the difficulties with profound experiences and extraordinary competency, and realized grid-connected operation at full capacity in 26 days, delivering the project one month earlier than expected. As the largest standalone technical renovation project in China, the power station's annual power generation is expected to increase by 5% after the renovation, and the operation and maintenance cost will be greatly reduced.

Upon project completion, Sungrow received a Thank You Letter from BE Lvchan that highly acknowledged the Sungrow speed and efficiency. Yu Zhongliang, an engineer from Sungrow's Service Development Department, said that despite the many difficulties encountered in the process of technical renovation, it was worthwhile that their efforts were recognized by the owner.

Customer Safety

The Company actively extends customer-oriented product theories and hands-on trainings, sets up training and practice centers, and appoints experienced technical experts in the industry as trainers to facilitate customer trainings. Targeting on customer's pain points, such trainings cover product, technology, operation and maintenance knowledge, are delivered in a number of forms, including online, offline, livestreaming, and field training, which help customers to improve operation and maintenance capabilities, reduce faults caused by mis-operation, and accelerate troubleshooting and problem-solving. In 2021, the Company organized 23 training sessions for Yellow River Hydropower, Yellow

River Wind Energy Storage, Beijing Enterprises, Goldwind Technology, and other customers.

Moreover, Sungrow strictly abides by national laws, regulations and relevant industry protocols, and actively disseminates product knowledge and safety precautions to customers. For example, safety instructions, safety precautions for electrical connections and troubleshooting and maintenance are included in the product user manual. Customers may also find the corresponding User Manual or Installation Instructions at the Download Center of the Company's official website.

Trade Secrets

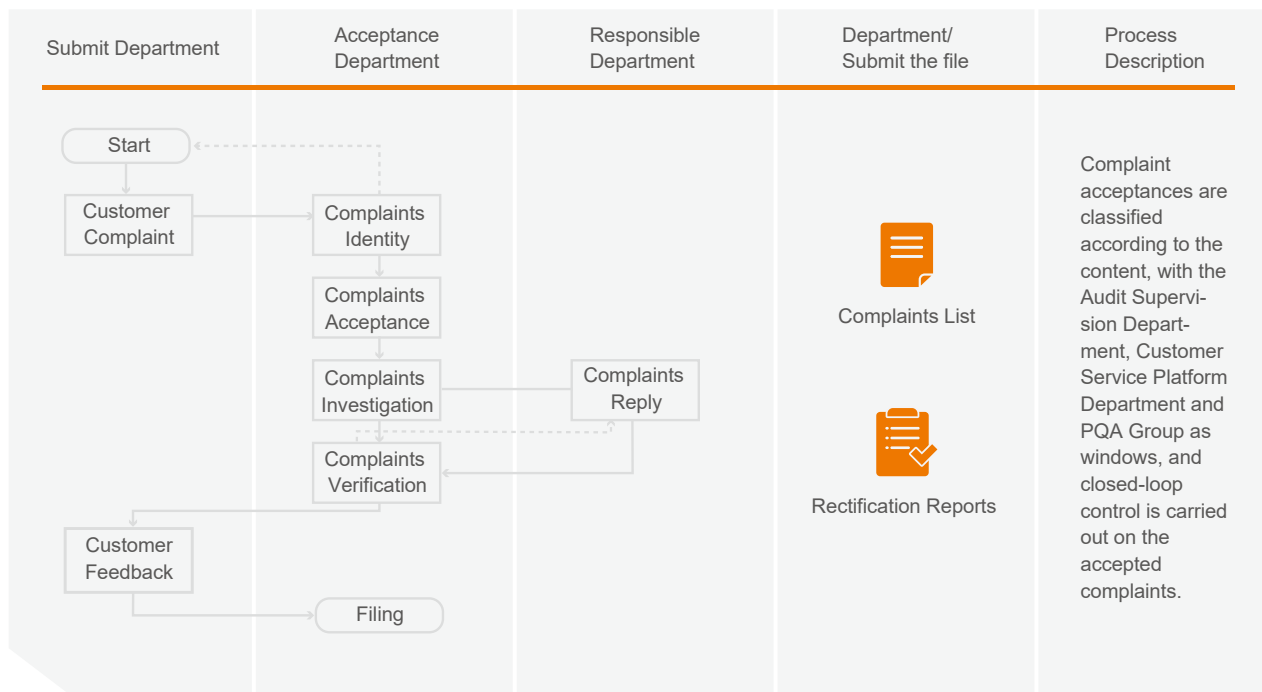
The Company practices the confidentiality work guideline of "mutual supervision, prioritizing prevention, and rewards and punishment in combination", and implements the principle of "who is in charge is held accountable for confidentiality". In 2021, the Company updated the *Confidentiality Policy* and the *Implementation Rules for Confidentiality Supervision*, optimized the confidentiality audit process, which required all stakeholders should be informed in case a confidentiality breach might cause a loss. The Company has also carried out monthly

confidential audits, audit-on-departure, and audit-on-transfer to discover potential vulnerabilities. In 2021, the Company kicked off a number of programs, including the enterprise version antivirus software, the endpoint detection and response (EDR), and the intranet threat perception system, to build a unified endpoint and network security operation platform across the group, improve the ability of monitoring, alerting and dealing with external threat, and improve the Company's information security level.

Customer Complaint

The Company actively protects the rights and interests of customers, and has established diversified customer communication channels including the official website, complaint hotline, email, and OA. According to the *Customer Complaint Management Regulations*, the Company has set up a customer complaint response mechanism, and implemented a first-point-of-contact accountability system. Internal and external complaints are categorized and graded, and the Audit and Internal

Control Department is involved for effective supervision, so that customer complaints are dealt with in a standardized manner following the principles of "respond quickly, guaranteed investigation for every single complaint, timely feedback, correct and prevent". In 2021, the Company received 6 customer service complaints in total, which were responded to and handled effectively with a 100% response rate to customer complaints.



Complaint Management Process

For feedback and handling of product faults (failures) at customer's site, the Company has established a centralized process for immediate feedback. According to the process, the Company follows up on the cause analysis, identifies corrective and preventive measures in

a timely manner, and gradually shapes a product failure database to optimize the FMEA (Failure Mode and Effect Analysis), promote the transparency and rapid response of the quality management system, and constantly improve product quality.



03 Safeguard the Beautiful Environment

Environmental Management

System Development

According to the requirements of ISO14001, ISO50001 and ESG management system, and in consideration of the business diversification, the Company has built an energy saving and environmental protection management system with Sungrow characteristics, and identified management priorities and key steps. Units at all levels comprehensively implement management elements based on the industry characteristics and business reality, continuously improve organizational capacity, optimize management systems, increase capital investment, and strengthen supervision and inspection, ensuring that energy conservation and ecological and environmental protection management are improved in a systematic, standardized and scientific manner.

Management Deployment

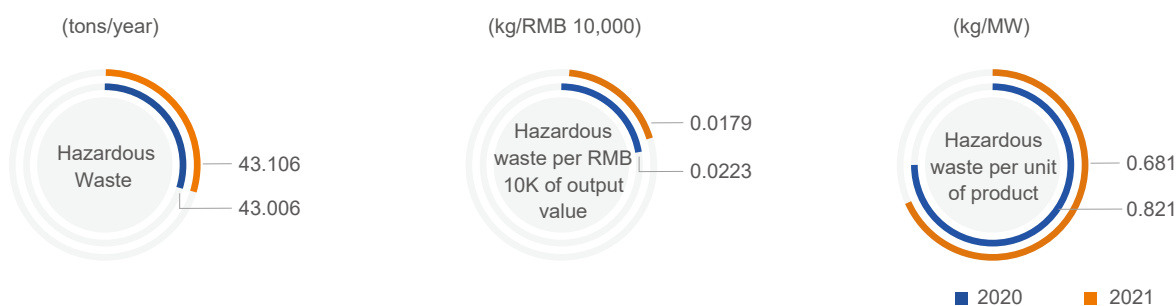
On the premise of saving resources and protecting environment, the Company accelerates the development of a clean, low-carbon and efficient energy system, and continues to promote green transformation and upgrade. In response to the social and environmental governance needs, the Company actively participates in social waste treatment, and explores collaborative disposal of waste

by using existing resources, so as to enable the harmless and volume-reduced disposal and resource utilization of waste, and minimize environmental impacts. By adjusting and optimizing the energy consumption structure, implementing energy-saving and emission-reduction measures, the Company continues to improve energy utilization efficiency and reduce pollutant emission, hence to put green, low-carbon and sustainable development in practice.

Pollution Reduction Indicators

While pursuing economic profits, the Company always pays attention to balanced development with the environment and continuously reduces the Company's pollutant emission. The Company encourages using environment-friendly materials, reengineering processes, renovating low-carbon process, and building green

logistics. As a result, various pollution reduction and improvement activities were carried out and environmental indicators were improved. In 2021, no environmental incident categorized as general or above happened in the Company.



Hazardous Waste Discharge of Sungrow and Affiliates

Year	Waste Gas Discharge				Effluent Discharge			
	Particles emission per RMB 10K of output value (kg/RMB 10K)	Particles emission per unit of product (kg/MW)	Total NMHC emission per RMB 10K of output value (kg/RMB 10K)	Total NMHC emission per unit of product (kg/MW)	Ammonia/Nitrogen emission per RMB 10K of output value (kg/RMB 10K)	Ammonia /Nitrogen emission per unit of product (kg/MW)	COD emission per RMB 10K of output value (kg/RMB10K)	COD emission per unit of product (kg/MW)
2020	0.0029	0.1052	0.0022	0.0797	0.00183	0.0674	0.020	0.741
2021	0.0030	0.0974	0.0018	0.0581	0.00143	0.0459	0.016	0.506

Effluent and Waste Gas Discharge of Sungrow and Affiliates

Green Operation

Energy Management

Sungrow has established integral and effective energy management systems and processes, and formulated the *Energy Management Manual*. Since the Company established the ISO50001 energy management system in 2017, it continuously expanded the system coverage to include the Xiyou Road facility, the Changning Avenue facility and Sungrow Energy Storage as of today. The

Company's comprehensive energy consumption in 2021 was 9,141.51 tons of standard coal, an increase of 33.43% over 2020. The energy consumption increase was due to the upgrade of production capacity (which increased by 44% year-on-year in 2021). The energy consumption per unit of output value is 0.0907 tons of standard coal/MW, a reduction of 4.32% from 2020.

Energy Consumption of Sungrow and Affiliates

Year	Total Power Consumption (kWh/year)	Electricity as in standard coal (kg/year)	Total non-electrical consumption (as in standard coal: kg/year)	Overall energy consumption (as in standard coal: kg/year)	Energy consumption per RMB 10K of output value (as in standard coal: kg/RMB 10K)	Energy consumption per unit of product (as in standard coal: kg/kW)
2019	34514436	4241824	258285	4500109	3.46	0.1429
2020	52973714	6510469	340504	6850973	3.55	0.0948
2021	72205295	8874031	267474	9141505	3.79	0.0907

Notes: 1. The standard coal conversion factor is subject to GB/T 2589-2008 General principles for calculation of the comprehensive energy consumption

2. The energy consumption per unit of product is calculated based on the rated power of products

Following the principles of “intensified workshops, harmless raw materials, clean production, waste recycling, and low carbon”, the Company vigorously implements energy management measures and

effectively integrates technology-based energy saving with management-based energy saving, so as to and comprehensively advance energy saving and consumption reduction.

Technology-based energy saving measures

1. Developed a smart energy management platform prototype that leveraged big data to rationally allocate electricity, thereby improving power supply quality and efficiency and minimizing grid loss;
2. Conducted pilot upgrading and transformation of some of the Company's rooftop PV power stations to raise the portion of green energy consumption by using self-supplied photovoltaic power generation;
3. Upgraded air compressors by adding an intelligent management system, allowing the power-to-volume ratio of air compressors to increase from 0.197 to 0.162 and achieving an energy saving of about 17.76%;
4. Implemented 3,677 energy saving and carbon reduction proposals throughout the year, including process improvement, technology route optimization, introduction of high-end energy-saving equipment, logistics management, product shipping, and harmless disposal of waste in the campus.

For example, wave soldering was applied to the EC11 product control board's wave sensors and communication terminals in lieu of the combination of selective soldering and robot soldering, which saved RMB 1.3 million in labor cost and more than RMB 150,000 in auxiliary material cost on an annual basis. For the aging test of collective products, energy storage converters were arranged back-to-back, which greatly minimized the use of testing equipment (DC power source, transformer, etc.) and achieved a power loss of only 1.5%, an energy efficiency increase by about 10%, and an annual power saving by 200,000 kWh.

Management-based energy saving measures

1. Formulated the *Regulations on Practicing Thrift* to actively promote green office;
2. Strengthened the administration of public air-conditioning equipment and implemented standardized and precise control, leading to an annual saving of about 100,000 kWh;
3. Upgraded some less efficient fluorescent lamps to energy-efficient LED lamps, increasing the lighting efficiency by about 30% and achieving an annual saving of about 20,000 kWh.

Green Building

The Company actively develops the green building system, and guides all of the Company's construction work in process with the principles of green, recycling and low carbon, which not only delivers the goals of saving resources, protecting the environment and reducing pollution, but also improves the safety, comfort

and health of the building. The staff dormitory and Sungrow Plaza currently under construction are being built to the Assessment Standard for Green Building (GB/T50378-2019), and have passed the one-star and two-star building inspections respectively.

Green Lighting

The Company has specified lighting technology evaluation indicators to make sure lighting is efficient, energy saving, environment-friendly and safe. On the premises of ensuring illuminance and lighting uniformity, LED lights are used across the Company to reduce lighting power consumption. Moreover, a more scientific

and friendly lighting design is adopted. Zoning, timing, and sensing are applied to lighting systems in public areas, interference lighting is effectively avoided at night times, landscape lighting duration and overflow light are strictly controlled.

Green Mobility

The Company advocates green mobility and is gradually increasing the use of electric vehicles. Electric buses are used for employee commute, and the proportion of new

energy vehicles used for business reception is increased. The Company has upscaled new energy charging infrastructure in the campus to meet the

increasing requirements of new energy vehicles, and built new parking lots with no less than 20% of parking spaces equipped with charging piles. In order to advocate the low-carbon and environmental protection

concept, the Company has raised the standard of transportation subsidies for employees to encourage employees to consider green commuting options such as the subway.

Green Education

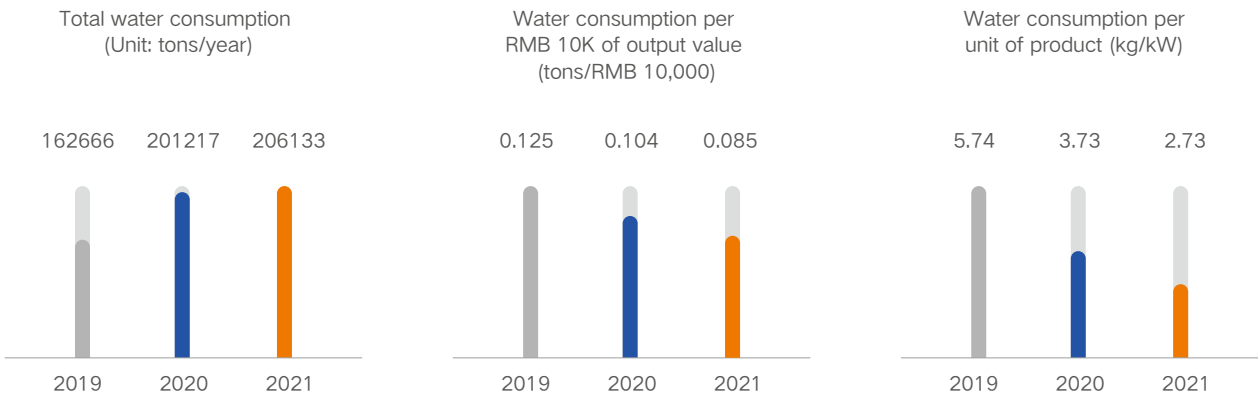
The Company continues to promote green education to employees and suppliers. The Company incorporates environmental protection basics and environmental management system into the induction training for new employees, and cooperates with international organizations to empower overseas plants in the areas of EHS. The Company formulates supplier audit forms according to local regulations and policies, and shares the Company's environmental protection, carbon

emission, and sustainable procurement policies with upstream and downstream stakeholders, aiming to improve the level of green supply chain through joint efforts. In addition, the Company organizes trailwalk, World Earth Day and other activities so that employees around the world contribute to the low-carbon initiatives from the subtleties of life and jointly practice the green mission of Sungrow.

Water Resource Management

The Company's water supply comes from the municipal tap water pipe network and the fire water pipe network, which is mainly used for utilities and office, canteen, and fire emergencies. By setting water-saving metrics for canteens, purchasing water-saving facilities, using chillers instead of water-cooling facilities, increasing the

proportion of chiller circulation systems used in experimental platforms, partially replacing water-cooling with special coolants, and adopting automatic cleaning robots for rooftop PV power stations, the Company strengthens water consumption management to lower water consumption in production and business activities.



Green Products

The Company embeds the green concept into the full life-cycle of products, consolidates and evaluates the potential impact of all product input and output on the environment across the entire life-cycle with the LCA (Life Cycle Assessment) tool. Throughout the product

development process, the Company carries out green design in a targeted manner, plans green products that meet global regulatory requirements, and improves product ecological design capabilities, to cope with the development trend of green products.

Manufactured with recyclables

92.80%

Manufactured with 92.80% of recyclable materials, such as recyclable metals (copper, aluminum, stainless steel, etc.), plastics (PET, PP, PS, etc.), silicone materials (silicone rubber, etc.)

Energy efficiency

98.52%

98.52% (as per the Chinese standard), daily power consumption is 0.0378 kWh, and daily power conversion is 1147.5 kWh

Environmental benefits

No GHGs emission during photovoltaic power generation



String Inverters

Responsible packaging

100%

100% packaged with non-toxic, non-polluting, recyclable, renewable or degradable packaging materials and auxiliaries; optimize packaging structure to minimize packaging material consumption and achieve minimal packaging; strengthen the disposal of packaging waste

Improved user experience

Explore the contacts between the product and user, such as handles, noise control, state interaction, hence to improve user experience.



Raw material sourcing

The Company takes a responsible approach to purchase major product materials and takes the environmental impact of raw materials into consideration. As aluminum materials are widely used in C&I and residential inverters, the Company effectively reduces the weight of products to decrease greenhouse gas emission by 13 - 20 kg per kilogram of aluminum materials used. To guarantee the safety of employees and customers, the Company strictly restricts the use of hazardous substances, and has passed the QC080000 hazardous substance process management system certification. In 2021, the Company acquired new laboratory equipment for hazardous substances testing and updated management documents to comprehensively improve hazardous substances testing capability in terms of system management and hardware facilities.



Design and manufacturing

The Company continues to improve material selection and process standards, and strictly follows the RoHS design standard. Starting from 2016, the Company used more environment-friendly plastic powder coating for product surface protection, and this process has covered up to 90% of product lines up to now. Besides, the Company uses thermal conductive silicone gasket to replace the “ceramic sheet + double-sided thermal conductive silicone grease”, which effectively lowers consumption and increases efficiency.



Packaging

In order to improve the environment friendliness of packaging, the Company is committed to increasing the use of recyclable materials in packaging and minimizing packaging as a whole. For example, for large wind power converter equipment, the packaging design consisting of an integral plastic square keel base and a new type of rib-reinforcing side plates is applied, which not only features improved overall strength, but greatly reduces the packaging materials used. Inside the crate, environment friendly EPE (expandable polyethylene) is used, which reduces the packing weight while ensuring the impact resistance.



Shipping

The Company consolidates orders and ship products in a collective way, so that carbon emission per unit of product is reduced thanks to the scale effect of shipping. Outsourced transportation vehicles must be gasoline/diesel vehicles that meet the China Cat-VI environmental protection requirements or new energy vehicles.



Using

The Company carries on technological innovation to make sure products can operate reliably for more than 25 years with minimal resource consumption. Meanwhile, the Company elaborates service management, improves service efficiency, and reduces manual operation and entry as well as energy consumption related to manual operation.



Recycling

The Company leverages no-cost plants to advance the sorting, maintenance, testing and demonstration of faulty equipment, display prototypes and R&D prototypes, thereby reducing energy consumption and accelerating recycling.

Pollution Prevention and Control

The Company always promotes green products and operation with technological innovation, takes efficient recycling of resources into consideration, and increases

the utilization of renewable energy in the process of R&D design, material selection, process upgrade, and full life-cycle management. Abiding by the relevant laws and

regulations of the state and local governments on pollutant discharge, the Company strictly implements the EIA approval process and invests supporting facilities for pollution control. The Company has formulated the *Measures for the Management of Effluent, Waste Gas and Noise and the Measures for Solid Waste*

Management, which ensure waste are under control in every process stage and properly disposed in compliance with laws and regulations, so as to comprehensively minimize the impact to operation environment and enable the coordinated development of production operation and the environment.

Solid Waste Management

The Company sorts, collects, stores and disposes waste in accordance with local laws and regulations. Domestic garbage is sorted before being handed over to the municipal sanitation service. General solid waste is sorted, among which, metal scraps, waste cartons, plastic packaging and recyclable items are sold to the recycling service, and the rest is disposed as domestic garbage. In 2021, the resource recycling rate reached

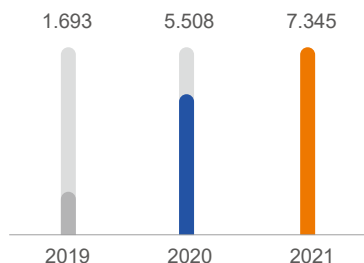
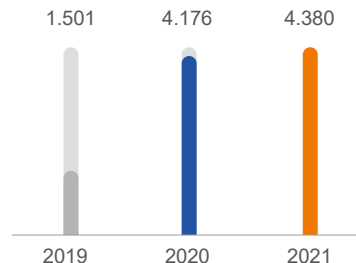
52.3% (as per the weight). *The Measures for Solid Waste Management* allows the Company to optimize hazardous waste management procedures, including standardizing the logbook, preparing an annual plan for hazardous waste, management, standardizing the storage conditions of hazardous waste, and engaging organizations with suitable qualifications to dispose hazardous waste.

Year	Total Solid Waste (tons)	Incl. Domestic Waste (tons)	Incl. Industrial Waste (non-hazardous) (tons)	Incl. Packaging Materials (tons)	Incl. Hazardous Waste (tons)
2019	360.46	165.30	55.30	123.05	16.81
2020	751.34	183.80	115.15	409.38	43.01
2021	1406.02	558.75	407.70	396.46	43.11

Waste Gas Management

At Sungrow, waste gas is mainly the non-methane hydrocarbons (NMHC) due to chemicals volatilization and injection molding process gas, as well as particles from the welding process. Particles are collected by closed pipelines treated with a high-efficiency multi-stage filtration process, NMHC is treated with a process consisting leaching, UV photolysis, and activated carbon adsorption. The Company's pollution control facilities are

inspected and maintained according to the relevant requirements and specifications of pollutant discharge permission, so as to improve the effectiveness of the facilities and minimize the discharge of pollutants. The Company entrusts a qualified monitoring service to conduct quarterly monitoring, and maintains discharge compliance.

Total Annual Fume
Particles Emission (tons)Total Annual NMHC
Emission (tons)

Effluent Management

The Company and affiliates discharge no production effluent. For domestic sewage generated in production operation, the Company has set up grease traps, septic tanks, and etc., and makes sure they function properly. The Company has also built an integrated sewage treatment facility, confirms operation parameters and

maintains the facility on a regular basis. Domestic sewage must be discharged to the sewage pipe network via the sewage pipeline designated by the municipal authority, and a third-party testing agency is entrusted to conduct regular inspections on the discharge in order to avoid non-compliant discharge.

Year	Annual water consumption (tons)	Total water discharge (tons)	Annual COD emission (tons)	Annual ammonia/nitrogen emission (tons)
2019	148651	118921	27.352	2.378
2020	201217	160974	38.569	3.529
2021	206133	164906	37.928	3.463

Noise Management

The Company requires that low noise variants should be prioritized during the selection of equipment, and the installation foundation should be stable and reliable, hence to avoid mechanical noise due to vibration. Scheduled maintain should be provided to the equipment to ensure unblocked oil water and gas supply. Equipment should run in sound condition with eye-catching oil marks and

adequate oil level. Any issue encountered should be eliminated in time in order to reduce noise. For noise sources such as air compressors and aged equipment, noise reduction measures should be taken, and doors and windows should be closed during operation to reduce noise transmission as much as possible.

Ecological Conservation

Having been deeply involved in PV and wind power projects for many years, the Company has developed and built more than 25 GW of PV and wind power stations. Relying on the robust technological strength in research and development as well as the extensive experience in system integration, the Company has delivered a wide range of application cases in eight typical scenarios including deserts, hills, geological hazard control, land pollution control, agriculture-PV complementary development, fishery-PV complementary development, forest-PV complementary development, and floating power station. In the process of project

development and construction, the Company strictly abides by relevant environmental protection laws and regulations, effectively integrates natural ecological resources with PV/wind power projects, and strives to maintain and continuously improve the vulnerable local ecological environment with technical programs, thereby realizing the three-dimensional land utilization model of “power generation, planting, and breeding”, and innovating a number of “new energy +” models to benefit the local communities, such as soil quality improvement and polluted land utilization.

Project site selection

The Company has formulated relevant regulations on project establishment, preliminary work, approval, and commencement of work. In terms of project site selection, permanent basic farmland, ecological reserves, nature reserves, drinking water source protection areas, habitats of endangered species, and other areas that impact the ecological environment and agriculture production should be avoided. Water resource conservation, environmental impact assessment and other statutory approvals should be obtained prior to the commencement of project.

Project construction

The Company has formulated a number of documents, including the *Project EHS Management Dossier of the Management Manual*, the *Regulations on Environmental Factors Identification, Environmental Impact Assessment and Control Management*, carries out planning in strict accordance with the Safety Design chapter, and advances construction strictly within the designed land acquisition boundaries. The project site should be enclosed with a fence. For projects on hills, hardening protection should be provided according to the field situation, is adopted around the mountain project, catch drains and waterways should be built to prevent the water flow from washing the ground surface. For floating projects, oil leakage and water body pollution should be prevented. For wind power projects, a certain distance should be maintained from residences, and make sure civil engineering, hoisting operation, marine piling and etc. cause no additional disturbance or damage to the surrounding ecological environment. At the same time, an environmental factors control logbook should be maintained throughout the construction process, and inspection and acceptance of green construction should be organized.



04 Realizing Green Dreams

Care for Employees' Growth

Sungrow adheres to the employer brand concept of "Green Mission, Better Life", and actively builds an international talent team by recruiting local talents overseas, relocating and fostering talents on its own. Being always oriented to employee development, the Company advocates "accelerating employees' development and fulfilling employees' dreams", helps employees to realize their personal values and self-growth, and allow employees to deeply engage and jointly contribute to a clean future.

Equal Employment

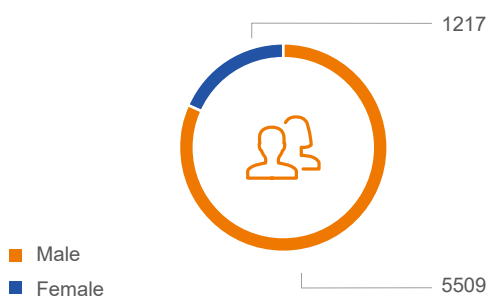
Sungrow values and safeguards the legitimate rights and interests of all employees, and strictly abides by the *Labor Law*, the *Labor Contract Law*, and other laws and regulations in China, as well as the policies and regulations of the countries where the Company operates. The Company is people-oriented, advocates equal employment, opposes discrimination, and refuses differentiated employment in the

aspects of age, gender, nationality, ethnicity, religious belief, and health condition. The Company follows the principle of equal pay for equal work, and offers the same starting salary to employees of different gender while abiding by the same minimum salary standards. Under the general rule of equal employment, the Company attaches great importance to the qualification review and due diligence of new recruits. On the premise that the candidate voluntarily declares and is well informed, the Company focuses on evaluating and verifying the integrity and competence of candidates.

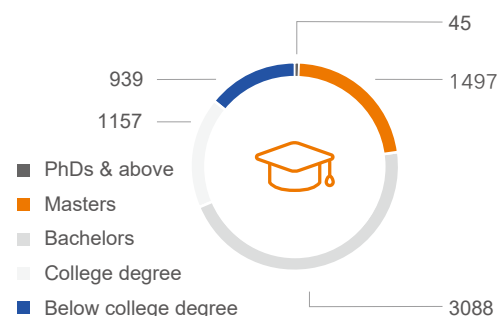
The Company has passed the SA8000:2014 management system certification, and signed an employment contract with each and every employee. The Company has formulated the *Regulations on Eliminating Discrimination and Disciplinary Measures* to eliminate discrimination and provide equal career development paths and promotion opportunities for all employees. In 2021, female employees accounted for 18.09% of the total headcount, including 122 managers that accounted for 14.21% of the total number of managers. The Company has formulated the *Regulations on Child Labor and Underage Labor* to specify procedures and measures to avoid recruiting and employing child labor, and prohibit child labor and forced/compulsory labor.

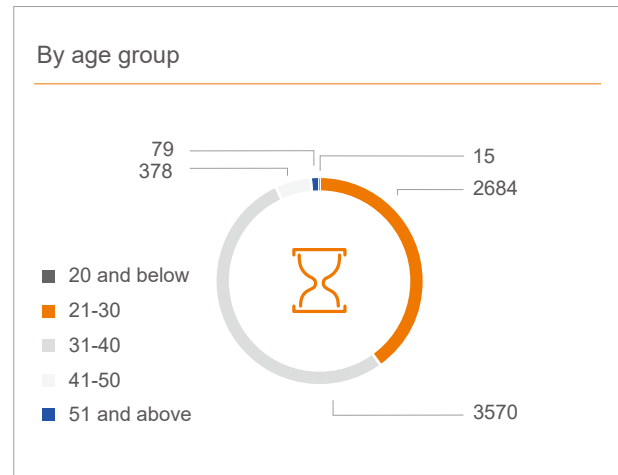
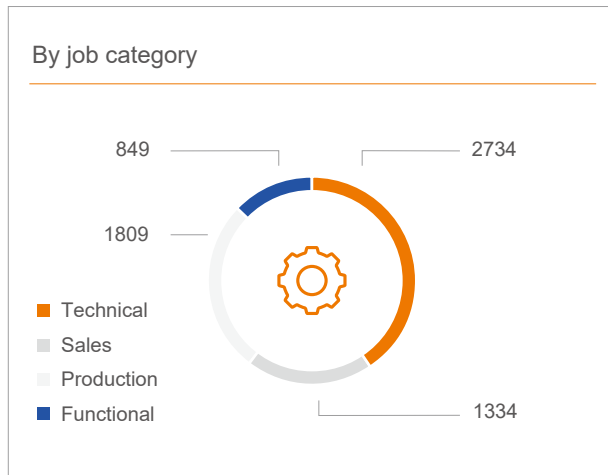
The Company strives to create an inclusive and diverse workplace for all employees. In 2021, the total number of employees was 6,726, including 5,509 male and 1,217 female; 6,092 Chinese and 634 non-Chinese distributed in Europe, America, Australia, Africa, and Asia-Pacific; 86 ethnic minorities and 12 disabled. The Company adheres to local employment, with local employees accounting for more than 99.9% in affiliates in China and 96.6% in affiliates overseas. In strict accordance with the Social Insurance Law of the People's Republic of China, the Company has extended social insurance coverage including pension, unemployment, work injury, medical and maternity to all employees. In addition, the Company provides comprehensive commercial insurance for all employees as well as free health check packages. For overseas employees, the Company provides comprehensive social insurance and related benefits as per local policies and practices. For example, employees in the United States are covered by medical insurance, work injury insurance, 401K pension, and unemployment insurance. In states under the jurisdiction of the Democratic Party, disability insurance and medical insurance for senior citizens are provided in addition. For employees involving special operations, comprehensive physical examinations are provided every year, making sure they are 100% covered for their occupational health.

Employee count by gender



By level of education





Occupational Safety and Health

The Company upholds the principles of being people-oriented, prioritizing prevention and promoting harmonious development, and continuously optimizes the occupational health and safety management system. All major affiliates have been covered by the ISO45001 system, which constantly optimizes the management pattern, improve workspace safety for employees, and prevent major safety accidents from happening. In 2021, no general production safety accidents, major safety accidents, major occupational disease incidents, or fire-fighting incidents (as per the statutory accident classification of the Chinese government) happened to the Company or its affiliates, which basically guaranteed the achievement of the expected annual occupational health and safety objectives, and contributed to a good health and safety situation in general.

The Company continues to optimize the channels for communicating occupational health and safety issues. Employees may provide feedback to committee members, the OHS management department, or the

Audit and Internal Control Department; they may also express their comments via Comments Box, forum, complaint hotline, or instant messaging, hence to get fully involved in the Company's occupational health and safety management.

The Company has always considered the safety of related parties as an important part of safety management, and formulated the *Control Procedure for Impacts Posed by Related Parties*. The procedure includes related parties including contractors, customers, and construction workers as part of the organizational system control, and proposes more intervention measures to ensure that the occupational health and safety risks can be accepted, including safety notification and communication, signing safety agreements, review and approval of hazardous operations, and supplier EHS review. Meanwhile, the Company strengthens management by means of process monitoring, dedicated liaison personnel, and enhanced inspection.

Safety objectives

Company Name	Total HC	Total working hours	Chinese work injury indicators							International work injury indicators				Total cases of confirmed occupational diseases
			Major Accidents	General Accidents	Number of Serious Work	Number of Minor Work Injuries	Number of Work Injuries	Injury rate of 200K Working Hours	Fatalities per 200K Working Hours	Lost Time Accidents	Number of Recordable Incidents	LTAR	TRIR	
Sungrow	4483	10866792	0	0	0	5	13	0.24	0	23	64	0.42	1.18	0
Sungrow	1307	3168168	0	0	0	0	0	0	0	0	0	0	0	0
Renewables														
Sungrow	465	1127160	0	0	0	0	0	0	0	2	5	0.35	0.89	0
Energy														
Storage														
Sungrow	169	409656	0	0	0	1	1	0.49	0	1	1	0.49	0.49	0
FPV														
Sungrow	129	312696	0	0	0	0	0	0	0	0	0	0	0	0
(Shanghai)														
Sungrow	81	196344	0	0	0	0	0	0	0	0	0	0	0	0
(Nanjing)														
India Plant	87	188616	0	0	0	0	0	0	0	0	1	0	1.06	0

Safety Indicators of Sungrow and Affiliates in 2021

Safety Input

By operating the occupational health and safety management system, setting up the risk prevention and control mechanism, and continuously increasing Input in safety management and facilities, the Company ensures that safety risks exposing to organizational operations are under control. In 2021, the Company invested RMB 26.17 million in safety related facilities and operation,

which carried on the increase over the previous year. Safety expenses include the investment of safety protection facilities and equipment, the use and maintenance of emergency rescue apparatus, publicity and training, personal protection, and safety liability insurance.

Safety Input (in RMB 10K)



Per Capita Expenditure (in RMB 10K)



Providing a healthy workplace

In order to safeguard employees' occupational health and related rights and interests, make sure the production environment and job positions meet the national occupational health and safety standards, and prevent, control and eliminate occupational hazards.

Sungrow conducts annual occupational disease monitoring, and sets up bulletins board at prominent positions in the Company to announce the results of

workplace occupational disease monitoring, with a monitoring coverage of 100%. At the same time, occupational hazard notification cards are posted at the job positions to inform employees of the type, the hazardous level and the consequences of occupational diseases they may be exposed to at work. In 2021, the Company gradually phased out noisy equipment, optimized vibration reduction construction, and reinforced space isolation.

Comprehensive occupational health monitoring

The Company strictly abides by the Law on the *Prevention and Control of Occupational Diseases* to prevent, control and eliminate occupational disease hazards, prevent and treat occupational diseases, and protect workers' health and related rights and interests. The Company organizes pre-job, on-job and off-job physical examinations for employees, and maintains an

employee occupational health monitoring logbook. In 2021, all 294 employees of Sungrow and its affiliates who were due to be examined had physical examinations, with the physical examination rate reaching 100%. No suspected occupational diseases and occupational contraindications were found in the annual physical examination.

Company Name	Number of employees exposed to occupational disease hazards	Percentage of employees exposed to occupational disease hazards in the total headcount	Number of employees who received occupational health examinations in the current year	Occupational health examination completion rate	Major occupational disease hazards
Sungrow	200	2.9%	200	100%	Noise, dust, isopropanol, ionizing radiation
Sungrow Energy Storage	6	3.2%	6	100%	Dust
Sungrow FPV	88	58.1%	88	100%	Dust, noise

Occupational Health Summary of Sungrow and Affiliates in 2021

PPE management

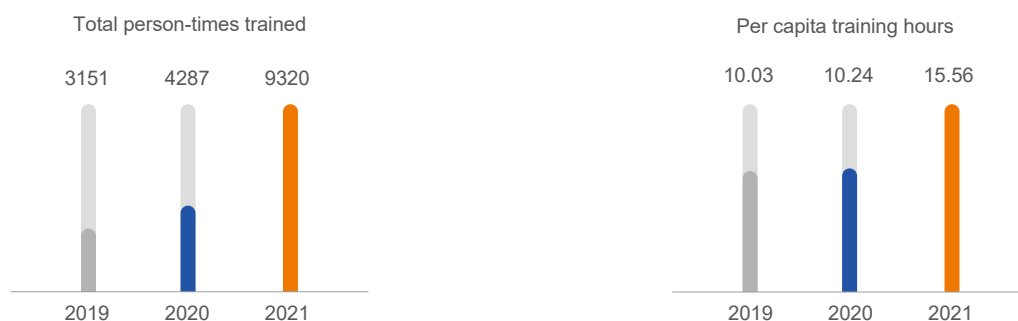
The Company makes regular assessment of the PPE demand for those exposed to work hazards, follows the *PPE Management Regulations*, the *Basic Requirements of PPE* and relevant regulations and standards to provide adequate PPEs for employees, ensuring the

effectiveness of employees' last line-of-defense. The Company has formulated the *Administrative Regulations on PPE* to specify the procurement, distribution, use of PPE as well as supervision in the field.

Safety capacity building

The Company mandates a systematic and integral occupational health and safety training for new employees, so that they are aware of the hazards and risk elements related to their job. Employees need to pass the post-training test before officially taking up the job. Employees' safety skills and awareness will be assessed on a regular basis, and specific training will be facilitated, including training on electrical safety, first-aid knowledge, and special equipment safety. In addition,

the Company organizes various events such as the Safety Month, the Occupational Disease Awareness Week, the Safety Dojo Experience, time-limited improvement, fire-fighting drills, and safety knowledge contests, to encourage all employees to participate in safety management. In 2021, participation of more than 4,800 person-times was recorded, an increase of 90% from that in 2020.



Occupational Health and Safety Training of Sungrow and Affiliates in 2021

Emergency control and prevention

The Company has formulated the *Emergency Preparedness and Response Control Procedure* to actively promote the development of its emergency response system. It has set up a safety emergency management team and established an emergency management system with unified command and reserves of specialized and regular staff, capable of quick response and effective coordination at different levels, and combining peacetime footing with wartime footing. The team is responsible for preparing and revising emergency plans, allocating emergency resources, building rescue teams, and conducting regular emergency rescue drills, so as to improve the Company's disaster prevention, mitigation and rescue capabilities, ensure the safety of the Company, employees and properties, and promote social stability.



In 2021, Sungrow headquarters organized 9 safety emergency drills, including 1 for limited space, 3 for fire-fighting, 1 for first-aid, and 4 for special equipment incidents. With regard to epidemic control, the Company released work instructions for disinfection, personnel transfer, quarantine, vaccination, etc., and worked in collaboration with local epidemic prevention and control authorities to conduct targeted drills.

In order to enhance the emergency response capability, the Company has equipped automatic external defibrillators (AED), toxic and hazardous gas detection and alarm devices, respirators, vertical rescue systems, and other emergency rescue equipment in the campus. The Company has also bought CPR simulators and organized first-aid training for 270 employees with first-aider qualifications, so as to regularly strengthen the pre-hospital first-aid capability.



Employee Development

Career Development

In order to secure the Company's strategic goals and maintain the efficient operation of organizational processes, as well as to promote the personnel-position matching and effective motivation, the Company revised the *Administrative Regulations on Employee Qualification*, and carried out employee qualification assessment on an annual basis. Being competence and performance oriented, the assessment followed the path of single-channel growth or dual-channel (horizontal or cross-channel) growth and the principles of promotion and demotion. Employee qualification channels were divided into three categories (management, professional, and operational/clerical) to help employees grow deeply

in their disciplines and get promoted. According to the performance or the results during the term of office, an employee's qualification level may be raised or lowered. The Company also formulated the Administrative Measures for Job Transfer so that employees were allowed to expand further and achieve their self-worth through internal recruitment, job transfer, re-assignment, secondment, etc.

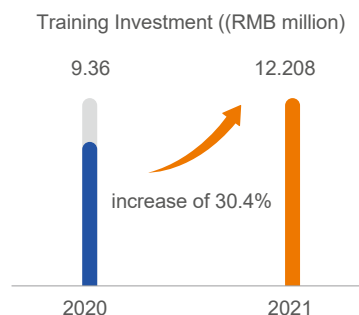
In 2021, a total of 1,322 employees passed the annual qualification assessment with a pass rate of 82.53%, and 1,091 got promoted.

Employee Training

Sungrow adheres to the value proposition of "Accelerating employees' development, achieving employees' dreams", and implements a three-tier training architecture according to the Company's

business category, operation stage and key strategic initiatives. Tier 1 trainings are organized and facilitated by the headquarters, which mainly focus on leadership, induction, culture development, and general

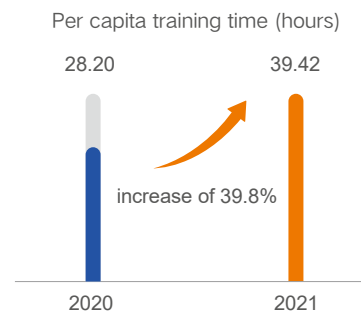
competence; Tier 2 trainings are organized and facilitated by divisions/centers, which mainly focus on the specific system management and professional skills required by the division/function; Tier 3 trainings are organized and facilitated by the respective department, which mainly focus on the management of the department and the job-related skills. In addition, the Sungrow Business School is set up to concentrate on the training and development of high-level leadership and grow managers' strategic insight, business management, innovation and team management capabilities.



Hierarchical Training System

Group-level training	Leadership development Leadership of current senior/middle-level managers and candidates, management capability of current front-line managers/high-potentials and candidates	Development of general courses Development of company-level general courses
	Induction training General knowledge training for new recruits	Professional capability improvement Programs to improve professional capabilities
	General competence improvement General competence training for employees	Learning platform Sungrow E-learning
Division/Center-level training	Professional capability improvement Various training activities to develop professional capabilities required by the division/center	
Training by respective departments	Job-related skills improvement System compliance training, job and knowledge skills training, job-related skills training for new employees, and other training required by customers	

In 2021, the Company made full use of online and offline learning platforms to expand the training coverage and the learning breadth, as well as enrich the learning content. The total training duration of all employees added up to 265,115.3 hours, and the per capita training duration reached 39.42 hours, including 39.43 hours for male employees and 39.38 hours for female employees.



Case

The Accelerating Management - New Managers Training Camp program won the Gold Award for Talent Development at the CSTD Corporate Learning Program Design Competition



"I have participated in a lot of training since I started working, and I am the most grateful for this program. It helps us lay a solid management foundation at the most appropriate time, and provides many methods and skills for new managers who have switched from technology to management. The combination of theories and practices allow us to quickly grow into qualified managers."

— Feedback from a trainee of the Managing Acceleration program

Compensation and Benefits

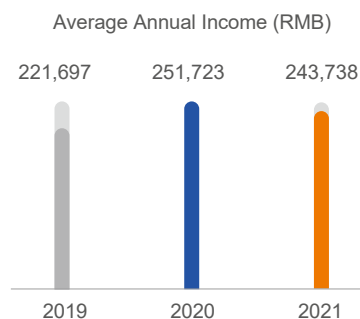
The Company continues to optimize compensation and benefits policies, and has formulated a series of policies, including the *Regulations on Compensation and Benefits Management*, the *Regulations on Overtime*

Management, and the *Regulations on Performance-based Compensation Management*, to provide employees with competitive compensation and benefits. At the same time, in order to give full play to the

Compensation and Benefits

incentive effect of compensation, implement the relevant diversification strategy of the Company, and motivate the rapid development of business, the Company continues to establish and optimize a Medium- and long-term incentive system that is long-term oriented, growth-oriented, and achievement sharing-oriented. For multiple businesses in different development stages, the Company has implemented a performance-based compensation system with differentiated incentives to stimulate employees' potential, enhance their enthusiasm, and inspire the overall vitality of the organization.

The Company strictly implements the policy of paid leaves, and employees are entitled to the various statutory leaves and a diversified benefits system. For those on offsite assignment, the Company has formulated relevant regulations to specify the various benefits they are entitled to, such as accommodation, business trip subsidies, subsidies for under-developed areas/dangerous areas, social insurance, and special



Note: Average Annual Income = (total salary + bonus + allowance + subsidy in the current period)/the number of employees. The average annual income in 2021 is lower than that in 2020. This is mainly attributable to the lowered average salary due to the large number of new hires in 2021 (the number of employees increased by 49.7%).

subsidies for the Spring Festival. For front-line employees, the Company has established improvement proposal award, monthly star, quality improvement award, lean production award, star of excellence and etc. to motivate those with outstanding performances. A total of 3,392 person-time were awarded throughout the year with a total incentive amounting to RMB 844,000.

Type of Benefits	Content	Coverage
Basic	Social insurance, housing fund, allowances	All employees
Employee Care	Holiday benefits, high-temperature subsidy, wedding gift, baby gift, hospitalization visit, condolence, physical examination, travel, team building, female employee benefits, birthday gift, commercial insurance, paid holidays, long-term business trip allowance, transportation subsidy, employee shuttle bus, employee dormitory, working meal	All employees
Special welfare	Settlement subsidy	Eligible employees

Diversified Benefits at Sungrow

Care for Employees

Employee Communication

The Company advocates positive employee relations and continues to establish an open, trusting and transparent two-way communication environment, hence to promote the harmony between the Company and employees. Trade union, employment dispute mediation committee, and workers' congress are set up in the Company to facilitate employees' communication and effectively protect employees' rights to know, participate and supervise, so that they are aware of how the Company grows and get involved in corporate management. Employees can share their opinions and suggestions and express their true thoughts by various means, such as the OA platform, WeChat groups,

Sungrow Speak-up, the Warm Sunshine forum, cultural messengers, and organizational health surveys. Throughout the entire process from receiving a feedback to closing the issue, the Company will not ask for or investigate the personal information of the complainant, but try to get the whole picture of the issue and push for a solution. To improve employees' satisfaction and sense of belonging, the Company formulated the *Regulations on Internal Audit and Supervision* as well as other policies to comprehensively secure the complainant's privacy and rights to be protected from retaliation.

Work-Life Balance

The Company continues to enrich the life of employees by improving hardware facilities and planning a range of cultural and sports activities, creating good opportunities and conditions for employees to develop interests and hobbies, and promote work-life balance. Currently, the Company has set up an employee development center consisting of library, gym, recreational room, badminton court, table tennis court, dance room, band rehearsal room, and so on. A number of organizations, including

the Joy Run Club, bands, and other sports associations are set up and a variety of competitions are held to address the different needs of employees. In 2021, the Company set up the Mental Well-being Association to help employees solve problems related to interpersonal communication, mental health, workplace pressure, intimate relationship, parent-child education, etc., and relieve their pressure in life and at work.

Care for Female Employees

them with marriage leave, maternity leave and breastfeeding leave in accordance with statutory standards, and setting up Mommy's Rooms for those in breastfeeding period. In consideration of some cancers that are highly incident among women, the Company has launched the Female Health Insurance program for a couple of years and purchased commercial insurance for female employees. Female-specific items are also included in physical examinations for female employees.

Moreover, the Company offers a female-specific allowance every month, and hold leisure activities exclusively for female employees from time to time. In 2021, a total of 305 employees enjoyed parental leaves, including 261 male and 44 female. The return-to-work rate of male and female employees was 100% and 98% respectively, and those who have returned to work for more than one year accounted for 95% (male) and 93% (female), respectively.

Contribution to the Society

In the process of business operation, Sungrow cautiously protects local natural resources and community resources, maximizes business advantages, and benefits the community as much as possible. In 2021, the Company made a plan for the global public welfare strategy focusing on ecological environment protection; supporting science and technology innovation, education and talents; community

development, poverty alleviation, and disaster recovery assistance. The Brand Center coordinates and oversees the Company's public welfare affairs, standardizes external donations of relevant departments from system and procedure perspectives, and responds to the care and support of the society with practical actions. In 2021, the Company made a total donation of RMB 5.262 million.

Ecological Public Welfare

In response to global climate change, Sungrow innovatively put forward a "dual-way carbon neutrality" model that consists of reducing clean energy emission and increasing carbon sink through afforestation. Apart from enabling the global energy transformation at the business level, Sungrow actively cooperated with public welfare foundations to roll out the Sun Forest program on a global scale. As one of the corporate sponsors for the national forest parks, Sungrow joined hands with The Nature Conservancy (TNC) to have 66,667 sqm. of adaptive trees and edible bamboos planted in the Sichuan Giant Panda National Park, recruited and trained community ecosystem rangers to carry out monitoring conservation, and carbon sink measurement. The Program intends to build 5 habitat restoration sites in 5 years. With a total afforestation scale of 333,333 sqm, it is expected to absorb 7,500 tons of CO₂ in the next 30 years, setting an example for ecologically restoring 3,000 hectares of potential habitats in the region. In Europe, Sungrow cooperated with the non-profit foundation Plant-My-Tree and planted 1,000 saplings to support the afforestation program in Germany and offset the carbon dioxide emissions during the Intersolar Europe held in the country.



Supporting science and technology innovation, education and talents

The Company founded the Sungrow University Innovation Contest, a competition of creations and innovations in power electronics mainly targeting at university students across the country. The Contest has been successfully held twice, attracted nearly 300 students, including undergraduates as well as master and doctoral candidates from key domestic universities such as Tsinghua University, Zhejiang University, Huazhong University of Science and Technology, and University of Science and Technology of China. Extraordinary electronic power innovations were selected, and a total of RMB 185,000 was awarded. After the Contest, participants were invited to visit the Company, executives and the HR Center had in-depth exchanges with them and gave them employment

guidance and career planning assistance. In the future, the scale of the University Innovation Contest will be further expanded and the theme refined, hence to attract more outstanding students at home and abroad.

Sungrow Renewables donated RMB 300,000 to the Dalateqi People's Education Foundation of Inner Mongolia for education assistance, teachers training, performance rewarding, infrastructure improvement, etc., helping the local education to grow.

In the area of traditional folk arts, Sungrow donated RMB 1 million to Anhui Han Zaifen Huangmei Art Foundation in 2021 to support traditional culture and promote the innovation and development of local opera.



Poverty Alleviation

Sungrow Renewables proactively liaisons with the local government of where the Company operates,

investigates and visits impoverished families and populations. In 2021, the Company offered assistance to

poverty-stricken families in Daozi Township, Qian'an County of Jilin Province, and impoverished college

students in Zongyang County of Anhui Province.

Community Development

Sungrow strengthens communication with surrounding communities, opens the Green Plant and the Green Laboratory for Juveniles externally, and actively carries out HIBL activities. The Green Laboratory for Juveniles was awarded the first batch of environmental education bases in Hefei by Hefei Education Bureau and Hefei Environmental Protection Bureau. The Company's employees also volunteered to interact with community schools in the surrounding to popularize low-carbon environmental protection knowledge and guide the young people to be aware of climate change.

As the new energy project development and investment platform of Sungrow, Sungrow Renewables is committed to providing world-class full life-cycle clean energy solutions. In the process of developing and building

power stations, we strictly abide by local laws and regulations, establish a working mechanism to support the communication, consultation and involvement of community residents, authorities, and other stakeholders, striving to enable parallel growth with local communities, actively help them improve the quality of life, offer employment opportunities, and provide convenience for the community. Since most of the power stations were located in remote areas difficult to access, Sungrow RE took the community's requirements into consideration when building the power stations. In 2021, the Company built concrete-pavement roads for Tushan Town of Laizhou City, and repaired the village-level roads for Binhu Town of Tengzhou City.

Disaster Recovery Assistance

In 2021, the COVID-19 epidemic resurfaced in multiple places. Sungrow Renewables donated epidemic prevention supplies to Gansu, Guangxi and other provinces. In July, the flood raged in Henan province, Sungrow made an emergency donation of RMB 3 million via the Henan Charity Federation, specifically for flood control, disaster relief and post-disaster restoration in the province. In October, Sungrow Renewables donated RMB 500,000 in cash and RMB 100,000 of emergency supplies to the waterlogged Jiaokou County of Shanxi Province. The Company's post-sales engineers arrived

at the affected residents as soon as possible to conduct free inspections of household power stations for local users and help them minimize the economic loss. Outside the country, Sungrow Renewables donated 7 ventilators to the Kurmitola Hospital in Bangladesh. In the face of short supply in various areas, the Company raised materials through multiple channels to ensure the life, health and safety of employees, partners, and community residents of multiple projects around the world.

Look into the Future

As a solid supporter and an active doer in responding to climate change, Sungrow upholds the mission of “Clean power for all” and focuses on main development orientation of the new energy including solar energy, wind energy, energy storage, electric vehicles, and hydrogen energy. We strive to deliver customer values, continue to R&D and innovate, and provide global customers with integrated full life-cycle new energy solutions to address a wide range of scenarios, and try our best to become the global leader in clean power conversion technology.

In the future, the Company will systematically establish a sustainability management system, consolidate the work foundation, and enable the integration of all elements including philosophy, strategy, planning and evaluation. The Company will also promote it from the decision-making level, the management level, and the execution level, shape a long-term mechanism to advance sustainability management, and continuously enhance the capabilities of corporate governance, green supply chain, business ethics, labor management, climate change and other issues. Meanwhile, the Company will actively participate in international appraisals to examine our sustainability competitiveness against benchmarks, and improve our resistance and development resilience in diverse environments and against social needs.

In addition, the Company will spare no efforts to build a sustainable culture that is innovative, inclusive and empowering, deeply integrate the sustainability philosophy with our strategy and culture, and establish a responsible business model within the Company. Together, we wish to implement sustainability in our global business operation through an optimal management mechanism and the joint efforts of all Sungrow employees.



List of Main Organizations

Full name	Abbreviation
Sungrow Power Supply Co., Ltd.	Sungrow
Sungrow Renewables Development Co., Ltd.	Sungrow Renewables
Sungrow Energy Storage Technology Co., Ltd.	Sungrow Energy Storage
Sungrow FPV Sci.& Tech.Co.,Ltd.	Sungrow FPV
Hefei Sungrow E-Power Technology Co., Ltd	Sungrow E-Power
Sungrow Hydrogen Sci.&Tech.Co.,Ltd	Sungrow Hydrogen
Sungrow Power (Shanghai) Co., Ltd.	Sungrow (Shanghai)
Sungrow Power (Nanjing) Co., Ltd.	Sungrow (Nanjing)
SUNGROW DEVELOPERS INDIA PRIVATE LIMITED	India Plant



Appendix

GRI Standards

GRI standard	Disclosure item	Content of disclosure	Page
GRI 102: General Disclosures	102-1	Name of organizations	Cover page、P03
	102-2	Activities, brands, products, and services	P03
	102-3	Location of headquarters	P06
	102-4	Location of operations	P06
	102-5	Ownership and legal form	P03、P29
	102-6	Markets served	P06
	102-7	Scale of the organization	P06、P62-63
	102-8	Information on employees and other workers	P62-63
	102-9	Supply chain	P42-44
	102-10	Significant changes to the organization and its supply chain	P03、P42
	102-11	Precautionary Principle or approach	P31-34
	102-12	External initiatives	P13-14
	102-13	Membership of associations	P13-14、P16
	102-14	Statement from senior decision-maker	P01、P10
	102-15	Key impacts, risks, and opportunities	P21-25、P32
	102-16	Values, principles, standards, and norms of behavior	P05
	102-17	Mechanisms for advice and concerns about ethics	P32
	102-18	Governance structure	P29
	102-19	Delegating authority	P10
	102-20	Executive-level responsibility for economic, environmental, and social topics	P10
	102-21	Consulting stakeholders on economic, environmental, and social topics	P11-12
	102-22	Composition of the highest governance body and its committees	P29-31
	102-23	Chair of the highest governance body	P04、P29
	102-24	Nominating and selecting the highest governance body	P29
	102-25	Conflicts of interest	P32-33
	102-26	Role of highest governance body in setting purpose, values, and strategy	P01、P04、P10
	102-27	Collective knowledge of highest governance body	P04、P10
	102-28	Evaluating the highest governance body's performance	P31
	102-29	Identifying and managing economic, environmental, and social impacts	P12-13
	102-30	Effectiveness of risk management processes	P32-33

GRI standard	Disclosure item	Content of disclosure	Page
	102-31	Review of economic, environmental, and social topics	P12-13
	102-32	Highest governance body's role in sustainability reporting	P10
	102-33	Communicating critical concerns	P11-12
	102-34	Nature and total number of critical concerns	P11-12
	102-35	Remuneration policies	P31
	102-36	Process for determining remuneration	P31
	102-37	Stakeholders' involvement in remuneration	Not applicable
	102-38	Annual total compensation ratio	P70
	102-39	Percentage increase in annual total compensation ratio	P70
	102-40	List of stakeholder groups	P11-12
	102-41	Collective bargaining agreements	Not applicable
	102-42	Identifying and selecting stakeholders	P11-12
	102-43	Approach to stakeholder engagement	P11-12
	102-44	Key topics and concerns raised	P11-12
	102-45	Entities included in the consolidated financial statements	Refer to Annual Report
	102-46	Defining report content and topic Boundaries	P12-13
	102-47	List of material topics	P13
	102-48	Restatements of information	About the Report
	102-49	Changes in reporting	About the Report
	102-50	Reporting period	About the Report
	102-51	Date of most recent report	About the Report
	102-52	Reporting cycle	About the Report
	102-53	Contact point for questions regarding the report	Cover page, P75
	102-54	Claims of reporting in accordance with the GRI Standards	About the Report
	102-55	GRI content index	P77-81
	102-56	External assurance	P83-85
GRI 103: Management guidelines	103-1	Explanation of the material topic and its Boundary	P11-12
	103-2	The management approach and its components	P10-13
	103-3	Evaluation of the management approach	P10-13
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	P06
	201-2	Financial implications and other risks and opportunities due to climate change	P21-25
	201-3	Defined benefit plan obligations and other retirement plans	P70
	201-4	Financial assistance received from government	Refer to Annual Report
GRI 202: Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	P53
	202-2	Proportion of senior management hired from the local community	Not disclosed
GRI 203: Indirect Economic Impacts	203-1	Infrastructure investments and services supported	Not applicable
	203-2	Significant indirect economic impacts	P06

GRI standard	Disclosure item	Content of disclosure	Page
GRI 204: Purchasing practice	204-1	Proportion of spending on local suppliers	P43
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	P32
	205-2	Communication and training about anti-corruption policies and procedures	P32
	205-3	Confirmed incidents of corruption and actions taken	P32
GRI 206: Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Not applicable
GRI 301: Materials	301-1	Materials used by weight or volume	P56-57
	301-2	Recycled input materials used	P56-57
	301-3	Reclaimed products and their packaging materials	P56-57
GRI 302: Energy	302-1	Energy consumption within the organization	P53
	302-2	Energy consumption outside of the organization	P53
	302-3	Energy intensity	P53
	302-4	Reduction of energy consumption	P26-28
	302-5	Reductions in energy requirements of products and services	P17、P39、P56
GRI 303: Water and Effluents	303-1	Interactions with water as a shared resource	P55
	303-2	Management of water discharge-related impacts	P59
	303-3	Water withdrawal	P55
	303-4	Water discharge	P59
	303-5	Water consumption	P55
GRI 304: Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable
	304-2	Significant impacts of activities, products, and services on biodiversity	P60、P72
	304-3	Habitats protected or restored	Not applicable
	304-4	IUCN Red List species and national conservation list species	Not applicable
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	P26
	305-2	Energy indirect (Scope 2) GHG emissions	P26
	305-3	Other indirect (Scope 3) GHG emission	P26
	305-4	GHG emissions intensity	P26-27
	305-5	Reduction of GHG emissions	P26-27
	305-6	Emissions of ozone-depleting substances (ODS)	P26
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	P26
GRI 306: Effluents and Waste	306-1	Water discharge by quality and destination	P59
	306-2	Waste by type and disposal method	P59
	306-3	Significant spills	Not applicable
	306-4	Transport of hazardous waste	Not applicable
	306-5	Water bodies affected by water discharges and/or runoff	Not applicable

GRI standard	Disclosure item	Content of disclosure	Page
GRI 307: Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	Not applicable
GRI 308: Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	P42
	308-2	Negative environmental impacts in the supply chain and actions taken	P42
GRI 401: Employment	401-1	New employee hires and employee turnover	P09、 P62-63
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	P70-71
	401-3	Parental leave	P71
GRI 402: Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	P61-62
GRI 403: Occupational Health and Safety	403-1	Occupational health and safety management system	P63
	403-2	Hazard identification, risk assessment, and incident investigation	P65
	403-3	Occupational health services	P63-67
	403-4	Worker participation, consultation, and communication on occupational health and safety	P63
	403-5	Worker training on occupational health and safety	P66
	403-6	Promotion of worker health	P63-67
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	P63
	403-8	Workers covered by an occupational health and safety management system	P63
	403-9	Work-related injuries	P64
	403-10	Work-related ill health	P63-67
GRI 404: Training and Education	404-1	Average hours of training per year per employee	P69
	404-2	Programs for upgrading employee skills and transition assistance programs	P67-69
	404-3	Percentage of employees receiving regular performance and career development reviews	P67
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	P61-63
	405-2	Ratio of basic salary and remuneration of women to men	P70
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	Not applicable
GRI 407: Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Not applicable
GRI 408: Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	Not applicable
GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Not applicable

GRI standard	Disclosure item	Content of disclosure	Page
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	P74
	413-2	Operations with significant actual and potential negative impacts on local communities	Not applicable
GRI 414: Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	P42
	414-2	Negative social impacts in the supply chain and actions taken	P42
GRI 415: Public Policy	415-1	Political contributions	Not applicable
GRI 416: Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	P49
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Not applicable
GRI 417: Marketing and Labeling	417-1	Requirements for product and service information and labeling	P37, P48
	417-2	Incidents of non-compliance concerning product and service information and labeling	Not applicable
		Incidents of non-compliance concerning marketing communications	Not applicable
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Not applicable
		Non-compliance with laws and regulations in the social and economic area	
GRI 419: Socioeconomic Compliance	419-1		Not applicable

Ten Principles of the UN Global Compact

Contents		Page
Human Rights		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights	P61-71
Principle 2	Businesses should make sure that they are not complicit in human rights abuses	P61-63
Labor		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	P71
Principle 4	Business should eliminate all forms of forced and compulsory labor	P62
Principle 5	Business should effectively abolish child labor	P62
Principle 6	Business should eliminate discrimination in respect of employment and occupation	P61-62
Environment		
Principle 7	Businesses should support a precautionary approach to environmental challenges	P17-28、 P51-60
Principle 8	Business should undertake initiatives to promote greater environmental responsibility	P26-28
Principle 9	Business should encourage the development and diffusion of environmentally friendly technologies	P39、 P56-57
Anti-Corruption		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery	P32-34

The Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations Framework

TCFD	Contents	Page
Strategy	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	P18-20
Governance	Disclose the organization's governance around climate-related risks and opportunities	P17-18
Risk Management	Disclose how the organization identifies, assesses, and manages climate-related risks	P21-25
Metrics and Targets	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities	P26-28

Independent Assurance Statement



ASSURANCE STATEMENT

SGS-CSTC'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE SUNGROW POWER SUPPLY CO., LTD. FOR 2021

NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION

SGS-CSTC STANDARDS TECHNICAL SERVICES CO., LTD. (hereafter as "SGS") was commissioned by Sungrow Power Supply Co., Ltd. (hereinafter referred to as "SUNGROW") to conduct an independent assurance of the 2021 Sustainability Report. The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text, and data in accompanying tables, contained in this report of SUNGROW for remote assurance, which located at No.1699, Xiyu Road, New & High Technology Industrial Development Zone, Hefei City, P. R. China named Sungrow Power Supply Co., Ltd. (Headquarter), Data and information of other companies were not included in this assurance process.

The information in the 2021 Sustainability Report of SUNGROW and its presentation are the responsibility of the directors and the management of SUNGROW. SGS has not been involved in the preparation of any of the material included in the 2021 Sustainability Report.

Our responsibility is to express an opinion on the text, data, graphs, and statements within the scope of verification with the intention to inform all SUNGROW's stakeholders.

The SGS protocols are based upon internationally recognized guidance, including the Principles contained within the GRI STANDARDS for accuracy and reliability and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

This report has been assured at a moderate level of scrutiny using our protocols for:

- evaluation of content veracity;
- evaluation of the report against the GRI STANDARDS.

The assurance comprised a combination of pre-assurance research, interviews with relevant employees, documentation and record review and validation with external bodies and/or stakeholders where relevant.

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating more than 2,600 affiliates in more than 140 countries. SGS affirms our independence from SUNGROW, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience, and qualifications for this assignment, and comprised of CSR Lead Assuror, SAI Registered SA8000 auditor, CCAA Registered ISO 9001 auditor, ISO 14001 auditor, and ISO 45001 auditor etc.

VERIFICATION/ ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within 2021 Sustainability Report verified is accurate, reliable and provides a fair and balanced representation of SUNGROW sustainability activities in 2021.

The assurance team is of the opinion that the Report can be used by the Reporting Organisation's Stakeholders.

SGS believes that the organization has chosen an appropriate option for the reporting.

GRI STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

In our opinion the 2021 Sustainability Report is presented in accordance with the core option for GRI STANDARDS and fulfills all the required content and quality criteria.

Principles

Stakeholder Inclusiveness

SUNGROW had identified the stakeholders and established the channel and platform for stakeholder's communication and engagement according to planned methodology and taken different ways to communicate and exchange information.

Sustainability Context

SUNGROW considers these factors in terms of management approach and data disclosure by analyzing from the economic, environmental, and social stakeholders.

Materiality

Based on the determined topics concerned by the stakeholders, SUNGROW has considered reasonably disclosing material issues and indicators, which substantively influence the assessments and decisions of stakeholders, to reflect the organization's significant economic, environmental, and social impacts.

Completeness

SUNGROW uses the issues concerned by stakeholders as framework to disclose relevant information and data, and reflects the significant economic, environmental, and social impacts.

Balance

The Report disclosed the positive and negative information to some extent, complying with the balance principle.

Comparability

The Report disclosed relevant performance indicators of SUNGROW in 2021. Some performance indicators were disclosed for the past years for comparison.

Accuracy

The reporting mechanism of SUNGROW is objective and complete, which can disclose more information to stakeholders and reveal that the performance of sustainability is consistent with the expectations of stakeholders.

Timeliness

SUNGROW discloses its sustainability performance timeliness. Stakeholders can obtain information to make a reasonable decision in a timely manner.

Clarity

The Report uses various expression ways such as words, charts, graphs, photos, and combination with the case study, it was easily understood by stakeholders.

Reliability

The data and information can be traced and verified via internal collection, recording, compiling, analysis and disclosure to ensure the quality and consistency of information.

Management Approach

The Report has clearly presented the management approach of identified material topics and evaluate the management approach effectiveness.

General Disclosures

The general disclosure requirements of the GRI STANDARDS core option in the report can all be met.

Topic-Specific Disclosures

Topic-specific disclosures such as the importance of economic, environmental, and social impacts on the organization and the substantive impact on stakeholder assessments and decisions can be described in detail.

Limitations of assurance

Due to the impact of the epidemic during audit duration, the assurance team did not verify the original data and information in the organization with traceability.

The assurance process only involved interviews with the heads of relevant departments and certain employees and consultation with relevant documents didn't involve the external stakeholders.

As the financial information in the 2021 financial report has passed the independent assurance, this report assurance does not contain traceability and assurance of such financial information.

Signed:



For and on behalf of SGS-CSTC

David XIN Director
16/F Century Yuhui Mansion, No.73, Fucheng Road, Beijing, China
Apr. 11, 2022

WWW.SGS.COM

Reader's Feedback

Dear readers:

Thank you for reading this report! In order to provide you and stakeholders with more valuable information, enable you to supervise our social responsibility practices, and improve our capability and level of fulfilling social responsibility, we sincerely hope that you can evaluate this report and make valuable comments and suggestions.

Your feedback and suggestions may be submitted in the following ways:

Tel: +86 551 6532 7877

E-mail: csr@sungrowpower.com

Mailing Address: No.1699 Xiyou Road, New & High Tech Zone, Hefei, China. Brand Center of Sungrow Power Supply Co., Ltd.

Zip code: 230088

Feedback questionnaire:

- 1、Did you get the information you seek for from this Sustainability Report?
☐Yes ☐General ☐No
- 2、Do you think this Sustainability Report fully reflects the economic responsibilities of Sungrow Power Supply Co., Ltd.?
☐Yes ☐General ☐No
- 3、Do you think this Sustainability Report fully reflects environmental health and safety responsibilities of Sungrow Power Supply Co., Ltd.?
☐Yes ☐General ☐No
- 4、Do you think this Sustainability Report fully reflects the social responsibilities of Sungrow Power Supply Co., Ltd.?
☐Yes ☐General ☐No
- 5、Do you think this Sustainability Report fully reflects the product and service responsibilities of Sungrow Power Supply Co., Ltd.?
☐Yes ☐General ☐No
- 6、Do you think the content arrangement and layout design of this Sustainability Report are convenient for your reading?
☐Yes ☐General ☐No
7. Supplements:

Thank you for your feedback and valuable time!



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• Produced by Sungrow



Sungrow Official Website



Sungrow Official WeChat