DMEGC

Hengdian Group
DMEGC Magnetics Co., Ltd

2023

Green Action White Paper

CONTENTS

01

3 About DMEGC

3 Corporate Profile

5 Global Operations

7 Key Figures and Recognition

9 ESG Strategic Planning

10 About This Report

11 Message From the Management

13 Climate and Nature Management

15 Our Governance

18 Our Management Strategy

24 Our Goals and Progress

02

25 Implementing Green Development Practices

27 Green Operations

31 Green Ecology

03

33 Enhancing a Green Supply Chain

35 Green Supply Chain

41 Green Logistics

04

43 Outlining a Green Future

45 Green Products

50 Joint Efforts for a Green Future

51 Appendix I: Key Performance Indicators

54 Appendix II: Indicator Indexes

About DMEGC

Corporate Profile

Corporate Profile

Hengdian Group DMEGC Magnetics Co., Ltd (hereinafter referred to as "DMEGC", stock ticker 002056.SZ) is a national high-tech company driven by "Magnetic Materials + New Energy". The Company has been the largest industrial taxpayer in Dongyang City for 27 consecutive years and is a leading force in the magnetic ferrite industry. The Company was one of the world's first photovoltaic module manufacturers awarded with low-carbon certifications, ranked among the top national intellectual property rights and technological innovation demonstration enterprises, and won a wealth of certifications and honors including the "National Green Factory" and the first batch of "Future Factories" in Zhejiang Province, demonstrating its firm pace on the path to sustainable development.

DMEGC has been deeply engaged in manufacturing industry for more than 40 years. With constant R&D innovation, global strategic vision, in-depth practice of intelligent manufacturing and continuous revolution of management approaches, it has successfully built strong technical barriers and core competitiveness in the two major fields of magnetic materials and new energy. In 2023, the Company's shipment of ferrite magnetic materials ranks top in the industry, its shipment of lithium batteries ranks among the TOP 3 in the domestic cylindrical small power battery industry, and its solar product shipment ranks TOP 10 globally.

Centered around the strategic positioning of magnetic materials and new energy, DMEGC has consistently advanced the strategic layout of "rooting in Hengdian, expanding nationwide, and deepening internationalization". With Zhejiang Hengdian as the center, DMEGC has ten manufacturing bases, nearly 20 marketing bases and warehousing centers, jointly weaving a global production, logistics, sales and service network. DMEGC's products and services are trusted by the world's TOP 500 companies and industry leaders, and have been recognized by top customers such as "BOSCH APAC Best Suppliers", Denso (Japan) and Samsung (South Korea). Its photovoltaic products continue to lead the first echelon of Bloomberg's global photovoltaic module manufacturers, especially in the field of black modules and distributed markets in Europe, setting an industry benchmark.

Looking forward to the future, DMEGC will adhere to the business philosophy of steady progress, continue to increase investment in technological innovation and intelligent manufacturing, promote industrial upgrading and transformation, and strive to create more value for global customers. On the track of high-tech, green environmental protection and intelligent manufacturing, DMEGC will continue to push its own boundaries, remain at the forefront of the industry, and lead the transformation and upgrading of the manufacturing sector in the new era.

Corporate Culture

Vision

The Only Unique

World First Class

Mission

Made in DMEGC

Lead the World

Core Value

Customer First

Employee Care

Unity, Truth-seeking, Tenacity, Innovation

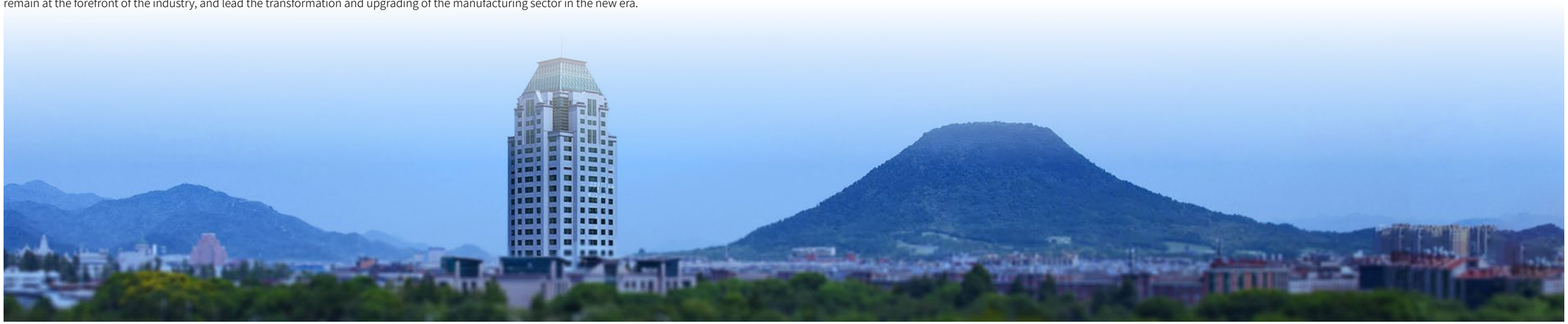
Work Style

Work Diligently

Strive Tenaciously

Products and Applications

DMEGC mainly engages in the R&D, production, sales and provision of one-stop technical solutions for related products such as "Magnetic Materials + Components" and "Photovoltaic + Lithium Battery". By the end of 2023, the Company had an annual production capacity of 238,000 tons of magnetic materials, 14 GW of photovoltaic cells, 12 GW of photovoltaic modules and 7 GWh of lithium batteries.



Global Operations

DMEGC continues to expand its global production, logistics, sales, and service network. We have established global manufacturing or operation facilities in China, India, Indonesia, Vietnam, and Thailand while also establishing sales facilities or warehousing centers in the United States, Germany, the Netherlands, Japan, and South Korea, catering to the diverse needs of customers across nearly 70 countries and regions worldwide. We adhere to the core value of "Customer First", implement the strategy of "Local for local", and integrate the advanced concept of "internal and external collaboration + flexible work" to overcome barriers of language, time and culture and provide customers with tailored, efficient and suitable solutions.

Manufacturing Bases

- China
  - Zhejiang
  - Hubei
  - Anhui
  - Jiangsu
  - Guangxi
  - Sichuan
  - Henan
- Thailand
- India
- Indonesia
- Vietnam

Primary Marketing Layout

- China
- Australia
- Brazil
- Poland
- Germany
- France
- South Korea
- Netherlands
- The United States
- Morocco
- Portugal
- Spain
- Italy
- Slovenia
- Japan
- Slovenia
- Spain
- Singapore
- Italy
- The United Kingdom

More than **10** manufacturing or operation facilities

Nearly **20** sales facilities or warehousing centers

Service network covering nearly **70** countries and regions around the world

A global workforce of **18,416** employees

Key Figures and Recognition

Key Figures

Implementing green development practices

In 2023, the Company's Scope 1 and 2 GHG emission intensity is reduced by approximately **14%** compared to 2021

In 2023, the Company completed **12** potential assessments and planning projects for energy saving and carbon reduction, resulting in a reduction of carbon emissions by **17,019.92** tonnes

In 2023, the Company completed **3** environmental impact assessment construction projects, **12** environmental protection "three simultaneities" completion and acceptance projects, fulfilling its commitment to ecological protection with practical actions

In 2023, the Company consumed **22,590.25** MWh of self-generated green electricity and procure an additional **30,217.19** MWh of green electricity. The Company's module production including Jiangsu DMEGC, has achieved **100%** coverage of green electricity

Enhancing the green value chain

Helped **7** core suppliers obtain SA8000 social responsibility management system certification

Helped **13** core suppliers obtain "Green Factory" certification

Carried out intelligent warehouse management, logistics optimization management and packaging material recycling management to build a global green logistics network

Outlining a green future

51 mainstream products have passed recognized carbon footprint certifications

Cooperated with suppliers to develop new FRP solar panel frame, with carbon emissions approximately **14.5%** lower compared to the traditional aluminum alloy frame

All product lines are **100%** free of PFAS and meet EU RoHS and REACH requirements

Developed AgriPV solutions that save approximately **20%** of irrigation water, mitigate wind erosion and soil degradation, and fully activate green productivity

Green Action Recognition

UN Global Compact	Membership in UN Global Compact (UNGC)
零碳工厂 Zero-Carbon Factory	Jiangsu DMEGC New Energy Co., Ltd. has obtained the certification of "Zero Carbon Factory"
ecovadis BRONZE | Top 35% SEP 2024	EcoVadis Bronze Certification
MSCI ESG RATINGS BBB	MSCI ESG rating upgraded to BBB
CDP DRIVING SUSTAINABLE ECONOMIES	CDP Climate Disclosure Project: • Climate change rating raised to B • Completed the Water Security Questionnaire for the first time and received a B rating
BloombergNEF	Listed in Bloomberg New Energy Finance's "Tier 1 Solar Panels Manufacturers" for the 5th consecutive year
EUPD Research	Recognized by EUPD Research as "Top Brand PV Modules" for the 6th consecutive years
PVEL	Recognized as Top Performer in PVEL's PV Module Reliability Scorecard for the 3rd consecutive year
	Shortlisted PVBL TOP 100 Solar PV Brands in the Word 2023
TÜV SÜD	Received TÜV SÜD "Best Carbon Neutrality Practice Award" in the photovoltaic sector

ESG Strategic Planning

DMEGC embraces the vision of spearheading the industry's green transformation, actively pursuing high-quality and sustainable development pathways, and aligning this concept with the United Nations' Sustainable Development Goals.

Based on the in-depth analysis of the current business ecology, we combed the intrinsic value relationship between our business scenarios and the promotion of low-carbon energy transformation and drew a sustainable development strategy map with DMEGC and industry characteristics. Adhering to the sustainable development vision of "Infinity Power, Infinity Future", we have built a sustainable development strategy model and matched key sustainable development areas and issues to further clarify DMEGC ESG management philosophy and strategic objectives, which help the Company accelerate the implementation of its strategy.

Mutual Growth

- Upholding the people-oriented principle, ensuring the protection of employees' rights and interests, prioritizing the well-being and development of employees, while actively fulfilling social responsibilities to promote community development and foster a harmonious and inclusive society.

Key Areas

Employee Well-being

Community Development

Eco Friendliness

- Improved environmental management system, incorporating environmental sustainability considerations throughout all stages of business operations, actively addressing the challenges and opportunities posed by climate change, and advancing towards a more sustainable green future.

Key Areas

Environmental Management

Ecological Protection

Climate Action

Robust Governance

- Establishing efficient decision-making and overseeing mechanisms that enable the construction of a transparent and standardized business ecosystem, enhance risk monitoring and management capabilities, and ensure the stable development of the Company.

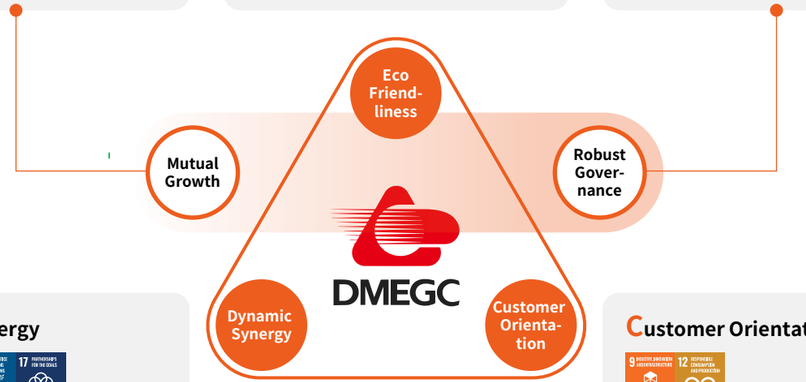
Key Areas

Compliance Operation

Business Ethics

Corporate Governance

Risk Management



Dynamic Synergy

- Enhanced collaboration with upstream and downstream industry partners to build a resilient, traceable, and responsible supply chain, and to improve the sustainable development capacity of the entire value chain.

Key Areas

Sustainable Supply Chain

Customer Orientation

- With a customer-centric approach, striving to implement high quality standards and drive differentiated innovation to deliver excellent quality, technological intelligence, as well as green and low-carbon products and services to our global customers.

Key Areas

Product Stewardship

Low-carbon Products

R&D Innovation

Customer Service

About This Report

In order to better demonstrate the green actions of Hengdian Group DMEGC Magnetics Co., Ltd (hereinafter referred to as "DMEGC", the "Company" or "us") and effectively respond to the expectations and demands of stakeholders, this Report is hereby issued. This is the first Green Action White Paper issued by DMEGC, which comprehensively explains the Company's management policies and work progress in implementing green actions and demonstrates the Company's ambition in promoting green development.

Reporting Period

The information disclosed in this Report mainly covers the period from January 1, 2023 to December 31, 2023. Considering the timeliness and continuity of information disclosure, some information is retroactive or appropriately extended to 2024.

Reporting Scope

Unless otherwise specified, the scope of this report covers the Company and its wholly-owned and holding subsidiaries.

Data Sources

The financial data involved in this Report is extracted from the Company's 2023 Annual Report. In case of any discrepancy with the financial statement, the financial statement shall prevail. Other data come from the Company's internal statistical statements, administrative documents and third-party evaluation and interviews. Unless otherwise specified, the monetary amounts involved in this Report are measured in RMB.

Compilation Conformance

This Report refers to IFRS S2 Climate-related Disclosures issued by the International Sustainability Standards Board (ISSB), Recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), Recommendations of the Taskforce on Nature-Related Financial Disclosures (TNFD), and elaborates from the perspective of all stakeholders.

Release Form

This Report is issued in simplified Chinese and English. In case of any discrepancy between the two versions, the simplified Chinese version shall prevail. You can access to
https://chinadmegc.com/
https://www.dmegcsolar.com/
to obtain the electronic version of this Report and make relevant comments and suggestions.

Message From the Management

Looking back on the past, despite the challenges of global economic recovery and the complex intersection of geopolitics, there is an increasingly prevalent global consensus on actively addressing climate change, safeguarding the ecological environment, and progressing towards a zero-carbon future. The year 2023 marks a significant milestone for DMEGC. The Company closely follows the national strategy of "carbon peaking and carbon neutrality", deeply cultivates the renewable energy sector, continuously optimizes the energy consumption structure, accelerates industrial green transformation, and achieves high-quality leap under the guidance of the dual driving strategy of "Magnetic Materials + New Energy". In this year, DMEGC's ferrite magnetic material shipments firmly occupied the leading position in the industry, the lithium shipments ranked among the TOP 3 in the domestic small cylindrical battery shipping industry, and photovoltaic modules ranked among the TOP 10 in global module shipments, fully demonstrating the Company's strong competitiveness and brand influence in the international market.

Optimizing ESG governance to boost the company's green progress

The Company has established an efficient and robust ESG management structure to build a solid road forward for green development with responsibility and ingenuity. Through proactive measures, DMEGC has accelerated the advancement of green energy efficiency, successfully established a zero-carbon factory, and obtained numerous international certifications for sustainable practices. By setting an industry benchmark for green development, we aim to provide a developmental model that inspires other enterprises in embracing green actions.

Planning a green carbon reduction path to achieve the Company's green development

In 2023, DMEGC carried out climate and nature risk assessments for the first time, systematically identifying, assessing and managing climate and nature-related risks, and providing scientific guidance for the Company to formulate and implement relevant strategic plans. Practicing the concept of green development, the Company has established the leading and working group of the carbon peaking and carbon neutrality goals, carried out targeted environmental protection, energy conservation and carbon reduction projects, and actively responds to the ambitious goals of achieving carbon peak by 2030 and carbon neutrality by 2050. As the leading force of the Company, the Solar Energy Business Department has further promoted the work of carbon reduction through energy-saving and emission reduction projects, carbon offset actions and renewable energy substitution. Meanwhile, it has set more specific carbon reduction targets, which include a 40% reduction in Scope 1 and 2 GHG emission intensity as well as a 50% reduction of Scope 3 emissions related to purchased goods & services and downstream transportation by 2030 as compared to 2022. The Company's module production has taken the lead in achieving the milestone of 100% utilization of green electricity, and we plan to achieve comprehensive green energy consumption for module and N-type cell business in 2024. As of now, DMEGC has 17 factories that have won the green factory certification, and continues to encourage more factories to join this initiative through effective management practices coupled with digital transformation efforts, injecting robust momentum into the journey towards sustainable development.

Deepening high-quality innovation to promote green and mutually beneficial industrial chain

DMEGC continued to deepen the R&D and certification system of new products and successfully launched 18 new products leading the trend of domestic and foreign markets in 2023. We have integrated the concept of sustainability into the entire product life cycle, and actively carried out product carbon footprint analysis and assessment. All our mainstream products have passed the carbon footprint certification, providing customers around the world with safe, reliable, green and clean product solutions, and promoting environmentally friendly consumption choices. Additionally, adhering to the principle of establishing mutual trust and mutual benefit connections with upstream and downstream partners, the Company strengthens the construction of sustainable supply chain and deepens the layout of global logistics network to share green development opportunities and build a better green future.

Looking forward to the future, DMEGC will continue to stand at the forefront of the wave of energy reform, highlight the new quality productive forces with green productivity, and forge ahead on the road of protecting the ecological environment, promoting efficient energy utilization, and moving towards a zero-carbon future. DMEGC calls on more partners to join our green actions and work together to build a harmonious and circular green ecosystem.

01

Climate and Nature Management

DMEGC has always considered actively responding to climate change and protecting the natural environment as a noble mission and has been working hard to make continuous progress. In 2023, referring to the recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD) and the Taskforce on Nature-Related Financial Disclosure (TNFD), the Company carried out a comprehensive identification and assessment of climate-related and nature-related risks and opportunities, providing scientific guidance and strategic direction for DMEGC's path to green development.

Our Governance

Governance Structure

DMEGC has established an ESG governance structure led by the Board of Directors, with the Strategy and ESG Committee as the management level and the DMEGC ESG task force as the execution level. We have incorporated climate change and ecological protection into the governance structure, promoted the integration of climate and nature governance and the company's business philosophy and actions, and responded to the concerns and expectations of stakeholders on climate change and ecological protection issues with practical actions.

DMEGC Climate Change and Ecological Protection Governance Structure

Board of Directors

- The highest decision-making body and governance level for climate actions
- The highest decision-making body and governance level for nature conservation
- Hearing of the Committee's annual assessments of key climate and nature issues to develop and lead the response strategies for the coming year

Strategy and ESG Committee

- Comprised of five directors to lead and oversee ESG practices
- Oversee decisions on climate governance, responsible for reviewing strategic plans for climate action, targets and progress in implementation, assessment results and management of climate risks and opportunities
- Responsible for discussing and formulating ecological conservation strategies, development goals and institutional policies

DMEGC ESG task force

- Responsible for promoting the implementation of climate actions at all business units and implementing climate risk response measures
- Cooperate with the implementation of various nature conservation work, and implement various countermeasures for ecological protection and biodiversity

In 2023, the Board of Directors of the Company reviewed and approved the *Rules of Procedure of the Strategy and ESG Committee of the Board of Directors* to further clarify the responsibilities of the Strategy and ESG Committee in ESG management (including climate and nature management). At the same time, the Strategy and ESG Committee holds at least one regular meeting every year to thoroughly consider and evaluate the Company's material ESG issues (including climate and nature management), reports the progress of work to the Board of Directors in a timely manner, and provides professional suggestions to continuously strengthen the participation and supervision of the Board of Directors of the Company and ensure the achievement of the Company's climate and nature governance objectives.

Governance Development

In order to realize DMEGC's commitment to climate change and ecological protection and ensure the effective implementation of green actions, the Company has formulated the *ESG Management Manual*, a programmatic document designed to scientifically and efficiently guide all departments in their ESG related endeavors from the aspects of management responsibilities, ESG objectives, indicators and data submission requirements, promote the integration of ESG work into the Company's daily operations, and further strengthen the overall planning of all departments for ESG work. We focus on the two core areas: system development and culture building that comprehensively improve climate and ecological management capabilities, and actively promote the green development process of the Company with all employees.

System Development

DMEGC adheres to the management concept of "responsibility to everyone" and has formulated internal systems such as the *Annual Environmental Protection Goal Responsibility Statement* to ensure that the Company's actions in responding to climate change and natural protection are more specific and standardized. In 2023, the Company established the leading and working group of the carbon peaking and carbon neutrality goals, which is responsible for the Company's overall carbon emission management, and systematically promotes the Company's GHG verification in the whole value chain, which provides more support and guidance for further achieving energy conservation and carbon reduction.

As of now, the Company has been certified to ISO14001 Environmental Management System, ISO50001 Energy Management System, ISO14064 Greenhouse Gas Management System, SA8000 Social Responsibility Management System, among others. The effective implementation of each system has established a solid foundation for the Company to achieve environmentally friendly and sustainable development.

Cultural Construction

DMEGC has always put the concept of sustainable development through all aspects of business operation. We have built a comprehensive and systematic environmental protection training system and integrated diversified training forms and educational activities to promote the communication and application of environmental protection concepts such as clean production, low-carbon operation and green office practices. We have also established an environmental protection information exchange platform, which covers environmental protection policy documents, the latest trends in environmental protection, professional environmental protection knowledge and successful environmental protection case studies. We aim to promote the wide sharing and exchange of environmental protection information, actively build an environmental protection knowledge ecology, and continuously improve the environmental protection awareness and sense of responsibility of all employees.

Meanwhile, the Company actively seeks in-depth cooperation and communication with external professional institutions and global partners. We convey the Company's ESG management philosophy, methods and results by issuing annual ESG report, participating in industry exchange activities, and improving the performance of ESG ratings to enhance our ESG influence and further improve our ESG governance system.

Our Management Strategy

Climate Change

DMEGC integrates climate risks into the Company's overall risk management system, regularly identifies, assesses, and controls climate-related risks, ensures the effectiveness and foresight of climate risk and opportunity management practices, and lays a solid foundation for the sustainable development of the Company.

Based on disclosure frameworks such as IFRS S2 and TCFD, we have identified climate-related risks and opportunities, including physical risks, transition risks, and climate opportunities, by focusing on the key factors of climate change impacts faced by the industry and the Company, and has formed a comprehensive list of risks and opportunities.

We develop targeted control measures for each identified and assessed climate risk, explore and tap into potential opportunities, and ensure that all relevant departments implement risk response and management control measures.

We consider the likelihood of climate risk occurrence, the time dimension of impact, and the impact intensity, evaluate the potential impact of risks on the Company's revenue, costs, assets, employee health and safety, and adjust the priorities of climate change risk management based on the assessment results.

DMEGC Climate Change Risk Management Process

Type of Risk/ Opportunity	Name	Frequency	Time Dimension	Impact Intensity	Potential Impact	Response Measures
Physical Risks						
Acute risks	High temperature and heat wave	medium	long-term	strong	• May lead to increased cooling energy consumption for production and office environments and increased operating costs. • May have an impact on employee health and safety.	• Strengthen energy consumption management and take response measures under high temperature and heat wave weather according to the standardization requirements of relevant energy consumption management and emergency management. • Formulate the *Management System for Protection against High Temperature Operation*, the *Occupational Safety and Health Operation Procedures for High Temperature Operation Positions* and relevant emergency plans to ensure the safety and health of employees and prevent and reduce occupational heatstroke to the greatest extent. • Carry out heatstroke prevention and control knowledge training and emergency rescuers training for all employees every year to strengthen emergency safety rescue ability.
	Flood and typhoon	low	long-term	medium	• May cause damage and depreciation of fixed assets such as facilities and equipment. • May lead to production interruption, hinder the transportation of raw materials and products, and have a negative impact on the stability of the Company's production and operation. • May have an impact on employee health and safety.	• Strengthen the Company's emergency management system, clarify emergency management responsibilities at all levels, and improve the standardized management level of emergency response to acute risks. • Promptly carry out risk assessment and monitoring, improve emergency preparedness measures, and ensure the safety of personnel and facilities.
	Extreme cold weather	low	long-term	medium	• May lead to increased heating energy consumption for production and office environment and increase operating costs. • May hinder the transportation of raw materials and products and have a negative impact on the stability of the Company's production and operation.	• Strengthen energy consumption management and take response measures under extreme cold weather according to the standardization requirements of relevant energy consumption management and emergency management. • Strengthen the Company's emergency management system, clarify emergency management responsibilities at all levels, and improve the standardized management level of emergency response to acute risks.
Chronic risks	Change in precipitation	low	long-term	medium	• Climate change is altering precipitation patterns, and increased precipitation intensity and frequency could affect production and transportation plans, reducing production capacity and revenue.	• Establish relevant risk monitoring and assessment mechanism and adjust production and transportation planning in a timely manner.
	Sea level rise	low	long-term	medium	• May have an impact on our factories and suppliers located in coastal areas, such as the risk of inundation of related fixed assets and disruption of related production and transportation activities, posing challenges to overall operational stability and business continuity.	• Regularly carry out risk assessment and monitoring, improve emergency preparedness measures, and ensure the safety of personnel and facilities. • Timely adjust production and procurement plans to reduce the negative impact of sea-level rise on the production and operation of coastal factories and on the safety and resilience of supply chain.
Transition Risks						
Legal and regulatory risks	Compliance regulation	medium	long-term	strong	• Increasingly stringent regulatory requirements such as emissions standards may lead to potential operational and emissions compliance risks.	• Set up a professional team to continuously track global legal and regulatory updates. • Strengthen environmental protection and emission management, strictly abide by laws, regulations and relevant standards, and avoid illegal activities.
	Carbon market and carbon pricing	medium	short-term	medium	• Under the background of market-oriented carbon trading mechanism, the prices of China Certified Emission Reduction (CCER), green electricity and green electricity certificates fluctuate.	• Promote the transformation of the energy consumption structure, increase investment in photovoltaic power, enhance the capacity of photovoltaic green power for self-use, increase the proportion of renewable energy use, and reduce energy consumption and GHG emissions.
Technological risks	Iteration of energy saving and emission reduction equipment and technology	medium	medium-term	strong	• In order to cope with climate change and promote low-carbon development, it is necessary to increase investment in equipment and technology upgrading in energy conservation, emission reduction, and waste treatment. However, there may be investment loss due to rapid iteration of new equipment and technology.	• Carry out environmental protection lean projects, energy conservation and carbon reduction diagnosis projects and other measures, evaluate the potential and feasibility of energy conservation and carbon reduction in all links, and achieve cost control and efficiency improvement while upgrading for energy conservation and emission reduction.
Market risks	Increased cost of raw materials	medium	long-term	strong	• Climate change could lead to tight upstream supplies and rising raw material costs.	• Improve the traceability of supply chain, evaluate, audit, and manage suppliers at different levels, and formulate effective prevention and response measures for supply chain risk factors to minimize the occurrence of supply chain risk events.
	Changes in customer behavior	medium	short-term	weak	• In the context of rising global environmental awareness, customers' increasing demand for low-carbon products may affect market share if we fail to reduce the environmental impact at the company level and product level.	• Track the Company's GHG emission indicators, carry out energy-saving and consumption reduction actions, build zero-carbon factories and adopt other measures to reduce environmental impact. • Conduct life-cycle carbon footprint analysis and assessment for multiple products, with carbon footprint certifications covering all specifications of all product categories in the Company. • Insight into market demand, increase research and development of low-carbon and environment-friendly products, and provide green low-carbon products and solutions.
Reputational risks	Stakeholder concerns	low	short-term	weak	• Regulators, investors, customers, media, and other stakeholders pay increasing attention to the climate-related performance of enterprises, and the increasingly higher requirements for climate information disclosure may increase the relevant compliance costs for the Company to maintain and enhance reputation.	• Track and manage the Company's environmental and climate-related work to meet regulatory and compliance requirements. • Strengthen information disclosure, and show relevant performance through the Company's official website, annual reports, ESG reports, Green Action White Paper, ESG ratings, etc.
Climate Opportunities						
Market and product opportunities	Low carbon product development	/	short-term	strong	• Developing green products that meet international standards and customer needs will enhance our market competitiveness and help drive revenue growth.	• Carry out carbon emission management in the entire life cycle of products, expand green and low-carbon product certifications, and promote customers to understand and choose more climate-resilient and environmentally friendly products. • Reduce the use of hazardous chemicals in products and provide customers with products that comply with relevant laws and regulations and minimize environmental impacts. • Improve recyclable content in modules and assist customers in proper recycling and disposal of waste modules.
	Application scenario expansion	/	short-term	strong	• The trend of global energy transformation will increase the demand for diversified new energy products. Expanding product application scenarios may bring new business growth opportunities to the Company.	• Gain deep insight into customer needs, design and provide one-stop green energy solutions such as building integrated photovoltaic and agrivoltaic products in combination with various application scenarios.
Reputational opportunities	Green brand building	/	long-term	medium	• Establish and implement ESG management philosophy, strategic targets, and mission covering climate-related issues, build a green corporate image, and achieve coordinated economic, social, and environmental development.	• Guided by the Company's indicators, we build a sustainable development strategy model, conduct R&D, upgrades and transformations to address climate change and align with technological and market trends, and build a green brand of "Infinity Power, Infinity Future", enhancing the Company's sustainable development potential and core competitiveness.

Ecological Protection

DMEGC adheres to the principle of scientific rigor and systematic planning, incorporates natural risks into the Company's overall risk management system, and is committed to developing and implementing biodiversity and ecological protection management strategies. In accordance with the disclosure frameworks of the Taskforce on Nature-Related Financial Disclosures (TNFD) and the Science Based Targets Network (SBTN), we use the LEAP approach to locate, evaluate, and assess natural risks, and prepare targeted resources and measures for response to maintain and improve ecosystem services and contribute to biodiversity conservation and ecological environment improvement.

Locate

We identify our own operations and value chain activities, sort out the involved ecosystems and biodiversity, and form a list of priority assessment sites.

Evaluate

We identify the environmental assets, ecosystem services, and impact drivers that each priority site depends on or affects, and assess the relevant dependencies and impacts.

Assess

We identify nature-related risks and opportunities, assess their significance and priority, and develop risk and opportunity management measures.

Prepare

We coordinate resource allocation and implement risk mitigation measures. We regularly monitor, measure, and report on biodiversity and ecological protection management performance, and promptly optimize relevant action plans.

DMEGC Nature-related Risk Management Process

Type of Risk/ Opportunity	Name	Dependency and Impact Evaluation	Potential Impact	Response Measures
Physical Risks				
Provisioning services	Water scarcity	low	• Water is an indispensable resource for our production and operation, and the shortage of water or difficulty in obtaining water will affect our production plan and business stability.	• Conduct assessments using the WRI Aqueduct Water Risk Atlas, and the results show that all of our water use came from areas without significant water pressure. • Formulate water-saving plans and promote lean management of water resources, reduce production water consumption from the source by introducing advanced equipment and innovating production processes. • Implement rainwater collection system to collect and make full use of rainwater in daily operation, which can be used for watering, greening, toilet flushing and other scenarios.
Regulating and supporting services	Water conditions	medium	• The discharge of wastewater generated from production and operation and extreme weather conditions such as floods may affect water resources conditions, damage the natural balance of water bodies and weaken the regulating capacity of the ecosystem.	• Carry out water safety management practices, regularly monitor and record the water intake and consumption through water use and drainage monitoring system, and set up a water quality monitoring team to strictly control the water intake quality and discharge quality, so as to ensure that the water quality meet the qualified standard. • Establish a responsible supplier management system, assess suppliers' dependence and impact on water resources, and require suppliers to comply with water related laws and regulations to jointly maintain water quality and resource sustainability.
	Air conditions	medium	• The air emissions generated from production and operation and extreme weather conditions such as sandstorm may affect air conditions, reduce air quality and weaken the regulating capacity of the ecosystem.	• Promote technical transformation and upgrading of pollution source control facilities to ensure stable and efficient air emission treatment and achieve the target of 100% compliance with air emission standards. • Strictly implement isolated storage and ventilation technology, actively adopt odor reduction process technology, and strive to reduce or eliminate the use and release of persistent organic pollutants.
Pressure on biodiversity	Impact of water and soil loss	medium	• If a construction project is not properly planned and managed, it may cause negative impacts such as water and soil loss, decrease of vegetation coverage, loss of soil fertility, and deterioration of downstream water quality, threatening regional biodiversity.	• Strictly follow the "three simultaneities" principle of environmental protection of construction projects, carry out ecological protection and water and soil loss prevention and control during the construction period. • Conduct environmental impact assessments in strict accordance with the national requirements for "Three Lines and One Permit", and the project construction must comply with regulatory standards. • Carry out daily greening and planting and build artificial bird nest to enrich biodiversity in the factory areas. • Actively implement water and soil conservation projects to effectively slow down water and soil loss, protect soil and vegetation, and further conserve biodiversity.
	Impact of pollution	high	• If fail to comply with the regulations to handle emission pollution, the Company may cause environmental pollution and damage to the ecological environment and biodiversity.	• Strictly follow the "three simultaneities" principle of environmental protection of construction projects, carry out ecological protection and prevention and control of dust, noise, and soil loss during the construction period of projects, and ensures that the project construction and supporting environmental protection facilities meet the requirements of environmental impact assessment and local ecology and environment department, so as to minimize the negative impact of project construction on ecological environment and biodiversity. • Carry out diversified environmental protection training, enhance employees' environmental protection awareness and emission management ability, and effectively control the pressure of emissions on biodiversity.
Reputational Risks				
Environmental factors	Ecosystem condition	low	• Changes in ecosystem conditions related to the Company may have an impact on the Company's reputation.	• Implement daily ecological and environmental protection management measures such as greening, maintenance, and drought resistance to effectively improve the greening coverage of the factory areas. • Build artificial bird nests in the large shady areas of the factory areas to actively create an environment suitable for bird habitation. • Carry out water and soil conservation projects to effectively slow down water and soil loss, protect soil and vegetation, and further conserve biodiversity.
Additional reputational factors	Media supervision	high	• If a negative ecological environment incident related to the Company occurs, stakeholders such as media will supervise and report the incident, which may damage the Company's reputation.	• Track and manage the Company's ecology and environment related work, meet regulatory and compliance requirements, and avoid negative incidents.
	Risk preparation	low	• Failure to prepare for nature-related risks may undermine the timeliness and effectiveness of environmental protection efforts.	• Formulate and implement the *Project Construction Environmental Protection Management System*, the *Greening Management System*, the *Soil Environmental Pollution Management System*, and other systems, to make systematic and standardized risk response preparations. • All departments of the Company adhere to a high sense of environmental responsibility, regularly and systematically carry out a comprehensive investigation of environmental risks and hazards, and implement rapid and effective rectification measures to deal with risks.
Nature-related Opportunities				
Market and product opportunities	Development of market and product opportunities	medium	• Focus on customer needs, design and provide environmentally friendly products and solutions. • Convey the value of green development and create more market opportunities.	• Attach importance to ecological protection and provide customers with reliable solutions that achieve both economic and ecological benefits through products such as agrivoltaic solutions.
Reputational opportunities	Green brand building	medium	• Establish and implement ESG management philosophy, strategic targets, and mission covering nature-related issues, build a green corporate image, and achieve coordinated economic, social, and environmental development.	• Guided by the Company's indicators, we build a sustainable development strategy model, carry out various ecological protection measures, and build a green brand of "Infinity Power, Infinity Future", enhancing the Company's sustainable development potential and core competitiveness.

Green Action Strategy

DMEGC's green action strategy aims to promote sustainable development in a holistic way. We have thoroughly implemented various green actions. While optimizing our own operations, we strive to promote low-carbon development of the industrial chain, seize the opportunities of clean technology, and collaborate with global partners to build a green ecosystem.

Implementing Green Development Practices (Scope 1 and 2)

- Energy Saving and Consumption Reduction Actions
- Renewable Energy Utilization
- Zero Carbon Factory Exploration

Enhancing a Green Supply Chain (Scope 3)

- Green Supply Chain
- Green Logistics

Outlining a Green Future (Green Opportunities)

- Green Products and Solutions
- Joint Efforts for a Green Future

Our Goals and Progress

Adhering to the "green, intelligent, and sustainable" development concept, DMEGC has established a leading and working group of the carbon peaking and carbon neutrality goals to scientifically plan, track, and manage the Company's work related to the goals of carbon peaking and carbon neutrality.

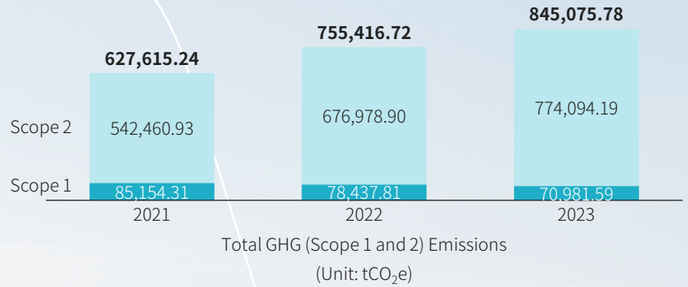
The Company has established the goals and vision of achieving carbon peak emission in 2030 and carbon neutrality in 2050 with 2022 as the base year. As at the end of the Reporting Period, the progress of our work in the field of climate and nature is as follows:

Indicators	Unit	2023	2022	2021
GHG Emissions				
Total GHG (Scope 1 and 2) emissions	tCO_2e	845,075.78	755,416.72	627,615.24
GHG (Scope 1 and 2) emission intensity	tCO_2e/million revenue	42.85	38.82	49.79
Direct GHG (Scope 1) emissions	tCO_2e	70,981.59	78,437.81	85,154.31
Direct GHG (Scope 1) emission intensity	tCO_2e/million revenue	3.60	4.03	6.76
Indirect GHG (Scope 2) emissions	tCO_2e	774,094.19	676,978.90	542,460.93
Indirect GHG (Scope 2) emission intensity	tCO_2e/million revenue	39.25	34.79	43.03
Water Consumption				
Total water consumption	10,000 tonnes	555.46	422.07	369.40
Water consumption intensity	10,000 tonnes/million revenue	0.028	0.021	0.029
Wastewater Discharge				
Total wastewater discharge	10,000 tonnes	360.87	292.08	/
Wastewater discharge intensity	tonnes/million revenue	0.018	0.015	/
Air Emissions				
Total air emissions	tonnes	67.75	78.69	72.51
Air emission intensity	tonnes/million revenue	0.0034	0.0040	0.0057
Air emissions - Sulfur Oxides (SOx)	tonnes	6.05	5.39	4.73
Air emissions - Nitrogen Oxides (NOx)	tonnes	61.70	73.30	67.78
Waste Discharge				
Total waste	tonnes	37,033.24	35,132.61	23,063.59
Waste intensity	tonnes/million revenue	1.88	1.80	1.82
General waste	tonnes	36,619.49	34,773.85	22,739.89
Comprehensive utilization rate of general waste	%	82.39	73.23	69.67
Hazardous waste	tonnes	413.75	358.76	323.70
Hazardous waste disposal rate	%	100	100	100

02

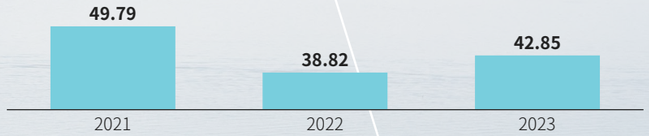
Implementing Green Development Practices

DMEGC places great importance to the management of GHG emissions, and calculates GHG emissions (Scope 1[1] and Scope 2[2]) of the headquarter and overseas enterprises in accordance with the *Guidelines for Accounting and Reporting Greenhouse Gas Emissions of Electronic Equipment Manufacturing Enterprises (Trial)* issued by the National Development and Reform Commission. We sort out the current emission situation and data change trend, identify and carry out green operation measures such as the potential diagnosis and planning of energy conservation and carbon reduction projects and the construction of zero-carbon factories, facilitating the green development of the Company.



Total GHG (Scope 1 and 2) Emissions
(Unit: tCO_2e)

In 2023, the direct GHG (Scope 1) emissions of DMEGC were 70,981.59 tCO_2e, a year-on-year decrease of 9.51%. The indirect GHG (Scope 2) emissions in 2023 were 774,094.19 tCO_2e, an increase of 14.35% year on year, in which the increase of the emissions was mainly due to the construction and operation of 4 new projects. DMEGC is promoting the transformation of energy structure, and the annual decline in direct emissions shows that the Company has achieved remarkable results in reducing greenhouse gases directly generated in our operations. Due to changes in the energy requirements of the Company's business model and increased production activities, new projects have prioritized the use of electric energy, and the demand for electricity and steam has increased, our indirect GHG (Scope 2) emissions have increased reasonably.



GHG (Scope 1 and 2) Emissions Intensity
(Unit: tCO_2e/million revenue)

In 2023, the total GHG (Scope 1 and 2) emissions of DMEGC were 845,075.78 tCO_2e, and the emissions intensity was 42.85 tCO_2e/million revenue, a decrease of approximately 14% compared with 2021, indicating that our various energy-saving and emission reduction projects, which have been planned and implemented, have achieved remarkable results.

1 Scope I emission factors: the emission factors of fossil fuel combustion consumed by electronic equipment manufacturing enterprises is calculated using parameters such as carbon content per unit calorific value and carbon oxidation rate of fuel.

2 Scope II emission factors: the average annual power supply emission factor of the regional power grid is calculated based on the main production address of the Company, using the unified factor of the headquarter of the Company, that is, 0.7035 kg CO_2/kWh of the grid emission factor of East China in 2012 from the *Average Carbon Dioxide Emission Factors of China's Regional Power Grid in 2011 and 2012* issued by the National Development and Reform Commission is used for calculation; The CO_2 emission factor for the heat supply is calculated as 0.11 tonnes CO_2/GJ.

Green Operations

DMEGC attaches great importance to environmental management and green operation, and strictly abides by various environmental protection laws, regulations and standards. At the same time, DMEGC actively implements the established environmental management system and makes amendments in a timely manner. In 2023, we newly formulated environmental management policies such as the *Air Emission and Wastewater Discharge Management System,* the *Project Environmental Protection Construction Management System*, and the *Environmental Protection Management and Penalty System* to strengthen the standardization and institutionalization of environmental management.

The Company continuous to improve the environmental management system, building a three-level environmental management network covering the company level, department level, and factory level, and fully implementing the environmental performance assessment responsibility system to achieve comprehensive coverage and efficient coordination of environmental protection management. By the end of the Reporting Period, 87% of DMEGC's factories (54 certified factories in total) has passed the ISO14001 Environmental Management Systems certification.

Adhering to our green action strategy, we actively carry out energy-saving and consumption reduction actions, increase the use of renewable energy, proactively explore the construction of zero-carbon factories, and strive to achieve comprehensive green production and operation.

Energy Saving and Consumption Reduction Actions

DMEGC has deeply implemented the concept of green management in production and operation, actively deployed and carried out a series of environmental protection lean projects and energy saving and carbon reduction measures. These actions not only demonstrate the Company's firm commitment to energy conservation and consumption reduction, but also lay a solid foundation for the realization of the Company's carbon reduction goals. Through continuous optimization of production processes, introduction of high-efficiency energy-saving technologies and equipment, and strengthening of environmental management system, DMEGC is steadily moving towards a more green, low-carbon, and sustainable development path.

Energy Conservation and Carbon Reduction Diagnosis Projects

The Company actively carries out energy conservation and carbon reduction diagnosis projects to explore the potential of energy-saving and carbon reduction from production, storage, transportation, packaging and other links to reduce carbon emissions in the operation process and lay a solid foundation for the Company's green transformation and low-carbon development. In 2023, the Company completed 12 energy conservation and carbon reduction potential diagnosis and planning projects, helping to reduce carbon emissions by 17,019.92 tons.

Completed energy conservation and carbon reduction potential diagnosis and planning projects

12

Helping to reduce carbon emissions

17,019.92 tonnes

Transformation of waste heat recovery of solar air compressor

We recycle excess heat from the air compressor and use it for pure water heating in the process of texturing and alkaline texturing to reduce energy waste and energy consumption. After the transformation, the cost of pure water heating and the consumption of energy have decreased significantly, with an estimated annual electricity savings of 10,349,500 kWh.

Estimated annual electricity savings

10,349,500 kWh

Upgrading of kilns and related equipment, leading to continuous reduction in unit energy consumption year by year

DMEGC magnetic material business segment has carried out kiln upgrading projects proactively, upgrading from coal kilns and gas kilns to natural gas kilns and electric kilns. In addition to upgrading the kilns, the magnetic material business segment has also conducted comprehensive equipment optimizations through investment in advanced kilns, such as bell kilns and 4-hole kilns to 8-hole kilns, 36m kilns to 50m kilns, single-layer kilns to double-layer kilns, 1.8 * 28m rotary kilns to 2.2 * 35m kilns, and manual kiln feeding to automatic kiln feeding, significantly improving the energy consumption performance.

Through the upgrading of kilns and related equipment, the magnetic material business segment not only improves the automation level of production lines, product quality, and unit time output rate, but also reduces energy consumption demand, including the unit natural gas consumption and electricity consumption, effectively reducing energy consumption and carbon emissions.

Compared to 2022, the magnetic material business segment has realized a 4~5% reduction in unit energy consumption.

Environmental Protection Lean Projects

The Company implements an environmental protection lean project management mechanism, promotes and carries out environmental protection technology transformation projects such as energy conservation and emission reduction, cost reduction and efficiency enhancement in a planned, focused, and targeted manner. In 2023, the Company has formulated 28 environmental protection lean management projects to reduce environmental pollution, improve resource utilization, and create economic benefits; In 2024, the Company has planned a total of 40 environmental lean management projects and is promoting their implementation in an orderly manner.

Upgrading of batching and mixing process of Plastic-Bonded Ferrite Magnet Division

Our Plastic-Bonded Ferrite Magnet Division has successfully implemented the transformation of the automatic batching system for the internal mixing process, realizing automatic batching and feeding of machines, improving production efficiency, and saving power consumption. In addition, the transformed system uses dust collectors to collect and dispose dust, effectively preventing dust diffusion generated in the manufacturing process and reducing the impact on the atmospheric environment. This environmental lean management project not only enhances the Company's environmental protection capabilities, but also generates substantial economic benefits annually, demonstrating the Company's in-depth implementation of the green management concept.

Business Division	Carbon Emission Reduction in 2023 (tonnes)
Solar Division	15,825.83
New Energy Battery Division	912.48
Plastic-Bonded Ferrite Magnet Division	237.79
Alloy Material Division	36.79
Magnetic Material Division	6.84
Total	17,019.92

Carbon Emission Reduction of DMEGC's Business Divisions in 2023

Renewable Energy Utilization

DMEGC is steadily promoting the transformation and upgrading of energy structure, and realizing the fine management of energy consumption by reasonably adjusting the proportion of natural gas and electricity used. In the planning stage of new projects, the Company gives priority to the application of electricity to meet production needs while reducing the impact on the environment. In addition, the Company promotes the construction of new factories in line with the installation requirements of photovoltaic power generation facilities, implements the roof photovoltaic power generation installation project of factories, effectively uses solar energy, improves energy self-sufficiency, reduces dependence on external energy, and promotes the Company's green and low-carbon development with practical actions.

The Company insists on increasing investment in photovoltaic industry and adopted the "Self-generation for own use, and surplus to the grid" mode to continuously improve the self-use capacity of green photovoltaic electricity and enhance economic benefits. At present, we have carried out distributed photovoltaic power generation projects in Hengdian, Sihong, Yibin, Indonesia, among others. As of 2023, the total capacity of the projects has exceeded 300MWp.

In addition, DMEGC makes active use of regional green power resources. The Company purchases and consumes green electricity and green energy certificates through a market-oriented mechanism, and achieves 100% coverage of green energy in module factories.

Type	Consumption in 2023 (MWh)
Self-generated and self-used green electricity	22,590.25
Purchased green electricity	30,217.19

DMEGC Renewable Energy Consumption in 2023

Zero Carbon Factory Exploration

In order to accelerate the construction of the green factory system, the Company adheres to the concept of sustainable development and implements a series of effective measures aimed at reducing carbon emissions:

01 Build an advanced digital intelligent management platform, optimize production processes through intelligent means, and improve the management level of resources and energy efficiency

02 Promote the iterative upgrading of equipment technology, implement refined production control strategies, and control energy consumption and emissions during the production process

03 Deploy distributed power generation systems within the factory area to effectively utilize renewable energy and reduce reliance on traditional energy sources

04 Strictly follow low-carbon environmental standards in raw material selection, actively adopt low-carbon footprint raw materials, and reduce carbon emissions from the source

05 Conduct green renovation of factory buildings, office buildings, and factory facilities, including the adoption of energy-saving and water-saving equipment, optimization of lighting systems, and other measures, to create an environmentally friendly production and office environment

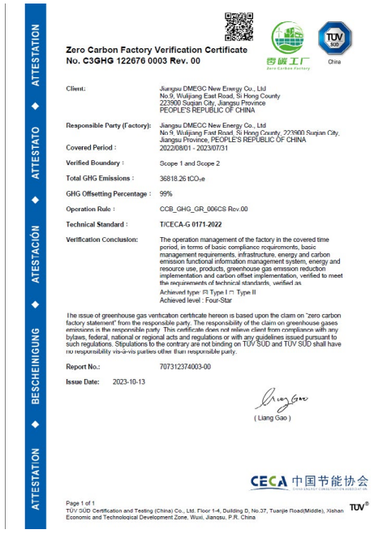
06 Improved the waste management system, standardized the management of all types of waste, and enhanced pollution prevention and control, systematically draw appropriate disposal process roadmap for waste generated by each process line, clarify the waste generation links and waste utilization and disposal destinations, strictly classify and dispose of various types of waste according to the waste streams, and improve employees' awareness of waste classification and reduction through regular training

07 Utilize the resource reuse mechanism, improve the comprehensive utilization rate of waste, and achieve packaging material recycling through automated rework and cooperation with suppliers, reducing the impact of waste on the environment and health

So far, DMEGC has been awarded the title of "Green Factory" by the Ministry of Industry and Information Technology, and Jiangsu DMEGC has been awarded the provincial level "Green Factory" title. The Company's six models of battery and modules have been successfully selected into the list of "Green Design Products" by virtue of their excellent green design and practice, which marks that we have achieved remarkable results in promoting green manufacturing and facilitating industrial upgrading.

Jiangsu DMEGC certified as zero carbon factory

"Zero carbon factory" refers to the comprehensive zero carbon emission performance of the factory through technical energy-saving and emission reduction and carbon elimination measures in the production and manufacturing process. As the world's leading manufacturer of high-efficiency photovoltaic modules, green and low-carbon concept is implemented throughout the production and operation of DMEGC. In October 2023, Jiangsu DMEGC obtained the zero carbon factory verification certificate issued by TÜV SÜD. TÜV SÜD conducted a comprehensive and systematic audit on Jiangsu DMEGC according to the latest *Evaluation Specification of Zero-carbon Factory*. The results showed that the GHG offsetting percentage of Jiangsu DMEGC reached 99%, and the renewable energy power coverage reached 100%, which met the standards of Type I four-star zero carbon factory.



ATTESTATION ◆ ATTESTATO ◆ ATESTACIÓN ◆ BESCHEINIGUNG ◆ ATTESTATION

Zero Carbon Factory Verification Certificate
No. C3GHG 122676 0003 Rev. 00

Client:	Jiangsu DMEGC New Energy Co., Ltd No.9, Wulijiang East Road, Si Hong County 223900 Suqian City, Jiangsu Province PEOPLE'S REPUBLIC OF CHINA
Responsible Party (Factory):	Jiangsu DMEGC New Energy Co., Ltd No.9, Wulijiang East Road, Si Hong County, 223900 Suqian City, Jiangsu Province, PEOPLE'S REPUBLIC OF CHINA
Covered Period :	2022/09/01 - 2023/07/31
Verified Boundary :	Scope 1 and Scope 2
Total GHG Emissions :	36818.26 tCO2e
GHG Offsetting Percentage :	99%
Operation Rule :	CCB_GHG_GR_006CSI Rev.00
Technical Standard :	T/CECA-G 0171-2022
Verification Conclusion:	The operation management of the factory in the covered time period, in terms of basic compliance requirements, basic management requirements, infrastructure, energy and carbon emission functional information management system, energy and resource use, products, greenhouse gas emission reduction implementation and carbon offset implementation, verified to meet the requirements of technical standards, verified as Achieved type: ☐ Type I ☐ Type II Achieved level : Four-Star

The issue of greenhouse gas verification certificate hereon is based upon the claim on "zero carbon factory statement" from the responsible party. The responsibility of the claim on greenhouse gases emissions in the responsible party. This certificate does not relieve client from compliance with any bylaws, federal, national or regional acts and regulations or with any guidelines issued pursuant to such regulations. Stipulations to the contrary are not binding on TUV SUD and TUV SUD shall have no responsibility vis-à-vis parties other than responsible party.

Report No.: 707312374003-00
Issue Date: 2023-10-13

(Liang Gao)

CECA 中国节能协会

Page 1 of 1
TUV SUD Certification and Testing (China) Co., Ltd. Floor 1-4, Building D, No.37, Tuanjie Road(Middle), Wuhan Economic and Technological Development Zone, Wuxi, Jiangsu, P.R. China

Jiangsu DMEGC Zero Carbon Factory Verification Certificate

Green Ecology

DMEGC always adheres to a high sense of ecological responsibility, committed to minimizing the impact on the ecosystem and continuing to restore and improve the ecological environment. The Company establishes a sound environmental protection management system to ensure stable operation of environmental protection treatment facilities and the compliance of three wastes discharge during daily production and operation management. We also attach importance to ecological protection in project construction management, formulate and implement the *Project Construction Environmental Protection Management System*, the *Greening Management System*, and the *Soil Environmental Pollution Management System*, so as to create an ecological environment in which business operation and nature coexist in harmony.

Avoid and Reduce Stress on Nature

In order to ensure the effective implementation of the concept of green ecology, the Company regularly carries out the investigation and rectification of environmental risk hazards and strives to minimize the negative impact of production and operation activities on the ecological environment through scientific evaluation and refined management.

The Company strictly follows the principle of "three simultaneities" for environmental protection of construction projects, carries out ecological protection and control of dust, noise, and water and soil loss during the construction period of projects, and ensures that the project construction and supporting environmental protection facilities meet the requirements of environmental impact assessment and local ecology and environment department. At the same time, our environmental impact assessment of projects strictly complies with the national requirements, and evaluates the "Three Lines One Permit" (namely, "ecological protection red line, bottom line of environmental quality, upper line of resource utilization, and ecological environment access list"), so as to minimize the negative impact of the project construction on the ecological environment. In 2023, the Company completed three construction projects with environmental impact assessment and 12 environmental protection "three simultaneities" completion acceptance projects, fulfilling our commitment to ecological protection with practical actions.

Complete construction projects with environmental impact assessment

3

Complete environmental protection "three simultaneities" completion acceptance projects

12

Restore and Conserve Ecosystem and Biodiversity

We are committed to contributing to ecosystem restoration and biodiversity conservation, implementing scientific and effective ecological protection measures and continuous ecological monitoring to ensure that the ecology of the project sites is effectively restored and protected. The department responsible for environmental protection plans and implements daily ecological and environmental protection management measures such as greening, maintenance, and drought resistance according to the actual situation of each factory area. We continue to improve the greening coverage of factory areas, and actively create a suitable environment for birds by building artificial nests in the large green shaded areas of factories to further enrich the biodiversity.

Ecological control and water and soil conservation throughout the project life cycle

DMEGC's annual output of 6 GWh high-performance lithium battery project in Dongyang city has upheld the green concept since the planning stage. The project site is selected through comprehensive field investigation, research, and analysis, avoiding sensitive areas of ecological protection and water and soil conservation, laying a foundation for sustainable development. In the construction process, the Company strictly follows the principle of green construction and takes a series of measures such as establishing temporary drainage facilities and grit chamber, covering the exposed surface with dust proof canopy, and implementing regional comprehensive greening to effectively reduce the negative impact on the local ecosystem and water and soil resources. After the operation of the project, DMEGC continuously monitors ecological changes to ensure effective control of water and soil loss.

At present, the percentage of controlled soil erosion area of the project is 100%, the proportion of soil erosion control is 1.7, the percentage of blocked dregs and soil is 99%, the percentage of recovered forestry and grass is 100%, and the percentage of forestry and grass coverage is 14.24%. All indicators have achieved the target value of prevention and control, and the ecological environment has been effectively restored and protected.

The percentage of controlled soil erosion area

100%

The proportion of soil erosion control

1.7

The percentage of blocked dregs and soil

99%

The percentage of recovered forestry and grass

100%

Percentage of forestry and grass coverage

14.24%

03

Enhancing a Green Supply Chain

DMEGC is committed to integrating the concept of green development into every aspect of its operation, accelerating the construction of green value chain, and contributing to the realization of green transformation of economy and society. To this end, we have conducted carbon inventories to gain a comprehensive understanding of the Company's Scope 3 GHG emissions to provide clear guidance for the Company's carbon management and lay a solid foundation for the Company's long-term sustainable development.

The results show that our Scope 3 GHG emissions account for nearly 70% of the total emissions across our entire value chain (Scope 1, 2 and 3), which is the long-term focus of our green action strategy. Purchased goods and services are the largest source of DMEGC's value chain emissions. In addition, upstream and downstream transportation and distribution also have a significant contribution to the Company's value chain emissions.

In view of the two major emission sources identified, DMEGC is exerting every effort to promote the construction of a green supply chain and a green logistics network. These initiatives aim to effectively reduce the carbon emissions generated by the Company's use of products and transportation, facilitating the achievement of the Company's carbon reduction goals.

Green Supply Chain

Green supply chain has become an important pillar for enterprises to achieve sustainable development. DMEGC has continuously deepened its supplier management system, enhanced its supply chain resilience in an all-round and multi-dimensional manner through its supplier empowerment strategy, and worked with partners to build a responsible green value chain system to move towards a greener and more sustainable future.

Supplier Management

DMEGC regards suppliers as important business partners and ensure a stable and efficient supply chain through various systems and policies, such as the *Supplier Management Policy*. We place great emphasis on establishing a green supply chain and formulated the *Responsible Procurement Policy* to clarify the Company's management objectives and principles in environmental management, labor and human rights, business ethics and other aspects, providing institutional guidance for the construction of a responsible and sustainable supply chain. We also incorporate sustainable procurement objectives into the performance appraisal indicators of buyers to actively promote the overall responsible procurement process of the Company.

Supplier Whole-Process ESG Management

Supplier Access and Evaluation

We follow management documents such as the *Procurement and Material Management Policy* and the *Bidding Management Rules* to continuously regulate the supplier access and evaluation mechanism. In 2023, we updated the *Supplier Management Policy*, incorporating ESG issues such as energy management, environmental protection, human rights, health and safety into the requirements for supplier management, and further strengthened the standardized management of environmental and social responsibilities of suppliers.

We require all suppliers to sign the *Supplier Code of Conduct* to ensure that suppliers are aware of and comply with the Company's supply chain management philosophy of "Respect, Safety and Environmental Protection". At the same time, we have formulated the *Supplier Social Responsibility Commitment Letter*, and carried out ISO certification check and ESG risk assessment for new suppliers to ensure the integrity and compliance of the supply chain. As of the end of the Reporting Period,

100% of the Company's suppliers have signed the *Supplier Code of Conduct*

100% of the Company's new suppliers are screened by social and environmental standards in divisions of Solar, New Energy Battery, Soft Magnet and others

Supplier ESG Audit

In order to actively understand the actual situation of suppliers and effectively deal with the possible risks in the supply chain, we regularly carry out system audits, social responsibility audits and on-site audits for key suppliers. In 2023, 78 suppliers received and passed our ESG audits.

System audits

Through regular audits of supplier system construction and maintenance using the *Supplier Managemment System Evaluation Form*, *Supplier Quality System Audit Form*, and other tools to ensure that our suppliers comply with ISO9001, ISO14001, ISO45001, and other system certification requirements.

Social responsibility audits

Conduct monthly and annual reviews of social responsibility of suppliers, mandating suppliers to complete the *Supplier Social Responsibility Audit Form*, and comprehensively assess suppliers' ESG performance across various dimensions including environmental impact, supply chain traceability, labor rights, as well as health and safety.

On-site audits

Conduct annual on-site ESG audits for key suppliers to assess their compliance with environmental management, chemical management, labor an d human rights management, safety management, and other aspects. The audits are carried out through on-site inspections, interviews and surveys with employees of suppliers, document reviews, and other procedures. Any audit finding should prompt the implementation of corrective actions and preventive measures by the suppliers.

Supplier ESG Audits

Supply Chain Risk Management and Control

All aspects in the supply chain are confronted with numerous uncertain factors. To prevent and control ESG risks in the supply chain, DMEGC regularly identifies potential violations related to environmental issues, human rights, and other aspects across various supplier types and product procurement categories, and takes the ESG risk analysis results as a reference for further actions against specific suppliers or product procurement categories. For identified and potential risk factors, we timely formulate effective prevention and response measures to minimize the occurrence of risk events, thereby achieving comprehensive and dynamic management of supply chain risks.

Supply Chain Traceability System

In 2023, DMEGC built a multi-level supplier network traceability system to ensure the traceability of products from raw materials to finished products and deepen the transparency of the supply chain. The system integrates multi-dimensional management modules such as system management, supply chain optimization, labor rights protection, supplier traceability list, etc. that comprehensively prevent and control various supply chain risks and continuously improve the efficiency of supply chain management.

Whole supply chain integration

- The integration of information across supply chain IT systems, enterprise resource planning systems (ERP), warehouse management systems (WMS), manufacturing execution systems (MES), etc., is conducted to optimize the level of information traceability throughout the entire supply chain.
- A dedicated traceability team is established to enhance personnel's ability in tracing information.

Effective supply chain management

- Establish a comprehensive document management system for supply chain management, monitor the signing and compliance of the *Supplier Code of Conduct* and other documents.
- Establish a professional team of auditors for the supply chain, plan and execute annual supplier audits and training, and enhance supply chain capabilities..
- Encourage suppliers to obtain certifications such as green factory, SA8000, etc., while requiring them to strengthen control over tier-two suppliers.

Supply chain traceability list

- The objective is to establish a comprehensive and transparent supply chain network, generate a traceability report for each order, specify the names, addresses, and supply proportions of suppliers involved in every production link, and enhance the traceability of each segment within the supply chain.

Chemical Safety Management

In order to enhance the management of hazardous chemicals, DMEGC has formulated a series of internal management policies, such as the *Hazardous Chemical Safety Management Policy,* the *Explosive Chemicals Management Policy* and the *Precursor Chemicals Management Policy*, aiming to ensure the safe and compliant use of chemicals. Additionally, each department implements a hierarchical management approach to safeguard the health and safety of all employees.

Business Divisions, Factories	Supply & Purchasing Department	Safety Department	Enterprise Management Department
Responsible for the safety management of hazardous chemicals	Responsible for chemical procurement,supplier qualification review and safety management of hazardous chemical warehouses	Responsible for supervising and managing chemical safety	Responsible for supervising and managing the disposal of hazardous chemical waste

In 2023, DMEGC organized safety management training on hazardous materials for personnel from chemical-related subsidiaries. Seven employees have obtained the certificate of *Chief Person in Charge of Hazardous Chemicals* and 54 employees have obtained that of *Hazardous Chemical Safety Manager*, safeguarding the chemical safety management of the Company.

We require suppliers to sign the *Guarantee of Non-use of Hazardous Substances* to ensure that the parts, components, materials and finished products they supply to the Company not only meet the Company's internal procurement standards, but also comply with the EU RoHS Directive (latest regulations), HF standards (applicable to materials meeting halogen-free requirements), REACH regulations (latest released substances), and the SVHC list. We take more stringent control measures for suppliers involving hazardous substances, sign the *Supplier Environmental Safety Agreement* with them, and carry out all-round inspections on chemical storage environment, protective facilities, hazardous waste treatment qualifications, chemical training and emergency drills to avoid and reduce the negative impact of the Company's supply chain on the environment.

Empowering Suppliers

DMEGC understands that empowering the supply chain is one of the key factors for enterprises to maintain sustainable development. The Company actively carries out various innovative measures and green actions to enhance the sustainable development of the entire value chain.

Supply Chain Green Actions

DMEGC is committed to building a green supply chain and has implemented various green initiatives, such as adopting green and low-carbon management practices and material recycling programs. These practical actions aim to promote the sustainable development of the supply chain with a focus on environmental considerations.

Material Recycling

- The recycling of materials, such as adhesive film, backplane, carton, frame, welding tape, and glass has been implemented by DMEGC
- The iron tray from our key glass supplier has successfully achieved a recycling rate of 100%

R&D

- Recycling and reuse of lithium batteries through technological innovation
- Continuously enhance the internally developed "packaging material rework automatic assembly line" for solar cells, and advance carbon reduction benefits through the R&D of technologies

Material Reduction

- Reduce the width of the edge tape from 30mm to 25mm to reduce the use of packaging materials on the basis of ensuring the safety of product transportation

Supplier Incentives

- Priority should be given to suppliers that provide environmentally friendly products and services (such as green logistics)
- Give special incentives to suppliers who perform well in environmental protection issues

Building Supplier Capacity

Building a responsible supply chain has been the ongoing pursuit of DMEGC. We are committed to establishing long-term partnerships with suppliers, and have established a supplier support mechanism to enhance their high-quality operations and development. We continuously improve the environmental protection and social responsibility of our suppliers through the acquisition of recognized certifications. In 2023, DMEGC Solar Division took the lead in helping suppliers obtain certifications of SA8000 and Green Factory. We plan to incorporate requirements of SA8000 into supplier access process to manage and optimize our supply chain with the strictest international standards.

7 key suppliers

have been certified to SA8000 Social Responsibility Management System

13 key suppliers

have obtained Green Factory Certification

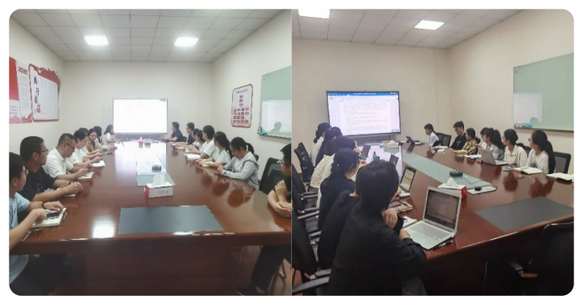
Training to the Supply Chain

We actively carry out supplier ESG training, provide guidance and consultation for suppliers on issues such as laws and regulations, human rights protection, environmental responsibility, and health and safety, help them understand the Company's policies, latest requirements, related projects and best practices in sustainable supply chain management, and help suppliers continuously improve their sustainable management capabilities and performance.

During the Reporting Period, we conducted supplier social responsibility training for 68 suppliers on issues such as carbon neutrality and labor rights. At the same time, the Company also conducts buyer training on the *Responsible Procurement Policy* and the *Code of Conduct for Buyers* to ensure that the buyers fully incorporate the principles of sustainable procurement and green supply chain management into their daily work.

Supplier ESG Training

We have conducted specialized ESG training for key suppliers, such as those involved in the production of silicon wafers and ingots. During the training, we clearly communicated our management principles and requirements regarding environmental management, occupational health and safety, labor rights, and other relevant aspects. Additionally, we provided targeted analysis and assistance to address various issues identified during ESG audits. These efforts aim to enable our suppliers to continuously practice social responsibility and strengthen their risk control capabilities.



On-site Supplier ESG Training

Green Logistics

In order to further actualize DMEGC's commitment to green and low-carbon development, the Company uses scientific and technological measures to enable the upgrading of logistics transportation, achieving environment sustainability in key processes, reducing carbon emissions in the logistics process, and promoting the high-quality development of green logistics.

Warehouse intelligent management

- Upgrade warehousing and logistics system (EWMS), enhance the management of warehousing process through intelligent digital transformation, and improve overall work efficiency
- Promote the energy transformation of storage, and give priority to the use of new energy vehicles in storage and transportation, which currently account for 76%

Logistics optimization management

- Predict transportation routes in advance and optimize delivery distance and time to reduce carbon emissions from transportation
- Priority should be given to modes of transportion with lower carbon emissions, such as transportation by sea and rail instead of air
- Give priority to the use of new energy vehicles for logistics transportation, and build charging piles in each base

Packaging material recycling management

- Establish the *Auxiliary Materials Recycling Packaging Standards* and other management systems, requiring all employees to strictly carry out recycling management
- Expand the recycling categories of raw materials and packaging materials, and improve the recycling rate through value chain collaboration and R&D of technologies
- By the end of the Reporting Period, the Company has achieved incremental progress in the recycling of various packaging materials: the wood tray recycling rate has reached 90.43%, wood lining board has reached 97.79%, plastic pipe has reached 95.10%, and paper pipe has reached 95.19%

Warehouse intelligent management: EWMS warehousing and logistics system

DMEGC has successfully deployed and enabled the EWMS intelligent warehousing and logistics system, which comprehensively innovated the warehouse management of finished products in the solar panel, standardized the warehousing and return process, and achieved a leap from manual management to intelligent management.

EWMS simplifies warehouse management operations, eliminates manual bookkeeping, improves the accuracy of warehouse data, and effectively promotes paperless office. At the same time, the system supports the operation of SAAS mode and unifies the warehouse management process, which not only optimizes the overall operation efficiency and management level, but also lays a solid foundation for improving the traceability of key raw materials such as wafers.

Logistics optimization management: customized services for overseas logistics

DMEGC has built a global operation network, established overseas marketing bases, and set up localized marketing teams, focusing on providing customers with customized, localized and high-quality marketing, logistics, warehousing and technical services.

The Company has a deep understanding of the transportation characteristics of overseas markets, plans customized logistics solutions, and achieves the goal of reducing carbon emissions by shortening transportation routes, reducing transportation frequency and adopting modes of transportation with lower carbon emissions. In addition, we give priority to suppliers with green logistics service capabilities, requiring them to equip a certain number of electric trucks for customers to choose, and make every effort to build a green and efficient global logistics network.

Packaging material recycling management: DMEGC Netherlands Branch actively carries out recycling of packaging consumables

DMEGC has actively promoted the recycling management of packaging materials in its manufacturing and marketing bases around the globe. In 2023, DMEGC Netherlands branch actively carried out the recycling deployment of packaging consumables, and established system specifications such as the *Requirements for Recycling of Cell Packaging Materials*, which contributed to the Company's establishment of green and low-carbon logistics.

DMEGC Netherlands branch has registered as a member of WEEE in various EU countries and actively carries out packaging material recycling and reuse in a number of markets. Taking the Austrian market as an example, the Branch has recycled 1884 kg of cartons, 88 kg of plastic films, 6029 kg of trays and 345 kg of packaging belts in 2023, with a significant increase in recycling rate of packaging materials.

04

Outlining a Green Future

Under the guidance of the national strategy of "carbon peaking and carbon neutrality", DMEGC has always adhered to the concept of "eco-friendly, smart and sustainable" development. Underpinned by the dual drivers of "Magnetic Materials + New Energy", we are committed to providing the world with high-quality green products and solutions to accelerate green and low-carbon development. Meanwhile, we give full play to our advantages and actively participate in various communication and sharing activities to build a green ecosystem with global partners.

Green Products

The application and development of clean technology is of great significance in combating climate change and protecting the ecological environment. DMEGC firmly believes that grasping the opportunities in clean technology and promoting green and low-carbon transformation is an essential driving force for the Company to achieve sustainable development. We continue to increase investment in magnetic materials and new energy businesses and broaden the diversified application scenarios of our products, aiming to provide more comprehensive and efficient green solutions for our global customers.

Types	Major products	Application scenarios
Magnetic materials	Ferrite powder, permanent magnetic ferrite, soft magnetic ferrite, plastic-bonded ferrite magnets, metal powder cores and nanocrystals	They are mainly used in new energy vehicles, photovoltaic products, home appliances, consumer electronics, telecommunications, big data centers, charging piles, smart terminals, and the industrial Internet.
Components	Vibration devices, inductors, EMC filters and circulators	
Photovoltaic products	Silicon wafers, cells and modules	DMEGC provides global customers with highly-efficient distributed photovoltaic products and centralized power station solutions for households and businesses. Also, we invest an appropriate amount to build photovoltaic power stations.
New energy battery products	Ternary cylindrical lithium batteries, battery packs and energy storage products	Lithium battery products are mainly used in electric two-wheelers, portable energy storage, electric tools, and smart small household appliances. Energy storage products are used for households and businesses

By the end of 2023:

Photovoltaic cells production capacity
14GW

Photovoltaic modules production capacity
12GW

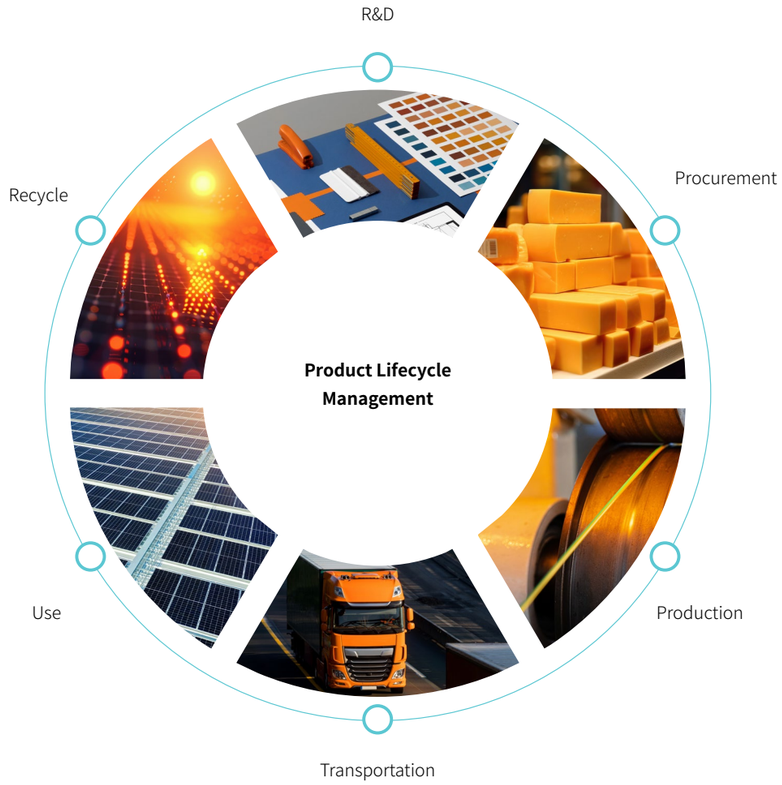
Lithium battery production capacity
7GWh

In 2023, the photovoltaic product shipment volume was approximately
10GW
With a year-on year increase of
24.27%

Lithium battery shipments totaled approximately
340 million
Representing a year-on-year increase of
75.36%

Product Lifecycle Management

DMEGC integrates the concept of sustainability into the entire lifecycle of products, constantly explores effective ways to reduce the environmental impact of the products, and strives to create green products with ecological advantages.



We prioritize the assessment of carbon emissions associated with our products and engage professional third-party organizations to conduct carbon footprint analysis and assessments to identify opportunities for carbon reduction throughout the lifecycle of our products. By the end of the Reporting Period, 51 major products of the Company have obtained carbon footprint certifications, demonstrating our industry-leading carbon footprint performance. The persistent expansion of green and low-carbon product certifications helps customers better understand the environmental impact and sustainable performance of our products throughout their lifecycle, and ultimately promotes greener and more eco-friendly consumer choices.

Green and low-carbon product certification

Applying Low-carbon Technologies

On the premise of ensuring product safety and reliability, we have innovatively introduced various low-carbon technologies to reduce carbon emissions throughout the lifecycle of our products and enhance their green and eco-friendly attributes.

Applying green and low-carbon material: FRP frame

Frame is an important component of photovoltaic modules, which has a direct impact on product performance and service life. Aluminum alloy profiles have long been the dominant material for photovoltaic modules. Their production consumes a large amount of electricity, resulting in significant carbon emissions.

In response to this situation, DMEGC developed the fiber reinforced polymer (FRP) solar panel frame with our suppliers, providing a new solution for the selection of frame materials for photovoltaic modules. The carbon emissions of the TÜV SÜD-certified FRP frame are approximately 14.5% lower compared to the traditional aluminum alloy frame, making it an ideal solution with excellent performance and smaller carbon footprint.

Carbon footprint

Carbon emisisons of approximately 14.5% of traditional aluminum alloy frame

Mechanical properties

Balanced rigidity and toughness, resilient to deformation under force

Cracking resistance

Excellent resistance to salt spray, chemical corrosion and environmental chemical stress

Insulation properties

Effectively suppress the probability of potential induced degradation (PID) of modules

Flame resistance

Limiting osygen index (LOI) up to 56.7 (parallel to fibre direction)

Linear expansion coefficient

Similar to silicon wafers and glass, can be deformed synchronously

Advantages of the FRP frame

Securing Environmentally-friendly Properties

We take environmental and sustainability considerations into account throughout the entire lifecycle of our products. We strive to reduce the use of hazardous chemicals and enhance the recycled content of our modules to minimize the impact of our products on the environment.

Environmentally-friendly modules

Dealcoholized silica gel

- With the rapid development of the industry and the increasing production of photovoltaic modules, the market demand for high-performance and environmentally-friendly sealants continues to grow.
- DMEGC insists on using dealcoholized silica gel, which does not release harmful carcinogens such as butanone oxime during the curing process, which is of great significance for the environment. At the same time, the dealcoholized silica gel has good weather resistance and can resist extreme climatic conditions such as high temperature, extreme cold, rainstorms and hurricanes, effectively guaranteeing the long-term stability and safety of photovoltaic modules.

Fluorine-free backsheet

- At present, the fluorine-containing backsheets commonly used in the industry are prone to produce toxic fluorides during the recycling process, which is extremely harmful to the environment and human health.
- After in-depth research and rigorous reliability testing, DMEGC has launched the fluorine-free backsheet. While avoiding the use of fluorine-containing materials that may release hazardous substances and cannot be recycled, we endow the backsheets with a tougher skeleton, which significantly improves the product performance and the environmental performance.
- All DMEGC products are 100% free of per- and polyfluoroalkyl substances (PFAS), meeting the EU RoHS and REACH requirements.

Lead-free welding

- Lead is a heavy metal that poses a high risk of contamination to soil, water, and the biological chain.
- We use laser welding in the production process of junction boxes. While improving production efficiency and welding stability, we do not use lead-containing materials in the production process, avoiding the environmental and safety hazards of the products. Meanwhile, the lead-free junction boxes have excellent electrical properties and weather resistance, and can maintain stable performance in a variety of harsh environmental conditions.

Contributing to the Circular Economy

Recycling of waste photovoltaic modules is of great significance to reduce environmental pollution, promote resource conservation and accelerate the circular economy. By applying cutting-edge technologies and best practices, DMEGC is committed to deepening product lifecycle management, improving product reuse value, and working with partners to explore a greener and more circular mode of industrial development.

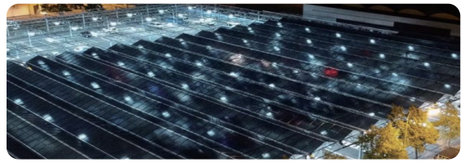
DMEGC strictly follows the EU Directive on waste electrical and electronic equipment (WEEE) and carries out in-depth practice in product recycling and reuse. At present, we have registered WEEE recycling in the Netherlands, Italy, Germany, Austria, Spain, Poland and other markets. We work with professional partners to help customers properly recycle and dispose of waste modules. We will continue to lay out product recycling projects to promote the whole industry to create greater value in the circular economy.

Product Application Scenario Expansion

DMEGC deeply understands customer needs. We take into consideration an extensive range of application scenarios to design and provide one-stop green energy solutions for customers, and ultimately contribute to the construction of a clean, low-carbon, safe and efficient global energy system.

Broadening application scenarios to build parking lot rooftop photovoltaic project

We have explored the building-integrated photovoltaic technology in depth to continuously broaden the application scenarios of photovoltaic roofs. During the Reporting Period, we carried out dozens of reconstruction projects for parking lot photovoltaic roofs in various markets, including the Netherlands, France and Spain. While retaining the traditional functions of parking lots, we expanded energy production and storage functions including electric vehicle charging facilities, which significantly supported the green transformation of electrification in the local automobile market.



Parking lot reconstruction project

At the same time, we have seized climate-related opportunities and launched products adaptive for a variety of geographical environments and extreme climate scenarios, creating reliable solutions with both economic and ecological benefits for global customers.

Activating green productivity with Agri-PV solutions

DMEGC has launched Agri-PV, a range of agrivoltaic solutions, which combines photovoltaic power generation with agriculture-related industries. The Agri-PV solutions allow agricultural cultivation to achieve green, high-yield and high-efficiency, while enabling the full use of clean energy. The solutions can be applied in both open fields and greenhouses, fully activating green productivity.

Better ecological benefits

- Saving approximately 20% of irrigation water
- Mitigating wind erosion and soil degradation
- Protecting plants from extreme weather events

Higher economic benefits

- Optimizing light availability for crops
- Getting electricity for farming activities from site
- Predicted to increase farm income by over 30%

Agri-PV solutions applied in open fields and greenhouses

Joint Efforts for a Green Future

DMEGC has joined the United Nations Global Compact (UNGC). We stand with 20,000 participants from more than 160 countries to align our strategies and operations with universal principles on human rights, labor, environment, and anti-corruption. We firmly implement our commitment to green development, actively participate in various communication and community activities to share our experience and achievements in combating climate change and protecting the environment, and join hands with our partners to build a green future together.

Participate in the UNGC CAA program to discuss carbon reduction opportunities in the corporate value chain

During the Reporting Period, DMEGC participated in the Climate Ambition Accelerator program (UNGC CAA). The program aims to equip companies with the knowledge and skills needed to accelerate progress towards setting science-based emissions reduction targets aligned with the 1.5°C pathway, setting companies on a path towards net-zero emissions by 2050. We actively participate in activities such as knowledge-sharing, seminars and workshops regularly carried out by UNGC CAA to discuss carbon reduction opportunities in the value chain with partners from different industries and contribute to accelerating the implementation of reliable climate actions.

UNGC CAA workshops

Proactively participating in SSI activities to promote sustainable transformation of the industry

Solar Stewardship Initiative (SSI) is the first-ever supply chain sustainability assurance scheme dedicated to the needs of the solar industry to foster responsible production, sourcing and stewardship of materials across the global solar value chain.

As an active member of the SSI, DMEGC Solar is closely engaged in a range of key working streams, including regulatory interpretation and feedback, as well as working groups on supply chain traceability. Giving full play to our experience and advantages, we make continuous efforts to develop rigorous and achievable ESG standards and establish transparent and traceable value chain for the industry. Our engagement underscores our commitment to working together with all partners for a more sustainable and efficient solar energy future.

Appendix I: Key Performance Indicators

Indicators	Unit	2023	2022	2021
Environment				
GHG Emissions				
Total GHG (Scope 1 and 2) emissions	tCO_2e	845,075.78	755,416.72	627,615.24
GHG (Scope 1 and 2) emission intensity	tCO_2e /million revenue	42.85	38.82	49.79
Direct GHG (Scope 1) emissions	tCO_2e	70,981.59	78,437.81	85,154.31
Indirect GHG (Scope 2) emissions	tCO_2e	774,094.19	676,978.90	542,460.93
Energy Consumption				
Total energy consumption	tce	192,677.35	167,541.56	150,181.06
Renewable energy consumption	MWh	52,807.44	2,228.23	/
Water Consumption				
Total water consumption	10,000 tonnes	555.46	422.07	369.40
Water consumption intensity	10,000 tonnes/million revenue	0.028	0.021	0.029
Wastewater Discharge				
Total wastewater discharge	10,000 tonnes	360.87	292.08	/
Wastewater discharge intensity	tonnes/million revenue	0.018	0.015	/
Air Emissions				
Total air emissions	tonnes	67.75	78.69	72.51
Air emission intensity	tonnes/million revenue	0.0034	0.0040	0.0057
Air emissions - Sulfur Oxides (SOx)	tonnes	6.05	5.39	4.73
Air emissions - Nitrogen Oxides (NOx)	tonnes	61.70	73.30	67.78
Waste Discharge				
Total waste	tonnes	37,033.24	35,132.61	23,063.59
Waste intensity	tonnes/million revenue	1.88	1.80	1.82
General waste	tonnes	36,619.49	34,773.85	22,739.89
Hazardous waste	tonnes	413.75	358.76	323.70
Hazardous waste disposal rate	%	100	100	100
Total waste recycled	tonnes	30,170.80	25,464.89	15,842.88
Environmental Management				
Percentage of sites with environmental risk assessments	%	100	100	100
Percentage of sites that have passed ISO 14001 and other environment-related certifications	%	87	/	/
Percentage of employees trained on environmental issues	%	100	c100	100

Indicators	Unit	2023	2022	2021
Product Stewardship				
Total raw material consumption	tonnes	1,461,460.11	1,058,963.06	636,833.89
Total use of hazardous chemicals	tonnes	229,232.99	169,677.89	123,514.68
Percentage of products recalled for environmental, health and safety concerns	%	0	0	0
Sustainable Procurement				
Total number of target suppliers	/	693	549	664
Percentage of target suppliers that have signed the *Supplier Code of Conduct*	%	100	100	100
Percentage of target suppliers contracted with clauses covering environmental, labor and human rights requirements	%	100	100	100
Percentage of buyers that have been trained in sustainable sourcing	%	100	100	100
Percentage of assessed suppliers engaged in corrective actions or capacity building	%	100	100	100
Labor and Human Rights				
Labor Rights				
Percentage of employees covered by formal collective agreements on working conditions	%	82.91	94.71	100
Percentage of employees covered by duly elected employee representatives	%	100	100	100
Percentage of sites that have undergone a human rights review or human rights impact assessment	%	52.50	52.50	52.50
Percentage of employees covered by a living wage benchmarking analysis	%	100	100	100
Percentage of employees paid below living wage	%	0	0	0
Ratio of the annual total compensation for the highest paid individual, to the median annual total compensation for all employees	%	12.29	21.11	28.14
Percentage of employees covered by social security	%	100	100	100
Number of incidents of child or forced labor	/	0	0	0
Diversity, Equity and Inclusion				
Percentage of women employed	%	45.39	43.06	43.86
Percentage of women in senior management positions	%	22.22	17.14	16.22
Percentage of women board members	%	14.28	14.28	14.28
Average unadjusted gender pay gap[3]	%	86.75	87.10	83.05

3 Average gross hourly earnings of female employees as a percentage of average gross hourly earnings of male employees.

Indicators	Unit	2023	2022	2021
Percentage of employees from disadvantaged groups[4]	%	0.59	0.33	0.29
Percentage of employees who have received training on diversity, discrimination and harassment	%	100	100	100
Employee Development				
Average hours of training provided for employees	hours	1.74	1.63	0.80
Percentage of employees who have undergone regular performance and career development reviews	%	100	100	100
Percentage of employees with vocational or skill-related training	%	100	100	100
Number of employees participated in career development training	person	5,286	6,131	8,971
Number of employees with personal development plans	person	18,416	16,121	15,269
Occupational Health and Safety				
Number of days lost due to work-related injuries	days	1,864	390	410
Number of work-related incidents	/	18	26	26
Number of employee health and safety training	/	2,446	1,119	1,025
Total hours of employee health and safety training	hours	204,207	180,126	160,342
Percentage of employees who have participated in health and safety training	%	100	100	100
Percentage of sites with employee health and safety risk assessments	%	100	100	100
Percentage of employees represented by the health and safety committee	%	100	100	100
Business Ethics				
Percentage of employees trained on business ethics issues	%	100	100	100
Number of reports generated by the whistleblower process	/	2	1	1
Number of recognized corruption incidents[5]	/	3	0	0
Number of recognized information security incidents	/	0	0	0

4 The Company's employees from disadvantaged groups are mainly employees with disabilities.

5 All incidents have been appropriately handled.

Appendix II: Indicator Indexes

Criteria	TCFD Recommendations	Index	TNFD Recommendations	Index
Governance	• Describe the board's oversight of climate-related risks and opportunities. • Describe management's role in assessing and managing climate-related risks and opportunities.	Climate and Nature Management – Our Governance - Governance Structure	• Describe the board's oversight of natural-related dependencies, impacts, risks and opportunities. • Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities. • Describe the organization's human rights policies and engagement activities, and oversight by the board and management, with respects to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organization's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.	Climate and Nature Management – Our Governance - Governance Structure
Strategy	• Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. • Describe the impact of climate-related risks and opportunities on the organization's business, strategy and financial planning. • Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Climate and Nature Management – Our Management Strategy – Climate Change	• Describe the nature-related dependencies, impacts, risks and opportunities the organization has identified over the short, medium and long term. • Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organization's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place. • Describe the resilience of the organization's strategy to nature-related risks and opportunities, taking into consideration different scenarios. • Disclose the locations of assets and/or activities in the organization's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.	Climate and Nature Management – Our Management Strategy – Ecological Protection
Risk (and Impact) Management	• Describe the organization's processes for identifying and assessing climate-related risks. • Describe the organization's processes for managing climate-related risks. • Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.	Climate and Nature Management – Our Management Strategy – Climate Change	• Describe the organization's processes for identifying, assessing and prioritizing nature-related dependencies, impacts, risks and opportunities in its direct operations. • Describe the organization's processes for identifying, assessing and prioritizing nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s). • Describe the organization's processes for monitoring nature-related dependencies, impacts, risks and opportunities. • Describe how processes for identifying, assessing, prioritizing and monitoring nature-related risks are integrated into and inform the organizations overall risk management processes.	Climate and Nature Management – Our Management Strategy – Ecological Protection
Metrics and Targets	• Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. • Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks. • Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Climate and Nature Management – Our Goals and Progress Appendix I: Key Performance Indicators	• Disclose the metrics used by the organization to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process. • Disclose the metrics used by the organization to assess and manage dependencies and impacts on nature. • Describe the targets and goals used by the organization to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.	Climate and Nature Management – Our Goals and Progress Appendix I: Key Performance Indicators


DMEGC