



2021 Sustainability Report

Environment

Social

Governance

Supplier Management

Foreword

Perfecting Corporate Social Responsibility

Dear XCHARGE Stakeholder,

Of prime importance to us are our customers, our investors(both domestic and international), our employees, and our suppliers. We at XCHARGE Power seek to be good citizens of the communities which we work and sell our products.

For us the four cornerstones of corporate social responsibility are:

- The Environment
- Society
- Good Governance
- Economy

While this is not required by regulation believe sustainability is an important part of our mission and we want to ensure that our stakeholders are well informed of our practices and policies in this area.

We are delighted by the progress XCHARGE has made in the many areas of sustainability covered this report and we can assure our stakeholders, that we will continue to maintain and improve the high standards we have set for ourselves.

We believe that the world will increase its use of electrical power in the next decades and it can do that without contributing commensurately to increased greenhouse emissions and other negative externalities. We are committed to this goal.

CATALOG

Environment

Social

Governance

Supplier Management

01

Environment

Climate Change and Energy

Climate Change Adjustment Action Programs

Waste Management

Emissions Control

Climate Change and Energy

Climate Change Assessment and Management of Risks

In the Comprehensive Report of the 5th Assessment on Climate Change (AR5) issued by the Intergovernmental Panel of Experts on Climate Change (IPCC) in November 2014, the United Nations asserts that human activities are the culprits of climate warming. If carbon emissions continue, the worst scenario is that the sea level will rise by 82 centimeters at the end of this century when the temperature rises by 4.8 degrees Celsius, which is even less optimistic than the 2007 assessment that the temperature rises by 4 degrees with the sea level rises by up to 60 centimeters.

If the global temperature rises over 1.5-2.5 degrees Celsius, the ecosystem and species distribution will face significant changes. Animals and plants may face extinction; the average temperature rise will affect farming and food production; extreme weather events will also lead to increased afflictions and fatalities. More people will be displaced by flooding due to rising sea levels. Dense populations in Asia and Africa with the low-lying deltas will be most affected, while small islands are even more vulnerable.

The types of impacts of global climate change are: 1) Water shortage and drought; 2) Sea level rise; 3) Aggravating the gap between rich and poor; 4) Intense high temperature; 5) Frequent and severe storms and floods; 6) Agricultural productivity decline and food security issues; 7) Public health issues.

Various Types of Climate Change Risks

Amongst the impacts caused by global climate change, the most concerning risks are concentrated in the environment and operation, raw materials, water resources, energy, extreme climate, which will directly impact and damage the operation of enterprises. The most severe threats are the increase in the cost of natural resources and raw materials and the shortage of water resources. In addition to the direct impact of environment and operation, there are many indirect derivative risks, which impact management, law, market, finance, and even corporate reputation.

The risk types of enterprises under climate change can refer

Various Types of Climate Change Risks

In addition to direct disastrous impact, climate change also includes many indirect hidden economic cost impacts, such as declining productivity, emergency shelter, more sophisticated management procedures, and non-market consequences such as disease proliferation and ecosystem destruction. For the manufacturing industry, there are three kinds of operation and revenue impacts:

- 1) Resource shortage and higher input costs (such as energy, water and raw materials);
- 2) Accelerated damage to materials, equipment and infrastructure;
- 3) Extreme weather events.

Under the climate change, enterprises are faced with the following topics:

- 1) Flooding;
- 2) Declining market purchasing power;
- 3) Water supply interruption;
- 4) Unstable power supply;
- 5) Supply chain interruption;
- 6) Rising raw material costs.

The direct and indirect impacts of climate change on manufacturing can refer to

Climate Change and Energy

Assessment and Management of Risks and Opportunities

There are three key steps in assessing and managing climate change risks and opportunities:

Identifying Business Risks and Opportunities

Through assessment methods and tools, we can find out the vulnerabilities of enterprises facing climate change and consider the business opportunities they can derive when assessing risks. Risks and business opportunities encompass many areas, possibly assets and infrastructure, human resources, supply chains, and markets.

Management of Priority Risks and Opportunities

Priority depends on the likelihood, frequency, and magnitude of the consequences of climate change. Once risks are identified, immediate responses to threats are needed to find potential solutions and build long-term goals. Opportunities derived from climate change should be well captured, and new markets, services, and business opportunities developed.

Implementation and Monitoring

Climate change is a state of continuity, and it does not end only once. Therefore, enterprises need to continue to pay attention to climate change and track the impact of climate change and incorporate change and adjustment management into their future strategic planning and decision-making processes.

Establishing Enterprise's Response to Climate Change

To enable the company to respond effectively to climate change, we have to take three key steps:

Responsibility Allocation of Management

Climate change may affect all levels of enterprises. Therefore, it is essential for managers to attach importance to climate change issues and formulate management policies and commitments. Managers should declare the importance of enhancing climate change adaptability and take action, and publish the information to the whole company so that all departments of enterprises can cooperate with the implementation.

Revising the Existing Management Process

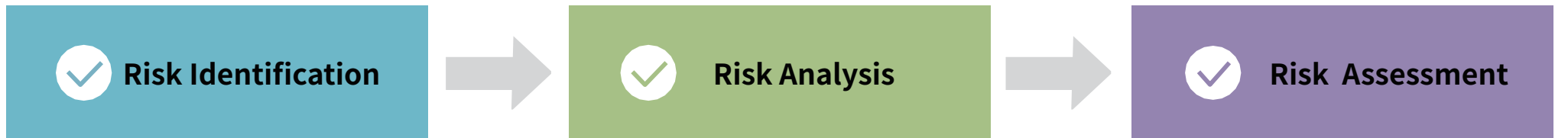
Enterprises are accustomed to using established management processes, such as risk management, quality assurance and business continuity planning. New management processes should be re-examined and revised or developed to cope with the impact of climate change, so that the overall business operation can be reshaped.

Exposing Climate Change Risks to Investors

Investors should be regularly reported on the risks of climate change and related management actions faced by the company, improve the information disclosure procedures, and actively participate in the progress and information related to climate adjustment.

Climate Change Adjustment Action Programs

Principles of Climate Change Adjustment Currently in Action



- (1) Survey of Current Adjustment Ability
- (2) Basic Information and Production Facilities Inventory
- (3) Historic Climate Shock Survey
- (4) Climate Factors and Identification of Affected Equipment

Risk assessment is calculated by referring to the definitions of the Specific Report on Managing the Risks of Extreme Events and Disasters to Advance Climate Change Adjustment (SREX) and IPCC Fifth Assessment Report (IPCC AR5) published by the Intergovernmental Panel on Climate Change (IPCC) in 2012.

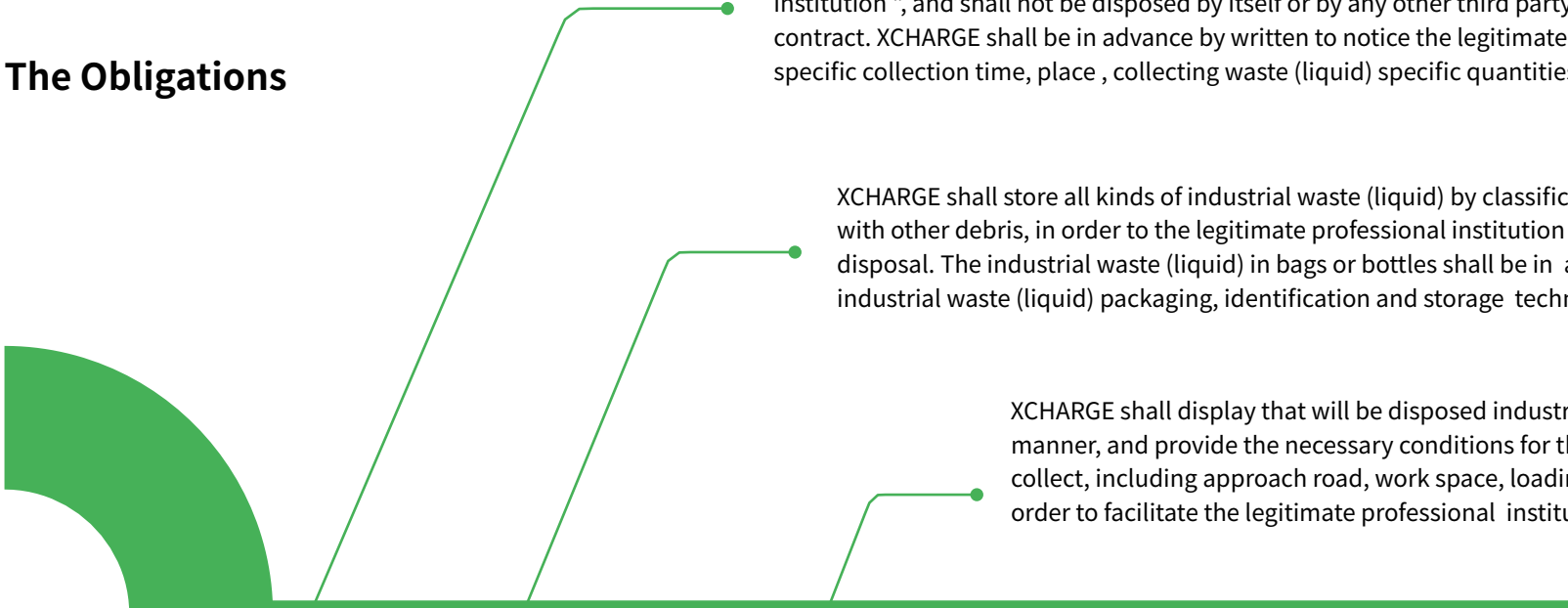
After hazard-vulnerability and exposure assessment, each risk value can be obtained according to the risk assessment formula and presented in easy to understand matrix. The advantage of risk matrix presentation is that it makes it easy for business managers to understand and rank the degree of risk of various climate shocks. One does not need to spend time to understand multiple assessment processes and prevalent information. Under limited time and resources, priority is assigned to adjusting action plans for high risk projects to reduce future losses in place of climate impacts.

Waste Management

Water consumption was only for drinking, and we do not consume water during production. The domestic water sources are all from the municipal water supply, in accordance with the relevant industrial district water supply contracts; therefore, we do not produce polluted water.

XCHARGE carries out effective management and continues to achieve waste reduction goals. The removal, disposal, and recycling of waste, according to local regulations, adequately handled and recorded. According to the environmental protection law and the applicable environmental protection laws and regulations, the industrial waste (liquid) formed in the production process of the company, shall not be arbitrarily discharged, discarded or transferred. It shall be disposed of in accordance with the laws. XCHARGE entrusts a legitimate waste processing company that handles all industrial waste (liquid).

The Obligations



All the industrial waste (liquid) formed in the process of production together with the packaging shall be disposed by the legitimate professional institution which had signed contract" the legitimate professional institution ", and shall not be disposed by itself or by any other third party within the validity period of the contract. XCHARGE shall be in advance by written to notice the legitimate professional institution of the specific collection time, place , collecting waste (liquid) specific quantities.

XCHARGE shall store all kinds of industrial waste (liquid) by classification, do a good mark, cannot mixed with other debris, in order to the legitimate professional institution to dispose and ensure the safety of the disposal. The industrial waste (liquid) in bags or bottles shall be in accordance with the requirement of industrial waste (liquid) packaging, identification and storage technical codes to paste the labels.

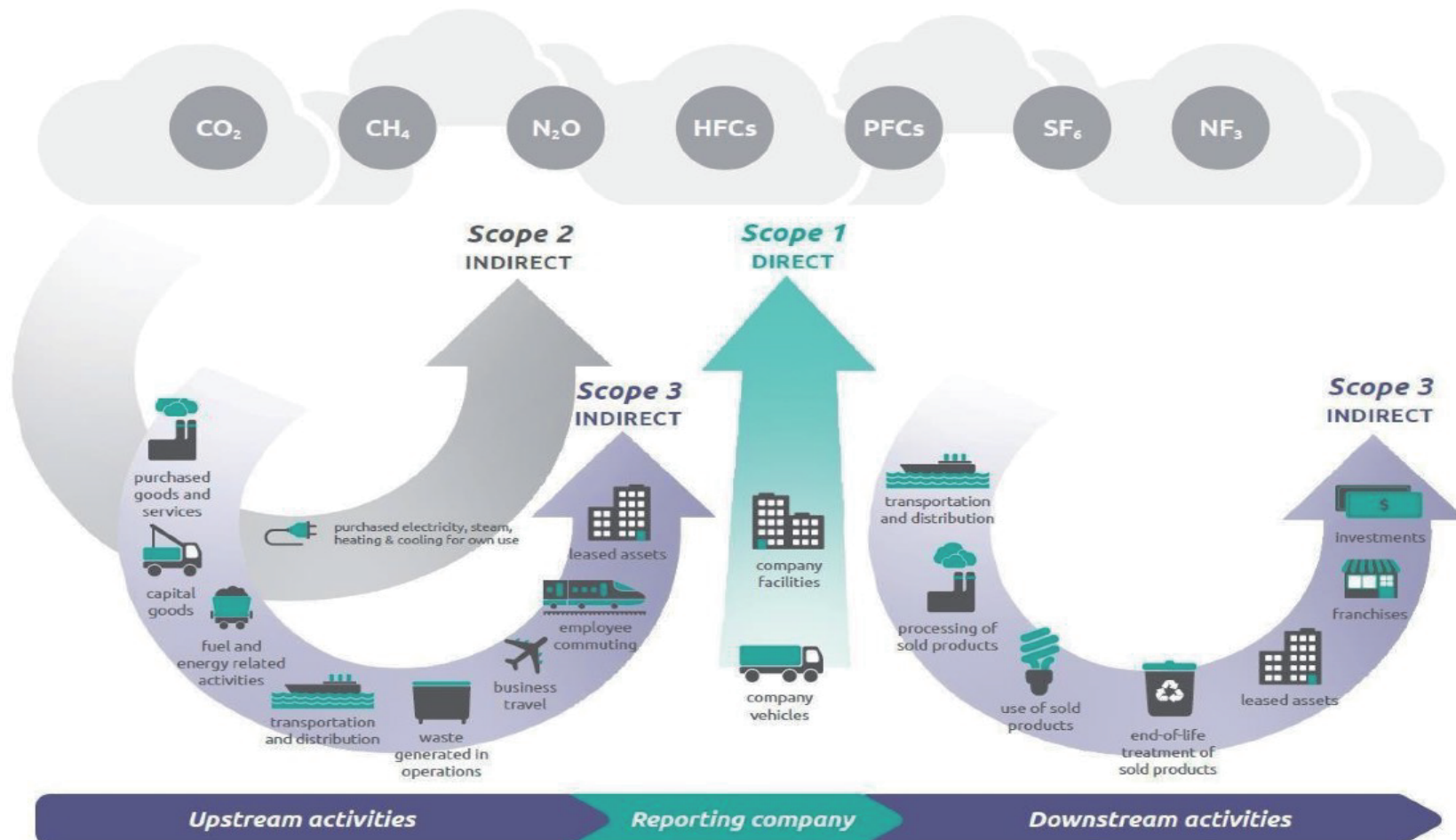
XCHARGE shall display that will be disposed industrial waste (liquid) in a centralized manner, and provide the necessary conditions for the legitimate professional institution to collect, including approach road, work space, loading machinery required for loading, in order to facilitate the legitimate professional institution for shipment.

Emissions Control

The Emissions Aspect includes Indicators on greenhouse gas (GHG) emissions as well as ozone-depleting substances, NOX, SOX, and other significant air emissions.

The GHG emissions are based on the reporting requirements of the WRI and WBCSD ‘GHG Protocol Corporate Accounting and Reporting Standard’ (GHG Protocol).

The greenhouse gas emission of XCHARGE, there are no Direct (Scope 1) GHG emissions, while Indirect (Scope 2) GHG emissions only are carbon emission (CO₂) from the outsourcing electricity which needed for the company operation.



02

Social

Achievements

Human Resource Recruitment

Remuneration and Benefits

Learning and Growth Plan

Occupational Safety and Health

Employees Human Rights

Achievements



25%

One-fourth or more of all Management are females



0 Work Injury



0 child labor

In 2017, 2018 and 2019 the number of child labor in each factory is nil

Employees Human Rights

Responsibility Policy of Respecting Human Rights

XCHARGE complies with the labor laws and regulations in various countries and regions, supporting and abiding by international human rights conventions. Such as the “International Bill of Human Rights” , the Guiding Principles of Business and Human Rights of the United Nations and the “International Labor Organization’ s Declaration on Fundamental Principles and Rights at Work." We formulated the “Voltronic Power's Responsibility Policy of Respecting Human Rights” , which guarantees the followings:

- A) Freedom of association and collective bargaining;
- B) Free choice of employment and prohibition of forced labor;
- C) Equal employment and equal remuneration for men and women for the same work;
- D) Prohibition of the use of child labor;
- E) Reasonable working conditions (including wages, working hours, recess, vacation, and occupational health and safety).

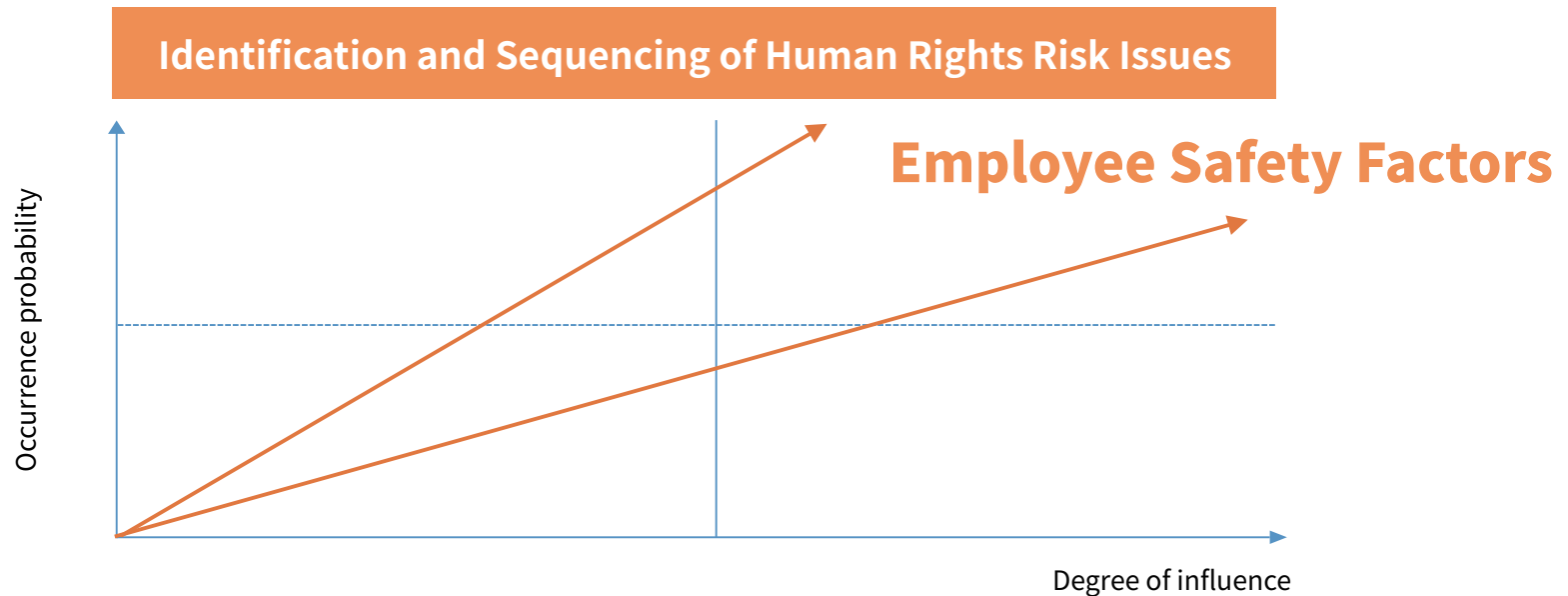
For suppliers and partners, the special section of "Labor Requirements" in the "Supplier Corporate Social Responsibility Management Agreement" requires that suppliers should implement social responsibility management in accordance with the SA8000 international standard of social responsibility:

- | | |
|---|---|
| (a) Respect for human rights | (g) Labor contracts |
| (b) Prohibit the use of child labor | (h) Protection of young workers and female workers |
| (c) Prohibit forced or compulsory labor | (i) Punishment measures |
| (d) Working hours and rest | (j) No discrimination behavior |
| (e) Basic wage guarantee and social insurance | (k) Respect for employees' right to freedom of association and equal consultation |
| (f) Establish a system to protect employees 'rights and interests | |

Human Rights Risk Identification and Due Diligence Process

Issue Collection Channels: The trends of international human rights issues and reports, laws, regulations, complaints, and employee satisfaction surveys. This data includes fundamental human rights, working environment, health, and safety. Relevant issues were identified and link to possible "stakeholders" of human rights issues, including government agencies, investors, suppliers, employees, customers, etc. Discuss with the corresponding departments and stakeholders to identify human rights issues that have negative impacts on different stakeholders in the company. Particular attention should be paid to any specific human rights impact on individuals belonging to high-risk, vulnerable, or marginalized groups, as well as to the different risks faced by men and women.

A risk map of human rights issues with significant negative impacts will be prepared on two axes: probability of occurrence and degree of impact.



Human rights due diligence is conducted on priority human rights risk issues. Identify that such human rights risks had occurred, are about to occur or may occur; and the causes and sources of such human rights risks that had been, are about to occur or may occur (whether the company causes or contributes to an adverse impact, or whether it is involved solely because the impact is directly linked to its operations, products or services by a business relationship). Human rights risk identification and due diligence are carried out on a regular basis every year.

The Channels for Employee Suggestions or Complaints

Employee Opinion Box:

Using for who propose policy advices or advices on unfair phenomena etc., but do not expect to get direct answers to them, belong to anonymous suggestions. Such as dormitory environment, workshop discipline, work clothes and so on. The information in Employee Opinion Box belongs to anonymous suggestion; the human resources department will regularly open the Opinion Box (open once every two weeks). Reasonable and can be solved suggestions will be solved in time, and post the solved opinions on the bulletin board.

Employee Complaint (Real Name Complaint):

The suggestions or complaints which are closely related to self-interests and expect to receive reply to them belong to real name complaints. Such as personal salaries, holidays, individuals considered unfair treatment, etc. The suggestions or complaints which urgent need for immediate settlement, using the real name complaint channel.

03

Governance

Sustainability Performance

Stakeholder Engagement

Commitment and Promotion

The Structure of CSR Committee

Responding to UN SDGs

Organizational Profile

Business Ethics

Sustainability Performance



286,000 Metric Tons 

C02 reduction

(Based on the inverter including solar panels with matching capacity)

On Our customers' end by offering our PV inverters



1,001,000 kWh Saving

Energy Recycle through CPFU

160,000 kWh Saving

Induction Lighting for factory facility

8,900 Hours

Safety training

Provide to all employees >8,900 hours

90%

Corporate Actual Paper Recovery and Recyclable Rate

Stakeholder Engagement

Key topics and concerns

XCHARGE' s responsibilities

Communication channels and response methods



Customers

- Market Presence
- Customer Privacy
- Non-discrimination
- No Child Labor
- Anti-corruption
- Compliance

- Provide high-quality products and services that are the best on the market.
- Improve level of customer satisfaction.
- Establish long-term close relationships with customers based on mutual trust and commercial partnership.

- Cooperate with customers' production and environmental, requirements, responsibilities, and inspections. Assist with preventions and improvements.
- Train employees and enforce rules for information disclosure when facing the media.
- Annual report on corporate social responsibility



Employees

- Market Presence
- Non-discrimination
- No Forced or Compulsory Labor
- Occupational Health and Safety

- Ensure and respect human rights.
- Personnel development.
- Legal and fair assessment and treatment.
- Safe and healthy working environment.
- Personnel welfare and health promotion.

- Convene supervisor and supervisee communication meetings.
- Staff mailbox and message board.
- Provide free employee health check.
- Annual report on corporate social responsibility



Local communities

- Jobs and employment opportunities
- Local environmental protection
- Compliance

- Job creation and employment opportunities
- Compliance with environmental regulations.

- Give priority to local recruitment
- Compliance with environmental regulations
- Annual report on corporate social responsibility
- Convene supervisor and supervisee communication meetings.



Shareholders and providers of capital

- Market Presence
- Economic Performance
- Investment
- Anti-corruption
- Labor/Management Relations

- Comply with the most updated regulations and policies from competent authorities.
- Maintain a long-term and stable dividend policy.
- Provide appropriate investment returns.

- Annual regular meeting of shareholders.
- Take part in Institutional Investor Conference (Take part in Institutional Investor Conference eight times in 2017)
- Quarterly financial report and monthly operational information announcements.
- Annual report on corporate social responsibility



Suppliers

- Market Presence
- Supplier Environmental Assessment
- Supplier Assessment for Labor Practices

- Legal and fair transactions.
- Understanding of environmental safety and health considerations and specification details.
- Understand and assist XCHARGE with implementation

- Sign an environmental protection commitment letter.
- Request and audit suppliers' products, environment and responsibilities, and cooperate with preventive and continuous improvement.
- Annual report on corporate social responsibility

Commitment and Promotion

XCHARGE observes international regulations as well as national and regional laws, creates values for sustainable development to protect the rights of interested parties, promotes good corporate governance, and abides by the policies. We make donations to charities from time to time with thoughtful care to support those in disaster rescue and assistance to the underprivileged and vulnerable groups. In 2017, the Company donated household fire alarm devices to the Fire Department of the local government in support of their effort to safeguard a secure living environment.

The Employee Benefits Committee offers subsidies to educational initiatives or health management efforts to the employees. The Company has voluntarily prepared CSR reports. In the Annual Report of 2017, we faithfully complied with the Global Reporting Initiative (GRI) 2016 standards promulgated by the Global Sustainability Standards Board (GSSB), focusing on the "Core option." We also supplement with "BLOOMBERG ESG SURVEY Disclosure Score" for additional disclosure toward the core standards. The contents of the 2018 and 2019 annual report are supplemented and disclosed respectively with reference to "Sam - Corporate Sustainability Assessment 2019" and "Sam - Corporate Sustainability Assessment 2020".

Our commitments

01

Actualizing Corporate Governance , we made the “Best Practice Principles for CSR” to follow.

02

We have set up the Remuneration Committee, that will make both our employees’ salaries and remuneration and our business operations grow together to be in compliance with CSR.

03

We focus on greenhouse gas management toward the targets of energy saving & carbon reduction with wholehearted efforts toward research & development energy conserving products.

04

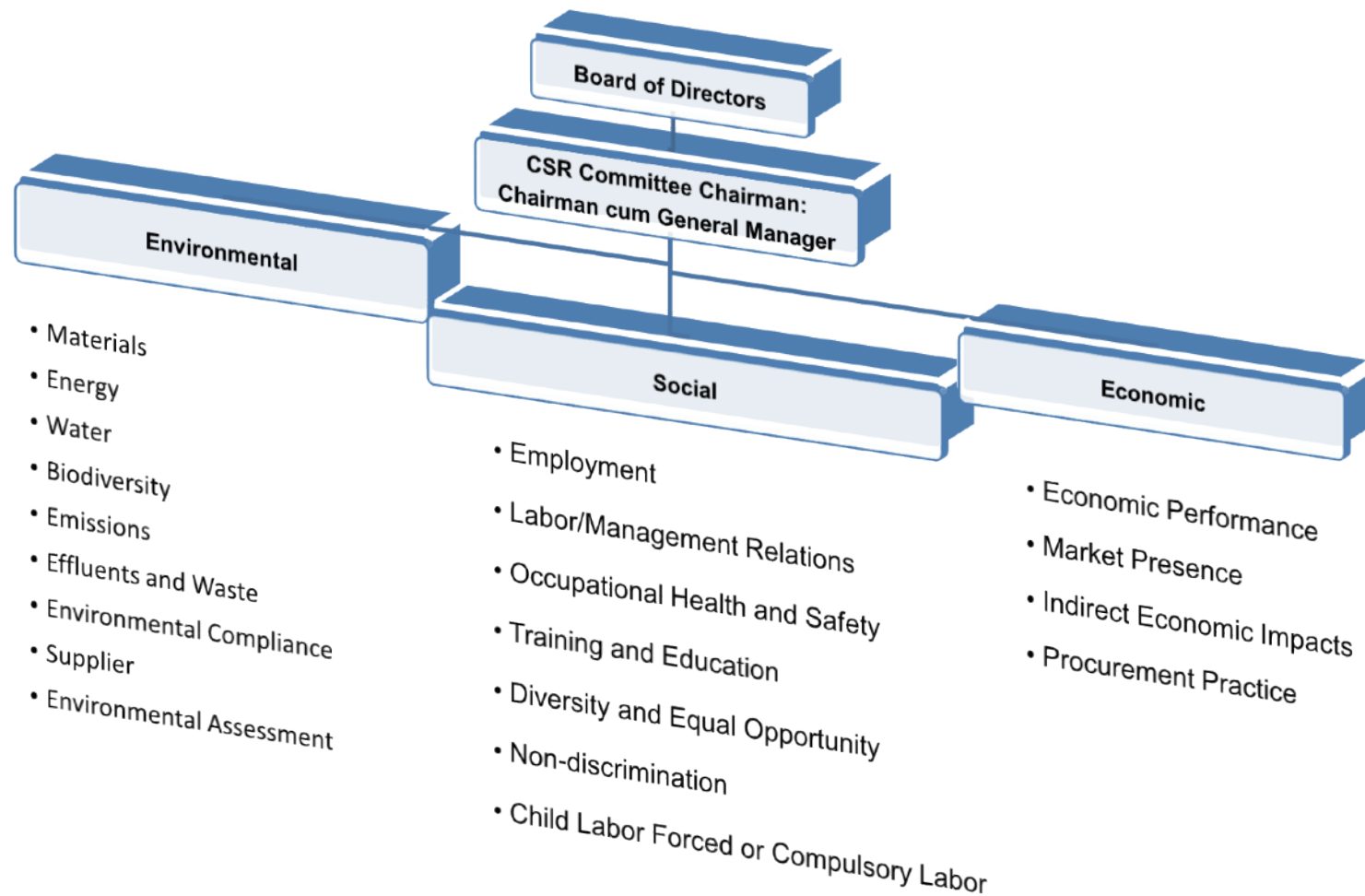
Our company adheres to all the laws and regulations governing employment.

05

We pay attention to the health and safety of our employees and work environment.

The Structure of CSR Committee

To promote the implementation of corporate social responsibility, XCHARGE, according to the resolution of the Board of Directors, in November 2015 established the Corporate Social Responsibility Task Force and had since upgraded to the Advocacy for Corporate Social Responsibility Committee in 2017. The committee is under the supervision of the chairman (who is also the executive director), responsible for corporate social responsibility policy, system, and related management policy. To propose and implement specific action plans, regularly report to the Board of Directors, and publish corporate social responsibility reports regarding economic, environmental, and social issues arising from operating activities. The Board of Directors then authorized the general manager and the general manager's office to deal with and report to the Board with the outcomes.



Responding to UN SDGs



The most relevant goal of the XCHARGE Group-wide Strategy on the Sustainable Development of UN Citizens is to focus on the issue of global climate change. As a global professional ODM/OEM manufacturer of Uninterruptible Power Systems and Solar inverters, XCHARGE has the right product portfolio that enables the user to save energy, increase efficiency, and reduce carbon emissions. In addition to formulating the climate change strategy and the action plan, in conjunction with the financial opportunities arising from implementing the program, it can provide decent work and economic growth, providing equal opportunities, fair remuneration and treatment, and gender equality.

Material Goals of XCHARGE

Responding to UN SDGs



Achieve gender equality and empower all women and girls

Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.

Take urgent action to combat climate change and its impacts

Integrate climate change measures into national policies, strategies and planning

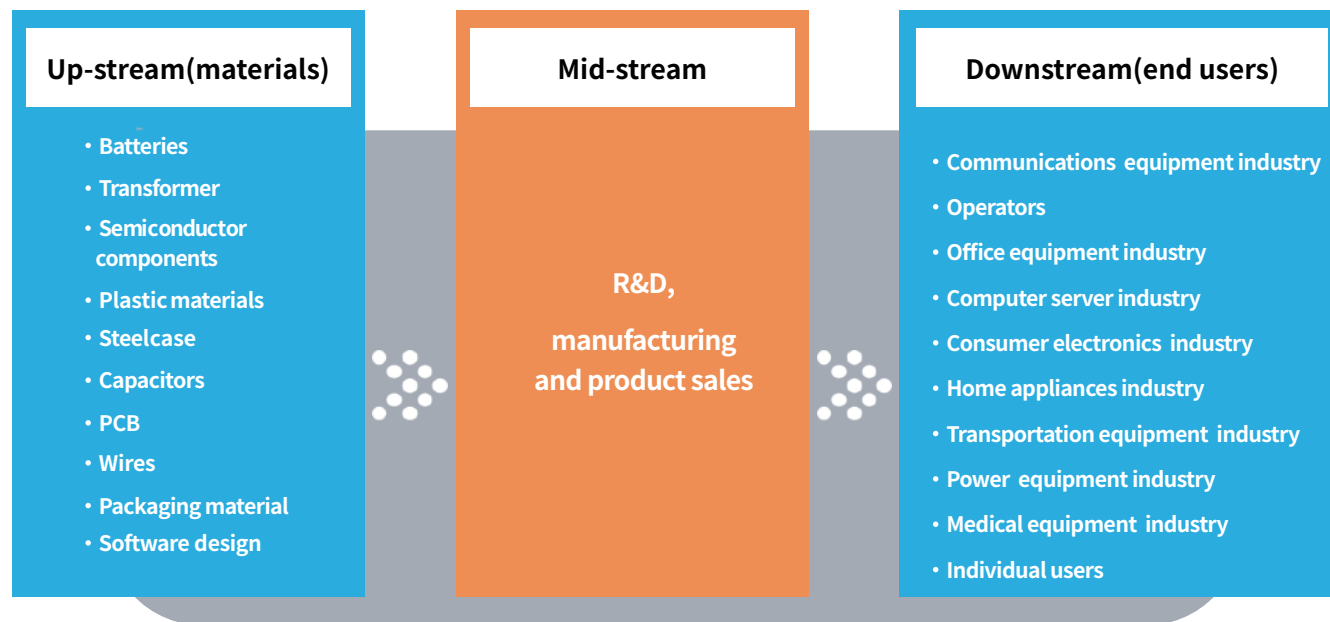
Organizational Profile

Supply Chain Relationships

XCHARGE receives clients' projects, specializing in the R&D, design, and product manufacturing services of UPS, and PV inverters. Our upstream components are batteries, transformer, semiconductor electronic components, cabinet, PCB, etc. Amongst these components, battery constitutes the highest proportion in terms of the dollar amount.

The Company carefully selected suppliers through a quality selection process. At present, we have excellent relationships with our suppliers; the supplies are stable without the risks of price fluctuation and supply shortage.

XCHARGE also engages the mid-stream in the industrial supply chain, R&D products based on customer order requirements are value-added to end-users of downstream industries through customer orders. At present, XCHARGE has over 350 clients worldwide; the portfolio is well-diversified, with relatively low risks.



In the downstream applications, there are IT communication industry, home appliance industry, the medical equipment industry individual users, mass transportation equipment, and electrical equipment, etc. The applications are well-segmented with stable growth in each market; so far, there is no apparent operating risk. The figure depicts the product correlation amongst our company's up, mid, and downstream:

During the reporting period(January 1 to December 31, 2017), Zhongshan XCHARGE output had expanded from 200 thousand units in 2016 to 4 million 720 thousand units 2017, and Zhongshan XCHARGE production increased from 4 million 720 thousand units in 2017 to 4 million 980 thousand units in 2018.

During the reporting period(from January 1 to December 31, 2019), XCHARGE output increased from 4980 thousand units in 2018 to 5 million 210 thousand units in 2019, in additional, Taipei factory' s output was increased 196 thousand units, and Vietnam factory's output was increased 50 thousand units

Business Ethics

XCHARGE requires all employees to conduct themselves with the utmost integrity, that ethical employment principles shall be abided by the employees.

We at XCHARGE expect our customers, suppliers, business partners, and anyone or entity that have business contacts with us to support and adhere to the same principles.

Any possible violation of the ethical employment principles shall immediately report to the supervisors, if necessary, directly to the general manager. Employees who report breach violation of the ethical employment principles and consequently participate in the course of the investigation, the company shall provide due protection to avoid enduring unfair retaliation or treatment.

Anti-corruption

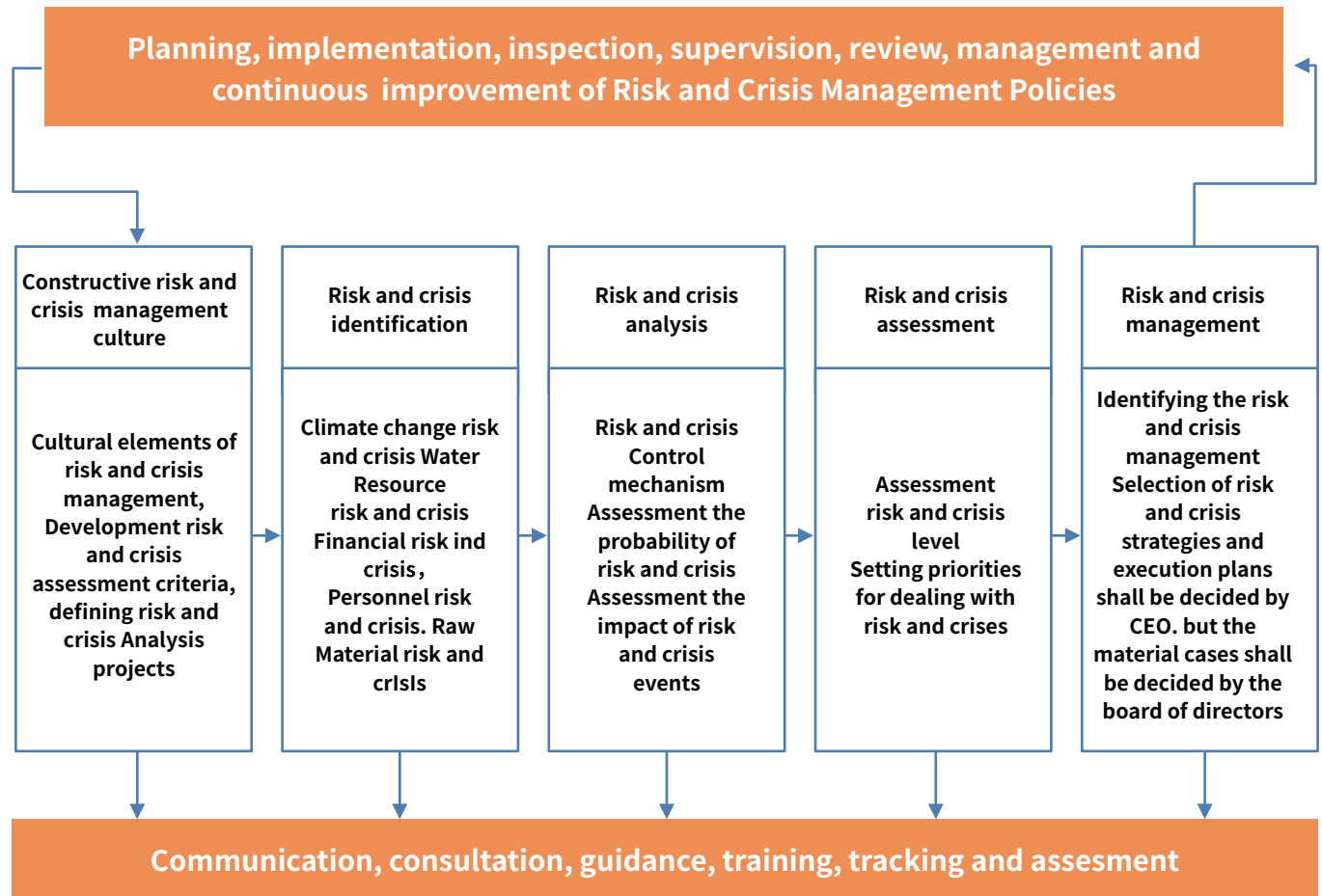
XCHARGE's employees understood that he or she would not engage, either directly or indirectly, in any activity (Conflict of Interest) which might adversely affect the Company or its affiliates, including ownership of a material interest in any supplier, contractor, distributor, subcontractor, customer or other entity with which the Company does business or accepting any tangible payment, service, loan, gift, trip, entertainment, or other favor from a supplier, contractor, distributor, subcontractor, customer or other entity with which the Company does business.

And that all employees will promptly inform the supervisors or general manager as to each offer received by any offender in any such activity. Employees further agree to disclose to the Company any other facts of which employee becomes aware, which might in employee's good faith judgment reasonably be expected to involve or give rise to a Conflict of Interest or potential Conflict of Interest.

Individual employees are encouraged to identify and report potential risks throughout the organization proactively. If the potential risks are verified and managed effectively, the individual will be rewarded according to their contribution. Reports could be turned in through line managers, or to senior executives, one can also use mailboxes or hotline.

The company uses some risk management assessment metrics as part of the KPIs for senior executives and line managers to determine their variable compensations. To facilitate and continuously improve risk and crisis management. In addition, supporting the annual Risk and Crisis Management Plan will also be part of employees' performance appraisal.

They will be asked for their views on the annual Risk and Crisis Management Plan during their performance appraisal, encouraging the employees to participate in the constructive feedback process and continuously improve risk and crisis management.



04

Supplier Management

Supplier' s Compliance of High Standards
Local Supply Chain Management
Risk Management
Sustainability Engagement

Supplier's Compliance of High Standards



100%

Continue to achieve 100% raw materials compliance with the requirements of EU Restriction of Hazardous Substances (RoHS) directive



100%

Continue to achieve 100% raw materials compliance with the requirements of EU REACH. Act on SVHC-Substances of Very High Concern.



100%

Continue to achieve 100% non-use of conflict mineral raw materials.



The revenue from products containing minerals from conflict-affected and high-risk areas is **0**.

Risk Management

Supply Chain Sustainability Risk

To build a sustainable supply chain, XCHARGE identifies economic, environmental, and social dimensions risk-projects in terms of suppliers' locations, purchase amounts, and suppliers' production process. Using Threats, Impact, and Vulnerabilities as measuring tools, XCHARGE defines suppliers' risk levels and carries out potential risks analysis.

To further understand the suppliers' risk situations, a sustainability risk questionnaire survey was conducted for critical suppliers. After the completion of the survey, risk assessment will be carried out to identify at-risk suppliers, an on-site audit will be performed for critical suppliers with high risk. The Validity Auditing Process (VA of RBA (Responsible Business Alliance Code of Conduct) will be required.

Through the risk assessment process, potential risks in the supply chain with economic, environmental, and social aspects will be identified. Suppliers with high risks have to propose plans for mitigation and ensure that their risks can be effectively controlled and contained.

Sustainability risk assessment scope and targets

Indicate the scope of the sustainability risk assessments performed for Tier 1 and critical non-tier one suppliers. On-site audits, questionnaires, external sustainability agencies audit, stakeholder information, external databases, etc., are all acceptable types of assessments.

Type of supplier	Number of suppliers assessed in the last 3 years	Percentage of suppliers in that category assessed in the last 3 years (based on total number of suppliers in that category provided in "Awareness" question). The values should not exceed 100%.	Description of target
Tier 1 suppliers	17	100%	<p>Provide a description of target: Continue to achieve 100% raw materials compliance with the requirements of EU Restriction of Hazardous Substances (RoHS) directive and the requirements of EU REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) Act on SVHC-Substances of Very High Concern.</p> <p>Continue to achieve 100% non-use of conflict mineral rawmaterials. Target year: Annually Ongoing</p>
Critical non-tier 1 suppliers	24	100%	<p>Provide a description of target: Continue to achieve 100% raw materials compliance with the requirements of EU Restriction of Hazardous Substances RoHS, directive and the requirements of EU REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) Act on SVHC- Substances of Very High Concern.</p> <p>Continue to achieve 100% non-use of conflict mineral rawmaterials. Target year: Annually Ongoing</p>

Risk Management

Sustainability High-Risk

Definition of "sustainability high-risk"

Provide the definition or the description that company uses for "sustainability high-risk". The assessment factors of XCHARGE for high risk of sustainability are as follows:

1. Economy:

- Quality, Cost and Delivery Time
- Business Ethics
- Compliance with Regulations
- Critical Rare Metals Supply
- Only Source of Supply

2. Environmental aspects:

- Environmental management system
- Climate change
- Water resources management
- Waste and air pollution management

3. Social aspects:

- Safety and health
- Labor rights
- Conflict minerals management

Type of supplier	Number of suppliers classified as high risk	Percentage of total suppliers in that category classified as high-risk (based on total number of suppliers in that category provided in "Awareness" question). The values should not exceed 100%.
Tier 1 suppliers	0	0
Critical non-tier 1 suppliers	0	0
Total suppliers	0	0

Ongoing Sustainability Monitoring

Type of supplier	Percentage assessed annually	Percentage assessed at least once every 3 years	Total (should not exceed 100%)
Critical suppliers (tier 1 and non-tier 1)	41%	59%	100%
Suppliers with high sustainability risk. If has not identified any suppliers with high sustainability risks, please ensure that "0" is marked in applicable fields the "Risk Exposure" question.	0	0	0

Sustainability Engagement

XCHARGE Supply Chain Management Norms

In 2019, there were 604 suppliers for XCHARGE, including 17 critical Tier 1 supplier and 24 critical non-tier one suppliers. 80% of the purchasing amount was locally purchased, and 20% was imported from abroad.

XCHARGE formulates complete supply chain management norms and management matrix, including new supplier evaluation, supplier management, supplier audit, and guidance, to help suppliers become green supply chains and reduce the risk to the supply chain sustainability.


XCHARGE ensures that sustainability is integrated into supplier selection and retention decisions, and stipulates that suppliers must meet the minimum 70-point threshold of “ESG assessment for CSR checklist.”

1. Supplier Corporate Social Responsibility Management Agreement
2. Prohibited Substances Contents Guarantee for Green Products (GP)
3. EU REACH SVHC-Substances Limitation Guarantee
4. Conflict Minerals Management Survey
5. Supplier Corporate Social Responsibility Inspection

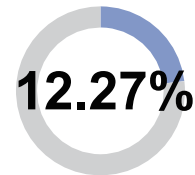
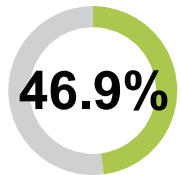
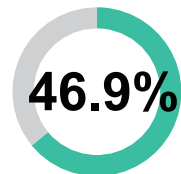
Definition of critical suppliers

 **Total tier 1 suppliers**
Absolute number of suppliers: 17

 **Critical tier 1 suppliers**
Absolute number of suppliers: 17

 **Critical non-tier 1 suppliers**
Absolute number of suppliers: 24

Share of total procurement spent (%)



Explanation of who each tiers are

Quantitative KPIs and Targets

	Specify the KPI	Specify the target that is linked to the KPI
KPI 1	KPI: raw materials compliance with the requirements of EU Restriction of Hazardous Substances (RoHS) directive.	Target: Continue to achieve 100% raw materials compliance with the requirements of EU Restriction of Hazardous Substances (RoHS) directive Target year: Annually Ongoing.
KPI 2	KPI: raw materials compliance with the requirements of EU REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) Act on SVHC-Substances of Very High Concern.	Target: Continue to achieve 100% raw materials compliance with the requirements of EU REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) Act on SVHC- Substances of Very High Concern. Target year: Annually Ongoing.
KPI 3	KPI: raw materials compliance with the requirements of Conflict Mineral Management Specification	Target: Continue to achieve 100% non-use of conflict mineral raw materials. Target year: Annually Ongoing.

