



新天绿色能源股份有限公司
China Suntien Green Energy Corporation Limited

2016

Environmental, Social and
Governance Report



ABOUT THIS REPORT

I. SCOPE OF THE REPORT

Organizational scope of report: This report covers China Suntien Green Energy Corporation Limited and organizations under its management.

Time frame of the report: 1 January 2016 to 31 December 2016. Certain items are beyond the above time frame.

Publication cycle of the report: This report is published on an annual basis along with the publication of annual report of the Company.

II. BASIS FOR PREPARATION OF THE REPORT

The report is prepared according to the “Environmental, Social and Governance Reporting Guide of Rules Governing as set out in Appendix 27 to the Listing of Securities” on The Stock Exchange of Hong Kong Limited. It refers to “G4 Sustainability Reporting Guidelines” issued by Global Reporting Initiative in selecting material aspects selection and stakeholders engagement.

III. EXPLANATIONS ON DATA IN THE REPORT

Financial data in the report are extracted from the annual report for 2016. For other data, they are extracted from the internal management system and statistics of the Company and part of them is from the data for previous years. Unless otherwise stated, Renminbi is used in this report as functional currency.

IV. PUBLICATION FORM OF THE REPORT

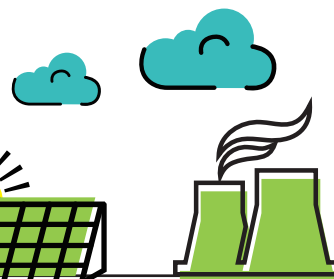
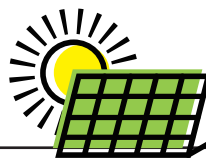
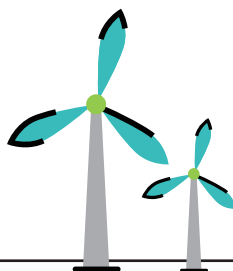
The report is issued in printed and electronic versions. You may visit the websites www.suntien.com or www.hkex.com.hk to download the report. Please call 0311-85278707 if you need a printed version.

V. EXPLANATIONS ON SHORT NAMES

For convenience, expressions including “China Suntien Green Energy Corporation Limited”, “Suntien”, “the Company”, “the Group” or “we” are used in the report. For major subsidiaries of the Company, Hebei Natural Gas Limited is referred to as “Hebei Natural Gas” and HECIC New-energy Co., Ltd. is referred to as “HECIC New-energy”.

VI. CONTACTS

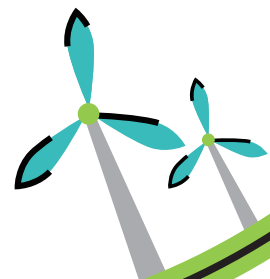
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CHAIRMAN'S STATEMENT



Dear readers,

During 2016, the international community reached consensus on addressing climate change. It is also the first year of the China's "13th Five-year Plan" period. In April 2016, the leaders and representative of more than 150 countries officially signed the *Paris Agreement* at the headquarters of the United Nations in New York with the target of achieving zero emission of greenhouse gases in the second half the century. The National Development and Reform Commission (NDRC) released the *13th Five Year Plan on Energy Development* and the *13th Five Year Plan on Renewable Energy Development* in December 2016, proposing that clean and low-carbon energy will be the dominant new energy supplies during the "13th Five-year Plan" period. As a leading company in the development and utilization of clean energy in northern China, Suntien is deeply aware of its important responsibilities.

Suntien continued to boost the development of wind and photovoltaic power generation as well as other new energy industries and achieved fruitful results in the past year. It increased its wind power holding installed capacity of 702.55 MW during the year, achieved gross wind power generation of 4,585 million kWh, an increase of 45.05% from 2015. Its newly added agreed capacity from photovoltaic power generation projects amounted to 14 MW. In 2016, all wind turbines at the Jianshui

Qikeshu Wing Farm, the largest single wind power project in other provinces of Suntien, was connected to the grid for power generation, marking a key breakthrough in the construction of wind power facilities in other provinces by the Company. Meanwhile, the Company has been actively seeking appropriate investment programs and striving to provide clean energy in more regions. To solve such problems as the abandonment of wind in the current development of the domestic new energy industry, Suntien significantly improved the utilization efficiency of wind energy through wind-hydrogen construction as well as other projects with national demonstration significance to make contributions to the development of the industry.

Suntien actively responded to the calls of national and local governments, steadily developed the natural gas business and contributed the promotion of air pollution prevention in key areas in Beijing, Tianjin and Hebei. In 2016, the Company conducted the "replacement of coal gas with natural gas" in urban villages in Hebei Province. The Company improved the natural gas transmission pipeline in the region, the urban natural gas pipe network and other infrastructures and brought natural gas to more households. As at 31 December 2016, newly added natural gas pipeline length was 210.3 kilometers and a total of 172,949 households in urban communities and rural areas conducted the replacement of coal gas with natural gas.

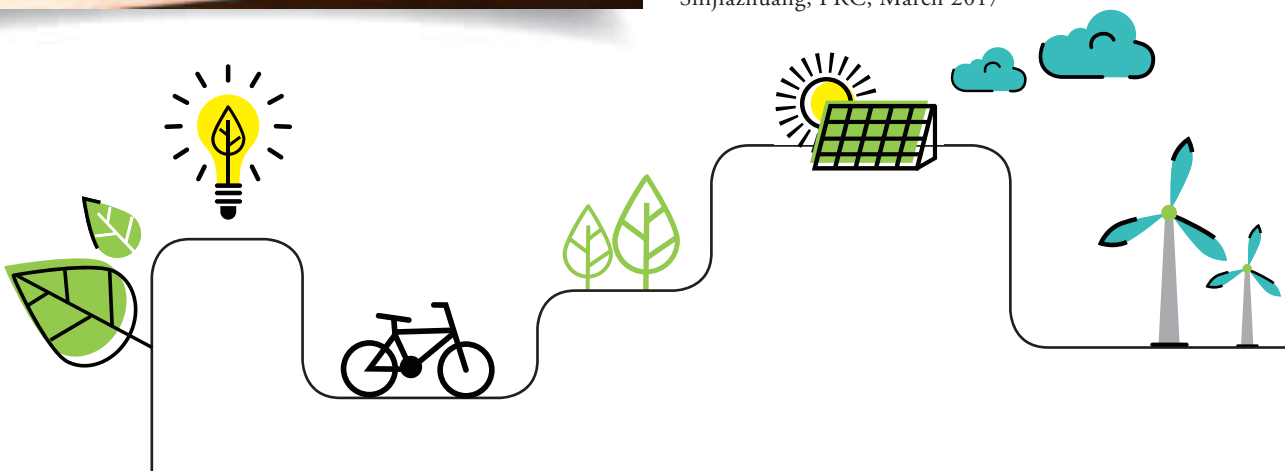
Suntien actively kept full communication with its stakeholders and responded to their concerns and demands. We fully guaranteed the legitimate interests of employees and provided plenty of opportunities for development as well as competitive remuneration packages to make them an inexhaustible driving force to the enterprise development. We increased our inputs in environmental protection and safety production and focused on environmental and safety problems in the construction of projects and the operation to improve the utilization efficient of resources, reduce safety accidents and the effects of its own operation on the environment and surrounding residents. As one the earlier mainland enterprises adopted the “Environmental, Social and Governance Reporting Guide” issued by the Hong Kong Stock Exchange, we gradually established a complete ESG management system to better manage the performance of the Company in environmental, social and other aspects. We strived to return the society and promote the regional economic take-off with its own development. We conducted poverty-relief work and provided the targets with the most practical and effective supports and assistance through “educational supports first in poverty-



relief” to share the results in the development of the Company with the public.

Looking forward to the future, the “13th Five-year Plan” period will be a crucial period for the international community to jointly deal with climate changes. It will also be a golden time for the sustainable and healthy development of the clean energy industry in China. Facing the historical development opportunity, Suntien will consistently provide clean energy to the society and will inject inexhaustible impetus to the international community in dealing with climate change and achieving the target of globally sustainable development through the improvement of its own business growth and technologies. We wish to share business opportunities and create more value with more partners in the spirit of cooperation and win-win coordination. We hope that all stakeholders will care and support the development of Suntien and join us in building a beautiful future with sustainable development.

Cao Xin
 Chairman
 Shijiazhuang, PRC, March 2017



CORPORATE PROFILE

China Suntien Green Energy Corporation Limited was established on 9 February 2010 with contribution made by the promoter shareholders of Hebei Construction & Investment Group Co., Ltd. and HECIC Water Investment Co., Ltd.. The Company was listed on the Main Board of the Hong Kong Stock Exchange on 13 October 2010. The Group is a leading company in the development and utilization of clean energy in northern China.

The Group is primarily engaged in the exploration and utilization of new energy and clean energy with two major business segments: the wind power business and the natural gas business.

Engaged in the planning, development and operation of wind farms as well as the sale of electricity, the Group owns wind power projects in the regions of Hebei, Shanxi, Xinjiang, Shandong, Yunnan and Inner Mongolia, etc. Based in Hebei, the Group has invested and developed wind power projects across the country, and actively seeks suitable investment projects overseas. As at 31 December 2016, the Group had a consolidated installed capacity of 2,796.15 MW as well as interests in installed capacity of 2,571.6 MW. In 2016, the gross wind power generation of the Group was 4,585 million kWh with 2,195 utilization hours.

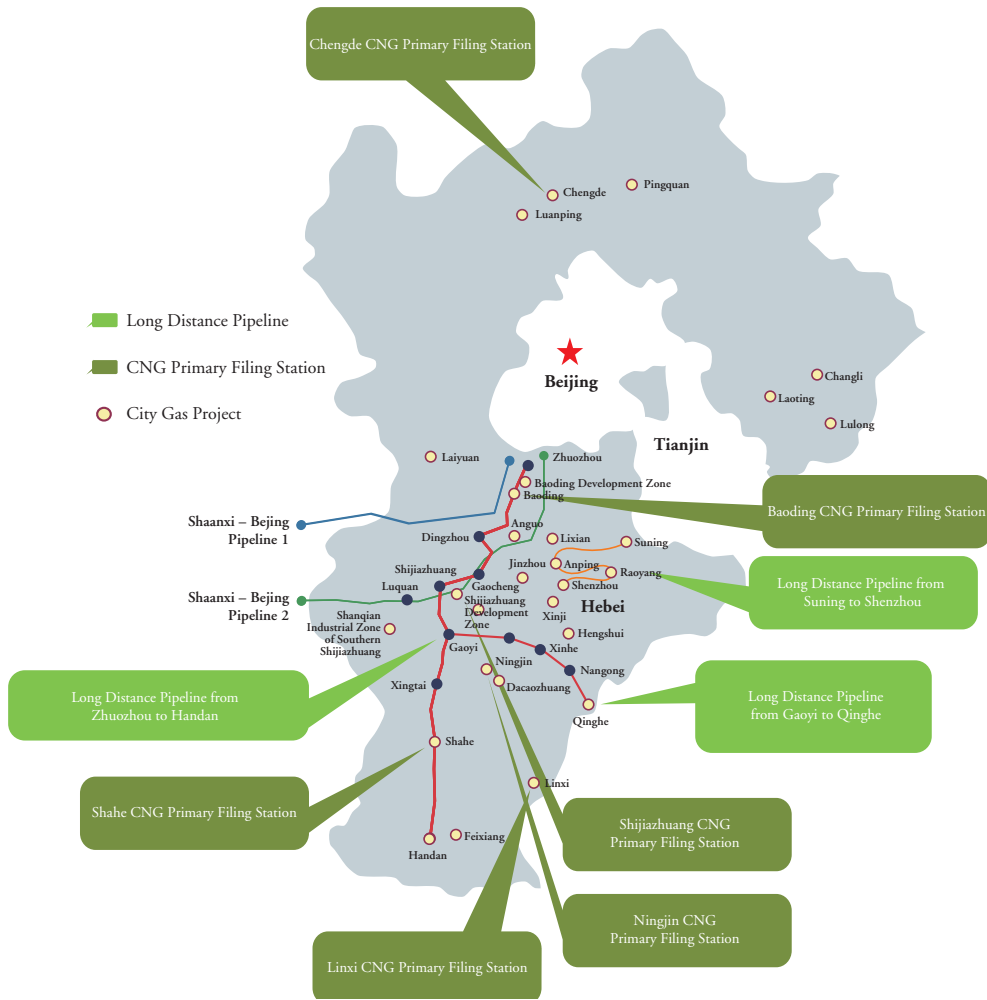
The Group possesses natural gas transmission and ancillary facilities in Hebei Province, and sells natural gas through natural gas distribution channels. As at 31 December 2016, the Group owned 3 long-distance natural gas transmission pipelines, 8 high-pressure branch pipelines, 29 urban gas projects, 14 distribution stations, 8 gate stations, 7 CNG refilling stations and 6 CNG primary filling stations. In 2016, the sales volume of natural gas of the Group was 1,111 million cubic meters.

BUSINESS SEGMENT

Distribution of the wind and photovoltaic power projects



Distribution of the natural gas projects

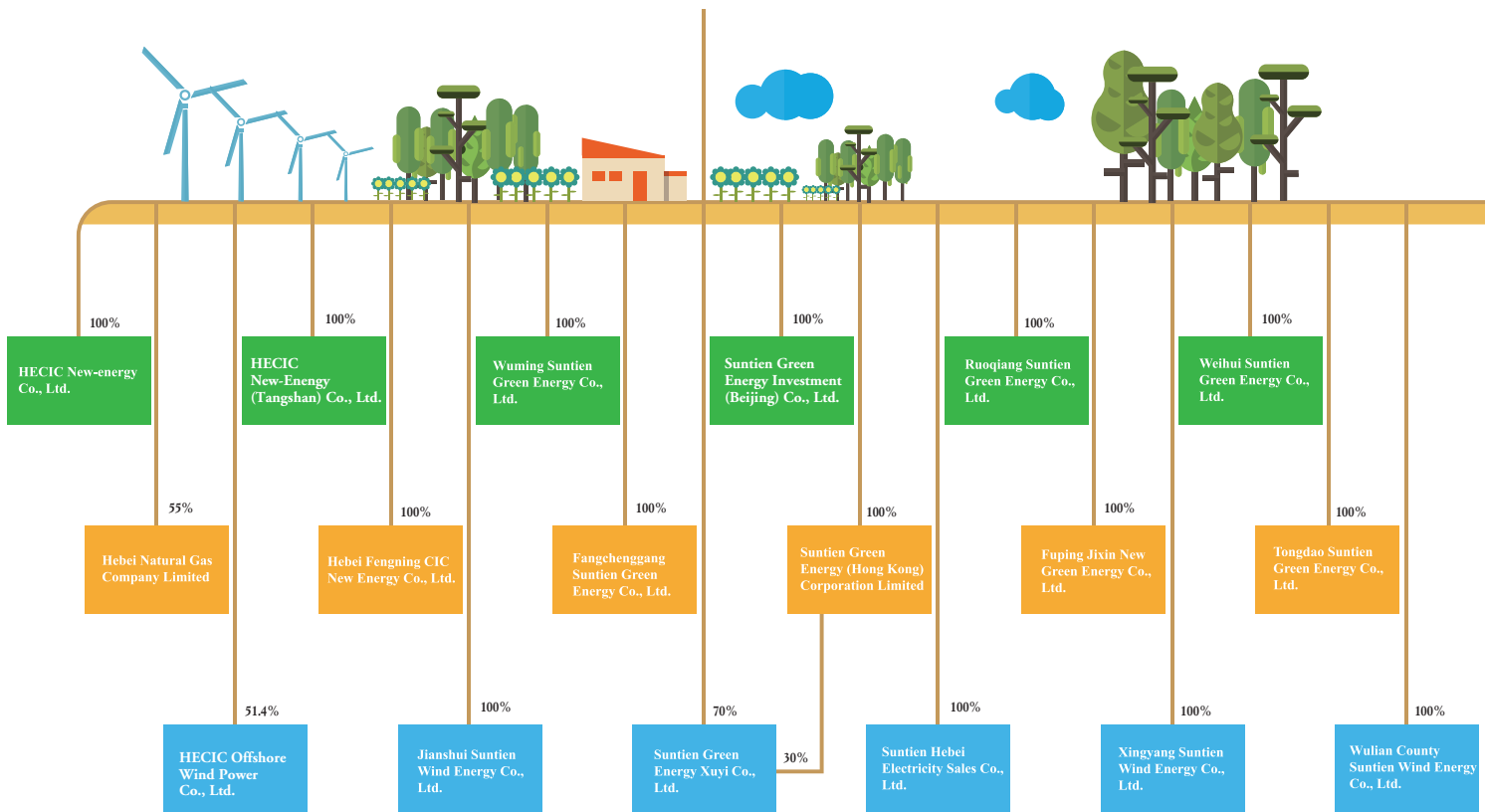


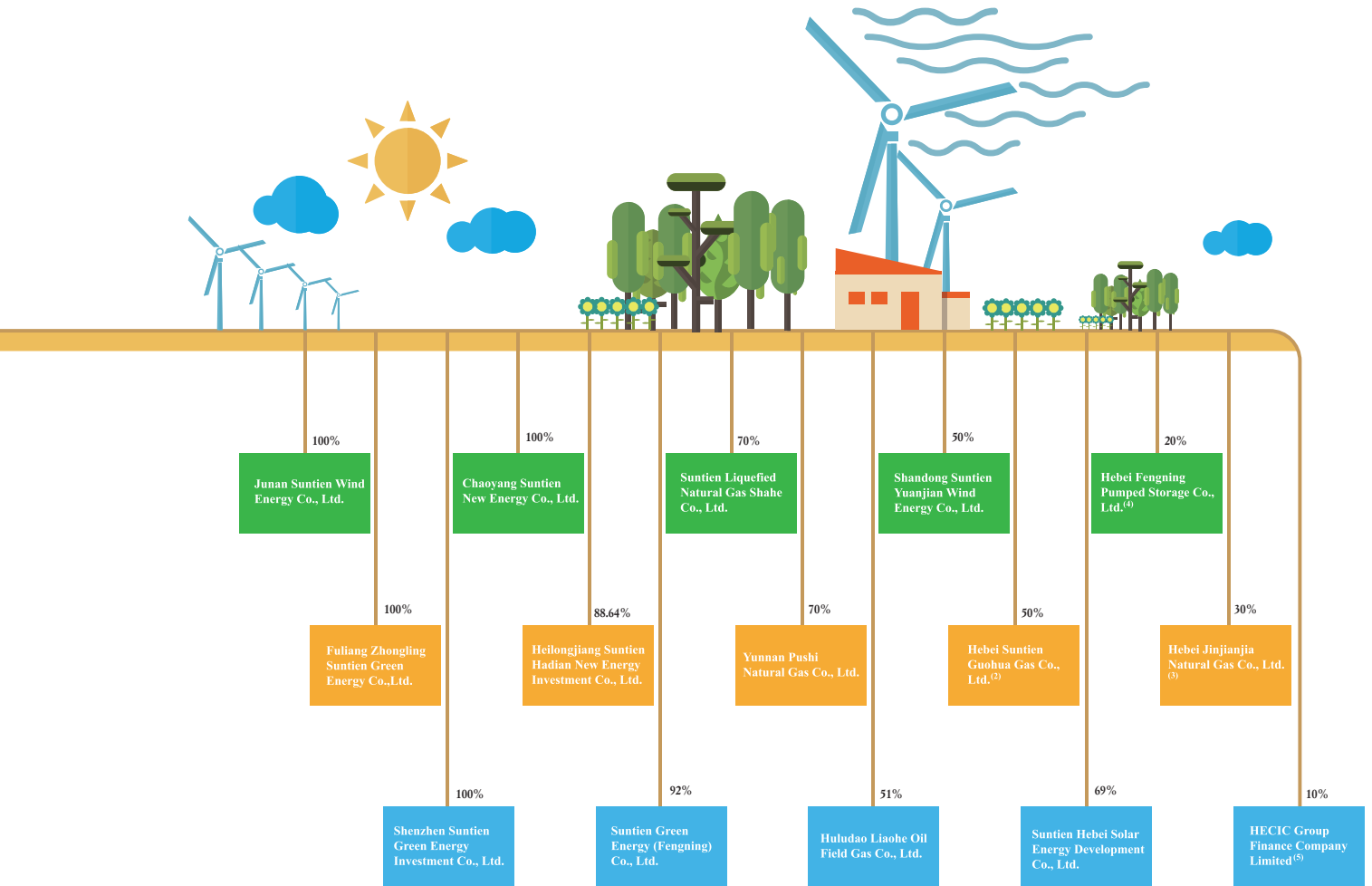
CORPORATE PROFILE

Corporate Structure



新天绿色能源股份有限公司
China Suntien Green Energy Corporation Limited





Notes:

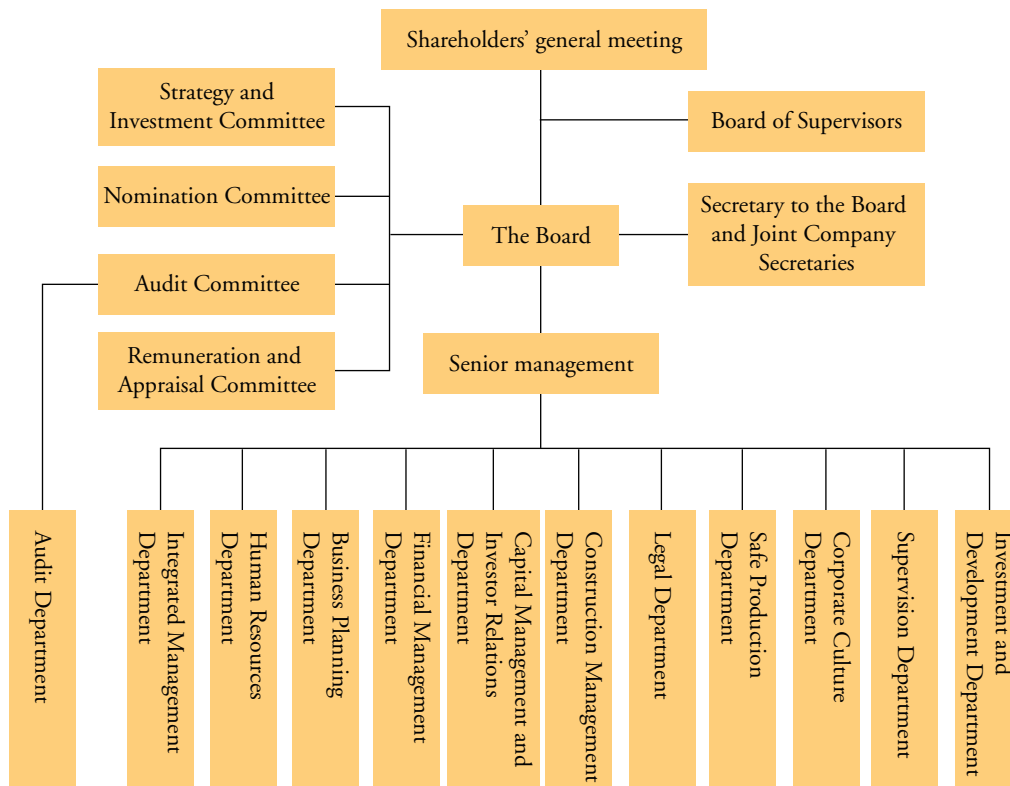
- (1) Please note that the corporate structure chart covers first-tier subsidiaries of the Company only. Subsidiaries on second-tier and below are not listed.
- (2) Hebei Suntien Guohua Gas Co., Ltd. is a joint venture of the Company
- (3) Hebei Jinjianjia Natural Gas Co., Ltd. is a joint venture of the Company
- (4) Hebei Fengning Pumped Storage Co., Ltd. is an associated company of the Company
- (5) HECIC Group Finance Company Limited is a long-term investment company of the Company

CORPORATE GOVERNANCE

According to the provisions of the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the Listing Rules and other relevant laws and regulation, regulatory documents and the Articles of Association, the Company has gradually improved the rules on corporate governance and introduced the terms of reference of all professional committees after the listing in 2010. It also amended the *Article of Association* in 2016 to meet the operation and management demands and external regulatory requirements.

The Company has established an excellent internal control and governance structure. It has established the Strategy and Investment Committee, the Nomination Committee, the Audit Committee and the Remuneration and Appraisal Committee under the Board to conduct supervision and inspection on the strategy, the appointment of management, the incentive measures, the risks control and other work of the Company. The Board of Supervisors supervises the internal control established and conducted by the Board and the senior management. For the specific responsibilities and composition of the Board and the professional committees under it and the Board of Supervisors, please refer to the "Corporate Governance Report" in the *Annual Report of China Suntien Green Energy Corporation Limited for 2016* (0956.HK).

Corporate governance structure



INTERNAL CONTROLS AND RISK MANAGEMENT

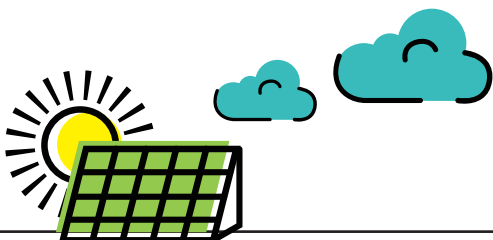
During the reporting period, the Company organized and completed the analysis on the Company's internal control, which included procuring relevant departments to make adjustments in respect of the deficiencies in internal control found in the analysis within a time limit, following-up the adjustments effectively and improving the Company's internal control system.

In order to ensure the internal control operate effectively, the Company amended and improved the "Internal Control Manual of China Suntien Green Energy Corporation Limited" (《新天綠色能源股份有限公司內部控制手冊》). To effectively implement the internal control standards of the Group, we will further strengthen and standardize the internal control of the Group and improve the overall management and risk level and risk prevention capability of the Group. In 2016, the internal control system of the Company was promoted to the relevant companies in Northwest China to establish their own "internal control management manual", which strengthened the internal control system of the Group and promoted the internal control and management level.

ANTI-CORRUPTION

The Company attaches great importance to the construction of a clean administration and firmly fights against any kind of corruption. On the basis of relevant laws and regulations, It developed a series of policies and relevant management measures such as the *Management Measures for the Prevention of Business Corruption (Trial Implementation)*, the *Management Measures for the Work of Supervisors for Construction of Honest Administration (Trial Implementation)*, the *Tentative Measures for the Implementation of the Responsibility System for Construction of Honest Administration*, the *Tentative Administrative Procedures for Power Monitoring Mechanism* and the *Implementation Measures for the Knowledge Examination of Disciplinary Regulations of Leaders of Companies to be Promoted*, so as to enhance the prevention of corruption from the origins. It required people who are responsible for key processes and/or in key positions to sign the *Commitment Letter of Prevention of Business Bribery* with business partners to control their behaviors of both parties.

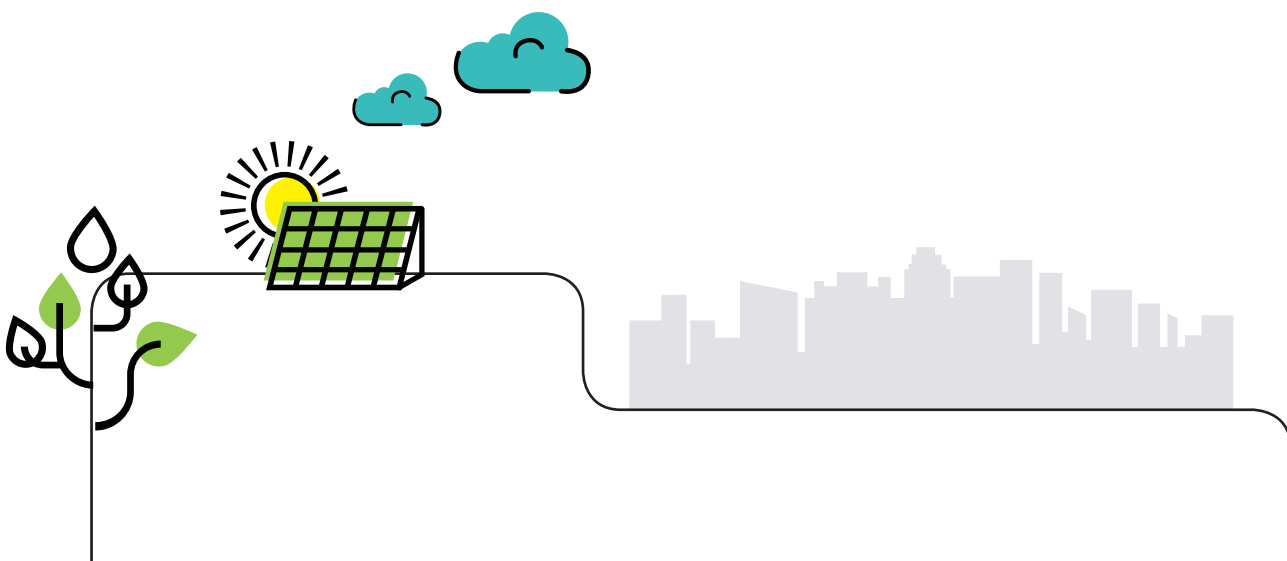
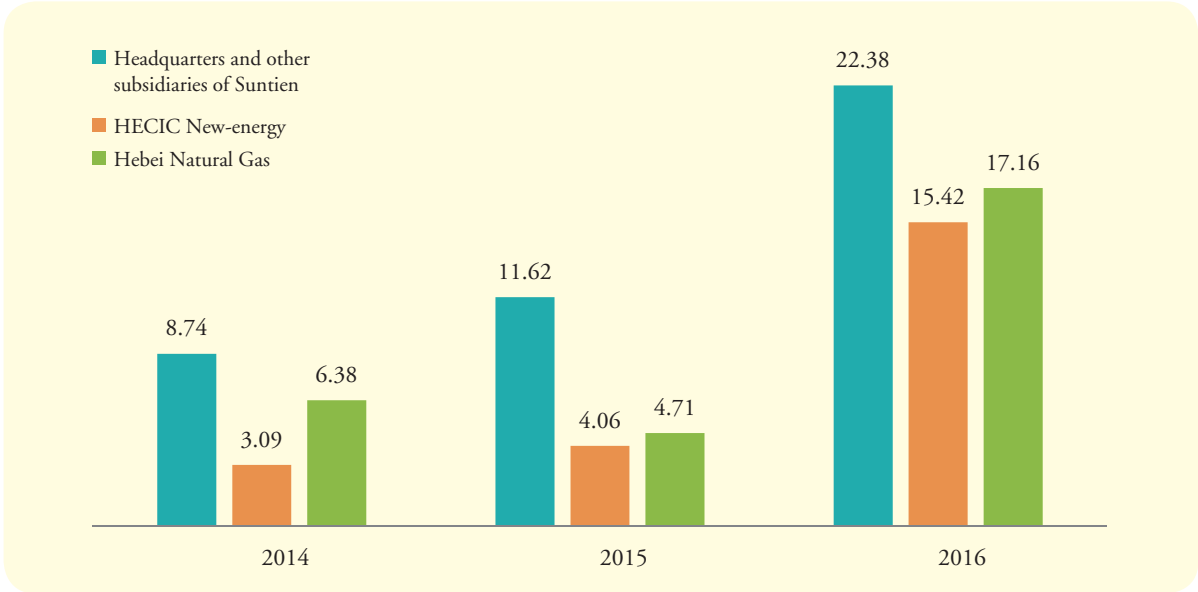
The Company established a business bribery reporting box and published reporting hotlines. In order to better conduct the development of a clean and honest administration and enhance the self-discipline awareness of the staff, the Company also included the development of a clean and honest administration into its annual assessment system and categorized and assesses the level of risks, and established a mechanism for reminding, warning and educating about the risks. It enhanced the anti-corruption awareness of the staff through conducting anti-corruption education. The Company maintained a healthy, fair and transparent business environment through the above efforts. During the reporting period, there was no lawsuit about anti-corruption or bribery occurred in the Company.



CORPORATE GOVERNANCE



Number of hours of anti-corruption training provided by Suntien to each person from 2014 to 2016



ENVIRONMENTAL, SOCIAL AND GOVERNANCE MANAGEMENT



As an important clean energy supplier in northern China, we wish to make more contributions in adjusting the social energy structure and alleviating environmental problems. It is our operation basis as well as our social responsibilities to undertake. With the introduction of policies on the integrated development of Beijing, Tianjin and Hebei and the plans on the environment and economy, we face a new round of development opportunities as well as challenges in our development and management capacities. We will further optimize the ESG management system and implement the ESG management results to enhance our ability on sustainable development and play a more important role in the sustainable development of the society.

ESG MANAGEMENT SYSTEM

Our ESG management system always focuses on the ESG quantitative performance management. As one earlier mainland enterprises adopted the “Environmental, Social and Governance Reporting Guide” issued by the Hong Kong Stock Exchange earlier, we preliminarily established the Suntien Green Energy ESG Indicators System based on the requirements on the disclosure of ESG information in 2014. We built an ESG quantitative information management system under the leadership of the Board office covering all important business units and formed an ESG management network. We conduct two ESG working meetings with the staff of the ESG working network positions every year to determine the key points in the collection of ESG information and appraise the ESG management results based on them.

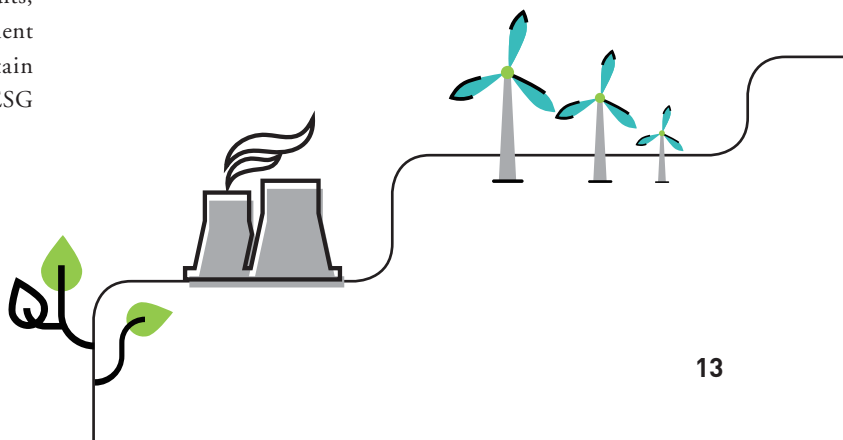
In order to further enhance the effectiveness of the ESG quantitative management, we invited third-party professional institutes to get to the grassroots production of the new energy and natural gas businesses to assess the effectiveness of the statistical process from the sources of ESG data to verify the completeness and accuracy of ESG performance in 2016. Based on the assessment results, we completed the improvement to the ESG management system, specified the management interests of certain ESG topics and enhanced the appropriateness of the ESG indicators system in the operation management.

As the Company is under rapid development and the new energy industry is under a policy environment with better and changing policies. We will pay more attention to the orientation of sustainable development and establish relationship with the internal ESG management of the Company. The National Carbon Emissions Trading Market will officially initiate in 2017. We will make better use of our capacity as a new energy supplier and get prepared in the ESG management system to lay a foundation for the sustainable development of the Company.

STAKEHOLDERS COMMUNICATION

Suntien’s sustainable development is closely related to its stakeholders. As a member of the industry chain and the society, stakeholders can have direct impacts on us through their decision-making and actions and Suntien will effectively gain the continuous driving force for development by responding to the needs of stakeholders in a timely manner. On the other hand, Suntien also has had direct and indirect impacts on stakeholders through the products and services we provides and the projects constructed by us. During the course of operation, effective participation by stakeholders can help Suntien with correctly assessing the impacts or our decisions and timely making adjustments to finally realize the sustainable development of Suntien and the stakeholders.

Through reviewing the types and natures of stakeholders affected by all links in Suntien’s operation, we identified important stakeholders and their participation manners and made corresponding measures to meet their needs. Effective communication with stakeholders can help us understand the needs of both parties for discussion of future cooperation measures, which has gradually become an important work area of our departments.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE MANAGEMENT



List of focus of and channels for communication with stakeholders

Type of stakeholders	Needs	Response Measures	Communication Channels
Shareholders	<ul style="list-style-type: none"> • Continuous stable investment returns • Timely information disclosure • Enterprise operation in compliance with laws and regulations 	<ul style="list-style-type: none"> • Improve business diversity • Establish a system for regular information disclosure • Improve internal compliance system 	<ul style="list-style-type: none"> • Annual reports and corporate announcements • Information dissemination channels including roadshows
Employees	<ul style="list-style-type: none"> • Decent working environment • Plenty of opportunities for career development • Competitive remuneration packages • Sound health and safety protection 	<ul style="list-style-type: none"> • Improve internal management systems such as staff recruitment and promotion • Enrich staff's daily life • Provide diversified employee welfare 	<ul style="list-style-type: none"> • Internal website • Internal corporate publication • Suntien WeChat public account
Suppliers	<ul style="list-style-type: none"> • Fair, just and open procurement process • Punctual performance of contractual obligations 	<ul style="list-style-type: none"> • Ensure transparency in procurement process and receive internal and external supervision • Reasonably manage and control of cash to ensure timely payment 	<ul style="list-style-type: none"> • Announcements and notices for procurement and tender on governmental websites • Corporate corruption reporting hotline
Customers	<ul style="list-style-type: none"> • Continuous reliable and safe supply of natural gas • Timely response to customers' demands • Improvement in service quality 	<ul style="list-style-type: none"> • Establish a comprehensive safety supervision system and a response system • Improve customer complaint handling process, establish a responsibility identification system for customer complaint • Formulate the standardized service manual 	<ul style="list-style-type: none"> • Regular community promotions for safe use of gas • Visiting complaining customers • Conducting customer satisfaction survey

Type of stakeholders	Needs	Response Measures	Communication Channels
Government	<ul style="list-style-type: none"> • Drive local and surrounding industry development • Enterprise operation in compliance with laws and regulations 	<ul style="list-style-type: none"> • Provide job opportunities and pay taxes at the location of operation • Cooperate with government's supervision and improve internal compliance monitoring system • Ensure compliance with laws and regulations regarding environment, safety and integrity 	<ul style="list-style-type: none"> • Participate in government meetings and regularly visit the government • Receive governmental supervision
Community	<ul style="list-style-type: none"> • Contribution to community development • Participation in community activities to maintain good communication 	<ul style="list-style-type: none"> • Improve local infrastructure construction in terms of road construction and power grids construction • Help rural development in terms of assistance provided to designated persons • Maintain good communication with local residents and herdsmen 	<ul style="list-style-type: none"> • Survey of community representatives • Visits in daily operation
Banks	<ul style="list-style-type: none"> • Good creditworthiness and strong ability to pay debts • Stable business development 	<ul style="list-style-type: none"> • Pay debts on time to keep good creditworthiness • Strengthen cooperation with domestic and foreign banks 	<ul style="list-style-type: none"> • Regular direct communication
Academic institutions	<ul style="list-style-type: none"> • Continuous investment in innovation • Strengthen the cooperation with academic institutions to improve the ability to apply research results 	<ul style="list-style-type: none"> • Increase internal R & D investment, and improve intellectual property and innovation management • Increase cooperation and exchanges with universities and colleges and other research institutes 	<ul style="list-style-type: none"> • Cooperation fairs

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MANAGEMENT

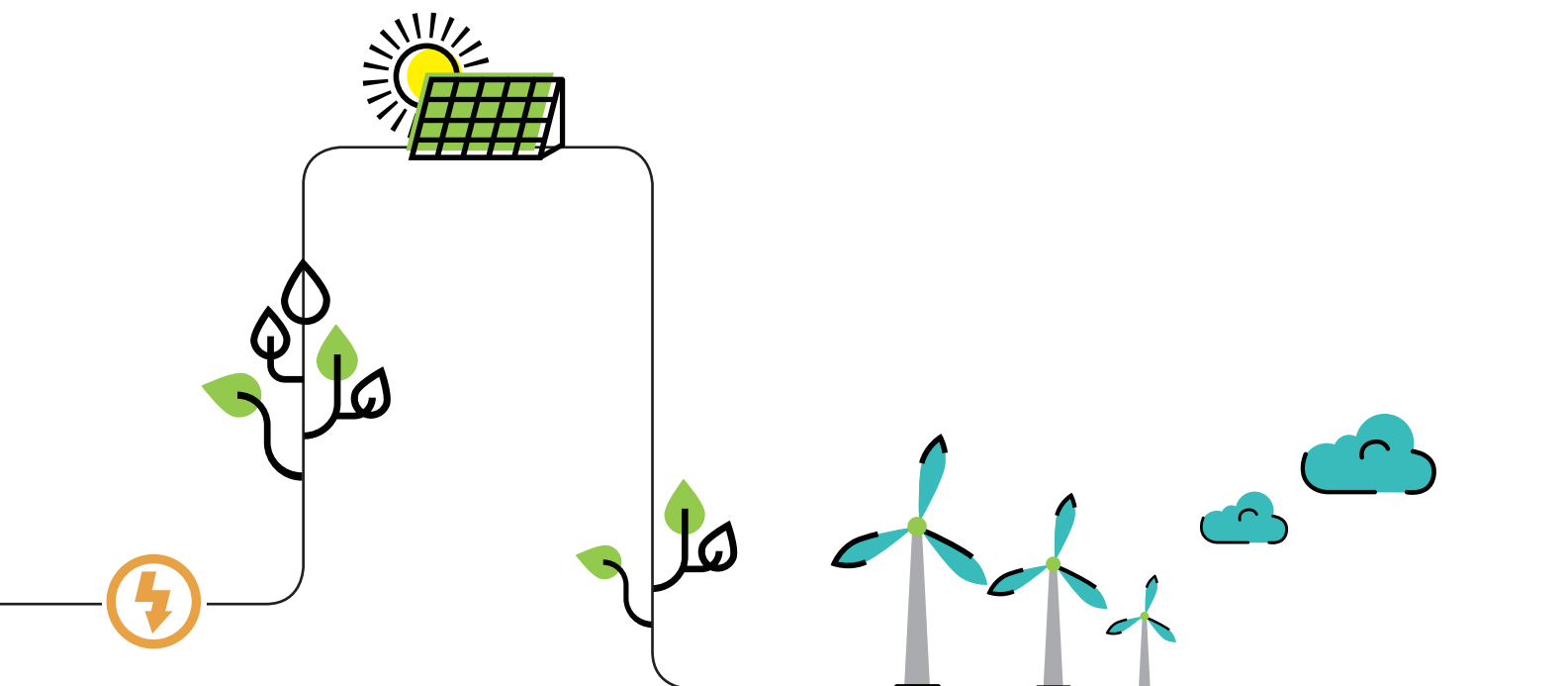
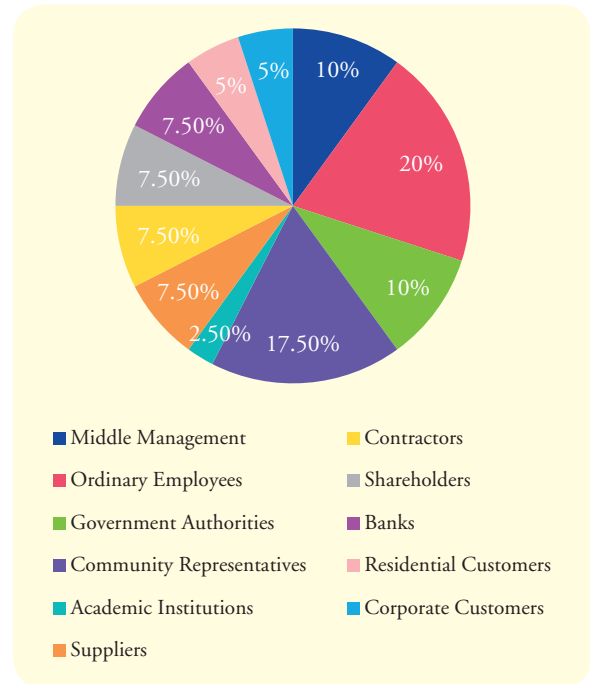


STAKEHOLDERS ENGAGEMENT

In 2016, we maintained the stakeholders questionnaire to understand the stakeholders' comments on our relevant ESG work and listen to the stakeholders' advices. We widely referred to the key concerns of domestic and overseas new energy enterprises on the management of sustainable development, relevant policies on new energy released by national and local governments and research reports on the industry. We identified key ESG topics in 2016 and invited all stakeholders to make comments on the topics and our actions on the basis.

In order to improve the effectiveness of the replies to the questionnaire, we introduced online survey in 2016. Relevant stakeholders can directly reply the questionnaire by scanning the QR code with their mobile phones. The questionnaire survey was anonymous. A total of 120 copies were issued and 110 effective feedbacks were collected. we also issued questionnaires to senior management of the Company to understand the degree of impact of various ESG topics on Suntien and obtain suggestions of senior management on decision-making, actions and information of Suntien regarding sustainable development.

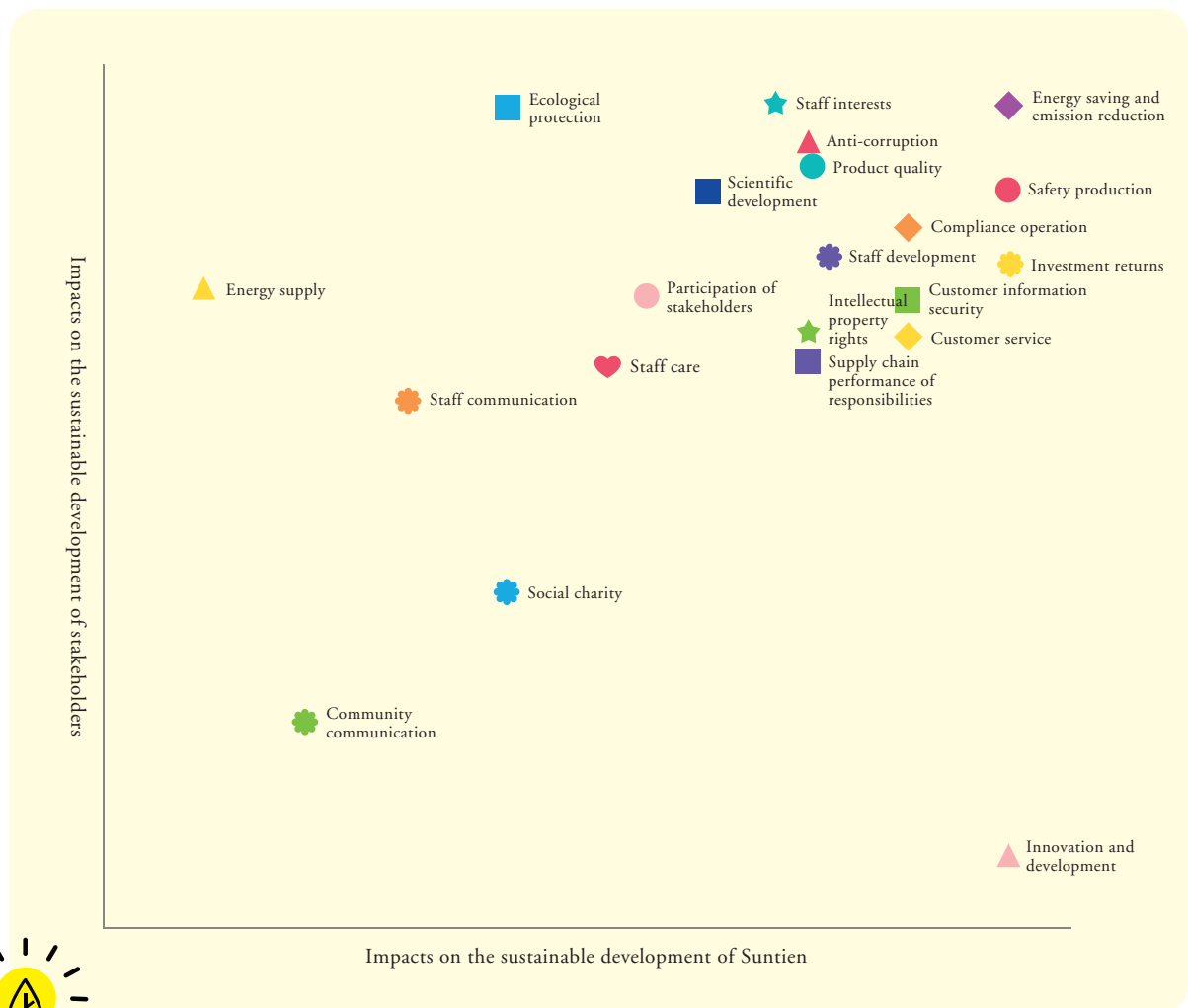
Percentage of Stakeholders in the Survey in 2016



Compared with the results of the survey in 2015, the proportion of stakeholders who have read our ESG report increased from less than 50% to 75.5% and their understanding about the practice of the Company on sustainable development has increased rapidly. They maintain the highest concern over ecological protection, energy-saving and emission cut as well as other environmental topics. Environmental issues remain the priority from stakeholders on sustainable development. The concerns over the interests and development of employees also increased and the awareness on social and

individual value. The concerns over safety production, anti-corruption, suppliers management and other relevant topics on operation remained stable. The topics on charitable activities, community communication and other community topics were not top concerns. The understanding of the public on social responsibilities of the enterprise is increasingly diversified, gradually expanding from pure charitable activities to the overall practice of responsibilities.

Matrix of ESG Material Aspects in 2016

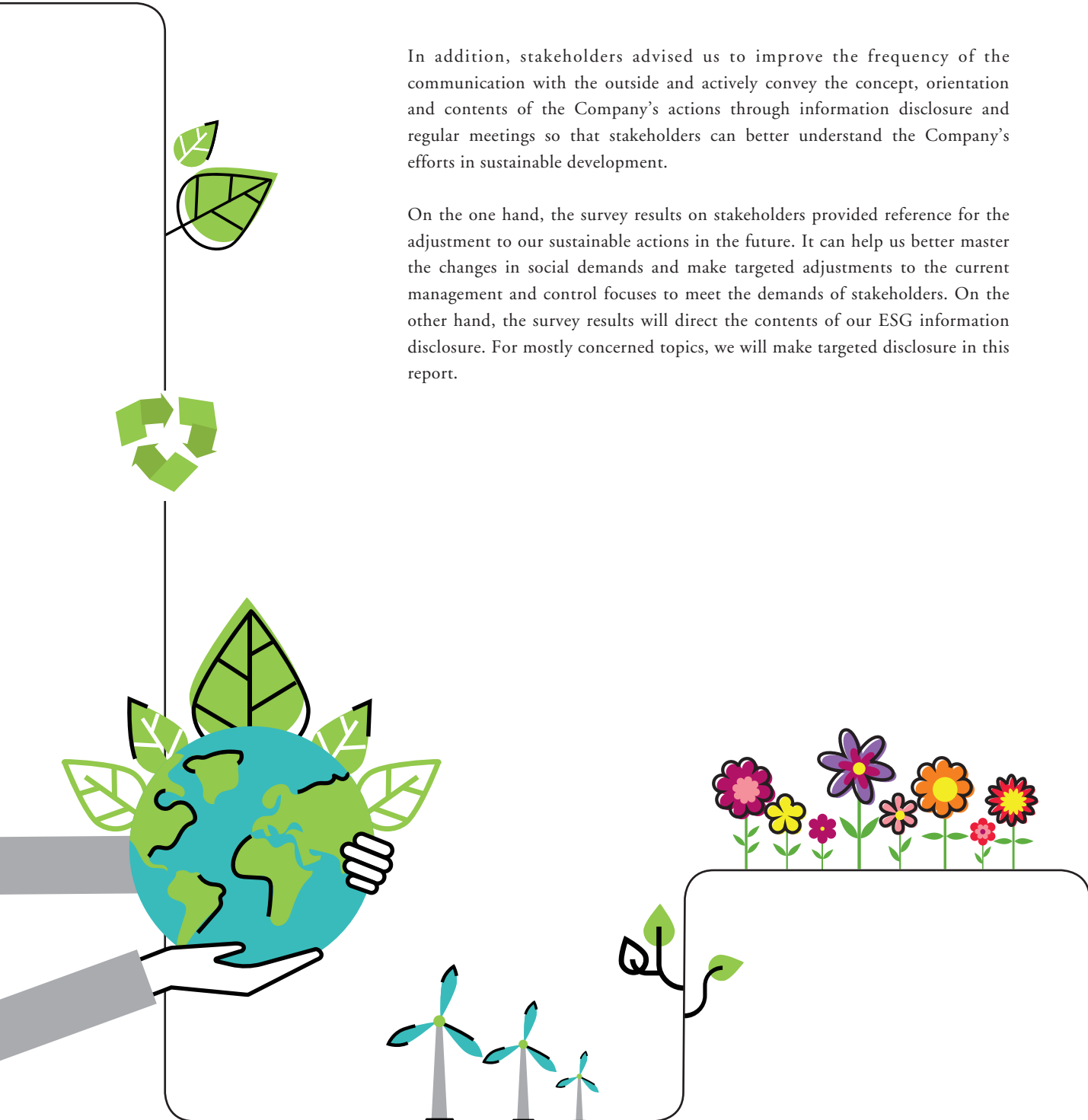


ENVIRONMENTAL, SOCIAL AND GOVERNANCE MANAGEMENT



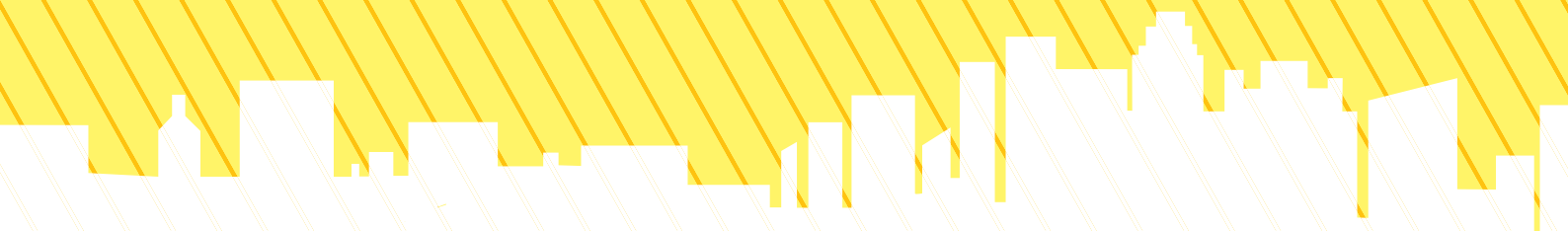
In addition, stakeholders advised us to improve the frequency of the communication with the outside and actively convey the concept, orientation and contents of the Company's actions through information disclosure and regular meetings so that stakeholders can better understand the Company's efforts in sustainable development.

On the one hand, the survey results on stakeholders provided reference for the adjustment to our sustainable actions in the future. It can help us better master the changes in social demands and make targeted adjustments to the current management and control focuses to meet the demands of stakeholders. On the other hand, the survey results will direct the contents of our ESG information disclosure. For mostly concerned topics, we will make targeted disclosure in this report.





ENVIRONMENT



ENVIRONMENT



In 2016, Suntien followed China's adjustment to energy strategies and adhered to the concept of green development, developing wind power, solar power, natural gas and other green energy businesses. It strengthened the management and control over energy consumption to consistently enhance the utilization efficiency of resources and improve the waste treatment procedure. Before and after the project construction, the Company invested heavily in reducing the impacts of construction on the environment. It strengthened the friendly negotiation with residents surrounding the construction area and tries to reduce the impacts of noises and dusts on residents.

In 2016, Suntien's total investment in environmental protection amounted to RMB38,698,750, including the investment in environmental protection in the construction process, which is mainly the environmental protection fees in the southwest region and Fengning wind farm, as well as the investment in environmental protection in the operation process, which is mainly the fees on the construction and maintenance of the waste water treatment facilities of HECIC New-energy, and the investment on the environmental restoration at all wind farms and the expenses on the collection of waste oil and liquid at Hebei Natural Gas.

1.1. Tackling Climate Changes

China has been vigorously advancing the ecological civilization construction, transforming the model of economic growth and promoting green and low-carbon development. In 2016, China continued advancing the optimization and adjustment of industrial structures and further transferred wind and photovoltaic power to regions with consumption conditions. It conducted the "replacement of coal gas with natural gas" and the "replacement of coal gas with electricity" in Beijing-

Tianjin-Hebei area, the Yangtze River Delta area and the Pearl River Delta area, improved regional natural gas transmission pipeline, urban gas pipe network and other infrastructure.

Suntien followed relevant policies of the state on promoting the optimization and upgrading of the energy structure and the establishment of a clean and low-carbon modern energy system. It continued to develop wind power, solar energy, natural gas and other new energy businesses, consolidated and expanded the market pattern with diversified businesses and speed up the professional management on projects construction. It expanded domestic and overseas financing channels and consistently improved its own capacities. Through wind-hydrogen construction as well as other projects with national demonstration significance, it promoted the development of new energy industries and performed corporate responsibilities in solving the increasing serious issues on climate change.

In 2016, Suntien actively conducted the construction of wind power projects in Yunnan, Xinjiang and Hebei and strived to advance the pilot projects on offshore wind power. In 2016, the cumulative electricity generated by wind power is 4,585 million kWh in Suntien, which correspondingly reduced 36,221,500 tons of carbon dioxide emissions, 202,198.5 tons sulfur dioxide emissions, 149,012.5 tons of nitrogen oxide emissions and 58,963.1 tons of dust emissions. Meanwhile, the Company actively conducted the construction of projects in the photovoltaic power generation industry. Its newly approved capacity amounted to 40MW and the accumulative approved capacity was 139MW. For natural gas business, the Company actively advanced infrastructure

construction and deeply explored the downstream natural gas market. It actively developed the CNG and LNG businesses and basically formed a gas

supply pattern with multi sources. In 2016, the natural gas sales volume of the Company reached 1,111 million cubic meters.

Suntien's Wind Power Business Performance from 2014 to 2016

	2014	2015	2016
Installed capacity (MW)	1,696.8	2,093.6	2,796.15
Electricity generation (100 million kWh)	27.40	31.61	45.85

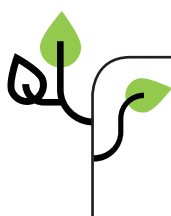
Suntien's Natural Gas Business Performance from 2014 to 2016

	2014	2015	2016
Natural gas sales volume (million cubic meters)	1,523	1,127	1,111

Case: Wind power project with 850,000 kWh of HECIC New-energy in Zhangjiakou listed in Phase-III Planning of 1 million kWh wind power base in Zhangjiakou

In 2016, the National Energy Administration approved the planning of the Phase-III of the wind power base with 1 million kWh in Zhangjiakou. The total size of the plan is 6.83 million kWh. HECIC New-energy ranked first with 850,000 kWh in Zhangjiakou Area, including seven programs such as the 100,000 kWh program at Kangbao Wolong Hill and the comprehensive utilization and demonstration program on wind and photovoltaic coupling hydrogen production in Chongli. It further expanded the coverage of the projects of HECIC New-energy in Zhangjiakou. It will improve the local energy structure, improve the local electricity power guarantee ability and promote local economic and social development after the establishment.

To solve such problems as the abandonment of wind in the current operation in Hebei, Suntien introduced technologies on hydrogen production with wind power, which converts the electricity generated with wind into hydrogen through the hydrogen production equipment by water electrolysis as a clean energy. There is no emission of hazardous and harmful waste gas or solid waste in the process and the emission of waste water is low and achieved zero carbon emission. The wind-hydrogen construction can improve the proportion of hydrogen energy in the energy structure of China and significantly improve the utilization efficiency of wind.



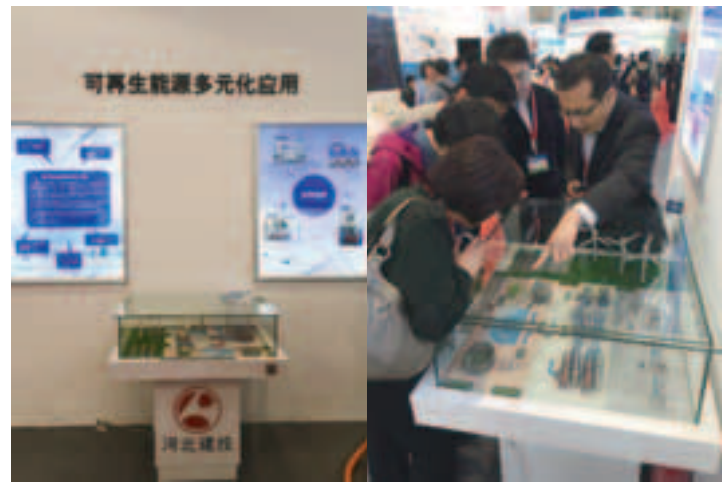
ENVIRONMENT



Case: HECIC New-energy introduced the first hydrogen production system for wind power generation projects with over 1 MW in China

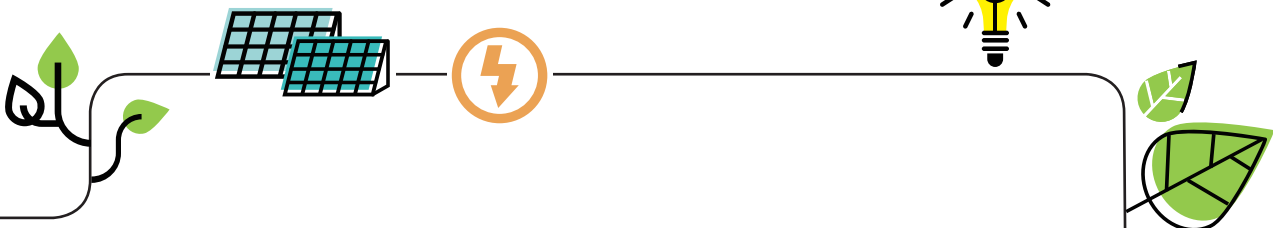
On 12 June 2016, HECIC New-energy, McPhy Energy Germany and China Petrochemical International (Tianjin) Co., Ltd. signed a contract on the procurement of hydrogen production equipment in the demonstration projects for the comprehensive utilization of hydrogen produced with wind power in Guyuan. The hydrogen production system procured in the contract is the first hydrogen production system for wind power generation projects with over 1 MW in China. After the completion of the equipment procurement, HECIC New-energy will further speed up the overall construction of the demonstration projects for the comprehensive utilization of hydrogen produced with wind power in Guyuan. The program will effectively solve the abandonment of wind and will become a new channel to solve the restriction on the use of electricity in Bashang area in Zhangjiakou and break the bottleneck in the

development of the wind power industry in Hebei Province. It will become the first project with the application of wind-hydrogen in China after the completion of construction as well as the largest hydrogen production project in the globe with wind power in terms of capacities. It will also become a typical representative in the development of clean and renewable energy in Hebei Province and even in China.



Case: HECIC New-energy was invited to attend the “2016 the 8th Clean Energy Expo China”

In March 2016, the National Energy Administration held the 8th Clean Energy Expo China. As a result and highlight in the development of clean energy in the state-level renewable energy demonstration area in Zhangjiakou, the hydrogen production of HECIC New-energy attended the expo.



Case: Suntien completed first finance lease to support the development of wind power projects

In 2016, Suntien, CMB Financial Leasing and Yuxian Suntien signed a contract on financial leasing and after-sale leasing business for a wind power project with RMB270 million.

Since the establishment of Suntien Huihai, it has been actively conducting communication and coordination with all project companies to conduct finance leasing business with the policies supporting the pilot financial reform in the free trade zone, regional advantages and preferential taxation policies on the finance leasing industry to open up financing channels, introduce low-cost capitals and serve the development of project companies. The Company selected Lihuajian wind power project to conduct finance leasing business. After the project establishment, due diligence, the design of finance leasing plan, the internal approval and other work, it finally completed the first finance leasing business, reducing the capital cost of the project by nearly 8% compared with the previous interest rate of loans. It successfully initiated a new financing channel for Suntien Green Energy and provided great supports to the development of the wind power business of Suntien.

Case: Offshore wind power 300MW demonstration project at Bodhi Island, Leting County conducts technology exchange with key contractors of domestic offshore boosting platform

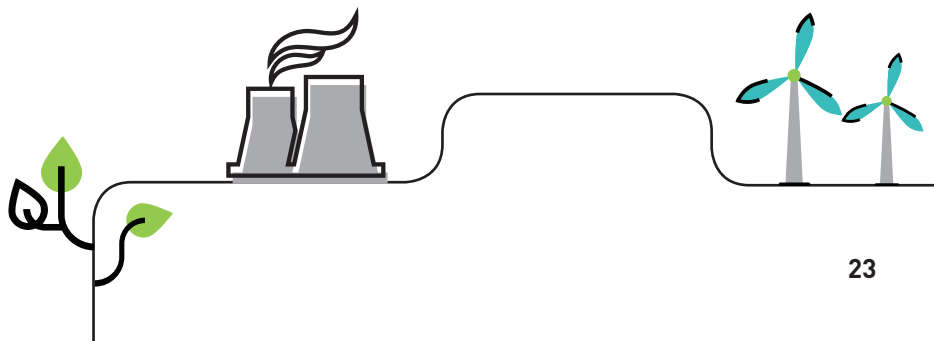
Offshore wind power is a key industry in the development of renewable energy, a major driver to the wind power technology progress and industrial upgrading and an important measure in promoting the adjustment to the energy structure.

China enjoys abundant offshore wind energy. It is important to speed up the construction of offshore wind power projects, promote the treatment of smog in coastal areas, adjust the energy structure and transform the model of economic growth.

In November 2016, Suntien conducted technology exchange on offshore boosting platforms with major maritime engineering enterprises with the ability to establish offshore platforms on the demonstration project of wind farm with 300MW at Bodhi Island, Leting County, Tangshan. According to the preliminary analysis based on the marine features and technology of the offshore boosting platforms, the Group further understood the operation of current domestic major offshore platform construction and installation companies, and obtained valuable experience for the development of the boosting platform of Bodhi Island offshore wind power project.

Case: HECIC New-energy's wind power generation program with 49.5MW at South Dianziliang, Lingqiu County, initiated the Chinese Certified Emission Reduction (CCER) project.

In 2016, the HECIC New-energy's wind power generation program at Dianziliang, south of Lingqiu County, obtained the approval on the Application for the Filing of the Chinese Certified Emission Reduction (CCER) project from a Wind Power Generation Project with 49.5MW at South Dianziliang from Lingqiu CIC Hengguan Wind Energy Co., Ltd. It is the first carbon emission trading program completed in Shanxi Province by HECIC New-energy. In the future, the Company will effectively use the favorable environment in Shanxi Province and select appropriate projects to expand the voluntary emission cut program in the carbon emission trading market.



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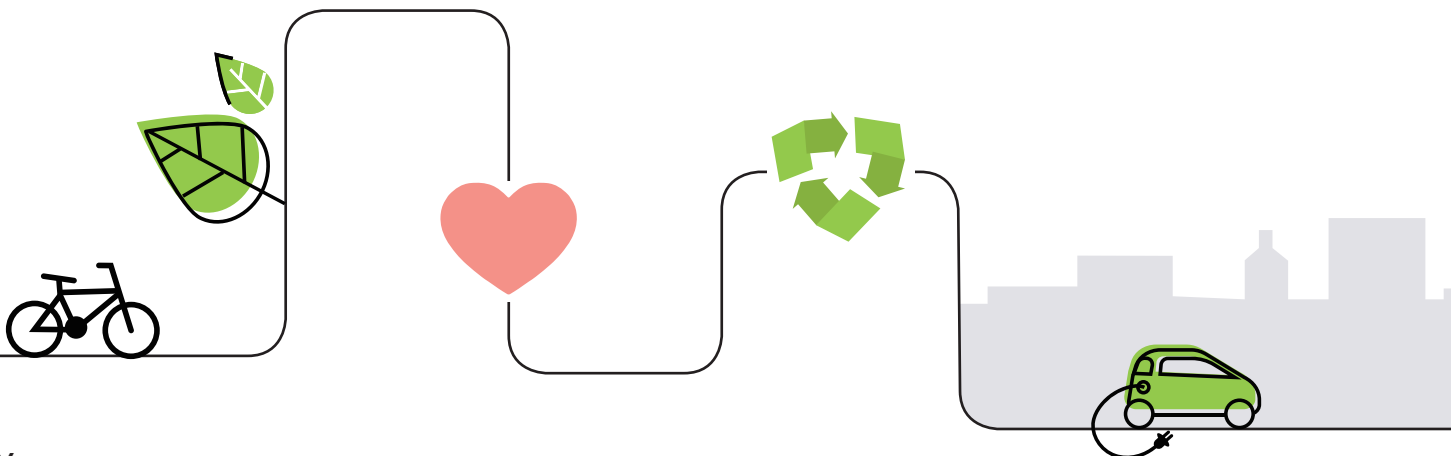
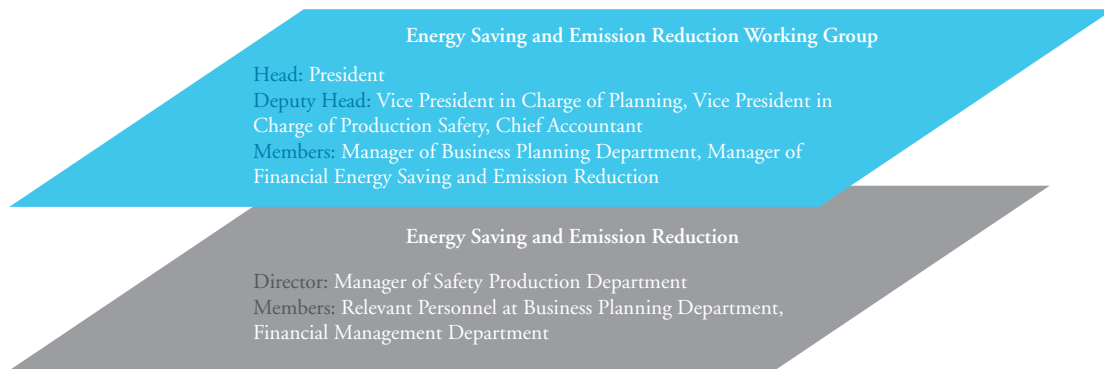


1.2. Energy Saving and Emission Reduction

Suntien adheres to the sustainable development goals of energy saving and emission reduction, environmental protection, cost reduction and performance improvement, developing Suntien as a resources-saving corporation. It has formulated the Energy Saving and Emission Reduction Management Measures of China Suntien Green Energy Corporation Limited (Pilot), established an energy saving and emission reduction working group headed by the President and an energy saving and emission reduction office at the production safety department with the manager of production safety department as the director of office and under the leadership of the Business Planning Department, the Financial Management Department and the Safe Production Department to be responsible for

energy saving and emission reduction. It requires all divisions to adopt the indicators on energy saving and emission cutting into their annual working plans, implementing them at different levels and setting the target tasks of all divisions at all levels; conducting energy-saving and consumption cutting in the office area and firstly adopting high-efficient and energy-saving office equipment. It also requires all new projects implementing energy saving and emission reduction in the preparation of the feasibility report and technical plans for the projects to prevent waste in the construction, promoting the application of new materials, new processes, new technologies and new equipment to eliminate outdated technologies and equipment to implement energy saving and emission reduction in a practical way.

Management structure of Suntien for energy saving and emission reduction



As a key subsidiary of Suntien, HECIC New-energy formulated the Energy Saving and Emission Reduction Management Measures at the subsidiary level to implement the requirements on energy saving and emission reduction, improving energy efficiency and achieving sustainable development goals for energy saving and emission reduction, environmental protection, cost reduction and performance improvement. It requires wind farms to strengthen fine management on equipment and production, increase the inspection on routine equipment and improve the utilization rate of wind turbines. Meanwhile, it also requires HECIC New-energy to conduct energy saving and consumption reduction in routine work, reduce the comprehensive electricity consumption at farms, inspect the work of energy saving and emission reduction of the Company and include it into performance evaluation. Highly ranked divisions, as well as divisions/individual employees with outstanding performance on the development and promotion of energy saving and emission reduction technologies will be rewarded.

Meanwhile, Hebei Natural Gas also formulated the Energy Saving and Emission Reduction Management Measures with the Safety Production & Risk Control Department as the comprehensive management department on energy saving and emission reduction, supervising and inspecting the performance of other departments in the company. The Administrative and Corporate Governance Department sets annual goals of electricity consumption in office buildings, gasoline consumption for vehicles, and natural gas consumption for dining hall and for heating, and also inspects and evaluates the performance of

the above energy consumption. Safety production & risk control department also manages waste water and solid waste from office, develops relevant standards and conducts supervision and inspection on the implementation. The measures also requires Operation Guarantee Department to set annual goals of electricity and water consumption in production, gas losses in transmission, gasoline consumption in production, and natural gas consumption for gas generators, and also inspects and evaluates the above energy performance. Divisions and individual employees who neglect their duties of energy saving and emission reduction and cause heavy loss will be punished. In addition, Hebei Natural Gas also developed the Energy Management Measures to summarize and analyze the use of energy by the Company to master the dynamics of the whole company in energy management in time and guide all divisions in solving energy saving issues in production, operation and research. It also arranges the formulation and implementation of energy saving technologies and measures, promotes the application of new energy saving technologies and implements technology upgrade for energy saving. It also arranges annual energy-saving training and advertises energy-saving in daily operation.

During the reporting period, the total electricity consumption of Suntien was 22,614,707 kWh; the total greenhouse gas emission was 29,687 tons of CO₂e; 0.0677 tons of carbon dioxide was emitted per RMB10,000 of output value; 0.0152 tons of standard coal was consumed per RMB10,000 of output value, which were all far below the average level of the society.



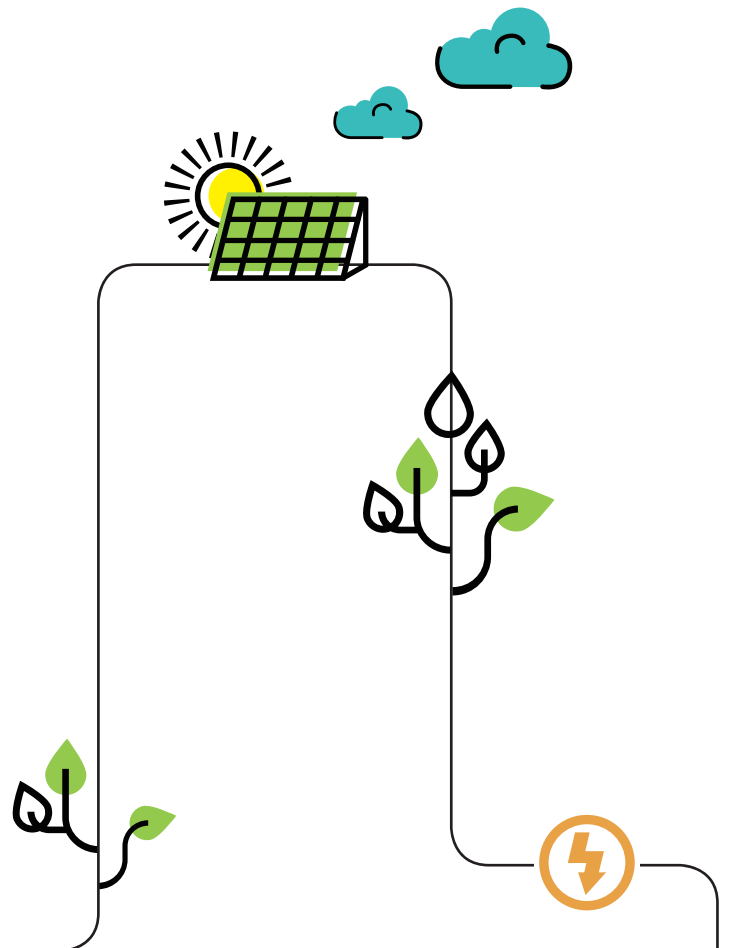
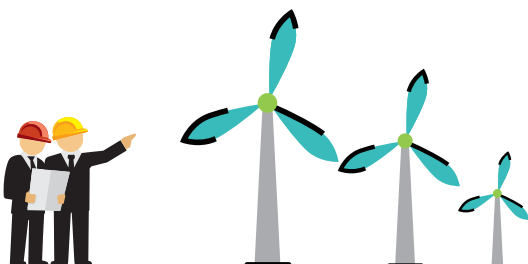
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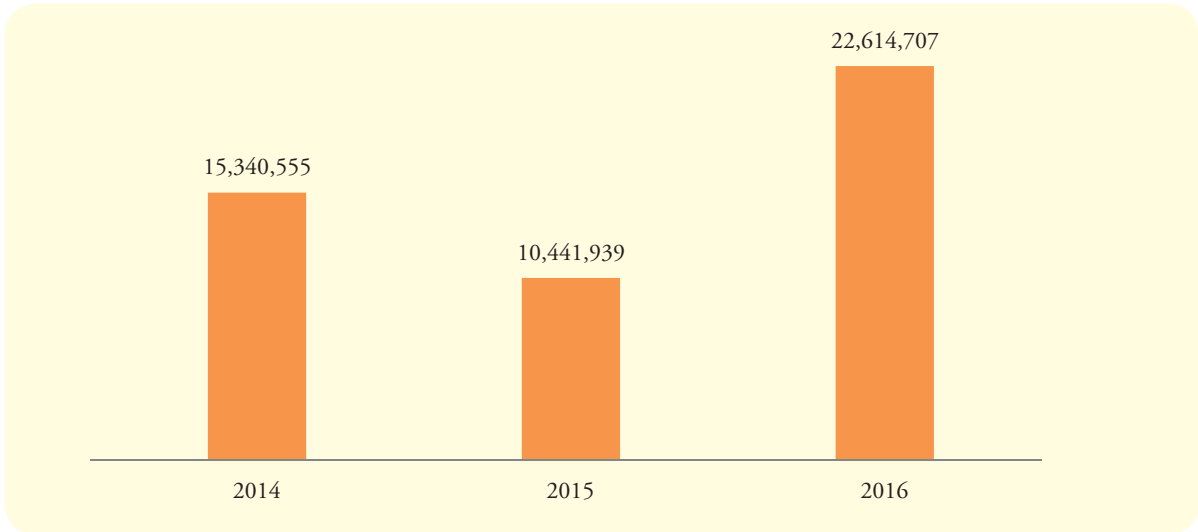
Before and After the Treatment

Case: Hebei Natural Gas promoted 6S clean production activities, enhancing equipment management

In 2016, Hebei Natural Gas vigorously promoted 6S clean production activities (sorting, seiton, sweeping, sanitation, skill and safety) to reduce the production cost, increase corporate profitability and achieve energy saving and emission reduction. In order to reduce the energy consumption caused by greasy dirt in compressors and improve operation safety, the Company conducted greasy dirt cleaning activity in accordance with 6S management. The subsidiaries actively cleaned the greasy dirt in equipment, which prevented oil from leaking, achieving the goal of saving energy and improving efficiency.

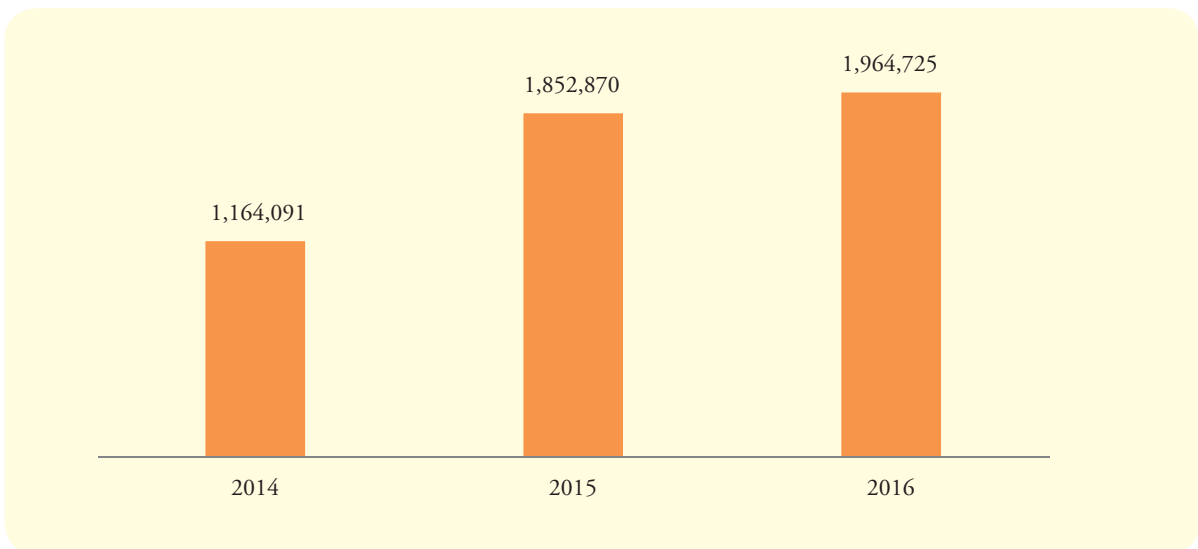


Total Electricity Consumption from 2014 to 2016 (kWh)



Note: As the Company initiated the construction of a large number of new projects in 2016, the electricity consumption significantly increased compared to previous years.

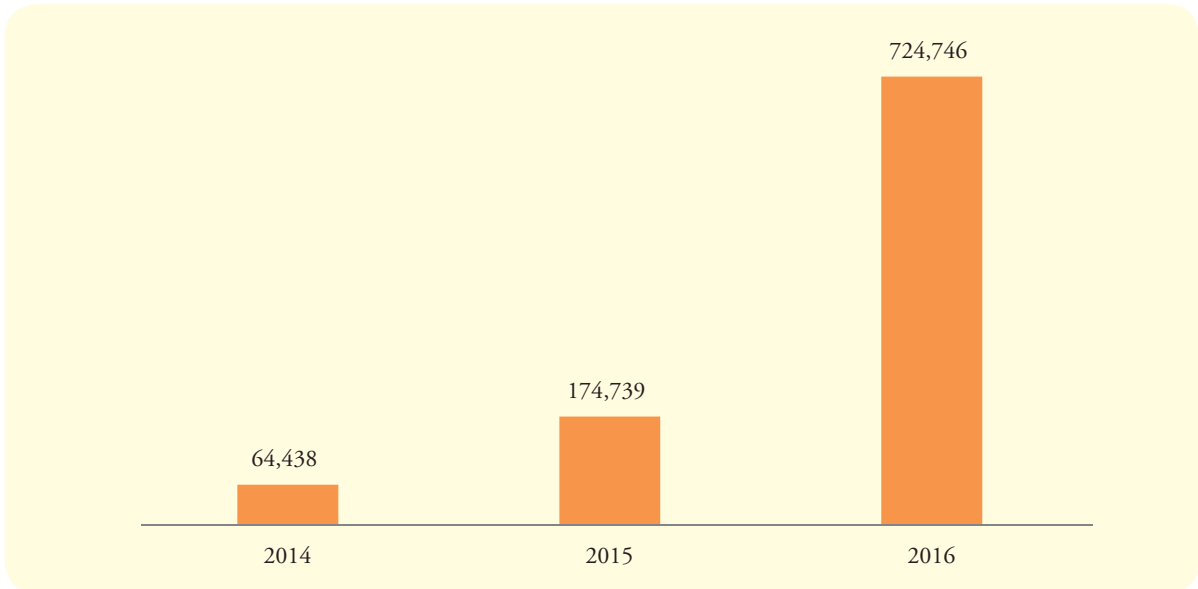
Gasoline Consumption from 2014 to 2016 (liter)



ENVIRONMENT

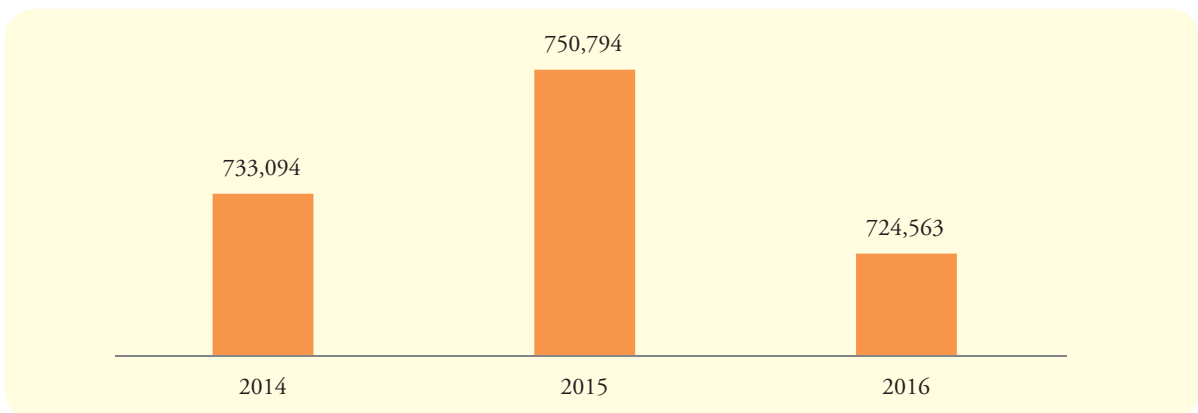


Diesel Consumption from 2014 to 2016 (liter)

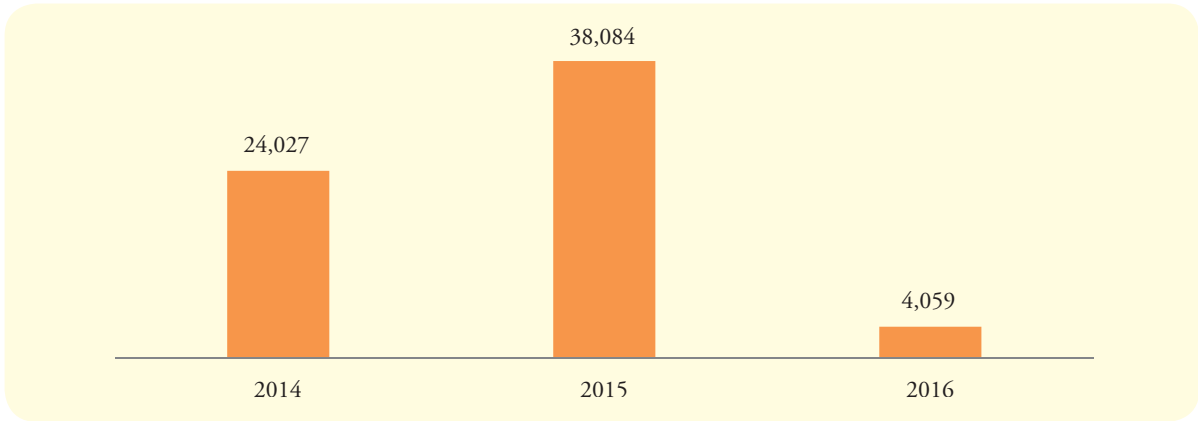


Note: As the Company initiated the construction of a large number of new projects in 2016, the diesel consumption significantly increased compared to previous years.

Natural Gas Consumption from 2014 to 2016 (m³)

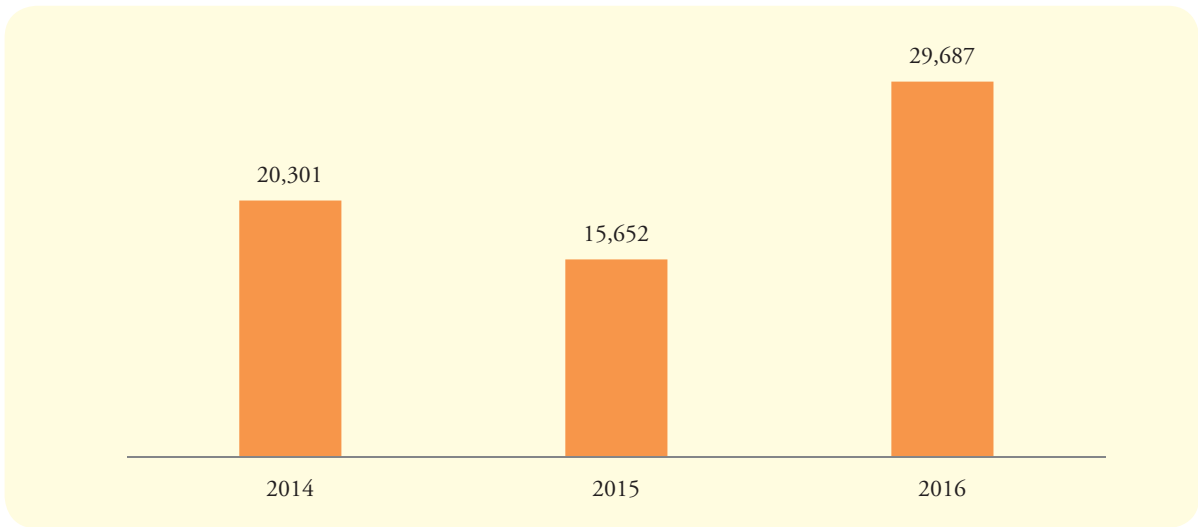


Liquefied Petroleum Gas Consumption from 2014 to 2016 (kilogram)

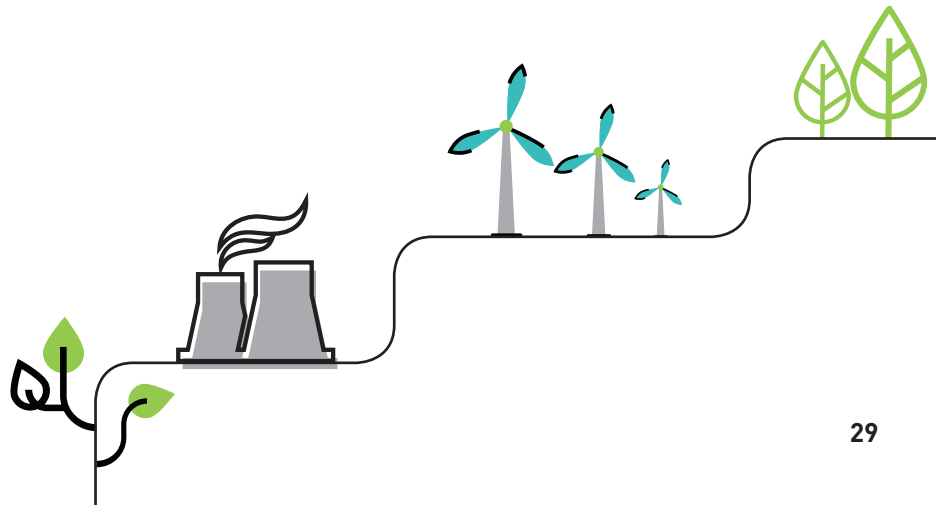


Note: As Suntien consistently uses natural gas and other types of clean energy, the liquefied petroleum gas consumption of the Company significantly reduced in 2016.

Greenhouse gas emissions from 2014 to 2016 (ton)



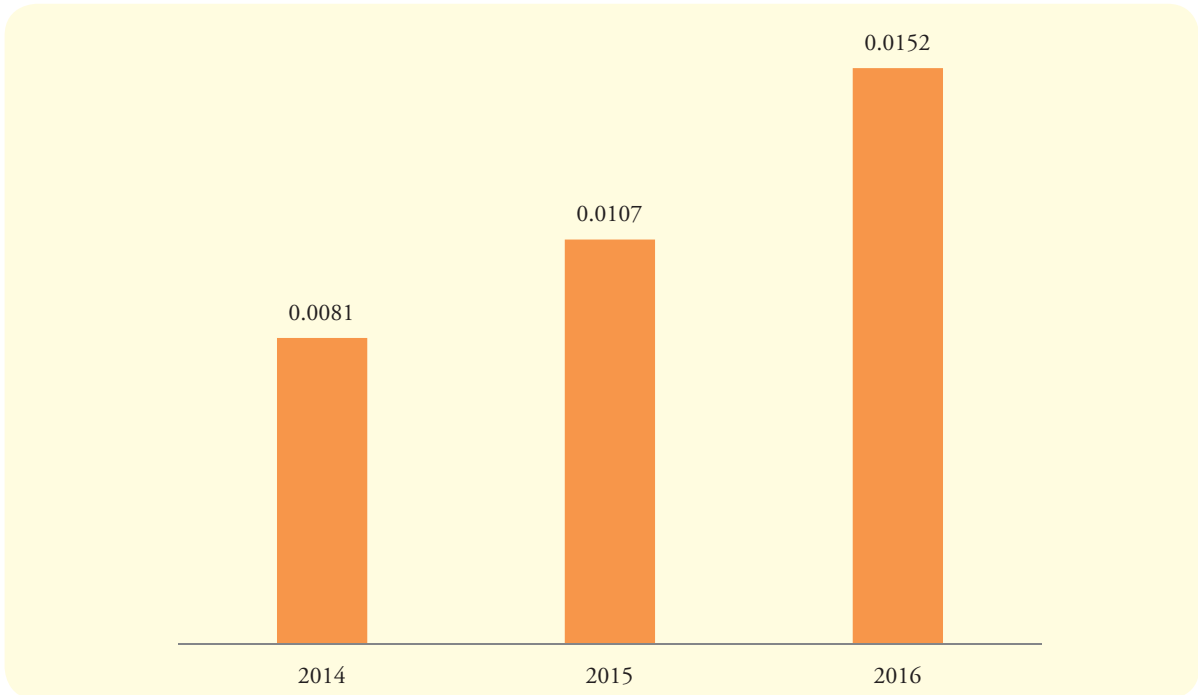
Note: As the Company initiated the construction of a large number of new projects in 2016, the significant growth in electricity consumption resulted in the increase in greenhouse gas emissions.



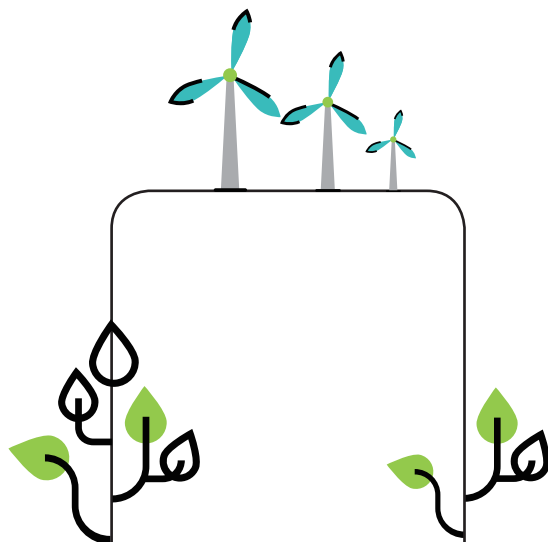
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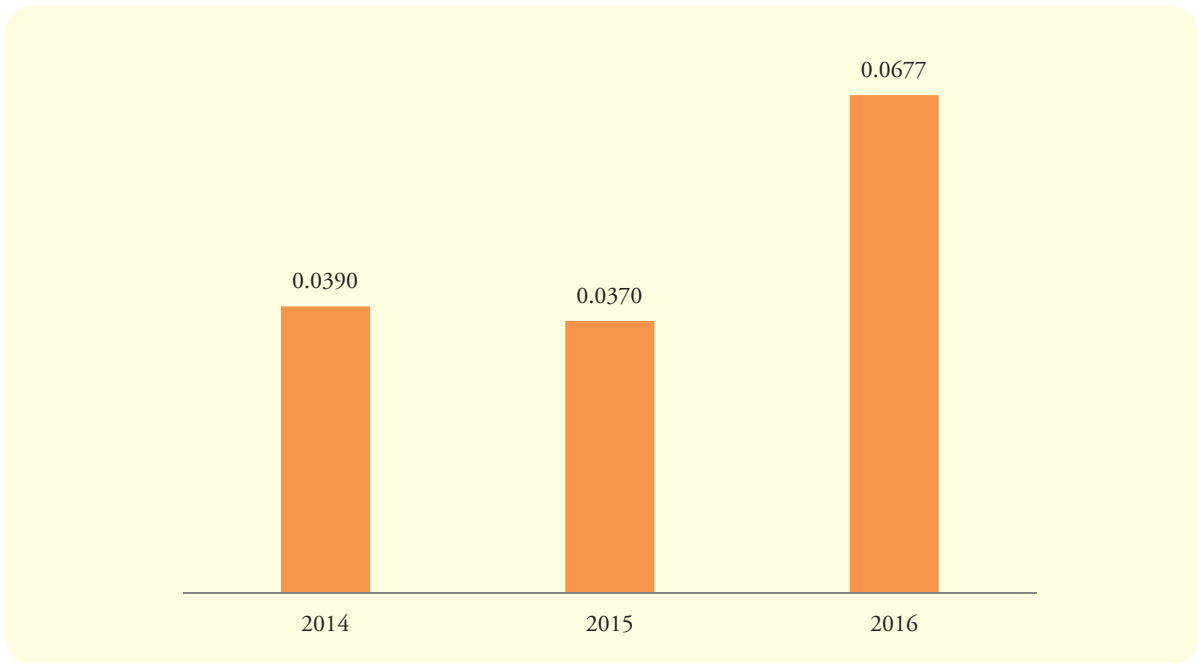
Energy Consumption per RMB10,000 of Output Value from 2014 to 2016
(tce)



Note: As the Company initiated the construction of a large number of new projects in 2016, the significant growth in electricity consumption resulted in the increase in energy consumption per RMB10,000 of output value.



Carbon Dioxide Emissions per RMB10,000 of Output Value from 2014 to 2016 (ton CO₂e)



Note: As the Company initiated the construction of various new projects in 2016, the significant growth in electricity consumption resulted in the increase in carbon dioxide emissions per RMB10,000 of output value.

Suntien strengthens the management of wastes in all processes. During the construction and operation process, it improves the repeated utilization rate of resources, reduces the emission of wastes and strengthens the generation of wastes to maximize the utilization of resources, reasonably dispose dangerous wastes and reduce the environmental effects caused from the disposal of wastes.

For construction debris including broken bricks, sand and concrete from the construction process, Suntien collects and contractors regularly treats them. For obsolete packaging materials, it recycles them for reuse. For the domestic garbage, waste oil and waste liquid and obsolete batteries and equipment components from the operation, the Company sends to waste disposal station, to be recycled by certified companies and managed by the Supply Department. Except extremely few smoke and waste water from the inspection and repairing of equipment, Suntien generates no other harmful emissions during the operation of Suntien.



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Types and treatment methods of waste generated during the construction phase and operation phase of Suntien

Phase	Source	Treatment
Construction	Construction waste including broken bricks, sand and concrete	Collected and regularly treated by contractors
	Packaging materials (wood and plastic)	Recycled
Operation	Domestic waste	Sent to waste disposal station
	Waste oil and waste liquid	Recycled by qualified companies
	Obsolete batteries and equipment components	Collected and managed by the Supply Department of the Company

In order to standardize the purchasing, filing, utilizing, maintaining and repairing, laying idle and discarding as worthless of equipment of the company, Hebei Natural Gas developed the *Equipment Management Measures*, specifying the responsibilities of all departments and the management standards of all processes to ensure green production. In addition, the company formulated Environmental Protection Management Measures based on laws, regulations as well as company's status quo; strictly complied with environmental laws, regulations, standards and requirements' effectively controlled pollutant emissions; regularly inspected environmental protection performance; carefully maintained environmental protection equipment; and conducted environmental protection promotion and education.

In order to enhance the management on waste materials, regulate the disposal of waste materials, prevent the losses of the assets of the company and maximize the economic benefits of the company, HECIC New-energy updated the original *Waste Materials Disposal Management Measures* based on the actual production and operation model in 2016. It requires all departments to follow the principle of "repairing old and waste materials,

coordinated management and concentrated disposal" in conducting the disposal of waste materials efficiently and legitimately. It categorizes waste materials into waste generated in construction phase, waste generated in operation phase and waste generated in office routine, specifies waste types and further standardizes the statistical approach and disposal procedures on waste materials and working procedure of introducing third-party disposal organizations (including the appraisal and qualification review third-parties) to ensure safe and legitimate waste disposal.

1.3. Resource Use and Ecological Protection

While providing the society with clean energy, Suntien also pays close attention to environmental problems in its construction and operation processes in order to raise the utilization rate of resources and strives to reduce the impacts on the ecology and environment.

The environmental impacts of wind farms mainly include land use, vegetation damage, noise and dust during the construction and operation process. Suntien conducts comprehensive research and evaluation for the environment impact of the

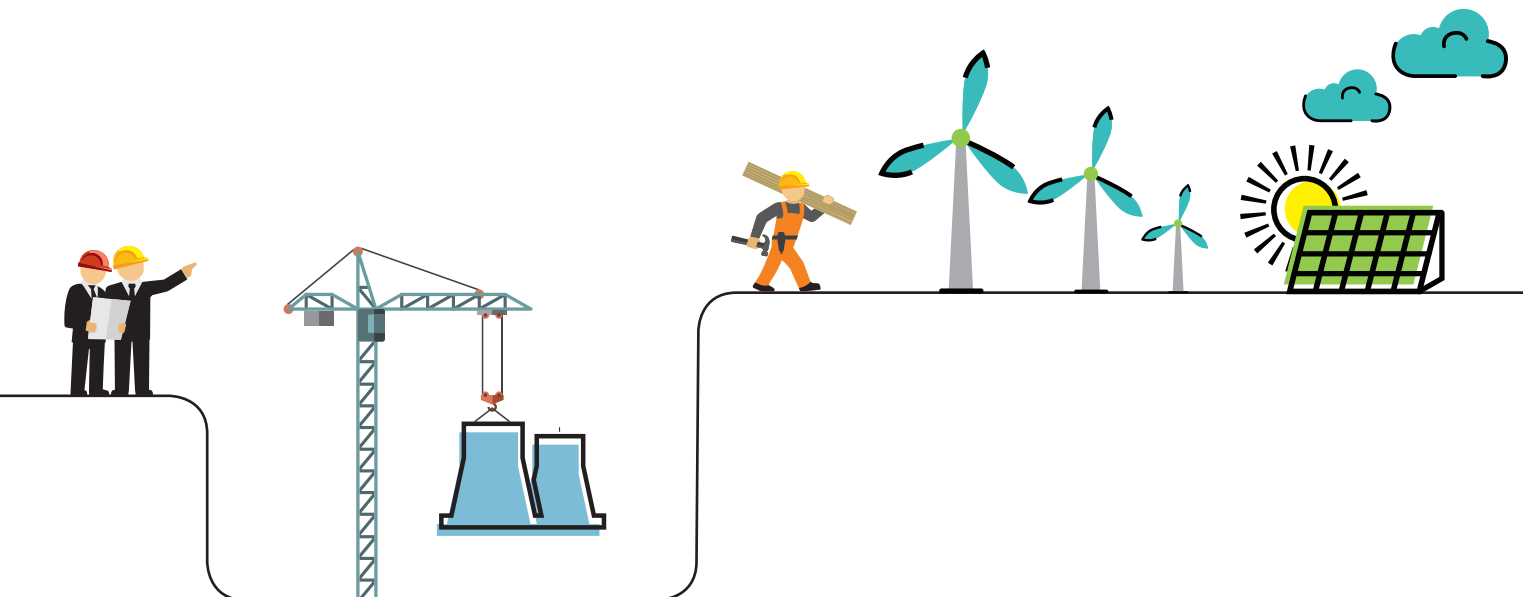
project before project establishment. During the design of projects, it fully considers environmental factors and conducts reasonable planning and design to reduce the potential influence on local ecosystem. It adopts various effective measures to minimize the damages to the ecosystem environment during the construction phase.

The impacts of Hebei Natural Gas during its construction and operation phase mainly consist of the damages to surface vegetation caused by digging trenches for natural gas pipelines. Suntien carefully selected site location to occupy less land and/or occupy land in poor condition, avoiding irreversible damage in the land. There were no rare plants, rare animals especially rare birds in projects' locations phase. During the construction phase, it regularly conducts inspections on the construction field. Plenty of fences and covers are set up in the topsoil storage area and the surrounding area of temporarily abandoned soil to avoid dust to effectively protect local ecosystem.

Suntien consumes limited volume of water in transporting natural gas as well as the construction of wind power projects and photovoltaic power projects. Water consumption only includes an extremely low volume of household water consumption, all of which is collected through urban drainage pipelines and sent to the sewage treatment plant.

Case: Environmental protection during Fengning Jisentu wind farm Phase II construction.

The 200MW project of Phase II construction of Suntien Fengning Jisentu wind farm is located at Sichakou Village and Xiaobazi Village in the north of Fengning County. It adopted ecological protection measures to the area of booster station, construction roads, wind turbines basis and integrated circuits as well as living areas in the construction sites. It adopted effective water and soil conservation measures according to the water and soil conservation plan and restored eco-system as soon as possible by vegetation restoration and other methods. The project has well-designed environmental protection facilities, resulting in high-level of pollutant control. The clean production system can reach the advanced level in China.





EMPLOYMENT AND
LABOUR
PRACTICES



EMPLOYMENT AND LABOUR PRACTICES



The booming development of Suntien requires the full support from every employee. We pursue the common growth of employees and the Company and create excellent conditions for the career development and physical and mental health of the employees. Through the establishment and improvement of relevant mechanisms, it safeguards the interests of employees and guarantees the health and safety of employees. It conducts education and training on employees to promote the career development of employees. It cares about the pursuits of employees and establishes scientific and reasonable promotion channels for them and improves their sense of belonging.

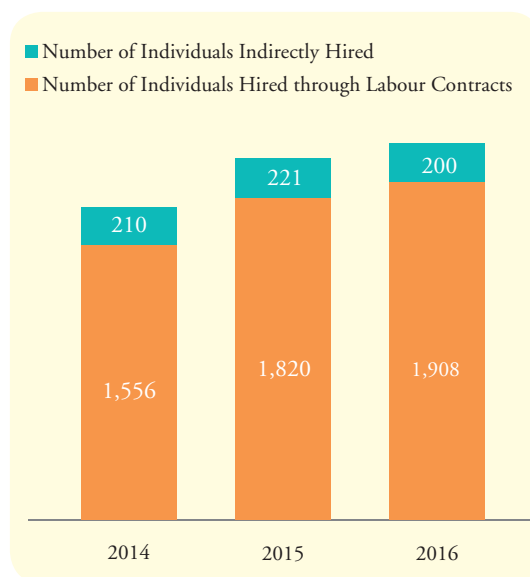
2.1. Employment and Labour Standards

Suntien strictly abides by the *Labour Law*, the *Employment Contract Law* and other national laws and regulations and signs employment contracts with all employees. It prevents discriminations in any forms on sex, nationality, region, age, political affiliation and other aspects on the recruitment, remuneration, training, promotion and other matters and prohibits the employment of minor labours and forced working and ensures that all employees enjoy fair, impartial and open working opportunities.

In order to standardize the basic rights of employees, Suntien formulated the *Employees Management Measures (Revision)* and made specific provisions on the recruitment, employment of employees and labour relations and other aspects to guarantee the legitimate interests of employees to the maximum extent. During the open recruitment to the society, Suntien strictly follows review procedures and prevent the employment of minor labours. It stipulates that once it is found the employment of minor labours, it will arrange special employees to bring them home and to their guardians.

Suntien strictly abides by relevant national laws and regulations and establishes a reasonable and incentive remuneration system for employees. Through the *Remuneration Management Measures (Revision)* and the *Employees' Leaves and Holidays Management Measures (Trial Implementation)*, it specifies the employees' rights to remuneration, welfare and leaves and ensure the competitiveness of employees' remuneration in the industry. It also specifies that it will contribute social insurance and pay the salaries in time with full amount to guarantee the interests of employees.

Distribution of types of employment from 2014 to 2016 (person)



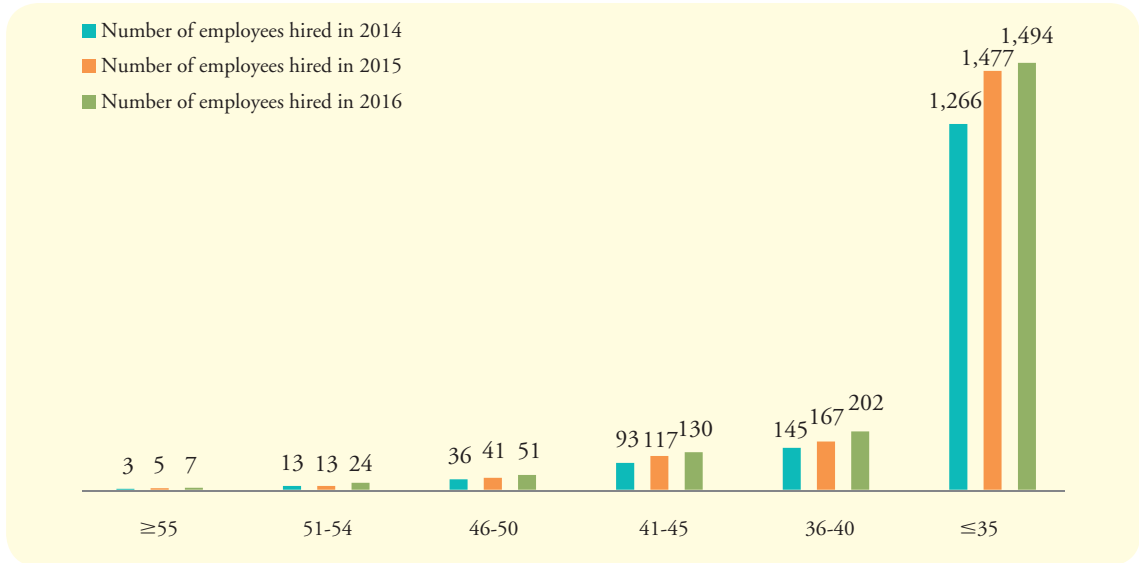
Note: Since the businesses of the Group are mainly operated within China (2 Hong Kong employees), the Group has not disclosed geographical distribution of employees.



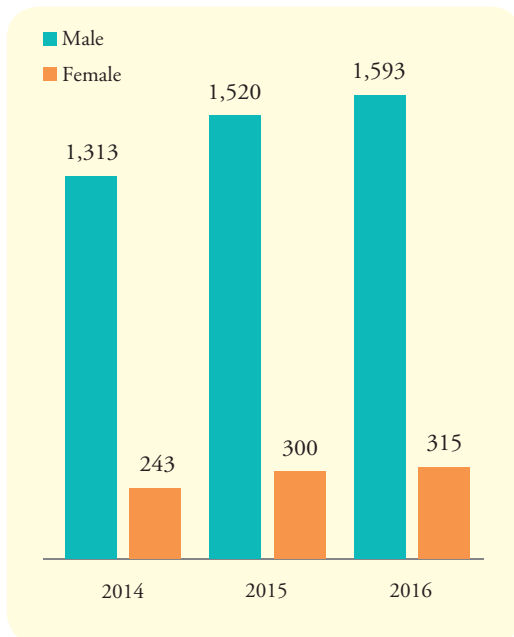
EMPLOYMENT AND LABOUR PRACTICES



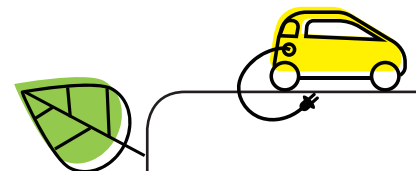
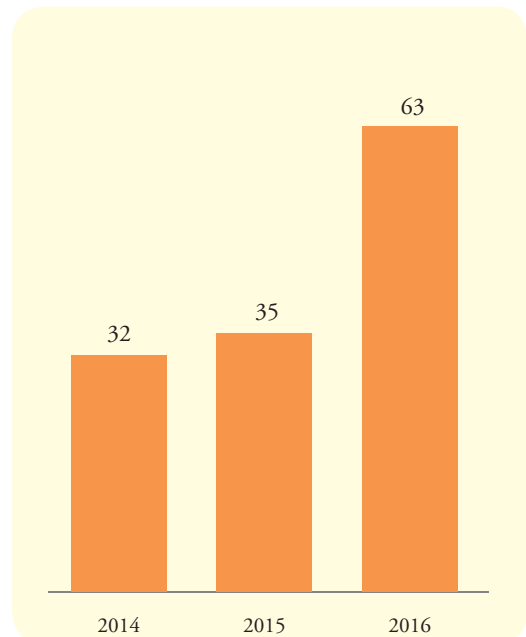
Distribution of employees by age structure from 2014 to 2016 (person)



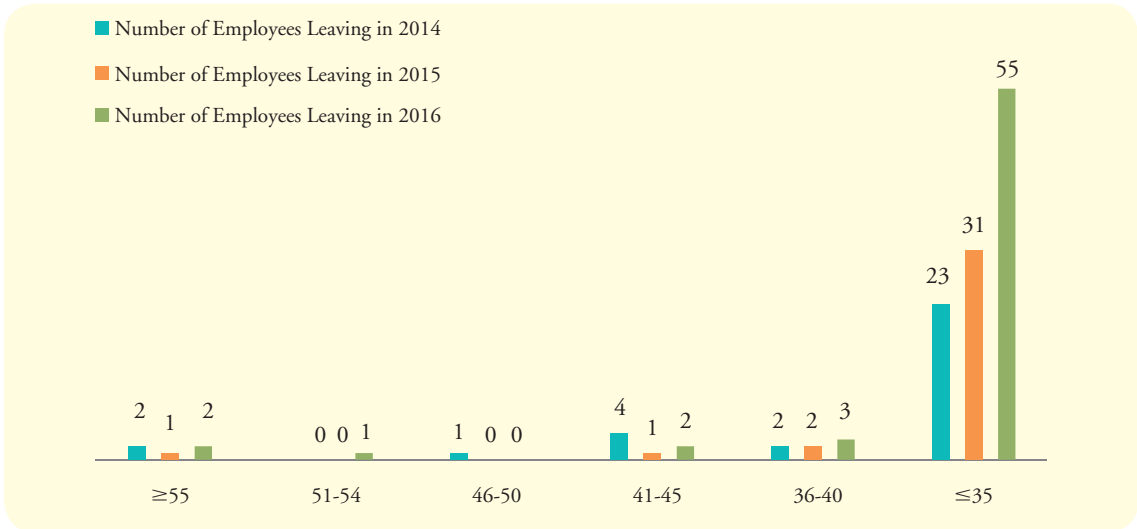
Distribution of employees by gender from 2014 to 2016 (person)



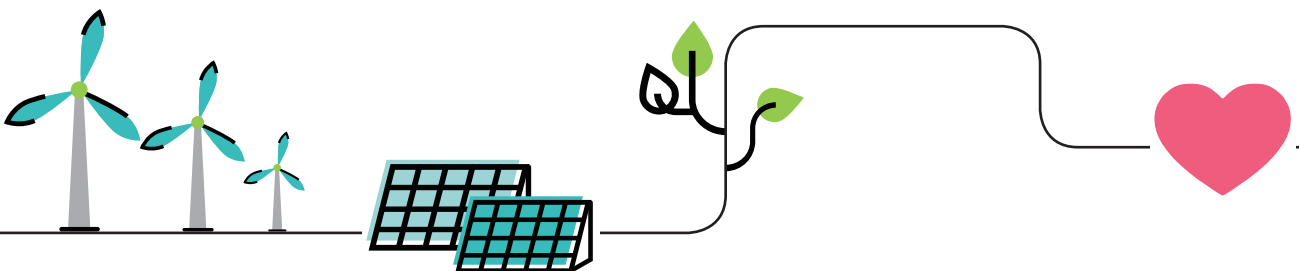
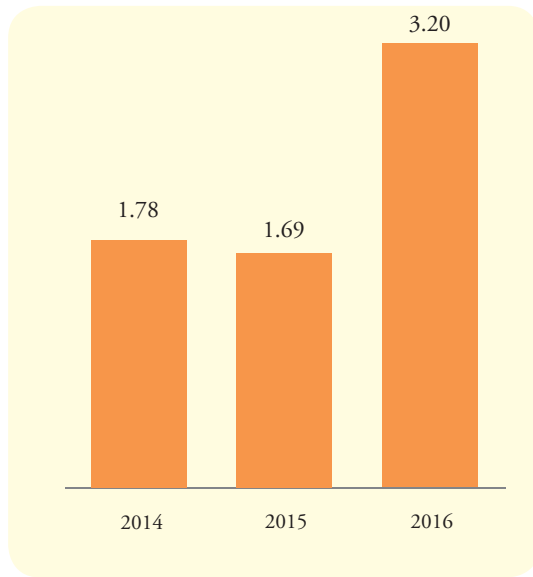
Total number of dismissal employees from 2014 to 2016 (person)



Distribution of dismissal employees by age structure from 2014 to 2016 (person)



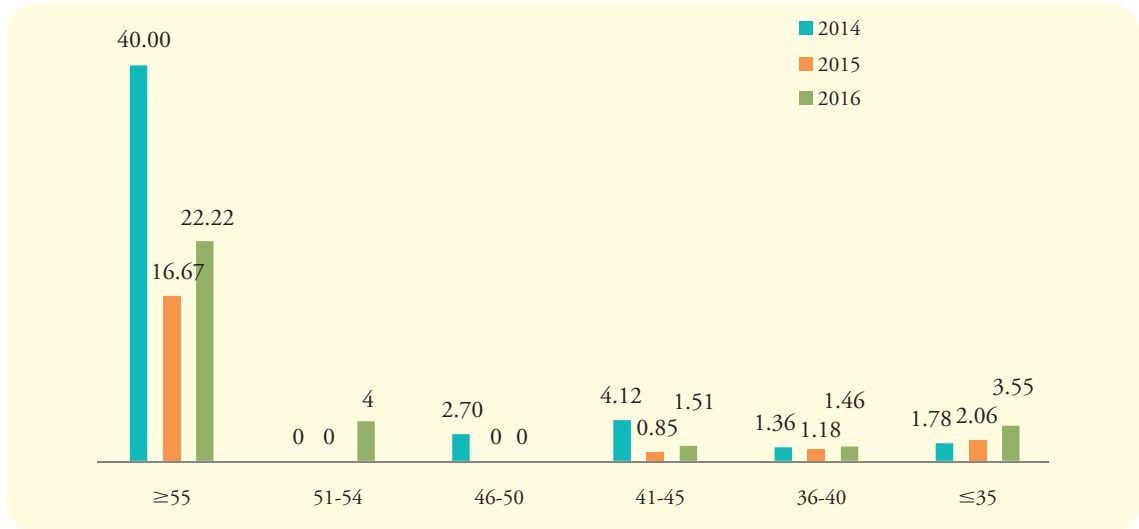
Percentage of dismissal employees from 2014 to 2016 (%)



EMPLOYMENT AND LABOUR PRACTICES



Percentage of dismissal employees by age structure from 2014 to 2016 (%)



Percentage of dismissal employees by gender from 2015 to 2016 (%)



Suntien attaches importance to the communication with employees and promotes the democratic management of the Company. Through the congress of representatives of employees, it establishes an important platform for employees to submit their opinions, exercise their rights and protect their interests. The members of the labour union committee are elected and regularly collect and handle the proposals from the representatives of employees.

The Company assists employees with difficulties as a result of disasters, diseases or particular reasons. It solves the difficulties of employees, arranges special employees to visit them and continuously provides difficult employees and families with assistance through donation, contribution from the Company, prepayment of salaries and other methods. In order to establish a long-term mechanism for assisting employees with difficulties, Hebei Natural Gas



developed *the Measures on Love Foundation of the Company*, specifying the collection, use and management of love foundations. The Company also conducted “Giving Coolness” activities in summer and distributed heatstroke prevention items to construction employees at the field. It also required construction companies and employees to properly arrange working and rest time to guarantee the health of employees.

Case: Hebei Natural Gas was awarded “2015 Annual Top 10 Best Chinese Employers in Shijiazhuang”

The election of the “2015 Top 10 Best Chinese Employers in China” was jointly initiated by zhaopin.com and the Corporate Social Responsibility and Employer Brand Communication Research Center of Peking University with the purpose of seeking and praising benchmark enterprises with outstanding employer brand. It is professional, authoritative and scientific. The election is based on six primary indicators, including the reputation and image of enterprises, brand strategy, remuneration and welfare, training and development, organization and management and working environment as well as 18 secondary indicators and conducts comprehensive appraisals. Hebei Natural Gas has been rewarded the award with excellent brand and employer image, strong social responsibility and complete management system since its participation in the activity in 2012. Hebei Natural Gas won the award in the fourth consecutive year.

Case: Suntien held the second session of congress of representatives of employees

In order to promote the democratic management of the Company and create the environment for the representatives of employees to exercise the rights on democratic participation, management and monitoring, China Suntien Green Energy Corporation Limited held the second session

of the congress of representatives of employees and the general election of the second session of labour union committee on 18 March, 2016. It summarized the working results of the labour union in 2015 and set the idea and key points in the work of the labour union in 2016.

It deliberated and passed *the Work Report of the President in 2015, the Work Report of the Labour Union in 2015, the Report on the Use of Membership Fees of the Labour Union of the Company in 2015, the Report on the Use of Welfare Fees and Business Reception Fees of the Company in 2015 and the Budget for 2016, the Report on the Reply to the Proposals from Employee Representatives and the Report on the Activities of the Volunteer Team of Suntien and the Use of Donations*. It also elected seven members of the labour union committee, three members of the economic review committee, three members to the female employees committee and two employee supervisors of the Company. It received a total of 40 proposals from the representatives of employees with the contents covering all aspects related to the development of the Company and the life of employees. 29 proposal were registered and 73% of proposals were accepted.



EMPLOYMENT AND LABOUR PRACTICES



Case: Labour union of HECIC New-energy assisted families with difficulties

The twin daughters of Liu Peng, an employee of Suntien Kechuang, were infected with diseases after birth, which resulted in huge medical fees and brought difficulties to the family. The Labour union of HECIC New-energy and Suntien Kechuang initiated internal donation and assisted Liu three times. A total of RMB171,100 was donated to the family. With the assistance from the labour union of the Company and the donation, Liu's family tided over difficulties and the children were treated in time.

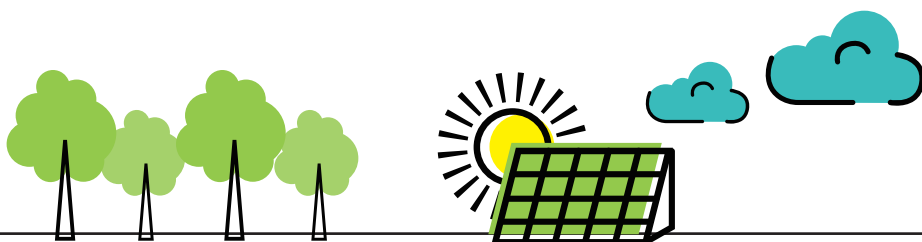
2.2. Health and Safety

Suntien attaches great importance to the safety of every employee and establishes a firm safety concept in the Company. Hebei Natural Gas passed the OHSAS 18000 certification on occupational health safety management system in 2010 to strengthen safety production and prevent various safety accidents. Suntien prepared complete management systems on occupational health and safety production to prevent the effects of all processes of the production and operation on employees, the Company and surrounding environment. HECIC New-energy updated *the Labour Protective Articles Management Measures (Revision)* in 2016.



Examples of Occupational Health and Safety Management Systems of Suntien

Area		Suntien	HECIC New-energy	Hebei Natural Gas
Occupational Health		<p><i>Occupational Health Management Measures</i></p> <p><i>Measures for Safety Management at Sites of Production and Operation with Great Danger and Hazardous Factors</i></p> <p><i>Labour Protective Articles Supervision and Management Measures</i></p>	<p><i>Occupational Health Management Measures</i></p> <p><i>Labour Protective Articles Management Measures of HECIC New-energy Co., Ltd. (Revision)</i></p>	<p><i>Occupational Hygiene Management System</i></p> <p><i>System for Safety Management at Sites of Production and Operation with Great Danger and Hazardous Factors</i></p> <p><i>Labour Protective Articles Distribution and Management Rules</i></p>
Safety production	Emergency response plan	<p><i>Emergency Response Plan Management Measures</i></p> <p><i>Integrated Emergency Response Plan for Safety Production Incidents</i></p> <p><i>Special Fire Emergency Response Plan</i></p>	<p><i>Integrated Incident Emergency Response Plan</i></p> <p><i>Long-distance Natural Gas Pipeline Major Hazard Sources Incident Response Plan</i></p> <p><i>CNG (Compressed Natural Gas) Major Hazard Sources Incident Response Plan</i></p> <p><i>Urban Gas Major Hazard Sources Incident Response Plan</i></p>	<p><i>Incident and Emergency Response Plan Management Measures</i></p> <p><i>Integrated Emergency Response Plan</i></p> <p><i>Special Fire Emergency Response Plan</i></p> <p><i>Sudden Incident Emergency Evacuation Plan</i></p> <p><i>Sudden Traffic Accident Emergency Response Plan</i></p> <p><i>Sudden Network and Information Security Incident Emergency Response Plan</i></p>



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Area		Suntien	HECIC New-energy	Hebei Natural Gas
Monitoring and inspection		<p><i>Measures for Safety Production Inspection at Each Level and Removal, Inspection and Rectification of Incidents and Hidden Dangers</i></p> <p><i>Management Measures for Safety Inspection and Monitoring of Major Hazard Sources</i></p> <p><i>Fire Safety Management</i></p>	<p><i>Safety Inspection Management Measures</i></p> <p><i>Hidden Dangers Removal, Inspection and Treatment Measures</i></p> <p><i>Breaches of Safety Production Management Measures</i></p>	<p><i>Measures for Safety Production Inspection at Each Level and Removal, Inspection and Rectification of Incidents and Hidden Dangers</i></p> <p><i>Management Measures System for Safety Inspection and Monitoring of Major Hazard Sources</i></p>
Incident Treatment		<p><i>Incident Reporting, Inspection and Treatment Measures</i></p>	<p><i>Production Incident Inspection Procedures</i></p>	<p><i>Safety Production Accident Incident Reporting, Inspection and Treatment Measures</i></p> <p><i>Safety Production Awarding Management Measures</i></p> <p><i>Safety Production Punishment Management Measures</i></p>

Suntien adhered to the principle of “prevention first, combining prevention with treatment” in respect of occupational health and developed the Occupational Health Management Measures. By implementing type-based management and comprehensive treatment in strict compliance with the relevant systems, it guarantees employees not to suffer from occupational diseases in the production and labour processes to prevent, control and eliminate the occupational diseases.

For safety production, Suntien developed relevant systems on the preparation of emergency response plans, monitoring and inspection management

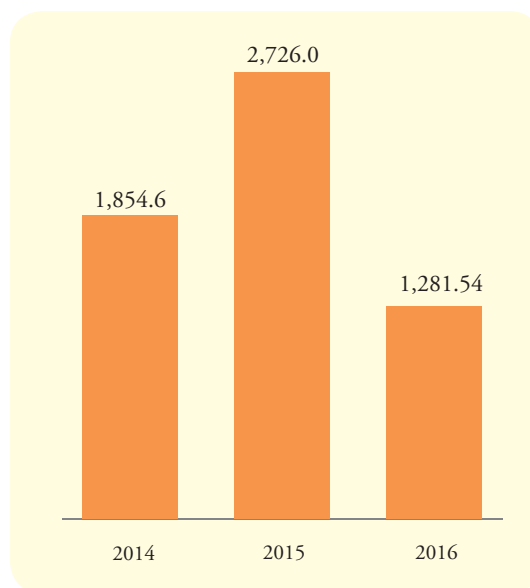
and safety incident treatment. It strengthened the routine safety inspection and prepared detailed emergency response plans and processes to ensure that it can respond at the highest speed after the happening of safety incidents and minimize the losses. Through the preparation of the measures on rewards and punishment on safety production, it made rewards and punishment provisions on the positive and negative activities in safety production. To ensure the implementation of various measures, relevant safety production indicators have been included in the appraisal on the performance of employees.



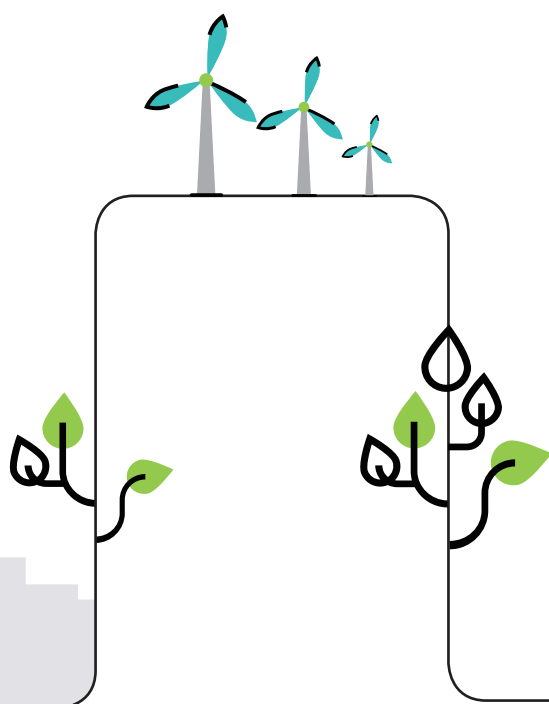
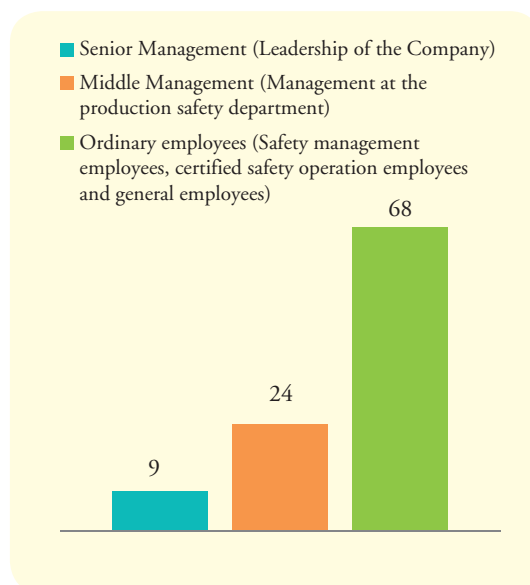
To ensure continuous and stable safety production of the Company and achieve the target of no accidents for the whole year, Suntien arranged the signing of the letter of responsibility on safety production targets in 2016, specifying the targets and responsibilities of the responsible person of all divisions of the Company on safety production. President Gao Qinyu and the responsible persons of all departments, subsidiaries and the headquarters of all regions signed the Letter of Responsibility on Safety Production Targets in 2016. All divisions signed the letter of responsibility on safety production targets on different levels based on the requirements of the safety responsibility system of the Company. The employees of all departments prepared the letter of commitment on safety production based on the duties and responsibilities of their positions and made safety production commitments to the manager of the department. The company has no casualties accident in 2016 and the loss working day of injury was 0.

For safety training, the Company conducts trainings on safety for employees at different levels to enhance the employees' awareness on safety from the concept and thinking and practice safety production.

Investment in safety production from 2014 to 2016 (in ten thousands RMB)



Distribution of the average number of training hours per person by type of employees in 2016: (hours)



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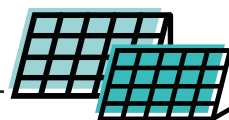
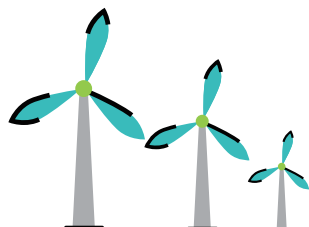


Suntien established a safety training and education system. It raised the awareness of employees on the prevention of risks, the ability of responding to and handling of risks, promoted safety culture and further consolidated the basis for safety production through conducting the “Month for Safety Production” and other activities. In 2016, Suntien made unified arrangement of the “Month for Safety Production” and conducted various education and trainings on safety. All divisions under it pasted theme posters on the “Month for Safety Production”, hanged banners and established billboards to promote the “Month for Safety Production” at the visible area of the office and construction fields and created an excellent safety atmosphere. It also conducted the prevention of hidden dangers, prepared special inspection tables and conducted special inspections on the formulation, promotion and implementation of



safety training in management headquarters of the southwest, northwest, eastern and central areas, the safety production responsibility system, the prevention of hidden dangers, the reporting of accidents and the investigation and handling. For hidden dangers, it prepared detailed inspection reports and set specific requirements on rectification and conducted supervision and guidance on the actual rectification.

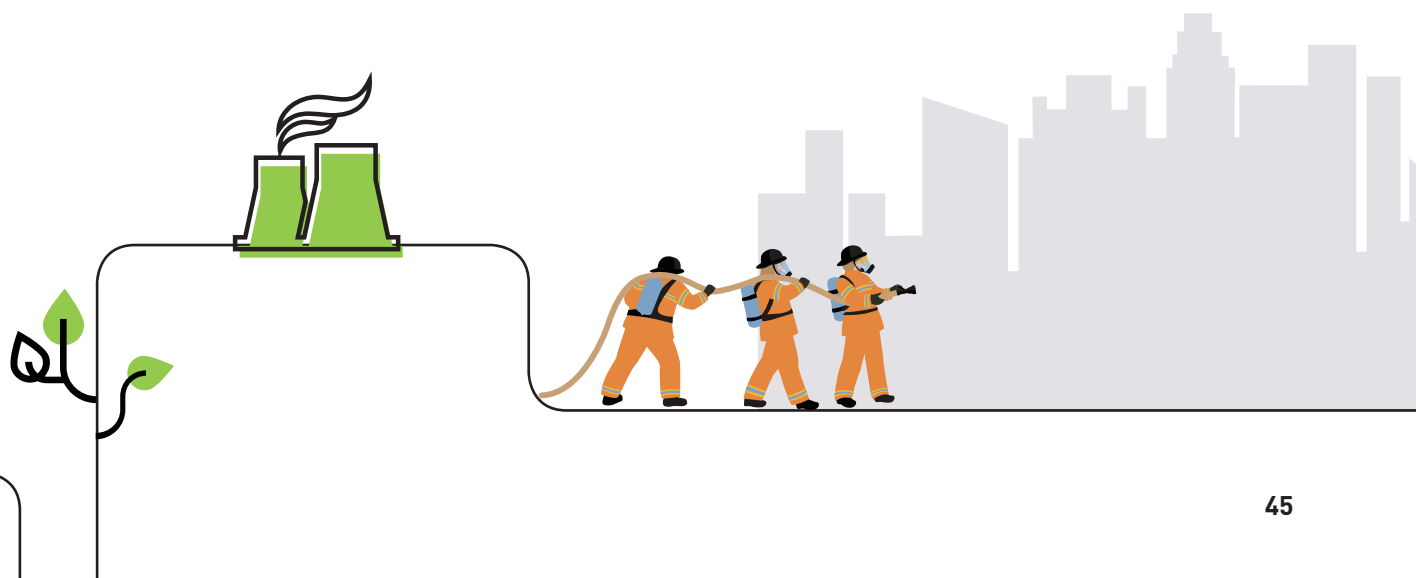
In order to popularize the basic knowledge on aid among employees, facilitate employees mastering knowledge on preventing disasters and dangers in the household life, work and routine travelling and improve the ability of employees and their family members on self-rescue and mutual rescue, the Company distributed the Manual on Household Safety and First-Aid to certain employees at the headquarters of the Company.





Case: Emergency exercise activities

Suntien arranged 27 emergency exercise activities on electric shock accidents, fire fighting, earthquake, urban gas leakage, gas transmission lines exposure and flood during the “Month of Safety Production”. It inspected the targetedness, effectiveness and operability of the emergency plans of all divisions, facilitated employees in further knowing about the disposal procedures, strengthened the coordination and cooperation among different emergency groups and improved the ability of the Company in responding to emergencies through emergency exercises. It summarized and appraised the exercises after the completion of the activities, prepared effective rectification measures on problems and formed an appraisal report on the exercises.



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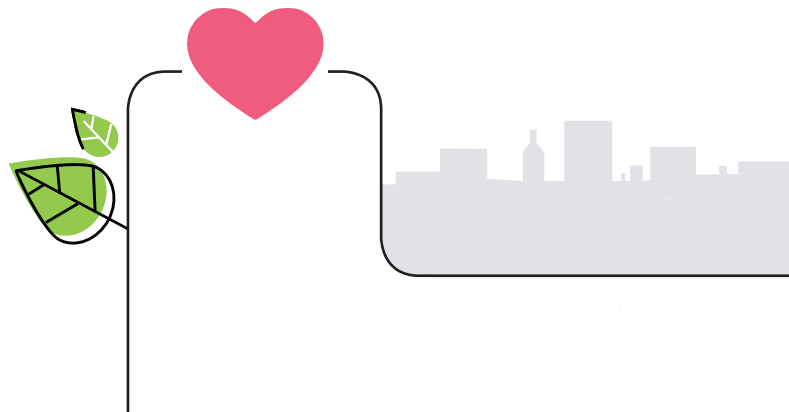
Case: Hebei Natural Gas interpreted the Pipeline Protection Law to residents surrounding the pipeline

In order to raise the awareness on the protection of the safety of the pipeline and reduce the hidden dangers to the pipeline, the inspection employees on the long-distance transmission pipeline of Hebei Natural Gas distributed and interpreted the Pipeline Protection Law to residents surrounding the pipeline to raise their awareness on protecting the pipeline and reduce the accidents on destroying the pipeline.



Case: Hebei Natural Gas conducted competitions on safety skills

During the “Month of Safety Production”, Hebei Natural Gas conducted a competition on the production skills with the participation of 11 teams composed of production employees. The contents include electric connection, cathode protection testing, fixed pipe welding and other contents. It improved the manipulative ability of production employees and tested the theory and actual practice of production and operation employees on production knowledge through the competition.





Case: Suntien held 2016 Safety Workshop

In order to improve the safety management and strengthen communication and promotion, Suntien held the 2016 Safety Workshop activity. The workshop lasted for one day and a half with the participation of nearly 30 employees on safety management from all subsidiaries. The external and internal safety experts of the Company conducted special trainings on the preparation of systems, the education and training on safety production, information reporting, fire fighting management, hidden dangers removal, investigation on accidents reporting and dangerous operation as well as other basic work. They answered questions and conducted communication on the issued in the safety work of all companies and arranged the safety employees of all subsidiaries to conduct internal review on the safety of HECIC New-energy. The Safety Workshop activity not only promoted the communication among companies but also improved the business levels of all companies in safety management.



2.3. Development and Training

Suntien strives to build a sound environment and broad space and platforms for career development with clear career development path and diversified training opportunities.

In order board the employment channel, encourage internal competitive employment at certain position in the principle of openness, impartiality, equality and merit and set the promotion routine for employees, Suntien prepared *the Management Measures for the Evaluation of Professional Managerial Skills (Revision)* and *the Interim Regulations on the Selection and Hiring of Middle Management Employees* and other systems, which set out the policies on the standard internal talents flowing mechanism and those relating to career development of its employees such as secondment, promotion path and skill assessment.

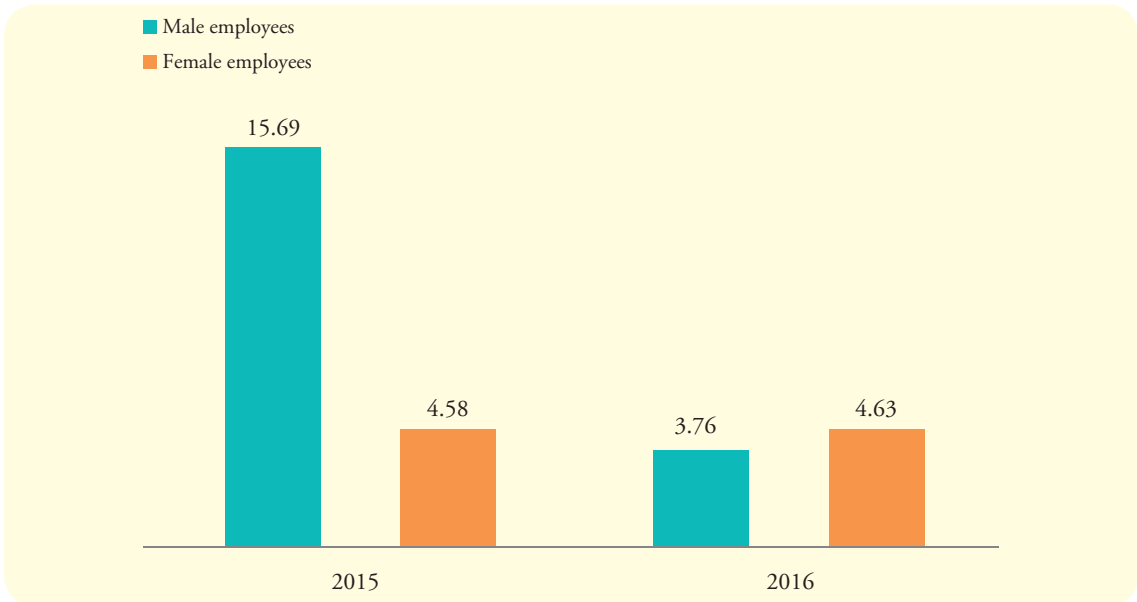
In order to meet the requirements for personal development of employees, the Company provides employees with extensive training opportunities. The Company regularly seeks feedbacks from employees on training needs each year, develops annual training plans and provides various forms of external and internal career training including class, internet and technical workshops, so that employees can master necessary knowledge and professional skills.



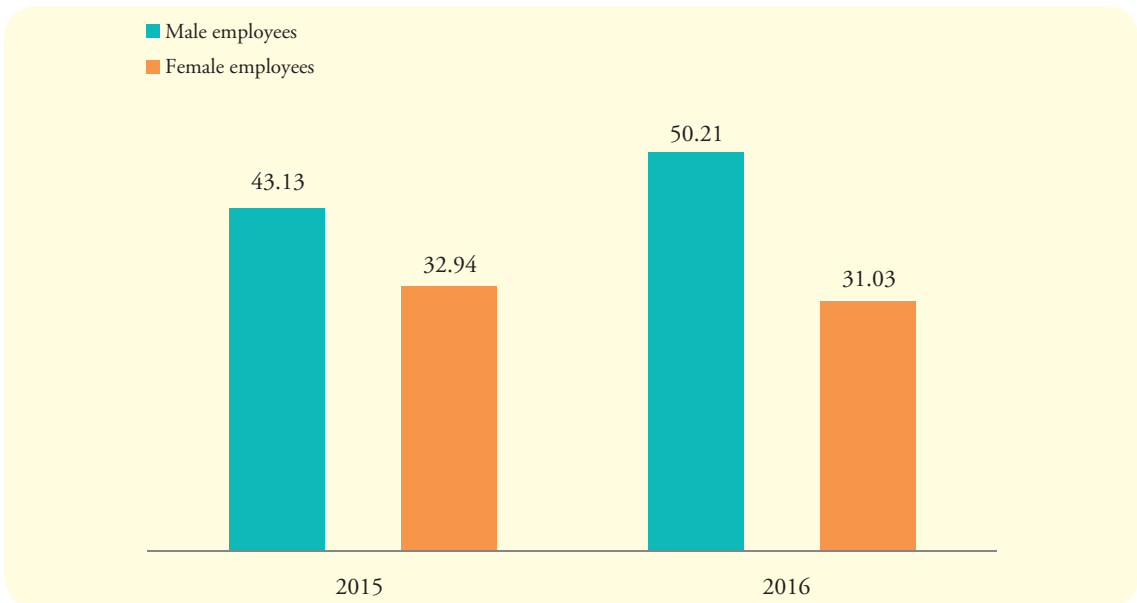
EMPLOYMENT AND LABOUR PRACTICES



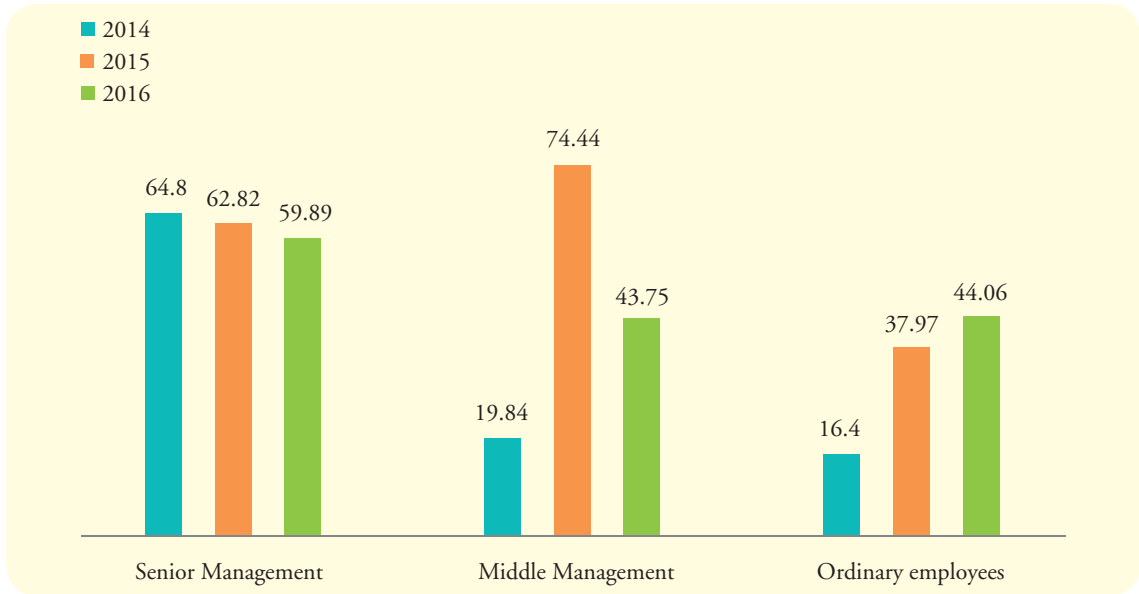
Average Number of training sessions per person by gender from 2015 to 2016 (times)



Average Number of training hours per person by gender in from 2015 to 2016 (hours)



Average Number of training hours per person by type of employees in from 2014-2016 (hours)



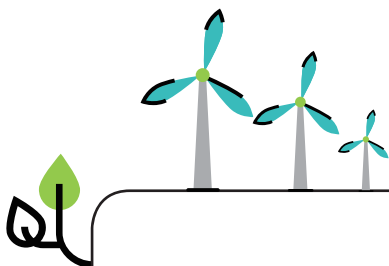
Note: The above trainings excludes the trainings on anti-corruption and safety and for the statistics of relevant trainings, please refer to the corresponding contents of this report.

Based on the requirements of employees at different position levels, Suntien arranged position experience and external communication activities. For young employees, the Company provides them with opportunities to learn more professional working skills and expertise through position experience and rotation to develop a comprehensive and systematic concept and create broad space for development to enhance their recognition to the corporate culture and the sense of belonging. For middle management, the Company regularly invites experts and professors to improve their leadership and innovation ability and strengthen the management ability and skills of the team. It established the coaching mechanism to strengthen the communication and common promotion among old and new employees.



Case: Suntien Kechuang conducted special training on senior and middle management in 2016

With the rapid development of the business of the Company, the management, as the major force of the enterprise, plays a key role. In order to train a dynamic, efficient and quality management team meeting the development requirements of the Company and further improve the management level and core competitiveness, Suntien Kechuang organized a three-day “special training on senior and middle management” for 51 management members.



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Professors from Tsinghua University, Peking University and China Management Science Society deeply introduced six topics, including “innovative thinking and scientific decision-making”, “corporate culture and loyalty management”, “leadership cultivation for middle and senior management”, “sentiment management and pressure test”, “team construction and excelling in performance” and “Management upgrading and strategic implementation”, based on the actual demands of Suntien Kechuang and conducted full communication with the staff. The training provided the management of the Company with advices on the systematical and full improvement management skills, innovative thinking, cultural construction and team integration in their actual work.

Case: China Suntien Green Energy Corporation Limited conducted the “Grass-root Experience Activities for Young Employees”

In order to strengthen the cultivation and development of young employees, care about the construction of the young employees team and attach importance to the working and life of grass-roots employees, Suntien conducted the “grass-root Experience Activities for Young Employees”. 16 young employees from Suntien Green Energy, Hebei Natural Gas, HECIC New-energy and the Northeast Region participated in the activity.

Members of the experience activities for young employees shuttled among the wind farm at Luobu Village, Ruoqiang Town in Xinjiang, Hejing Photovoltaic Power Station and the headquarters at Korla in eight days and experienced more than 10 routine work at the frontier line themselves. The members experienced the hardships and insipidity of gross-root with themselves as well as the joy in surpassing themselves. They gained friendship and knowledge in the activity and mutual communication and deepened self-thinking in the practice and sharing.



Case: HECIC New-energy held the annual competition on skills for professional operation and maintenance positions in 2016

The 2016 annual competition on skills for professional operation and maintenance positions held by HECIC New-energy includes the competition on theoretical knowledge on operation and maintenance, the competition on professional operation and the competition on professional maintenance. A total of 344 employees from the centralized control center and various wind (solar) farms participated in the competition. 26 employees won the first, second and third prizes. Through the exchange of theoretical knowledge and the competition on practical skills, the competition demonstrated the professional skills and good spirituality of the operation and maintenance employees and achieved the expected results on promoting learning through the competition.



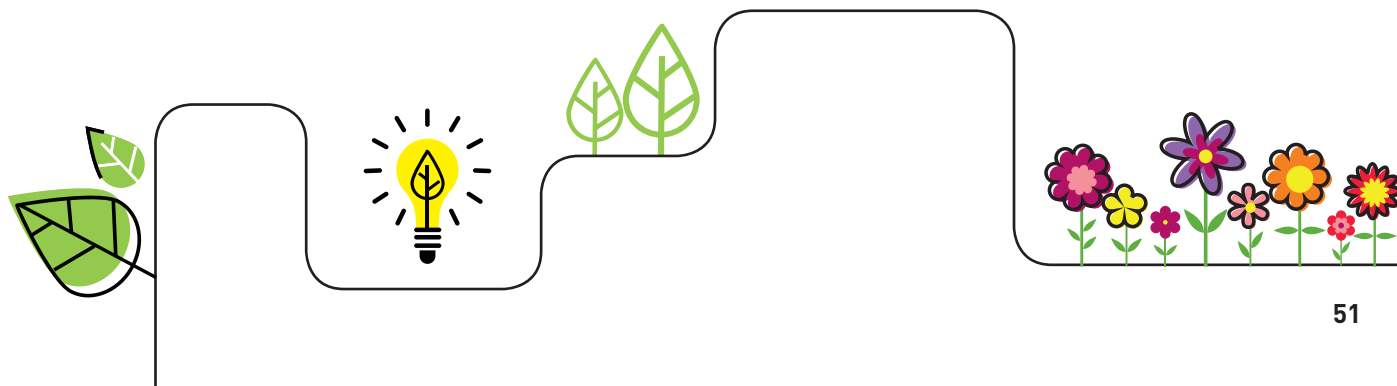
Case: Suntien Kechuang conducted the 2016 annual EAP course—the special training on sentiment management and high-efficient working

Suntien Kechuang conducted the “2016 annual EAP course—the special training on sentiment management and high-efficient working” and more than 50 employees from various wind (solar) farms participated in the training. The course solved the mental disturbance of employees through the EAP to help them find their own value, improve the mental health and keep a positive and active mentality in facing the pressure and problems in working. It also helped employees influence and drive people surrounding them with positive energy to establish an efficient working platform and atmosphere.



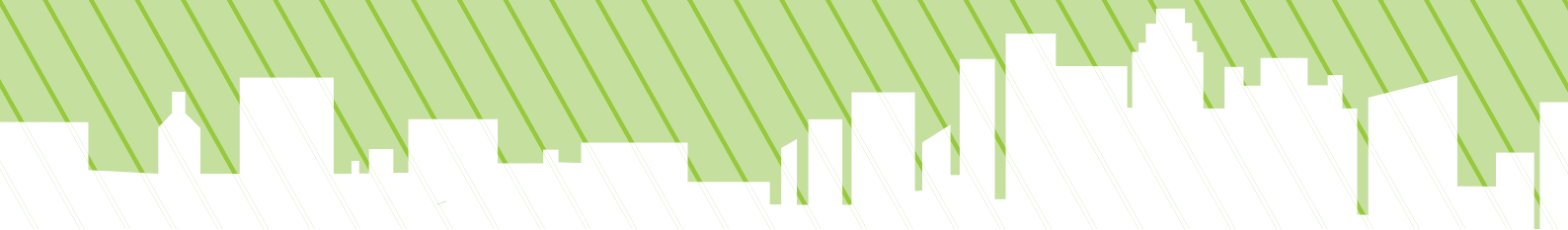
Case: Suntien promoted the construction of the professional technical talents pool

In order to promote the cultivation of professional technical talents of the Company, vitalize the enthusiasm of professional technical employees and standardize the management of professional technical employees, the Company conducted the construction of the professional technical talents pool in 2016. According to the Plan on the Construction and Implementation of Professional Technical Talents Pool, employees can apply for the corresponding level based on the level of the existing title/vocational qualification. Based on the final summary and reexamination, it established the professional technical talents pool of the Company with 607 employees, 341, 179 and 87 are junior, middle and senior technical employees.





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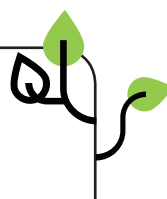
The management policies and system established to effectively manage the supply chains and improve the satisfaction of users represent Suntien's effective management of and control over the environmental impacts caused by corporate operation. Suntien gradually improved its supply chain management to regulate the tender process and division of power and responsibilities. It also raised the coverage of supplier assessment. In addition, it strengthened the communication with downstream users and actively responded to customers' demands by raising service quality and effectiveness. Meanwhile, it also increased its investment in research and development to encourage innovations in scientific research and innovation and improve the competitiveness of the enterprise

3.1. Supply Chain Management

Effective management of supply chains is the basis to ensure quality and safety of products and services and can ensure the smooth operation of an enterprise. Based on the uniqueness of the products and Suntien's status quo and on the basis of the provisions of relevant national and local laws and regulations, it developed management process catering to the suppliers of its products and services to ensure the transparency of the procurement process and the clear division of responsibilities of all departments and guarantee the procurement process complies with relevant laws and regulations. Meanwhile, it also cares about the current management of the suppliers on quality, environmental protection and safety as well as the control of risks to reduce the risks on supply chains.

Based on the nature and demands of the wind power and natural gas businesses of the Company, relevant suppliers of the Company include design units, construction units, supervision units and relevant materials suppliers. On the basis of the *Bidding Law of the People's Republic of China*, the *Regulation on the Implementation of the Bidding Law of the People's Republic of China* as well as relevant laws and administrative regulations of the state, Suntien has established management systems including the *Project Tendering Management Measures*, the *Project Construction Management Measures* and the *Project Quality Management Measures* to set out specific measures to manage and control suppliers in tender, supplier selection, on-site supervision and quality control for wind farms construction, natural gas pipeline laying and gas station construction. Meanwhile, Hebei Natural Gas established a management method on qualified suppliers to conduct appraisal on suppliers. HECIC New-energy conducted the construction of integrity in the development of resources, financial operation, projects construction and other enterprise work. It has been awarded the title of the "Enterprise of Credit in Hebei Province" for eight consecutive years.

In order to reduce the effects of the construction on local communities and surrounding residents, Suntien requires contractors to conduct civilized construction and has made *Civilized Construction Management Measures for Project Construction*, setting specific requirements to suppliers about operation regulations, waste collection, environmental sanitation and other perspectives. In addition, it also made *Construction Project Safety Management Measures*, defining the respective responsibilities of personnel, project supervisors and contractors of Suntien for project safety management.



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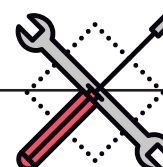
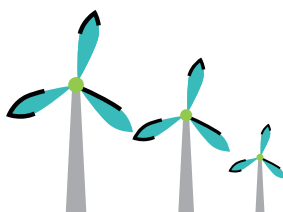
Another important subjects of procurement of Suntien are suppliers of operation related equipment, including wind power equipment such as turbines and transformers, natural gas transport equipment such as pipes and valves, and office equipment and logistics services. The Company made the *Materials Procurement Management Measures* to regulate the procurement of materials. For important suppliers of equipment and services, the Procurement Department of its branches and subsidiaries, and representatives from the department using such materials, jointly established a supplier assessment commission, which conducts regular review of the supply performance of major suppliers on the list and comprehensive review of new suppliers including on-site assessment to determine the management and control efficiency of its suppliers, which will be used as important reference for its procurement decision-makings in the future. The major suppliers on the supplier list, the entire procurement process and eventual results are published by Suntien at Hebei Provincial Bidding Website (<http://www.hebeibidding.com.cn/>) to ensure the openness and transparency of the entire procurement process.

Suntien has been maintaining a good partnership following the concept of win-win cooperation. Meanwhile, in order to consolidate the cooperation basis and further expand the cooperation scope, Suntien attaches great importance to the communication of quality suppliers. In December 2016, the Company and General Electric signed a strategic cooperation framework agreement. The two parties will take this opportunity to jointly strengthen the exploration and cooperation in the renewable energy industry. In 2016, Suntien Green Energy and Vistas, Zhejiang Windey Co., Ltd. and other suppliers of wind power generation manufacturers conducted further communication and laid a solid foundation for the expansion of the wind power business in the future.

In 2016, major suppliers of Suntien are shown in the following table. In particular, 100 suppliers were on-site reviewed by Suntien's headquarters and 41 were reviewed by Hebei Natural Gas. For on-site review, Suntien will pay more and more attention to suppliers' ability of achieving sustainable development and place greater emphasis on environmental issues, occupational health and safety, legal employment and other issues.

Number of major suppliers of Suntien in 2016 by region

Region	HECIC New-energy	Hebei Natural Gas	Headquarters and other subsidiaries of Suntien
China	51	139	185
America	0	0	1
Europe	0	0	0
Total	51	139	186



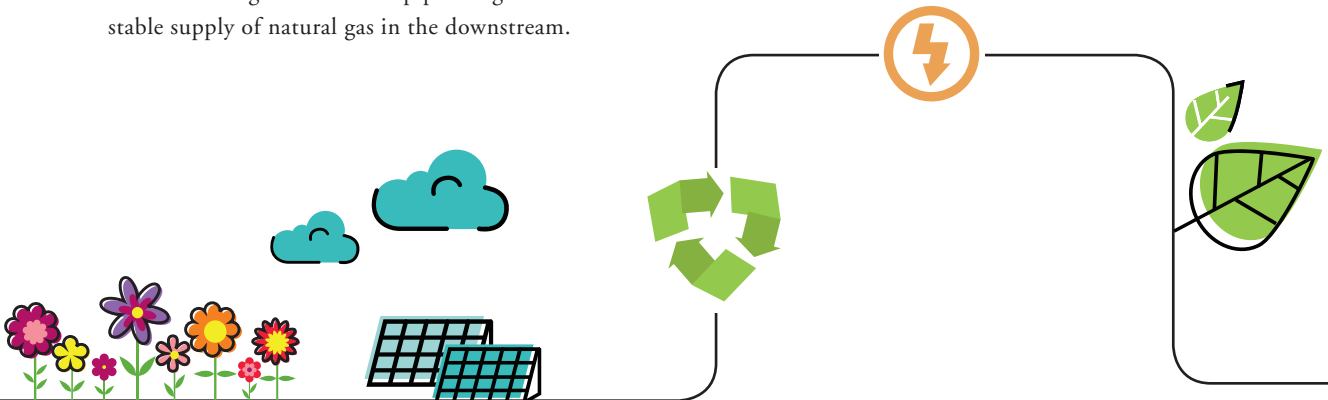
3.2. Product and Service

The supply of new energy is the main product and service of the Company. For the wind power business, Suntien currently owns wind power projects across the whole country, including Shanxi, Xinjiang, Shandong, Yunnan and Inner Mongolia, with Shanxi as the base. In 2016, all wind turbines at the Jianshui Qikeshu Wing Farm, the largest single wind power project in other provinces of Suntien, was connected to the grid for power generation, marking a key breakthrough in the construction of wind power facilities in other provinces by the Company. In addition, the Company has been actively seeking appropriate overseas investment programs and striving to provide clean energy in more regions.

For natural gas business, Suntien attaches great importance to the stable supply of natural gas. In order to further improve its gas supply capacity and guarantee the normal use of residential and non-residential clients, on the one hand, Hebei Natural Gas continued to push forward the construction of natural gas pipeline project. In line with the inter-province natural gas and coalbed methane gas pipelines laid by upstream suppliers, it has improved the construction of pipeline project in 10 counties including Jizhong within Hebei and established CNG refilling stations and CNG primary filling stations to guarantee the supply. On the other hand, with its extensive experiences in operation and dispatch, Hebei Natural Gas strengthened monitoring and analysis to master the dynamics in the supply and demand in heating seasons. On the basis of maintaining the safe operation of long transmission, it maintained the balanced supply and demand with gases stored in pipes to guarantee the stable supply of natural gas in the downstream.

For customer service, all electricity generated during the operation of the wind power projects of Suntien, after the voltage being increased, is completely procured by local grids. No quality issues or complaints occurred while safety is ensured during operation and power generation. The Group possesses natural gas transmission and ancillary facilities in Hebei Province, and supplies natural gas to residential clients and non-residential clients including industrial enterprises within the province. Hebei Natural Gas had developed specific management measures to ensure steady supply of gas and improve customer services.

For customer services, Hebei Natural Gas followed the service philosophy of “Customer Supreme and Service First” and attached great importance to customer services. In order to formalize the services, improve service quality and raise customer satisfaction, the Company made standard management rules and manual instructions, such as the *Standardized Management Measures for Customer Services*, the *Standardized Management Measures for Door-to-Door Services* and the *Standardized Management Measures for Hotline Center*, based on the contents and characteristics of the work at the customer service center, door-to-door services and hotline centers. In the management rules and measures, it set detailed requirements on the working process, the division of responsibility as well as dressing appearance of employees.



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In order to efficiently deal with customer complaints, Hebei Natural Gas set up the *Client Complaint Handling Procedures* based on its OA system, standardizing the duties of the related positions. According to the problems identified by the customers, the Procedures set out a standard handling process from customer complaint

application, treatment to interview, and ensured that all complaints are recorded and searchable. In addition, Hebei Natural Gas analyzed the complaints received during the whole year at the end of each year and makes it as an important reference for increasing the customer service management.

Number of complaints received from 2014 to 2016

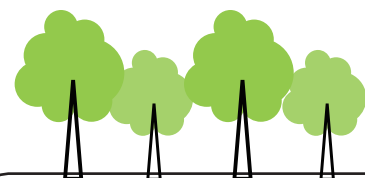
Type of Customers	Year of 2016	Year of 2015	Year of 2014
Residential Customers	89	36	24
Non-residential Customers	0	4	0

Note: New customer complaints in 2016 were mainly ineffective complaints, namely complaints not related to the product or service. All complaints related to the product or service have been followed and handled in time.)

In order to better learn about the use of natural gas and listen to the demands and advices of customers and provide customers with more comprehensive and active services, since 2012, it has conducted satisfaction survey with residential clients and non-residential clients, and formulated the *Client Satisfaction Survey Management Measures*, setting detailed requirements on the responsibilities of all departments, the method, proportion and frequency of surveys. The survey involves door-to-door services such as safety inspection and repair, as well as daily management such as scheduled inspection, safety inspection and safety promotion. Visits and random inspection must be conducted

to cover all complaints from residential users. For non-residential users, annual visit must be paid to each major client and the percentage of random inspection for small businesses must not be lower than 20%.

After the completion of the client satisfaction survey, the Company prepares the *Satisfaction of Residential Clients* and the *Report on the Survey on the Satisfaction of Non-Residential Clients* to summarize and analyze. For the advice and feedback of the clients, it provide corresponding improvement or enhancement measures, to which sustain attention is paid further.



Results of the Survey on Customer Satisfaction from 2014 to 2016

Type of Customers	Year of 2016	Year of 2015	Year of 2014
Residential Customers	99.12%	99.1%	99.21%
Non-residential Customers	100%	99.54%	100%

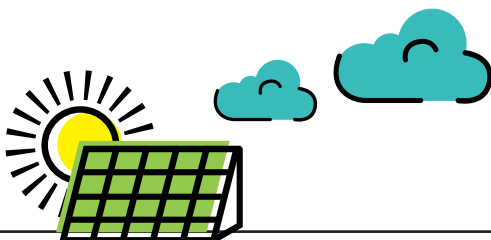
Hebei Natural Gas developed the *Detailed Rules for Client Files Management* to protect personal information and required all employees to comply with confidentiality provisions and not to extend the scope of usage of client files without permitting or divulge the contents of client files and client information. It also developed the *Detailed Rules for the Management of Removable Storage Media* requiring that no employee of the Company may copy related confidential information to his/her removable storage media in order to prevent leakage of client information.

3.3. Technology Innovation

In order to provide better products and services and continuously improve the competitiveness of the enterprise, Suntien deeply knows the importance of technology and innovation and implements them into practice. Through increasing the investment in research and development, improving the construction of research and development organizations and encouraging all employees to actively explore innovation technologies, the Company creates an innovative atmosphere and improves the awareness of innovation. In addition, the Company conducted in the application for relevant external patents or the reporting of relevant projects to ensure that the intellectual properties of the Company are effectively protected by local laws.

Case: Hebei Natural Gas obtained the invention patent for a wedge gripping tool

Hebei Natural Gas received the invention patent certificate in relation to a wedge gripping tool issued by the State Intellectual Property Office. The wedge gripping tool includes the gripping mechanism, the crowding mechanism and the pressing mechanism. It was successfully completed in trials in 2015 and obtained the utility model patent certificate. Hebei Natural Gas conducted three major improvements and optimizations in details of the tool this year. Through the increase in the gripping force and reliability, the wedge can be closer to the leakage more stable in the leaking stoppage with wedges to greatly improve the success in leaking stoppage with wedges. It prevented possible crushing, burns and other injuries in handling with hands and improved the safety of operation. The term of the patent is 20 years and it is the first utility model patent obtained by Hebei Natural Gas.



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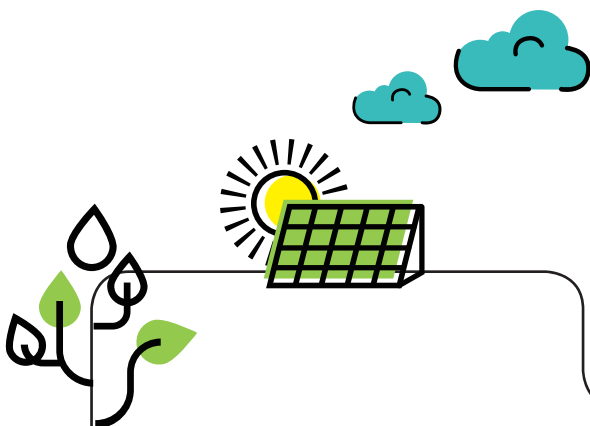
As the technologies on domestic low-speed wind turbines are increasingly mature and the cost price of turbines decreases, the development of wind power speeds up in transferring to the central and eastern regions with low-speed wind. HECIC New-energy grasped the trend quickly and actively shifted the development of wind resources. It increased the development in regions with low-speed wind and strives to seek new profit growth contributors in industries with low-speed wind and reserve energy for the development of the Company in the future. In 2016, HECIC New-energy conducted two meetings and inspection symposiums on the development of wind with low speed for companies in the region. It also organized staff on the development of wind power to inspect and visit Taohuashan Wind Farm and discussed the conditions on the development of low-speed wind resources in China.



Case: “Intelligent Warehouse” cloud platform program

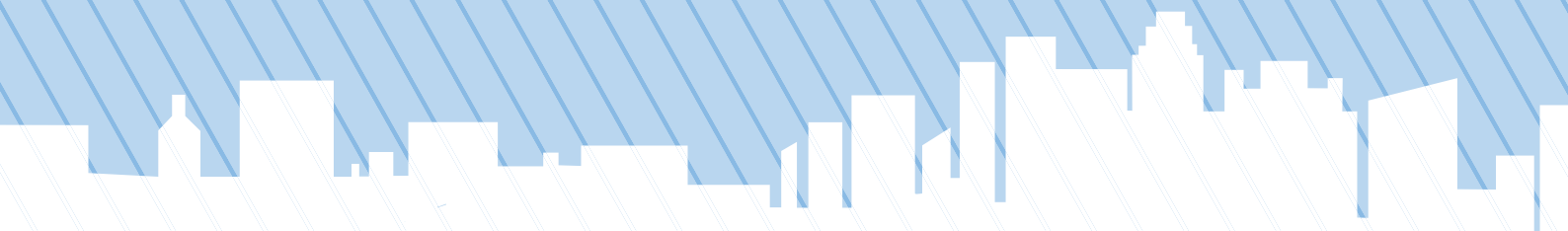
In October 2016, the big data-based “Intelligent Warehouse” cloud platform program, namely the production and operation management center (Intelligent Warehouse), for wind power of HECIC New-energy completed the reporting of the trial program on industrial cloud and industrial big data in Hebei Province in 2017. After the sorting, recommendation, site review and experts review as well as other processes, the program was highly recognized by the Industry and Information Technology Department of Hebei Province and the Municipal Bureau of Industry and Information Technology. On 19 December, the program was on the list of programs for key tracking of industrial cloud and industrial big data in Hebei Province in 2017 and will become a leading demonstration program in the cloud platform for the wind power and photovoltaic industry in Hebei Province.

The Intelligent Warehouse will establish a big data center in the new energy power generation business and achieve the production, operation and management functions of the Company at the headquarters level with the Internet of Things, big data, cloud computing and other advanced technologies. It will master real-time production and operation conditions of wind farms and photovoltaic power stations and conduct intelligent analysis on data, big data exploration, the diagnosis of failures of wind power units and performance improvement through the Intelligent Warehouse to provide strong back supports to the production and operation. The Intelligent Warehouse will develop a leading big data experts system on the new energy industry and further promote the development of new technologies of HECIC New-energy.





COMMUNITY



COMMUNITY



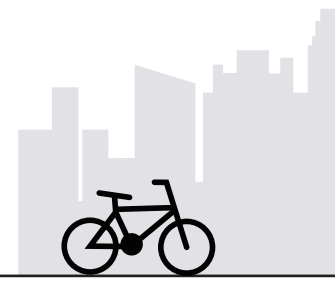
The rapid growth of Suntien cannot be realized without the support and trust from all sectors of society. As a company engaged in the development of new energy and natural gas services, the programs of the Company is inseparable with the understanding, support and assistance of local government, society and residents in the realization of its consistent development. Suntien is well aware of the importance of social harmony. Suntien never forgets the source of benefit and its initial determination and actively conducts charitable activities. It solves realistic problems for local residents, participates in local economic construction and tries return the society with its best to promote the improvement of the public life and the rapid economic growth in local areas.

4.1. Policy Support

The prevention of air pollution in China has been speeding up to guarantee the people's life and health. In 2013, the State Council released *the Action Plan on the Prevention of Air Pollution*, proposing the target of reducing the concentration of particulate matters by about 25%, 20% and 15% in Beijing-Tianjin-Hebei area, the Yangtze River Delta area and the Pearl River Delta area, respectively. As a key area in the prevention of air pollution, Hebei Province formulated the *Plan on the Implementation of Strengthened Measures on the Prevention of Air Pollution in Hebei Province (2016-2017)*, the *Circular on the Implementation of Measures on the Treatment of Coal-fired Boilers in Hebei Province* as well as other policies, proposing to speed up in the replacement of coal gas with natural gas in key areas. It will eliminate 11,071 coal-fired boilers by the end of 2017 and strives to achieve a supply of natural gas with 16 billion m³.

As a clean energy enterprise, Suntien actively responds to the calls of national and local governments. It solidly conducts new energy businesses and brings natural gas to more households. In 2016, the Company conducted the "replacement of coal gas with natural gas" in urban villages in Hebei Province. It brought clean energy to more rural residents, conducted trainings on the knowledge about the safety use of natural gas and supported the prevention of air pollution in Hebei Province. As at 31 December 2016, 172,949 households were conducted the replacement of coal gas with natural gas in urban communities and rural areas by the Company, 125,880 households were opened to natural gas.

Suntien responded to the government's call for innovations by cooperating with the government, regulatory authorities, academic institutions and industrial organizations to conduct various researches in order to provide recommendations to the decision-makers of the government and contribute to industrial development. Suntien deepened the cooperation with Hebei University of Science & Technology and other universities and achieved various results in industry-university-research work. Suntien Green Energy undertakes various technology programs at the provincial level and led the preparation for the establishment of the "Hebei Wind Power New Energy Technology Study Center" and the "Hebei Wind and Photovoltaic Coupling Hydrogen Demonstration and Research Laboratory". It also established the "distant integrated controlling center for multi wind farms" with leading positions in the industry and the first hydrogen production program with wind power in China as well as other programs.



4.2. Community Involvement

Suntien adheres to the concept of co-existence and common prosperity with local communities and ensures the positive influences of its own operation activities on local communities and local residents. Based on its professional technical advantages, the Company helped local communities improve the infrastructure and the environment of communities to promote the ecological civilization construction in local communities. It actively learns about the demands of local residents and participated in the construction of communities to make contributions to the development of communities.

Suntien serves people's livelihood using technology and creates job opportunities with its own technical capability and funds to support local economic growth and infrastructure development. Suntien's wind farms are basically built in sparsely populated remote areas with low population density, some of which lack electricity supply to date. Suntien's entry has brought local residents and enterprises with clean and steady electricity supply, solving the problem of electricity supply for local residents and boosting the development of other enterprises. The access roads built for the wind power business not only improved local transportation, but also provided convenience for the travel of local villagers.

Suntien attaches importance to maintaining friendly relations with local community. Before construction works commence, Suntien carries out survey of and visits to the persons and entities in surrounding regions to listen to public opinions and advices on project construction and interview them, and compensates the persons and entities whose land are occupied in accordance with laws. During the construction process, the Company provided the communication channel of petition to facilitate the local residents to reflect their situation by phone or mail so as to solve the problems. After the project is put into operation, Suntien lets the community public know Suntien through television and broadcast, conducts activities and participates in activities held by local community so that the community public can better learn about and understand Suntien.

The use of natural gas is indispensable for people's lives. Improper use may have an adverse impact on life and property safety of the residents. In order to guarantee gas safety, Suntien strengthened the publicity of the safe use of gas. It strengthened its tie with community residents and educated residents with knowledge on safe use of gas to effectively reduce the number of gas accidents due to improper operation by going into the community for education, sending SMS alerts and accepting interviews by television stations.



COMMUNITY



Case: Safety propaganda of natural gas on campus

In order to popularize the safety knowledge on natural gas, advocate the safety education of natural gas on children, enhance the safety awareness on the use of natural gas and the self-protection ability, Qinghe HECIC, a subsidiary of Suntien, conducted a tour on the popularization of knowledge on natural gas safety on children at Changjiang Primary School and Xiangjiang Primary School under the county. Through the displaying of animation short films on knowledge about natural gas safety and ppt demonstration through multi-media, the working staff introduced what is natural gas, how to properly use gas stoves, precautions on household natural gas in summer holidays, how to deal with gas leakage and other common knowledge on safety of natural gas. It evoked the learning enthusiasm of students through interactions with award-winning questions and made the knowledge on the safety of natural gas deeply rooted in the mind of children in a relaxed and lively atmosphere.



Case: Propaganda activities on natural gas accidents

In order to guarantee the safety of the use of natural gas in winter and further enhance the awareness of users on safety and prevention, Hebei Natural Gas focused on old communities and conducted propaganda activities on natural gas accidents.

The working staff introduced the precautions on the safety use of natural gas to the public on the field, remind them of safety accidents caused by unsafe stoves, unqualified rubber tubes and private change of pipeline through the establishment of consultation desks, the demonstration of billboards on natural gas accidents and the distribution and pasting of cases on natural gas accidents. More than 500 copies of Safety Accidents on Natural Gas were distributed and more than 100 copies of accident cases were pasted in all regions and sub-districts. The propaganda activities on natural gas accidents were supported by the broadcasting station of the village, which broadcasted propaganda slogans on safety irregularly. It further made villagers understand the importance on the use of natural gas and enhanced the awareness of villagers on the prevention of accidents.



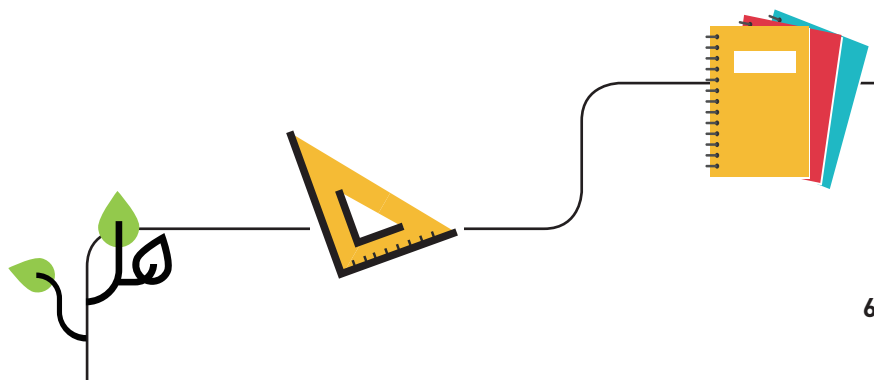
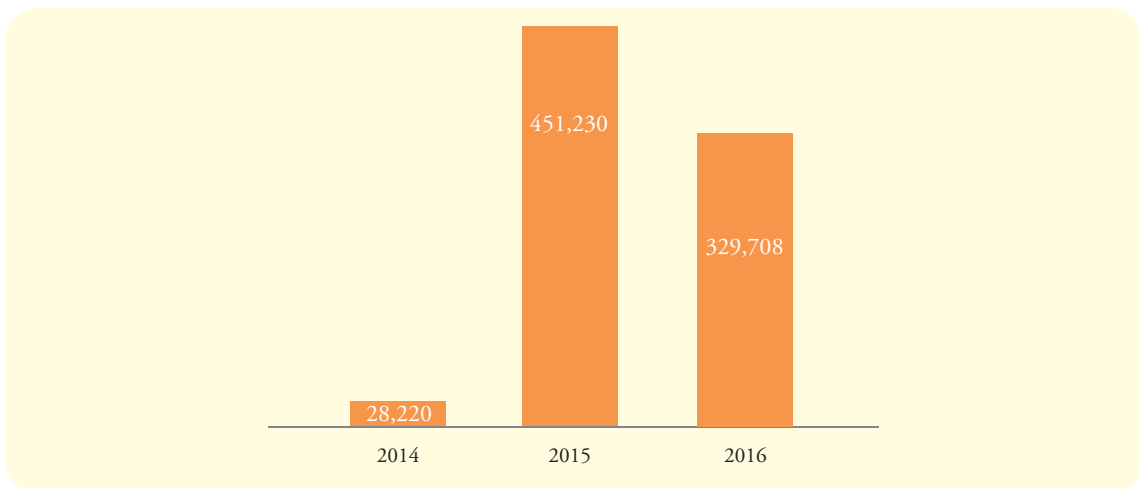
4.3. Charity

Only love can bring a bright future. Suntien actively gives returns to the society while pursuing its own development. It conducts targeted poverty alleviation and other charitable activities with its own technologies and resources. In Suntien’s opinion, charity is not a simple donation of funds and materials. Only if we consider the needs of the receipts of aid and perform planned charity services can we provide them with greatest and most practicable help.

Suntien established a complete management process for charitable activities. Through detailed early investigation and assessment on the receipts and areas of aid, it sets reasonable budget and personnel input and prepares scientific work plans and action plans to conduct charitable activities in an orderly manner. To ensure the transparency of the use of employees’ donation, Suntien has established a donation account that is managed by special personnel and supervised by the audit and finance departments.

Suntien has established the “Suntien Volunteer Team”, formulated the *Prospectus of Suntien Volunteer Team*, and provides guidance on and management of the charity activities conducted by its employees. Since the establishment of the “Suntien Volunteer Team”, it has been actively conducting social charitable activities and listed the Nanhaoting Primary School in Jingxing County as a key receipt of aid. It helped the school establish the Suntien Green Hope Library, multi-media classrooms, music and art rooms. It established a computer room for the school and bought new computers and ancillary desks and chairs in 2016.

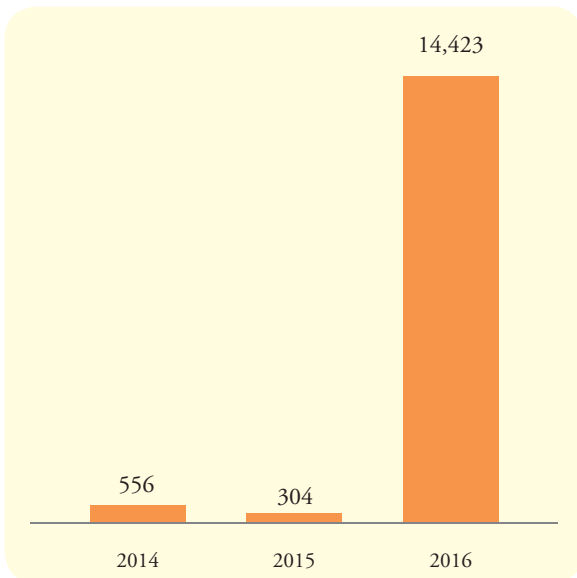
Charity Expenses from 2014 and 2016 (RMB)



COMMUNITY



Number of Hours Spent in Charity Activities from 2014 to 2016 (hours)

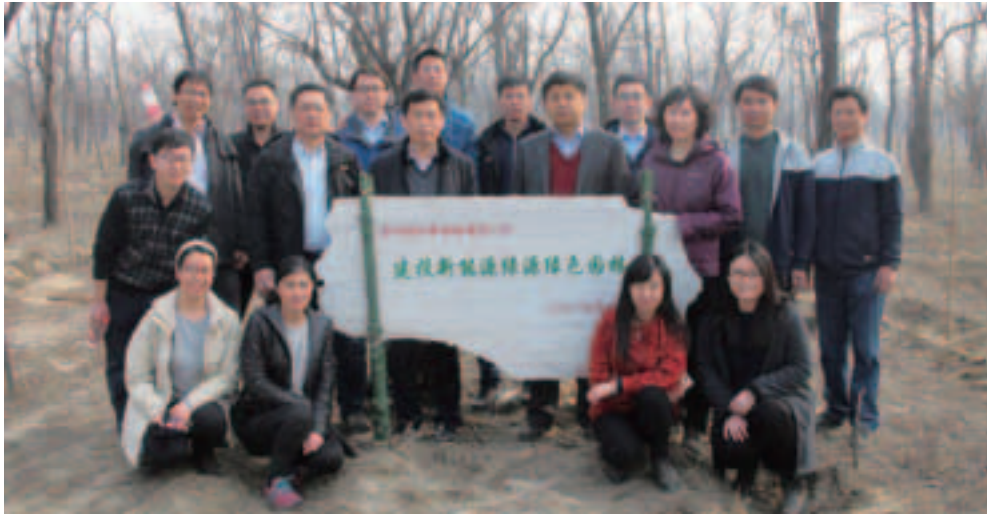


Note: Suntien improved the management system on the input and statistics on charitable activities and increased the input in communities in 2016. As a result, the date increased significantly from the previous year.

Case: HECIC New-energy conducted donations of clothes

The labour union of HECIC New-energy and Shijiazhuang Charity Federation conducted an activity on donation of clothes, calling the employees to donate their idle clothes and love. The activity was greatly supported by the employees and collected more than thirty parcels of clothes. Shijiazhuang Charity Federation donated the clothes to the people in poverty-stricken areas. The activity created an atmosphere of “everyone has love and everyone donates love”, recycled idle resources and brought warm to people in poverty-stricken areas.





Case: HECIC New-energy conducted voluntary trees planting activities

The labour union of HECIC New-energy organized the employees to Xiaobi Tree Farm, the tree farm designated in Shijiazhuang, to conduct voluntary trees planting activities. They planted more than 100 trees and the area was named “HECIC New Energy Green Tree Farm”.



Case: Suntien Volunteer Team conducted “Love at the Nanhaoting” activities

In October 2016, Suntien Volunteer Team conducted the “Love at the Nanhaoting • Harvesting Peanut in Autumn” activity at the Nanhaoting School. The members of the volunteer team and children were divided into two groups to harvest peanuts and let the children experience the joy of labour. In the afternoon, Fan Weihong, chief accountant of the Company, held a lecture of I am a Small Financial Planner and encouraged children to form good habits of saving and wealth management.



COMMUNITY



President Gao Qingyu inspected the targeted poverty alleviation in Leguo Village and summarized the information on poverty-stricken households

Special: Targeted Poverty Alleviation Program of Suntien Green Energy

Responding to the calls for “deep implementation of targeted poverty alleviation” of the state, Suntien Green Energy conducted targeted poverty alleviation and counterpart assistance to Leguo Village in Huangqi Town, Fengning County, Chengde in 2016.

Leguo Village in Huangqi Town, Fengning County is located in Jieba area, which is 50 kilometers from the north of the county. It is above 1,000 meters above the sea level and the climate is relatively cold. The village has 179 poverty-stricken households with 466 people and the annual per capita net income is RMB2,100. The shortage of land and capital resources is the main reason to the poverty of the village. Since the establishment of the working group of Suntien in the village, it visited each household and conducted field surveys in the village. It established assistance plans after deeply understanding the conditions of the village and the public opinion. It changes its aid model from “blood infusion” to “blood building”. While providing physical assistance, it

highlights “educational supports first in poverty-relief”. The working group of Suntien in the village and local village government jointly prepared the Three-year Plan on Targeted Poverty Alleviation in Leguo Village and the Working Plan of the Working Group in Targeted Poverty Alleviation in 2016, it improved the poverty-relief archives with one archive for one village and one book for one household and set up accounts for 179 poverty-stricken households. Each staff employee of the Company assisted 10 poverty-stricken households in pairs.

Suntien conducted series of targeted poverty alleviation activities in 2016, which improved the appearance of Leguo Village and the production and living conditions of poverty-stricken households:

- **Industrial supports:** It established the Plantation Cooperative of Leguo Village and introduced 119 poverty-stricken households to the cooperative. The Company contributed RMB200,000 for building vegetable greenhouses in the village to drive the industrial formation at the early stage.



Building vegetable greenhouses



Improving Square in the Village

- Appearance improvement: The Company invested RMB60,000 in the installment of 17 solar energy street lamps in the village to light the streets of the village. It anticipated in the construction of a beautiful village and improved the square, park and public toilets in the village.
- Donation to Leguo Primary School: Leguo Primary School faces difficult conditions with rough teaching facilities. The school has no heating facilities. The cold weather on the Bashang area in winter directly affects the normal teaching activities in the school. The employees of the Company donated RMB15,000 and installed one set of heating equipment and one set of drinking hot water equipment in Leguo Primary School. It also provided new schoolbags, cups, towels, stationery and other gifts to all children.

- It visited poverty-stricken people in the village and provided them with long-time care and necessities of life.

Suntien will spare no efforts in providing supports and assistances to the development of all causes in the village. It has preliminarily determined three key tasks in targeted poverty alleviation in 2017. Firstly, it will help improve the hardware infrastructure of Leguo Primary School, make the children feel the care from the society and help them build the good habit of learning and change their future with knowledge. Secondly, it will provide training opportunities to young people in the village to improve their skills and knowledge and broaden their horizons to enhance the collective technical strengthen of the village. Thirdly, it will provide assistance with the business expertise of the Company. The professional staff on solar energy will conduct field inspection on the feasibility of photovoltaic power generation in the area.



Distributing stationery to pupils of Leguo Primary School



CPC Party Chief Wang Hongjun visited poverty-stricken people

PROSPECT FOR 2017



2017 will be a crucial year in the full implementation of the “13th Five-year Plan” and the deepening of the supply-side structural reform. Meanwhile, driven by the coordinated development Beijing, Tianjin and Hebei, Hebei Province will share information on ecology and environment and jointly build ecotones with Beijing and Tianjin. Suntien Green Energy will take innovation as the primary driving force in development, adhere to seeking progress while maintaining stability, actively respond and make coordinated plans. It will greatly improve its internal management and achieve the stable improvement of its business structure and devote itself to the benign and harmonious development of the enterprise and the society.

Keep green development and respond to climate change. Following the national strategy on promoting the optimization and upgrading of the energy structure, the Company will continue to actively develop wind power, solar energy, natural gas and other clean energy businesses. It will improve natural gas transmission pipes, urban gas pipe network and other infrastructure to ensure stable supply. It will save energy, cut emissions and improve the utilization efficiency of resources and promote the establishment of a saving enterprise. In the construction and operation, it will pay more attention to environmental and ecological protection and strive to reduce the effects of its own operation on the ecology and environment.

Care about employees’ growth to achieve common development. It will continue improving and optimizing relevant mechanisms to safeguard employees’ interests in a practical way. It attached great importance to production safety and creates a safe working environment for employees. Meanwhile, it will conduct education and trainings on safety to build a firm safety concept in the Company. It provided employees with broad space and platform for development with clear occupational development paths and diversified training opportunities to fully realize the value of employees and the team.

Highlight products and services and guarantee sound operation. The Company increases the input in research and development and encourages innovation in scientific research to enhance the vitality and competitiveness of the enterprise. It also improves the management of supply chains and standardize the division of responsibility in the tendering process to build healthy, stable and sustainable supply chains. Meanwhile, it improves services quality, strengthens the communication with downstream users and actively responds to the demands of clients to improve the quality and results of services.

Strengthen responsibility management and perform social responsibilities. It will continue to care more about charity activities as it used to do and return the society. It will promote local economic construction and solve the practical difficulties of local residents through improving the social responsibility management system and strengthening the accuracy of charity activities to achieve the harmonious co-existence of the enterprise and the society.



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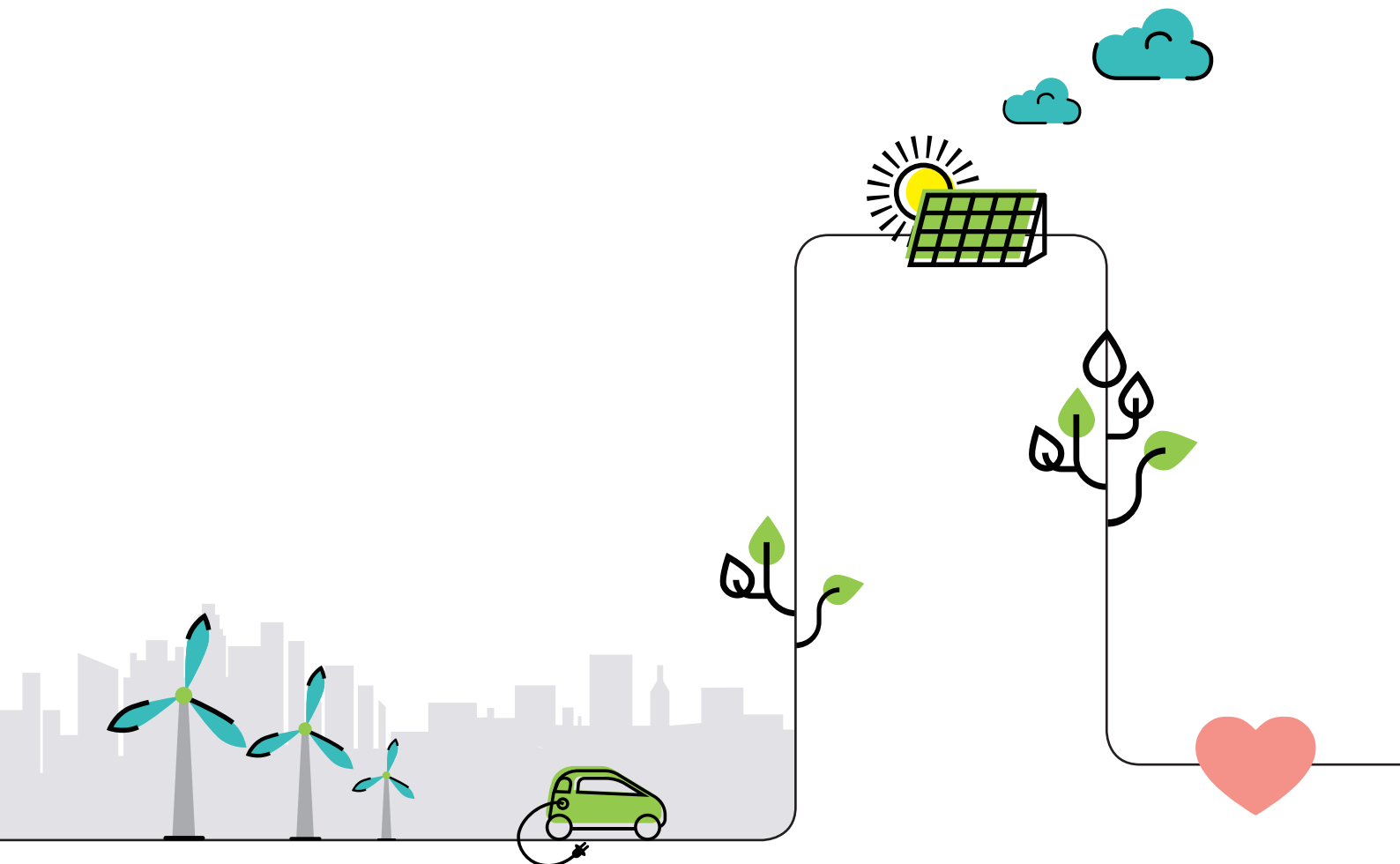
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FEEDBACK

Dear readers,

Thanks for reading the Environmental, Social and Governance Report of China Suntien Green Energy for 2016 during your busy time. We are eagerly looking forward to your opinions and advices on the report and our work. You can mail, e-mail after scanning or fax the completed questionnaire back to us, or directly call us to express your opinions. Thank you!

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1. Which type of stakeholders of Suntien does your employer fall under:
 Shareholders Employees Supplier User Government Community Bank
 Academic institutions Other (please specify)
2. Have you ever read the Environmental, Social and Governance Report of China Suntien Green Energy (if your answer is no, please ignore items 3, 4 and 5):
 Yes No
3. If yes, did you read the paper version or the electronic version?
 Paper version Electronic version
4. Which version do you wish to read, the paper version or the electronic version?
 Paper version Electronic version
5. Your evaluation of the 2016 ESG Report:
 - Readability (easy to understand, beautifully designed, intriguing, and easy to locate the required information)
 3 points (good) 2 points (mediocre) 1 point (poor)
 - Credibility (whether the information in the report is true and reliable)
 3 points (good) 2 points (mediocre) 1 point (poor)
 - Information integrity (taking into account both positive and negative aspects of performance, whether it meets your needs for information)
 3 points (good) 2 points (mediocre) 1 point (poor)

In addition to the disclosures already made in the report, what else do you want to read?

The reporting team

March 2017

