



SUNPOWER GROUP

Sustainability Report 2018

Be the Solution, not the pollution.

CONTENTS

ABOUT SUNPOWER.....	3
Organisation Profile	3
Corporate Structure	5
Our Honors and Awards.....	6
Our Accreditations	7
Membership of Associations.....	8
Historical Timeline.....	9
Chairman's Message.....	10
Sustainability Approach	12
Corporate Governance	13
Stakeholder Engagement	15
Material Topics	19
ENVIRONMENT	21
EEM	21
EPC Sevices	27
Green Investment ("GI") Business	29
SOCIAL RESPONSIBILITY	33
Occupational Health and Safety ("OHS").....	33
Internal Stakeholder OHS.....	34
External Stakeholder OHS	35
Our People	36

Training and Education.....	38
Corporate Culture.....	40
Team Bonding.....	41
Contribution to Society	42
SUSTAINABLE DEVELOPMENT.....	43
Supply Chain Management	43
Quality Management	44
Innovative Patents.....	44
Economic Performance	45
Customer Satisfaction	47
ABOUT THIS REPORT	48
GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX	49

ABOUT SUNPOWER

Organisation Profile

Founded in 1997 and listed on the Singapore Stock Exchange (“SGX-ST”) since 2005, Sunpower Group is an environmental protection solutions specialist with over 20 years of experience in providing environmental protection and energy-saving solutions. Headquartered at No. 2111 Chengxin Road, Nanjing Jiangning Science Park, Nanjing, Jiangsu Province, 211112, P.R. China. The Group is made up of two main business segments, namely its value creator and growth driver, Green Investments (“GI”) and its foundation business, Manufacturing & Services (“M&S”).

The GI segment, invests in, develops and operates centralised steam, heat and electricity generation plants. The Group is strongly positioned to capitalise on the enormous market opportunities in the environmental protection sector in China and build a valuable portfolio of assets that generates attractive investment returns, as well as recurring, long-term and high-quality income and cash flows based on typically 30-year concession agreements (with first right of renewal).

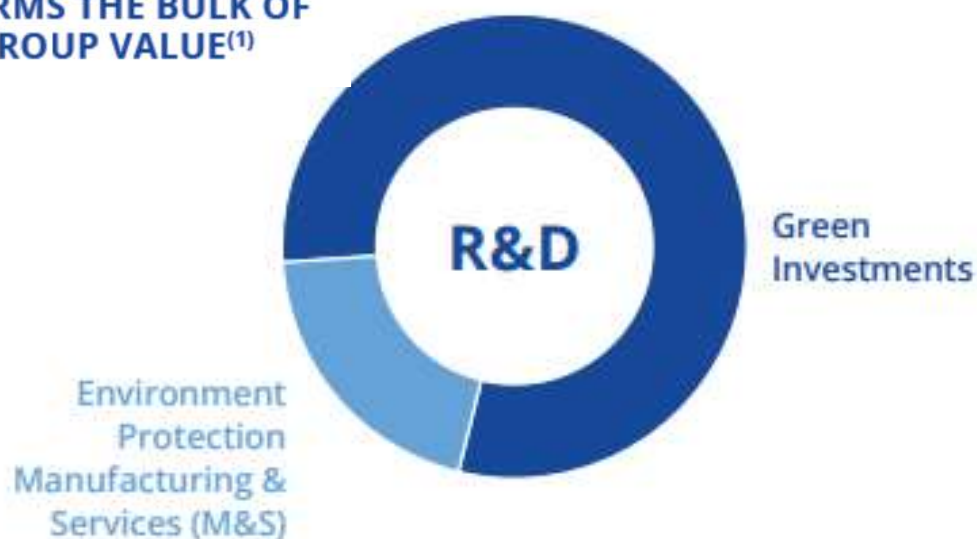
In the M&S segment, the Group engages in the businesses of high-end Environmental Protection Manufacturing and Services (EEM), and Engineering, Procurement and Construction Integrated Solutions (EPC) to provide a variety of customised products and solutions for diverse industries. Sunpower has served more than 1,500 companies in over 15 industries across 30 countries, of which 70% are repeat customers, including reputable multinational names such as BASF, BP, Shell, SABIC, DowDuPont, Alcoa, Bayer, Exxon Mobil, SINOPEC, CNPC, CNOOC and China Shenhua, etc.

With a proven track record and strong investor commitment, Sunpower is uniquely positioned to build a valuable portfolio of assets that will make GI its main creator of intrinsic value and sustainable growth driver in the long term. Sunpower’s GI business has strong tariff collection terms as its GI plants are exclusive suppliers of non-discretionary input products to its customers. Sunpower is on target to invest approximately RMB2.5 billion in equity in GI assets by 2021.

~1,500 CUSTOMERS
IN **15** INDUSTRIES
OVER **30** COUNTRIES

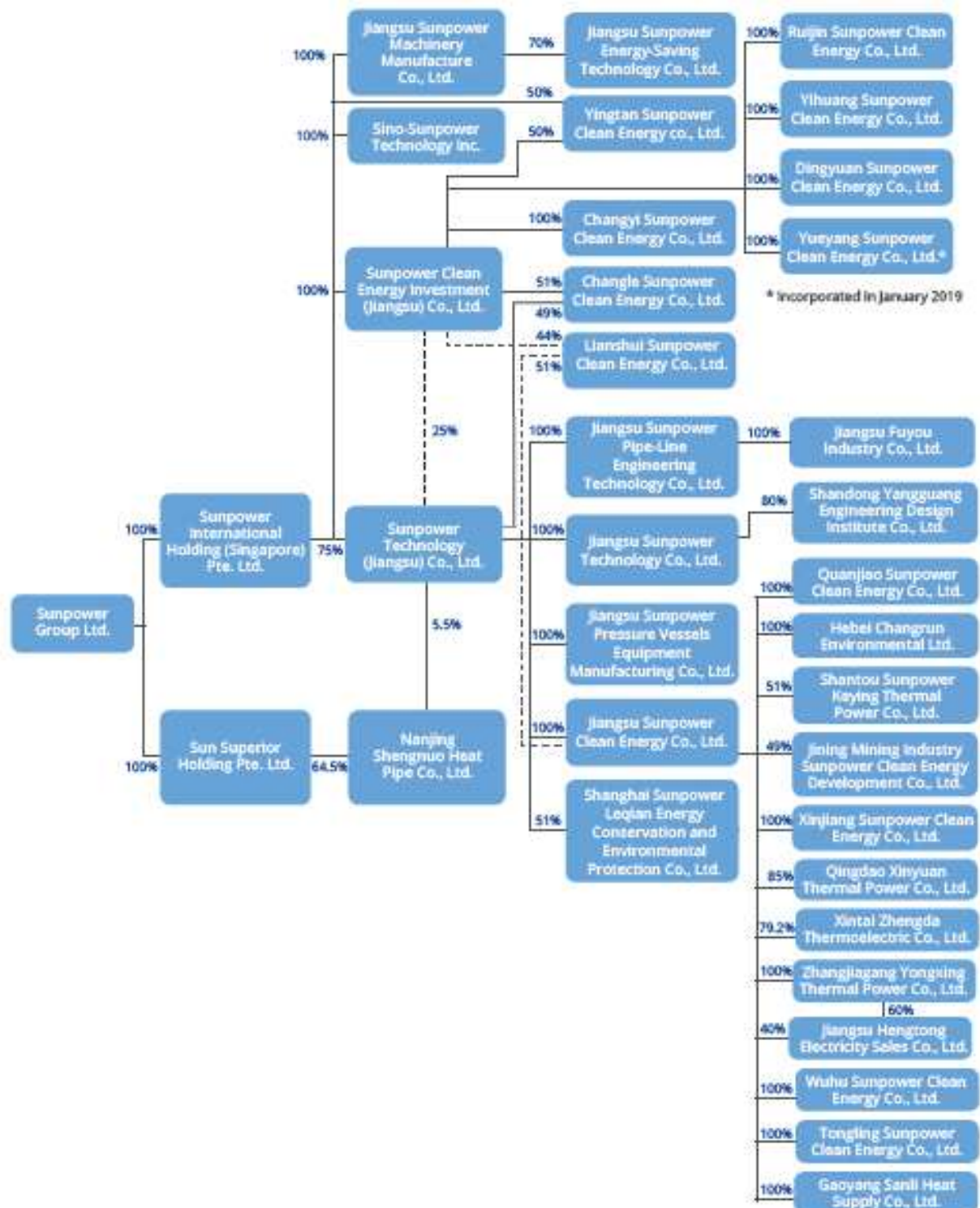


GI FORMS THE BULK OF THE GROUP VALUE⁽¹⁾



⁽¹⁾ Group value refers to the NPV of long-term cashflows generated by GI projects over their concession periods.

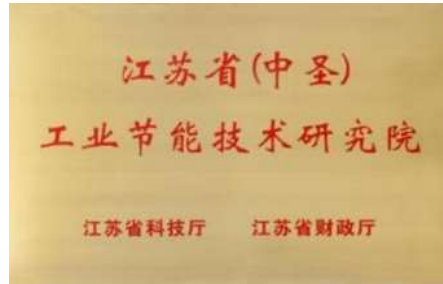
Corporate Structure



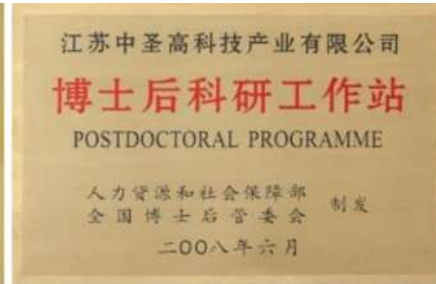
Our Honors and Awards

<i>Year</i>	<i>Awards</i>
2018	<p>The Deloitte Best Managed and performance Companies award in China</p> <p>China Petrochemical Group Science and Technology Progress Award from China Petrochemical Corporation</p> <p>Ernst & Young Entrepreneur of the Year Award 2018™ China</p>
2017	<p>National Quality Engineering Award (Gold) from China Association of Construction Enterprise Management</p> <p>Jiangsu Famous Export Brand from Department of Commerce, Jiangsu Province</p> <p>Nanjing Science and Technology Progress Award (First Prize) from Nanjing Government</p>
2016	<p>Jiangsu Top 100 Innovative Enterprises from Jiangsu Science & Technology Department</p> <p>Nanjing Science and Technology Progress Award from Nanjing Government</p> <p>High Quality Engineering Award from China Petrochemical Corporation</p> <p>Strategic Supplier Award from Wanhua Chemical Group</p>
2015	<p>China Petrochemical Group Science and Technology Progress Award from China Petrochemical Corporation</p>
2014	<p>Jiangsu Famous Brand Certificate from Jiangsu Province Brand Strategy Promotion Committee</p>
2013	<p>2013 China's National Equipment Top Hundred Enterprises, and China's Top 10 Chemical Heat Transfer Equipment Enterprises from China Petroleum and Chemical Industry Federation</p> <p>Flare-gas recovery system designated as "2013 China's Key National Product"</p>
2012	<p>National Torch Plan High/New Technology Enterprise from the Ministry of Science and Technology, People's Republic of China ("PRC")</p> <p>China Renowned Trademark from the Trademark Office, State Administration for Industry & Commerce, PRC</p>
2010	<p>Technology Innovation Achievement Award from China Association for Quality</p>
Before 2010	<p>Deloitte Technology Fast 500, Stellar Performance</p>

Our Accreditations



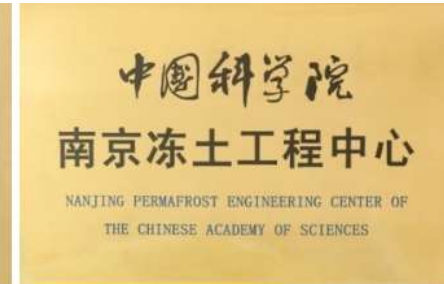
Jiangsu Province, Enterprise
Technology Center



Jiangsu Province, Enterprise
Academician Workstation



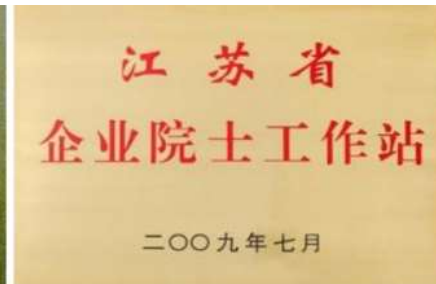
Jiangsu Engineering Research Center
for Energy Saving



Nanjing City Certified, Enterprise
Technology Center



Technology Research Institute for
Industrial Energy Saving



Postdoctoral Programme



Working Group on Thermal Pile of
National Technical Committee 223



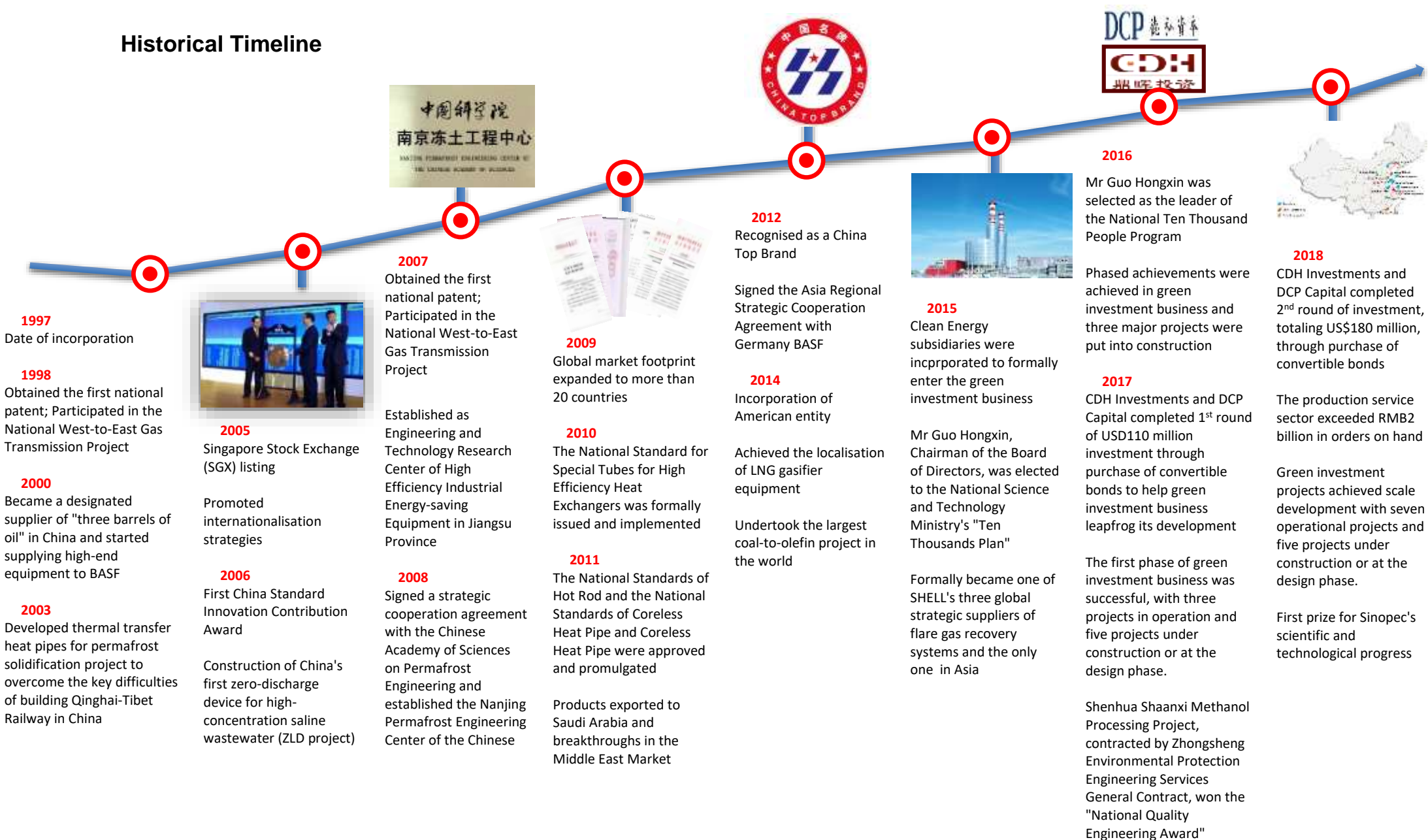
Nanjing Permafrost Engineering
Center

Membership of Associations

To further the sustainability cause, Sunpower's senior management is represented on various industry bodies and civil society organisations.

No.	Name of Association	Role or position
1	China Power Development Promotion Association Renewable Energy Generation Conference	Member
2	China Petroleum and Chemical Industry Federation	Member
3	China Non-Ferrous Metals Industry Association Titanium Zirconium & Hafnium Branch	Member
4	PetroChina And Chemical Industry Reconnaissance Design Association	Member
5	China Chemical Industrial Equipment Association	Member
6	Energy Research and Utilisation	Guo Hongxin, Chairman
7	Jiangsu Petrochemical Equipment Industry Association	Guo Hongxin, Vice President
8	Shandong Province Electric Power Enterprise Association	Member
9	Jiangsu Environmental Protection Industry Network	Member
10	Jiangsu Association of Science & Technology Innovation	Member
11	Jiangsu Enterprise Research and Development Organization Promotion Association	Member of the Association
12	Nanjing Environment Protection Industry Association	Member

Historical Timeline





Chairman's Message

On behalf of the Board, I am pleased to present to you our second year Sustainability Report of Sunpower Group Ltd. ("SUNPOWER", together with its subsidiaries, collectively the "Group") for the financial year ended 31 December 2018 ("FY2018"). This report marks a significant milestone for the Group, as it demonstrates our commitment to engage stakeholders in our sustainability vision, goals, and practices. Through this report, we hope to provide a better understanding of how we tackled several key areas in the economic, social and environmental landscape of our business.

Sustainability has become a critical success factor for companies to ensure long-term value creation. The Group recognises the importance and virtuous cycle of improvement of sustainability reporting. As an environmental protection specialist in proprietary energy saving and clean power technologies, we have been fulfilling the mission of "Shaping A Green Future" since the establishment of the Group in 1997. In 2016, GI was strategically earmarked as our value creator and growth driver as we sought to take full advantage of the enormous opportunities brought about by tough environmental policies targeted at cleaning up the air. Since then, we have focused on sustainably building up a sizeable and valuable GI portfolio that generates long-term, recurring and high quality income and cash flows supported by typically 30-year concession agreements. As at end-2018, we have successfully established a portfolio of seven GI projects in operation and have another five projects either under construction or at the design phase. Leveraging on our proprietary technologies, Sunpower's GI plants are able to achieve ultra-low emissions that are comparable to that of natural gas but at lower costs.

However, this is only the beginning. GI has enormous potential to grow further as demand is structurally driven by the mandatory closure of small “dirty” boilers, customers’ organic growth and continued relocation of new companies into industrial parks. We are well placed to realise this potential.

As the environment continues to evolve, we believe in creating a work environment that protects our planet, and continuously invest in “green” technologies. We strive to reduce the impact of our operations on the environment and community and fulfill our social responsibilities. We believe that sustainability reporting can help us to better measure, understand and communicate our economic, environmental, social and governance performance, set goals, and more effectively manage change. By continuously addressing the impact of a wide range of sustainability issues, we continue to manage our challenges and drive long-term growth while mitigating the environmental and social risks that might have a negative financial impact on our business. On behalf of the Group, I invite you to join us on this journey of business sustainability.

Mr Guo Hongxin

Founder and Executive Chairman



Sustainability Approach

We will continue to uphold the core values of quality, reliability, leadership, trust and respect, commitment and accountability, pragmatism, innovation, efficiency and harmony in the two business sectors of Manufacturing & Services (M&S) and Green Investments (GI) to achieve the development of economy, society and environment.

Our main focus is as such:

- Conserve Environment by optimising consumption and management of energy and water;
- Protect the rights, health and safety of stakeholders;
- Create a fair, respected and comfortable development environment for employees and promote their growth;
- Bring value to the community and promote community development; and
- Encourage and promote sustainable development of partners.



Corporate Governance

The Group has been listed in Singapore for more than 10 years and has established a very mature corporate governance system. The company is committed to establishing and maintaining stable partnerships with all shareholders, employees, partners, suppliers, customers, and government regulators to create a healthy win-win ecosystem.

We believe that good corporate governance establishes and maintains an ethical environment within the Group, which serves the interests of all shareholders and stakeholders. We adhere to the principles and guidelines set out in the Code of Corporate Governance 2012 (the “Code”), where appropriate, and has already committed to compliance with certain provisions of the 2018 Code, and will continue to keep pace with developments in corporate governance by improving its practices and operating frameworks. We are committed to maintain a high standard of corporate governance and have effective corporate practices to safeguard against fraud, with the aim of protecting shareholders’ interests as well as securing the long-term success of the Group. We place heavy emphasis on ethical business conduct on all employees and they are expected to conduct themselves in accordance with the expectations set out in the code of conduct. We will take a series of actions such as formal disciplinary proceedings in view of unethical conduct or malpractice in relation to corruption or fraud. This moral code will enhance our business relationships and our corporate social responsibility.

We will continually do our utmost to ensure that our business operations and processes are managed in a way that minimised their impact on the environment. In line with our determination to commit to a high standard of corporate governance, we have established policies for issues such as Anti-Corruption, Conflict of Interest, Insider Trading, Fraud and Whistleblowing. We have set a strong tone of zero tolerance towards dishonesty and corrupt practices. Whistleblowing channels are in place for employees and other persons to raise in confidence, whether anonymously or otherwise, concerns on any improprieties in financial reporting, fraud, corruption, bribery, and any non-compliance with laws and regulations without fear of reprisal. During the year, there were no legal cases regarding corrupt practices that were brought against the Group or our people.

The Group engaged an external professional service firm, Nexia TS Risk Advisory Pte Ltd (“Nexia TS”), to perform internal audit reviews and test of controls of critical processes, based on the internal audit plan which is approved by the Audit Committee (AC) before the commencement of work each year. Nexia TS has unfettered access to all the Group’s documents, records, properties and personnel, and have unrestricted access to the AC.

In addition, Sunpower has engaged Deloitte & Touche LLP as external auditors of the Group since its listing on SGX in 2005.

The Board of Directors comprises the members listed below who are responsible for decision-making on economic, environmental, social, and governance topics. They have the appropriate core competencies and provide a diversity of experience to enable them to effectively contribute to the Group.

BOARD OF DIRECTORS

Guo Hong Xin (Executive Chairman)
Ma Ming (Executive Director)
Jiang Ning (Lead Independent Director)
Lau Ping Sum Pearce (Independent Director)
Chin Sek Peng (Independent Director)
Yang Zheng (Independent Director)
Li Lei (Non-Executive Director)
Liu Haifeng David (Non-Executive Director)

AUDIT COMMITTEE

Chin Sek Peng (Chairman)
Jiang Ning
Lau Ping Sum Pearce
Yang Zheng

NOMINATING COMMITTEE

Jiang Ning (Chairman)
Lau Ping Sum Pearce
Guo Hong Xin
Chin Sek Peng
Li Lei
Liu Haifeng David
Yang Zheng

REMUNERATION COMMITTEE

Lau Ping Sum Pearce (Chairman)
Jiang Ning
Chin Sek Peng
Li Lei
Liu Haifeng David

Stakeholder Engagement



An important element in building up our sustainability model is to identify our diverse stakeholder groups based on their level of influence in our business.

The interests and requirements of key stakeholders are also taken into account when formulating corporate strategies. The key stakeholders include but not limited to customers, suppliers, employees, investors and regulations.

We have adopted both formal and informal channels of communication to understand the needs of key stakeholders, and incorporate their feedbacks into our corporate strategies and execution plans to achieve mutually beneficial relationships.



<i>Stakeholder Group</i>	<i>Engagement Activities</i>	<i>Stakeholders' Expectations</i>
<i>Investors /shareholders</i>	<ul style="list-style-type: none"> • Annual meetings • Board meetings • Circular to shareholders • Non-deal roadshows • One-on-one meetings • Group result briefing • Informal communication and discussion 	<ul style="list-style-type: none"> • Business growth • Transparency • Timely reporting • Fair disclosure practices
<i>Government and Regulations</i>	<ul style="list-style-type: none"> • Periodical follow up of legal regulations and standards, and regulatory norms • Regular risk identification, analysis and evaluation, risk control and risk management training • Internal and external audit to ensure compliance 	<ul style="list-style-type: none"> • Environmental-friendly business approach • Compliance with regulations • Timely reporting and resolution of issues
<i>Customers</i>	<ul style="list-style-type: none"> • Continuous R&D innovation to develop environmental friendly and safe products/projects • Carrying out design, production and construction in strict accordance with standards, norms and management systems • Providing technical support and services to customers with the concept of benefit-oriented environmental protection, promote energy saving and emission reduction 	<ul style="list-style-type: none"> • Superior quality of products and solutions • Top notch customer service • 24x7 after-sales services • Timely technical support

<i>Stakeholder Group</i>	<i>Engagement Activities</i>	<i>Stakeholders' Expectations</i>
<i>Employees</i>	<ul style="list-style-type: none"> • Understand the employees' career development direction • Conduct pre-post and on-job training, and mentoring system • Fair performance appraisal, and compensation benefit growth system • Carrying out health examination for employees • Improving safety awareness through implementation of occupational health and safety management system • Develop rich and vibrant team bonding activities 	<ul style="list-style-type: none"> • Staff right and welfare • Personal development • Health and safety
<i>Business Partners (Including Suppliers)</i>	<ul style="list-style-type: none"> • Strict fulfilment of contractual obligations • Enhance communication and relationship between partners • Stringent administration of Code of Conduct for Procurement Personnel 	<ul style="list-style-type: none"> • Honesty and trustworthiness • Stable cooperation • Mutual benefit and win-win situation
<i>Local communities</i>	<ul style="list-style-type: none"> • Implementation of environmental management system, and environmental credit evaluation • Cleaner production which is energy-saving with reduced-carbon emission • Provide employment opportunities for the disabled in the community • Actively participate in community activities • Focus on public welfare and support education 	<ul style="list-style-type: none"> • Environmental-friendly business approach • Compliance with regulations • Local support • Care for the disabled

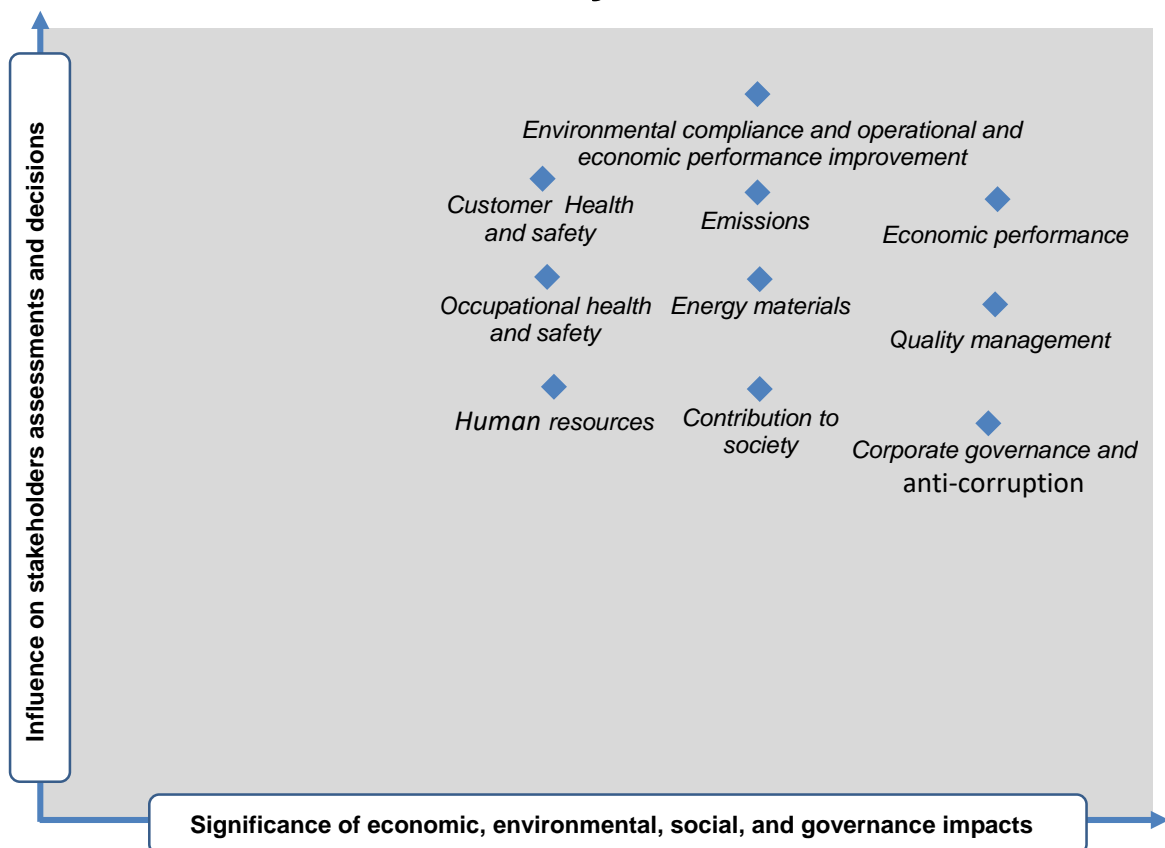
<i>Stakeholder Group</i>	<i>Engagement Activities</i>	<i>Stakeholders' Expectations</i>
<i>Competitors</i>	<ul style="list-style-type: none"> • Abide by business ethics, anti-bribery and fair competition 	<ul style="list-style-type: none"> • Fair competition • Common development
<i>Media</i>	<ul style="list-style-type: none"> • Media releases • Interviews • Quarterly result briefings 	<ul style="list-style-type: none"> • Timely responses and arrangements • Transparency • News published as scheduled
<i>Industry Associations</i>	<ul style="list-style-type: none"> • Business partnerships • Consultancy and academic supports 	<ul style="list-style-type: none"> • Meet the baseline of the industry standards • Attend seminars, workshops and panel and offer useful inputs

Material Topics

Materiality analysis can help us gain a thorough knowledge of the topics that are of greatest interest to our stakeholders, so that our sustainability report can reveal the most relevant information at the most comprehensive granularity.

Based on feedback gathered from our internal and external stakeholders, we have evaluated and identified factors which have significant economic, environmental, social and governance impacts, and are material to the organisation and stakeholders. Our priorities are reflected in the Materiality Matrix below.

Materiality Matrix



The materiality assessment is endorsed by the management committee. We review our material topics every year in the light of fresh stakeholder feedback and our own business goals. A more detailed discussion on the material topics, including management approach, how we evaluate the management approach and the topic boundary limitations, if any, is provided in the respective chapters of this report.

No.	Topic	Commitments
1	Environmental compliance and operational and economic performance improvement	<ul style="list-style-type: none"> Continue to provide diverse environmental protection products and solutions to fulfill environmental compliance, whilst, improving the operational and economic performance and efficiency
2	Economic performance	<ul style="list-style-type: none"> Proven track record in delivering solid result and remained focused on business development
3	Emissions	<ul style="list-style-type: none"> Make continuous contributions to China's green mission, capitalizing on Sunpower's expertise and core technology
4	Quality management	<ul style="list-style-type: none"> Review periodically and apply national and international quality management system Pass management system re-certification audit Meet and exceed customer's expectation
5	Customer health and safety	<ul style="list-style-type: none"> Deliveries of superior quality of products On-site technology support and customer service Continue to perform customer satisfaction survey
6	Energy materials	<ul style="list-style-type: none"> Enhance guidelines on energy, resources and materials conservation measures Non-conflict minerals policy
7	Occupational health and safety	<ul style="list-style-type: none"> Remain focused on operating in a safe and healthy manner Secure working environment and staff benefits
8	Corporate governance and anti-corruption	<ul style="list-style-type: none"> Stay abreast of development on code of corporate governance Continue to uphold good corporate practice
9	Human resources	<ul style="list-style-type: none"> Talents retaining and recruitment Continue to perform survey to engage staff on various needs of training Continue to ensure gender equality and prohibit gender discrimination in employment
10	Contribution to society	<ul style="list-style-type: none"> Continue to provide contributions to society and community

ENVIRONMENT

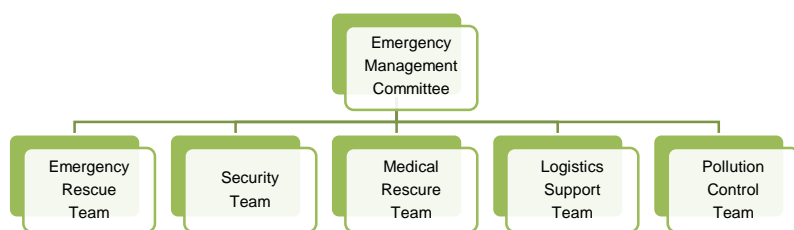


EEM

Increasingly serious climate change and environmental pollution is one of the most serious crisis facing the world today. As a leading enterprise in this industry, we vigorously develop circular economy, and strengthen environmental protection in all aspects of production and operation. Through continuous development of management and technological innovation, we achieve sustainable production by reducing resource consumption and pollutant emissions, which results in a greener production. We constantly promote environmental protection, and are committed to reducing pollutant emissions, as well as lowering consumption of electricity and water through our expertise and extensive experience.



We have established an independent environmental management team to collect and analyse environmental management data regularly in order to constantly improve our environmental management. On top of that, a company-level emergency management committee has been set up to further strengthen environmental management, and also to facilitate in timely response in case of emergencies in order to avoid and reduce the losses caused by accidents. Regular occupational health, safety and environmental conferences are organised to provide a platform for companies/departments to share management experience and innovative practices.



Organization Structure of Emergency Management



Occupational Health, Safety and Environment Conference

The culture whereby everybody is involved in the participation of environmental management has been strongly advocated and deeply ingrained in our group. The environmental protection policy and objectives, as well as the management of environmental factors and decision-making of other important matters are carried out progressively in order to achieve everyone's participation. Together as a whole, sustainability activities are developed to ensure the health and safety of employees and other stakeholders, as well as to prevent and reduce environmental pollution, such that the laws and regulations are adhered to.

Production Safety and Environmental Target Management Policy has also been established, where each company is required to set the annual environmental management objectives according to the group's overall objectives each year. Based on the objectives, rewards and punishments will be administered accordingly. In order to achieve the annual environmental management objectives, relevant departments carry out monthly, quarterly and annual comprehensive inspection/evaluation.

Water



WATER CONSUMPTION

 **1.58** (2018)

per RMB10,000 turnover (ton/unit)

1.74 (2017)

per RMB10,000 turnover (ton/unit)

DECREASE OF

 **9%**

Apart from normal daily water consumption by staff, water is also used in the purpose of hydrotest on products and pickling rinse in our manufacturing process. Saving water is imperative and having an effective water resource management system is essential. In order to effectively monitor and manage the water usage, we have set up an integrated management department and HSE management department at the company level, as well as an administrative department at the group level. We have invested funds to install a water recycling system in the manufacturing plant, which effectively reduce the wastage of water resources.

The wastewater collection, disposal and recovery system has been improved to ensure the effective operation of the environmental protection facilities, such as proper treatment of excess wastewater, effective collection of accidental spills and effective control of the PH level of the acid pickling wastewater by the acid pickling processing facility. Daily inspection is performed and real-time wastewater data can also be obtained by the relevant personnel via online, which facilitate us to respond to any emergency on a timely basis. Our total sewage disposal discharge has continued to maintain the third-level control standard of the "Integrated Wastewater Discharge Standard (GB8978-1996).

Electricity

Saving electrical energy is an act of reducing environmental pollution and a mean to achieve sustainable development. In order to eliminate the unnecessary wastage of electrical energy, we strongly advocate the initiative of shutting down all electrical equipments if not in use, and that all employees actively participate in the work of energy saving.

For instance, switching off idle machineries and shutting down portion of the lights at areas which do not have any special requirements for lighting, implementation of interval lighting in office buildings and other places, as well as closing doors and windows when air conditioning is running are part of the practices which we reinforces on. From time to time, the relevant departments will inspect and evaluate if these energy-saving requirements have been met.



ELECTRICITY CONSUMPTION



81.2 (2018)

per RMB10,000 turnover (KWH/unit)

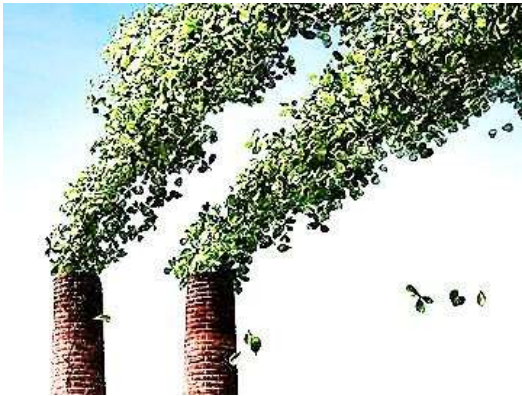
92.3 (2017)

per RMB10,000 turnover (KWH/unit)

DECREASE OF

↓ 12%

Gas



Exhaust gas emission has also been another critical area of environmental management which we focus on. Gas emission mainly comes from grinding dust, welding exhaust gas, painting exhaust gas and dust exhaust gas from sandblasting house. In recent years, the Ministry of Ecology and Environment has issued several new policies to alleviate the increasingly severe air pollution problem. In order to adhere to the relevant policies, several measures have been implemented to control the emission of exhaust gas and fugitive emission in the production process of the company, such as pulse-jet baghouses for dust collection and treatment.

According to statistical and monitoring data, the exhaust gas of sandblasting house has met the discharge standards requirements of the Comprehensive Emission Standard of Air Pollutants (GB16297-1996). In order to control fugitive emissions in the workshop, mobile welding fume purifiers are used at welding stations to collect and treat welding exhaust, which effectively improve the discharge of fugitive emission in the workshop.

Solid Waste

The guiding philosophy and concept of the 3 Rs “Reduce, Reuse and Recycle” are adopted in our management of solid waste pollution. Majority of our solid waste pertain to waste steel plate, steel pipe production scrap, waste lubricant and its packaging barrel, waste paint barrel, waste paint residue, and general waste. We are committed to ensuring responsible waste disposal and conserving, reducing, recycling and reusing resources. Household waste collection centre and hazardous waste depot were established, and we performed regular supervision and inspection to ensure that solid waste disposal are lawful, compliant and reasonable.

We are constantly working internally to create a mindset of using less natural resources and recycling wherever possible. Waste steel plate and steel pipe production scraps are recycled and collected for re-sale. Likewise, hazardous waste such as waste paint barrels, paint residue, waste lubricating oil and its packaging are entrusted to vendors qualified for hazardous waste treatment for disposal. Moving forward, we will continue to ensure that all solid waste are properly treated and not discharged inappropriately.



EPC Sevices



**Signing Enterprise Framework
Agreement with Shell**

We apply proprietary technology to provide customers with comprehensive environmental solutions to achieve zero emissions and improve operational and economic performance in the cost-effective way. In our EPC segment, we provide a full range of environmental protection and energy saving solutions to diverse industries, helping hundreds of companies fulfill environmental compliance, conserve energy and resources and improve operational and economic performance.

We are specialised in all kinds of industrial waste gas treatment, especially complete turnkey engineering services such as flare gas combustion emission, recovery system design, equipment manufacturing, system installation, etc. We supply flare and flare gas recovery systems for a lot of well-known domestic and foreign customers, and are the only officially-appointed supplier of flare gas recovery systems for Shell in Asia. In addition, we have patented technologies for zeroliquid discharge (ZLD) and closed-cycle refrigeration, with integration of salt technology, multi-effect evaporation, crystallisation, selective salt recovery (SSR), low temperature energy (LTE) recycling and other advanced water treatment technologies. This optimises the entire water treatment processing cycle. We can also supply process packages and key equipment, and can undertake wastewater treatment projects through EPC, BT, BOT and other methods.

Our EPC "Project Construction Organization Plan" streamline towards green construction and environmental protection, such as emphasising on civilised construction, and implementation of environmental protection responsibility through dust control on construction site, and reuse of construction wastewater after treatment. Furthermore, we strengthen the concept of energy conservation and environmental protection by cultivating employees' awareness of environmental protection and advocating a low-carbon lifestyle. We are committed to minimising our environmental impact and to build a sustainable future by providing customers with comprehensive environmental solutions.

No.	Solutions	Details
1	Flare & Flare Gas Recovery System 火炬和火炬气回收系统	<ul style="list-style-type: none"> An industry leader in Flare and Flare Gas Recovery Systems, which are used to recover petrochemical by-products from flare or waste gas; Sunpower provides flare and flare gas recovery EPC solutions and uses this system to reduce pollutant discharge into the atmosphere, lowering costs for customers.
2	High Salinity Wastewater System (ZLD) 高含盐污水零排放系统	<ul style="list-style-type: none"> Used to recycle water and recover salt from waste water with high salinity and catalyst concentration; Help customers meet zero emission requirements with less capital outlay and lower operating expenses incurred.
3	Desulphurization & Denitrification System 脱硫脱硝系统	<ul style="list-style-type: none"> Provide comprehensive Desulphurisation and Denitrification EPC solutions in the smog governance sector to customers in order to meet stringent emission standards set by the Chinese government.
4	Petrochemical Engineering 石化工程	<ul style="list-style-type: none"> Primarily includes providing EPC services of sulfur recovery, skidmounted equipment and formaldehyde devices; In the sector of Energy Saving Systems, Sunpower mainly offers solutions of waste heat recovery and pipeline energy saving engineering.



Current EPC Projects in China

Green Investment (“GI”) Business

China is undergoing sweeping changes in the field of environmental protection as the green agenda is taking centre stage in the country’s long-term vision and development plans. Sunpower’s GI business, a natural extension of the Group’s core M&S business, is poised to ride this wave. GI is mainly focused on the investment and operation of centralised steam and electricity cogeneration plants, leveraging its proprietary technologies, management expertise and first-mover advantage. Our strategy is three-pronged – (1) invest in and construct greenfield plants, (2) acquire brownfield projects and upgrade them to improve the operating efficiency, and (3) sell steam generated by third-party plants but distributed using our own long-distance steam distribution pipelines.

As an environmental protection specialist, Sunpower is a first mover in the industry and provides sustainable solutions for the smog governance of China to combat air pollution. The cutting-edge proprietary environmental protection technologies that we use in our GI projects are able to reduce emissions to below government standards and even below natural gas.

<i>Emission Limit (mg/m³)</i>	<i>New National Standard for New Build Coal- fired Boilers⁽¹⁾</i>	<i>New National Standard for Coal-fired Power Boilers</i>	<i>New National Standard for Coal-fired Power Plants in Key Areas⁽²⁾</i>	<i>New National Standard for Natural Gas</i>	<i>Sunpower’s Capability</i>
Dust	50	30	20	5	<5
Sulphur Dioxide, SO₂	300	100	50	35	<35
Nitrogen Oxide, NO_x	300	100	100	50	<50

(1) Standard applies to coal-fired power-generating boilers with a unit capacity of 65 tons/hour (t/h) or below

(2) Key Area refers to Beijing-Tianjin-Hebei region, Yangtze River Delta and Pearl River Delta of China

Source: Emission Standard of Air Pollutants for Boilers enacted by Ministry of Environmental Protection of PRC.

Water is the main raw material used to produce steam, and we supply the steam through our proprietary long distance steam distribution pipelines. With the circular economy model being adopted in our Changrun Project, our reclaimed water consumption accounts for over 75% of total industrial water consumption. We also utilise waste heat power generation technology to convert central heating boiler's heat energy into electricity, which is not only energy-saving, but also conducive to environmental protection. Our aim of "Cogeneration of Heat and Power, Energy Saving and Consumption Reduction, Green Environmental Protection and Cleaner Production" was achieved through our Changrun Project and other cogeneration plants. Sunpower is on target to invest approximately RMB2.5 billion in equity in GI projects by 2021 to build up a sizeable GI portfolio. Along the way, we hope to make greater contributions to China's green mission and help to create clean air for people to breathe.

In the economically active areas such as Beijing, Tianjin, Hebei and Yangtze River Delta, we actively assist the "Blue Sky" Initiative by providing steam for the surrounding industrial enterprises through the "centrallised steam facility" and long-distance steam distribution pipeline network. In 2018, we have seven projects (Changrun Project, Xinyuan Plant, Xintai Zhengda Plant, Lianshui Project, Quanjiao Project, Yongxing Plant and Jining Project) in operation and another five projects either under construction or at the design phase. These projects, equipped with our core environmental protection and energy-saving technologies and equipment, have already reduced thousands of tons of dust, SO₂ and NO_x every year, contributing greatly to China's Blue Sky War.

GI INVESTMENTS TO-DATE		
Status	Total Investments (RMB mm) ⁽¹⁾	SP Equity (RMB mm)
In Operation	2,183.0	922.9
Under Construction	1,590.0	418.1
Amount Invested and Committed	3,781.0	1,341.0
To be Constructed ⁽²⁾	653.0	220.4
Pipeline ⁽³⁾	2,356.1	942.4
Total	6,782.1	2,503.8

Notes: based on current estimates or forecast
⁽¹⁾ Assuming ~40% equity/60% debt.
⁽²⁾ Projects have been signed and are currently in the design phase.
⁽³⁾ Including a couple of projects in the late stage of evaluation.

Projects in Operation



Projects	Location	Stake(%)	Designed Capacity
1. Changrun Project (Phase 1)	Gaoyang Circular Economy Industrial Park, Hebei Province	100%	2×220 tons/hour (t/h) + 2×25MW
2. Xinyuan Plant	Qingdao City, Shandong Province	85%	3×75t/h + 2×6MW 1×220t/h + 1×25MW
3. Lianshui Project	Lianshui Economic Development Zone, Jiangsu Province	95%	2×40 t/h



Projects	Location	Stake(%)	Designed Capacity
4. Quanjiao Project	Quanjiao Economic Development Zone, Anhui Province	100%	1×40 t/h
5. Yongxing Plant	Zhangjiagang City, Jiangsu Province	100%	2×100t/h + 1×150t/h + 2×18MW
6. Jining Project	Jining City, Shandong Province	49%	n/a
7. Xintai Zhengda (Existing plant) ⁽¹⁾	Xintai City, Shandong Province	79.2%	n/a

Projects under Construction

Projects	Location	Stake(%)	Designed Capacity
Shantou Project – phase 1	Shantou City, Guangdong Province	51%	3×150t/h + 2×20MW
Xintai Zhengda Project (New facility) ⁽¹⁾	Xintai City, Shandong Province	79.2%	3×130t/h + 1×35MW + 1×18MW

Projects to be Constructed

Projects	Location	Stake(%)	Designed Capacity
Liutuan Project – phase 1	Changyi City, Shandong Province	100%	2×2400Wkcal 2×2000Wkcal
Xinjiang Project – phase 1	Xinjiang Circular Economy Demonstration Park, Shanxi Province	100%	n/a
Yingtian Project – phase 1	Yingtian City, Jiangxi Province	100%	n/a

Notes: based on current estimates or forecast.

⁽¹⁾ Existing plant still in operation and will remain operational until the commissioning of the new facilities.

⁽²⁾ Projects are signed and in design phases.

The Related Environment Protection Policies That Benefit Sunpower:

▶ Air Pollution Prevention Action Plan 《大气污染防治行动计划》，国务院，国发[2013]37号
▶ Implementation of Coal Fired Boiler's Energy Saving and Environmental Protection Scheme 《燃煤锅炉节能环保方案的实施》，国家发改委、环保部及其他部门，发改环资[2014]2451号
▶ Clean and Efficient Use of Coal Action Plan (2015-2020) 《煤炭清洁高效利用行动计划（2015-2020年）》，国家能源局，国能煤炭[2015]141号
▶ Environmental Protection Tax Law 《环境保护税法》，全国人民代表大会常务委员会
▶ Full Implementation of Work Plan for Retrofitting of Coal-fired Power Plants to Achieve Ultra-low Emission and Energy Conservation 《全面实施燃煤电厂超低排放和节能改造工作方案》，环保部、发改委和能源局，环发[2015]164号
▶ Heat-power Cogeneration Measures 《热电联产管理办法》，发改能源[2016]617号
▶ 20 Amendments to National Standards for Pollutant Discharge 《关于征求20项国家污染物排放标准修改单（征求意见稿）意见的函》，环办大气函[2017]924号
▶ China's 13th Five-Year Plan for National Eco-environmental Conservation 《国家环境保护标准“十三五”发展规划》环科技[2017]49号
▶ Three-year Action Plan for Winning the Blue Sky War 《打赢蓝天保卫战三年行动计划（2018-2020年）（国发〔2018〕22号）》

SOCIAL RESPONSIBILITY

Occupational Health and Safety (“OHS”)

As a reputable services provider in the energy-saving environmental protection business, it is important to us that occupational health and safety is stringently managed. We believe that sustainability in this aspect will ensure our continued growth, and we remain focused on operating in a safe and healthy manner while still creating value.

By effectively and proactively managing work-related hazards, we minimise health and safety-related incidents wherever we operate to protect our workforce including staff of our contractors. We also place great importance on safety education and training in order to increase staff awareness. In recent years, there has been no occurrence of fatal accidents and injuries.

We have established a rigorous health and safety committee and programs across our operations. We recognise our responsibility in ensuring that all workers and contractors are competent and equipped to work in the safest way possible. Many of our plants are in developing economies and it is often a challenge to build a local workforce that is attuned to our global health and safety standards.

We manage and successfully pass the new management system re-certification audit for the OHSAS 1800:2007 Occupational Health and Safety Management Certification, which is an international standard that provides a framework to identify, control and decrease the risks associated with health and safety within the workplace.



Internal Stakeholder OHS



The occupational health and safety of employees is of our utmost importance, and all workplaces are set up according to the requirements of laws and regulations. On top of that, we also provide safety gear (safety clothing, hats, shoes, gloves, noise-proof earplugs, dust masks and anti-virus masks) and ensure that employees wear them correctly to protect their safety and prevent occupational hazards. Regular safety inspections are also conducted to improve the level of safety production.

Safety Production Month was held in June 2018 – In which a variety of activities (i.e. on-site knowledge competition) were held to raise the awareness of occupational health knowledge. This coincided with World Environment Day, where we encouraged awareness and action for the protection of our environment .

In addition, we improve the competency of our employees and cultivate good health and safety practices through proper training and effectively communicating health and safety matters to all employees. Also, all employees are required to undergo regular pre-job, post-job and post-departure medical examinations.

External Stakeholder OHS

In the development of our new products, we take health and safety aspects into account from the beginning. We closely monitor and comply with current standards and guidelines such as ISO9001:2008 Quality System Authentication, ISO14001:2004 Environmental System Authentication, OHSAS18001:1999 HSE System Authentication etc. We are also working to continuously improve the safety of our products throughout their entire life cycles, including the periods in which our products are installed or maintained.

All external stakeholders or visitors are required to register in the HSE log book, and receive appropriate on-site HSE training before entering our manufacturing plant or project site. It is also forbidden to undertake projects with external stakeholders that do not have any occupational health and safety production measures or corresponding qualifications.

We are committed to ensuring that any related external stakeholders are safe and healthy. Policies and practices have been implemented throughout our operations to measure our products and solutions' health and safety performances, as well as demonstrate progress and identify areas for improvement. In doing so, we set uniform standards that ensure product safety throughout their life cycles. During FY 2018, there were no cases of non-compliance with regulations that resulted in fines, penalty or resulting in warning.



Our People

Our people are essential to Sunpower's success. We work to maintain a productive and healthy organisation by employing and developing talented people, continually strengthening our leadership, and enhancing employee performance by fostering strong engagement.

With our aim of becoming an outstanding people-centric company, we have been improving our organisational effectiveness and simplifying our communication channels across all levels and between business units. The Group has a review-and-feedback process in place, which has proven useful in understanding our employees' concerns and addressing their issues. Sunpower values talents as one of the most important factors in developing long-lasting benefits for the Group.

We strictly adhere to relevant national conventions, local laws and regulations, and promote gender equality in employment. In addition, we strictly comply with related laws and regulations involving child labor and do not recruit underage employees in any companies of the Group.

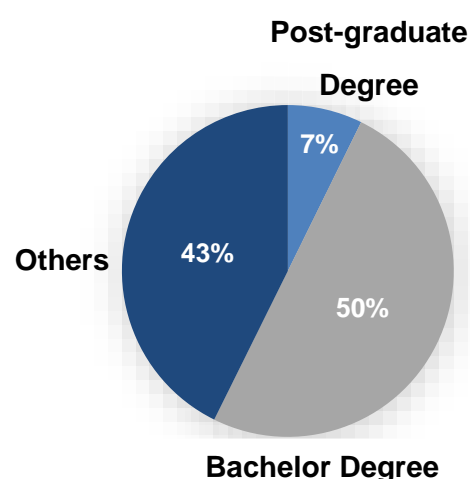
EMPLOYEES



2,964 on average



23% female



Employee profile by gender

<i>Gender</i>	<i>FY2018</i>	<i>FY 2017</i>
Male	2280	1,656
Female	684	494
Total	2964	2,150

Employee profile by age

<i>Age</i>	<i>FY2018</i>	<i>FY 2017</i>
<i>Below 25 years</i>	254	178
<i>25 to 34 years</i>	1142	913
<i>35 to 44 years</i>	854	569
<i>45 to 54 years</i>	590	403
<i>55 years and above</i>	124	87
<i>Total</i>	2964	2,150

Employee profile by job function

<i>Function</i>	<i>FY2018</i>	<i>FY 2017</i>
<i>Management and Supervisory</i>	1217	916
<i>Research and Development Personnel</i>	416	306
<i>General Worker</i>	1331	928
<i>Total</i>	2964	2,150

Administrative employees' profile by academic qualification*

<i>Qualification</i>	<i>FY2018</i>	<i>FY 2017</i>
<i>Post-graduate degree</i>	119	100
<i>Bachelor degree</i>	817	565
<i>Others</i>	697	559
<i>Total</i>	1633	1,224

*Including Research & Development personnel

Training and Education



Face-to-Face



Leadership Training



Online Training

New Staff and
Fresh Graduates
Training

At Sunpower, we are committed to our employees. We believe in ensuring that our employees are adequately trained and continuously kept abreast of updates in the technical standards that affect their work throughout the various industries. With the implementation of the mentor system, every new employee will be allocated a mentor to help them familiarise themselves with the working environment, corporate culture and teach their job skills. Subsequently, we encourage and enable all employees to pursue professional development opportunities. In FY 2018, we provided an average of 21 hours of training for each of our employees. We focused on growing their leadership capabilities, improving their skills in technical, safety and commercial areas, and increasing their expertise in specialized areas. Please refer to the table below for the relevant data pertaining to training provided to our employees.





Through organisational needs analysis, the company has divided staff training into three levels of improvement - leadership, professional ability, frontline quality - implemented through a variety of training projects. A survey of staff engagement is carried out every year. The survey results show that the proportion of dedicated employees in Sunpower is relatively high.

New employee training: Enhance their sense of belonging and integrate well into corporate culture. Conduct new graduates' training and apprenticeship ceremony.

Promotion of professional ability: Attention to professional skills to enhance core competitiveness. Conduct a series of special training, such as project development, efficient heat transfer technology, procurement contracts' risk management, training in legal knowledge, design and fire safety knowledge.

Improvement of first-line staff quality: Pay close attention to the first-line grassroots team and consolidate their fundamental strength. Conduct first-line team leader training camps and operational skills training.

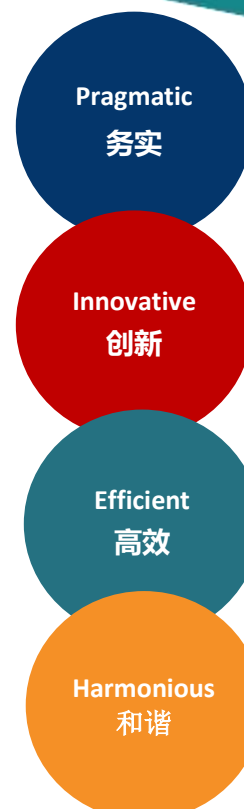
Promotion of leadership: Nurture excellent teamwork to build the backbone of the management team. Conduct leadership improvement programs through focused learning, Harvard online learning and continuous learning.

Corporate Culture

Over the past 20 years, we constantly strive to create a model of corporate culture that combines the traditional doctrine of Confucianism with modern management approach. We believe in a harmonious environment where everyone works hand-in-hand and move forward together as one to build a sustainable working environment. The mentee-mentor philosophy is strongly advocated, and through innovation and integration of mentoring ideas into modern management practice, we strive to create the interpersonal relationship and cultural atmosphere of helping and teaching. By providing directions and guidance through a wide array of career development programs, we support our employees in their career advancement to achieve their personal goals. Our employees' professionalism, management ability and professional competence is our upmost concern, which we help to develop through the establishment of Sunpower School of Management as well as organising various innovative workshops.

We pursue a pragmatic, innovative, efficient and harmonious corporate culture. Employees come to know and understand the company's entrepreneurism through cultural propaganda (knowledge), cultural identity (trust) and cultural practice (conduct), which gradually become universal beliefs expressed in their daily actions.

It is our calling to give back to the society and contribute positively to the community. We strongly support the government in education, employment, poverty relief, as well as assisting the disabled to integrate into the society. Our contributions have been recognised by charity organisations and government bodies. In the course of time, we will continue to instill and bring about a positive impact to our humanity.



Team Bonding



Team building activities provide employees to work together more effectively. It allows staff to see that everyone has different skills and approaches to a problem. This knowledge is then transferable to the working environment, as individuals understand how to make best use of each other's gifts and abilities.



Improving productivity is one of the most common goals of team building activities. Enjoyable, fun activities enable our employees to get to know each other, create a better understanding of each other and break down walls of mistrust by encouraging people to focus on what they have in common rather than their differences.

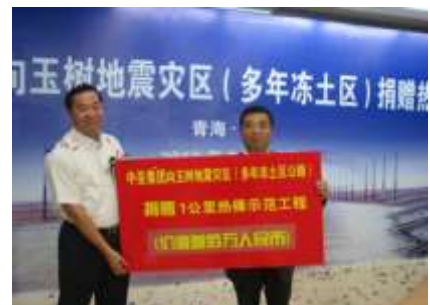
We regularly organise employee activities (such as mountaineering, calligraphy, fieldtrips, sports competitions, etc), which further enhance our employees' sense of belonging to the company. It is our commitment to pursue a pragmatic, innovative, efficient and harmonious corporate culture. Employees come to know and understand the company's entrepreneurship through cultural propaganda (knowledge), cultural identity (trust) and cultural practice (conduct), which gradually become universal beliefs expressed in their daily actions.

Contribution to Society

We are committed to make positive contributions to the society, and have been doing so since 2004, where we took the initiative to accept a welfare enterprise which was on the verge of bankruptcy and provided work for 27 disabled workers. Through our continuous effort to help the needy, we have been providing assistance to families in difficulties within the region, as well as establishing scholarships in colleges and universities every year to help poor students with excellent academic performances.

Donating blood is universally seen as a mark of civilisation and social progress. Since the founding of Sunpower Group, we have usually organised annual blood donation events to promote the morality of selflessly helping others.

On April 14, 2010, a magnitude 7.1 earthquake occurred in Yushu County, Qinghai Province, causing heavy casualties and property losses. National Highway 214 and Provincial Highway 308 are the main passages into the Yushu disaster area. As some of the two road sections were damaged to varying degrees during the earthquake, 900 kilometers of the two roads were covered by permafrost. In July 2010, the company donated thermal piles worth RMB 3 million to the Yushu earthquake-stricken area for post-disaster road reconstruction.



SUSTAINABLE DEVELOPMENT

Supply Chain Management

We aim to build a responsible and sustainable supply chain by setting clear standards for our business supply partners. We integrate sustainability criteria into our supplier selection, monitoring risks in the priority areas of our supply chain and working with suppliers to drive social and environmental change, all the while prioritising areas that are most relevant to our business. We strive to source responsibly, selecting supplier partners who meet high standards in areas such as ethical conduct, food and workplace standards, and environmental compliance. By improving the oversight of our supply chain, we can identify opportunities to streamline and reduce costs, protect our reputation and the safety of our customers.

In the past 20 years, we have been working with all kinds of suppliers, learning and making progress together. We have long-term strategic partnerships with more than 500 suppliers in different countries such as China, United States, Japan, Germany, Sweden, United Kingdom, Finland and France. Our purchasing department is required to adhere to our “Code of Conduct for Purchasing Personnel”, and ensure that decisions made are in good faith without any partiality.

In order to ensure that the products and services provided by our suppliers meet the legal regulations of environmental, occupational health and safety standards, we have included the requirements for environmental, occupational health and safety management system as well as other relevant certifications to be part of our supplier evaluation. Furthermore, it is also clearly defined in our contracts with all suppliers, stating that all relevant national regulations on occupational health, safety and environmental protection are to be strictly abided by. In order to build a low carbon and “green” supply chain, any supplier that fails to meet the requirements will be removed.



Quality Management

Quality management plays a crucial role in our growth and performance. Since our incorporation, we have always placed great emphasis on quality and considered quality management to be an integral part of our business operations. We continuously improve our quality management system in strict adherence to ISO9000 standards, ensuring clear processes and (communication) structures, tasks and responsibilities throughout the entire organisation.



Innovative Patents

We have developed a full range of advanced technologies that form an integral part of our products and service offerings in the EEM and EPC segments over the past 20 years, giving us an unrivalled competitive advantage.

As of December 2018, we have obtained a total of 146 patents, including 90 utility model patents and 56 invention patents. In 2018, we received 19 new patents, including 11 utility model patents and 8 invention patents. Furthermore, we came up with 16 independent innovative products, such as LNG gasification (IFV), heat pipe research and development, heat insulation and cold preservation for pipes, zero liquid discharge system (ZLD) for high salinity wastewater, and engineering materials control system based on high-availability load balancing distributed database cluster.

Notably, we have been awarded the Environmental Protection Excellence Award for our ZLD system, which has assisted many customers to achieve near-zero emission with lower capital outlays. This award affirmed our outstanding achievements and contributions in energy-saving and environmental protection.

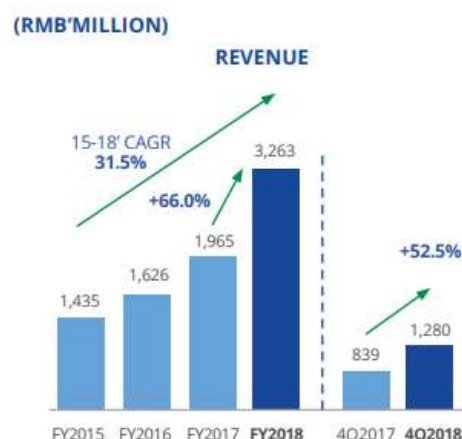


Economic Performance

A company's financial capital and market performance depend on its ability to create a competitive edge and generate tangible value for its shareholders, customers, employees and society. Sustaining healthy profits also relies on intangible assets such as professional management, extensive experience, leadership quality, organisational excellence, brand equity, environmental management and human capital.

2018 was a year of rapid growth for Sunpower. Driven by GI's stronger-than-expected expansion, the Group achieved record growth in top and bottom line: revenue rose 66.0% YoY to a record RMB3,262.9 million, and EBITDA grew by 113.5% YoY to RMB496.0 million, resulting in underlying net profit increasing 87.1% YoY to RMB267.8 million. Underlying operating cash flow was RMB224.6 million, 2.6x higher than 2017.

Although GI is in the early stage of development and still ramping up, GI revenue and EBITDA totalled RMB736.8 million and RMB276.3 million respectively, up 384.4% and 303.7% YoY, and accounted for 22.6% and 55.7% of the Group's revenue and EBITDA, respectively. GI projects recorded operating cash flows of RMB211.7 million in FY2018, benefiting from strong tariff collection due to the ability to require prepayments from customers. Our GI strategy has successfully



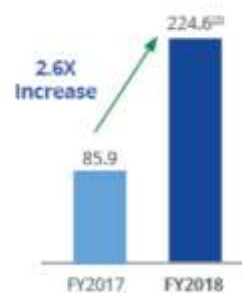
(1) Underlying net profit is the true operating performance of the Group, after adjusting net profit attributable to shareholders (including effects of CB) for amortised interest expenses and fair value gains or losses associated with the Convertible Bonds (CB), as well as foreign exchange gains or losses.

driven Sunpower into a longterm, recurring, high-quality income and cashflow company.

Our M&S segment also achieved record revenue of RMB2.5 billion in 2018, up 39% YoY, with margins and positive cashflow sustained despite the mixed macroeconomic environment. Orders on hand amounted to RMB2.5 billion in February 2019, up from RMB1.9 billion in February 2018. Sunpower has a proven track record spanning over 22 years in delivering quality products to approximately 1,500 customers in over 15 industries across 30 countries. With its established market reputation and leadership in the industry, 70% of Sunpower's customers are repeat customers. Our reputable customers comprise notable global names that include BASF, BP, Shell, CNOOC, CNPC and SINOPEC, among others.

In addition, M&S segment also supports the rapid and sustainable expansion of GI as a foundation business with its proprietary integrated technologies, project management expertise and decades of experience, creating a synergistic business model that is structured to maximise returns for the Group.

UNDERLYING OPERATING CASH FLOW



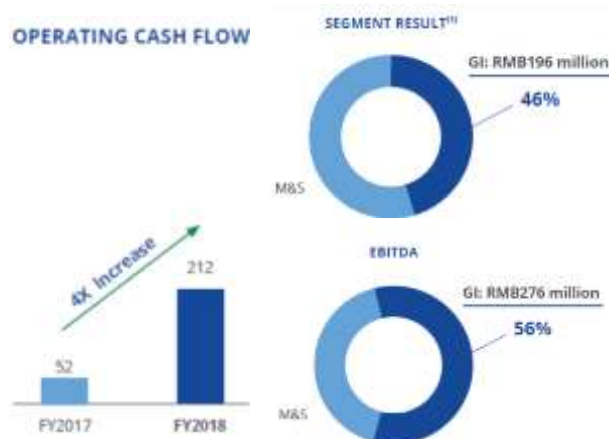
Underlying operating cash flow, excluding CB interest of RMB17.4 million.

GI'S GROWTH ACCELERATED IN 2018

(RMB* MILLION)



OPERATING CASH FLOW



(1) Segment results reflect the operating income of each business segment of the Group, before interest, tax and unallocated corporate expenses as well as fair value change and foreign exchange gains or losses for the convertible bonds and warrants.

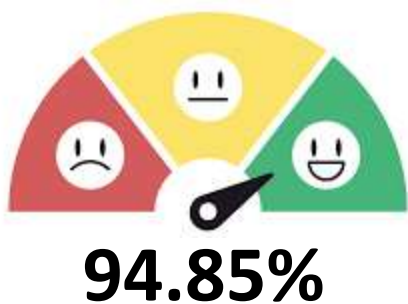
Customer Satisfaction



Customer satisfaction is mostly driven by the quality and reliability of products and services that we provide. Customer feedback is a vital avenue for us to understand the needs of our key stakeholders. Through this feedback, we learn about areas for improvement, which leads to streamlining of internal work processes, change of guidelines and enhancements to deliver a superior level of service. Customer fair dealings are basic business principles upheld at all times. Feedback, in the form of complaints, compliments or suggestions, can come from customers and non-customers.

We ensure that complaints from customers and any other stakeholders are dealt with professionally, fairly, promptly and diligently; and that decisions are clearly communicated to customers. We are committed to exceeding customer expectations and complying with all applicable laws, as well as continually improving our performance.

Customer Satisfaction Index



In 2018, we conducted a customer survey and achieved 94.85% customer satisfaction index (CSI), exceeding our initial targeted satisfaction score of 92%. The survey included criteria such as performance, price, service, delivery and brand. On top of that, we received strong support and unanimous praise for our products, and have been evaluated as strategic supplier by several customers.

In 2018, we have no fines for non-compliance with laws and regulations concerning the provision and use of products and services.

ABOUT THIS REPORT

Sustainability has become a critical factor for companies to ensure successful long-term value creation. Our Group recognises the importance of creating a virtuous cycle of continuously improving sustainability reporting. We hereby proudly present our first Sustainability Report which discusses the challenges and material issues that are important to our stakeholders, our strategy in managing these challenges and issues, and how we have performed in terms of our Key Performance Indicators.

We have adopted a formalised reporting approach to prepare our first sustainability report. We applied the Global Reporting Initiative (“GRI”) Standards, the internationally-known reporting framework, specifically Core Options, the latest set of standards issued by the GRI Global Sustainability Standards Board and based on SGX-ST Listing Rules – Sustainability Reporting Guide when prepare this report.

Information presented in the report has been extracted from primarily internal records and documents to ensure accuracy using internationally accepted measurement data units.

Reporting Boundaries & Standards	This Sustainability Report covers the company’s strategies, initiatives and performance in relation to Environmental, Social and Governance issues. All data, statistics and improvement targets are in relation to the Group’s operations in China.
Report Period and Scope	This report covers the Group’s operations in China for financial year from 1 January 2018 to 31 December 2018 (“FY2018”).
Accessibility & Feedback	We are fully committed to listening to our stakeholders and we welcome feedback on this report and any aspect of our sustainability performance. Please address all feedback to <i>ir@sunpower.com.cn</i>

GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX

GRI Standard	Page Reference and Reasons for Omission, if applicable
GENERAL DISCLOSURE	
Organisational Profile	
102-1 Name of the organisation	3
102-2 Activities, brands, products, and services	3
102-3 Location of headquarters	3
102-4 Location of operations	3
102-5 Ownership and legal form	3
102-6 Markets served	4
102-7 Scale of the organisation	3, 5, 28, 31, 32
102-8 Information on employees and other workers	36, 37
102-9 Supply chain	43
102-10 Significant changes to the organisation and its supply chain	NIL
102-11 Precautionary principle or approach	N/A
102-12 External initiatives	N/A
102-13 Membership of associations	11
Strategy	
102-14 Statement from senior decision maker	10, 11
Ethics and Integrity	
102-16 Values, principles, standards, and norms of behaviour	NIL
Governance	
102-18 Governance structure	14
Stakeholder Engagement	
102-40 List of stakeholder groups	16, 17, 18
102-41 Collective bargaining agreements	NIL
102-42 Identifying and selecting stakeholders	16, 17, 18
102-43 Approach to stakeholder engagement	15, 16, 17, 18
102-44 Key topics and concerns raised	19, 20

GRI Standard	Page Reference and Reasons for Omission, if applicable
Reporting Practice	
102-45 Entities included in the consolidated financial statements	Annual Report 2018 – Corporate Structure
102-46 Defining report content and topic boundaries	48
102-47 List of material topics	19, 20
102-48 Restatements of information	NIL
102-49 Changes in reporting	N/A
102-50 Reporting period	48
102-51 Date of most recent report	Sustainability Report released on 21 Dec 2018
102-52 Reporting cycle	48
102-53 Contact point for questions regarding the report	48
102-54 Claims of reporting in accordance with the GRI Standards	48
102-55 GRI content index	49
102-56 External assurance	We have not sought external assurance for FY2018
103-1 Explanation of the material topic and its boundaries	21-47
103-2 The management approach and its components	21-47
103-3 Evaluation of the management approach	21-47
201-1 Direct Economic value generated and distributed	45, 46, Annual Report 2018 – Consolidated Statement of Profit or Loss and Other Comprehensive Income
205-1 Confirmed incidents of corruption and actions taken	13, 14
302-1 Energy consumed within the organisation	24
302-4 Reduction of energy consumption	24
303-1 Water withdrawal by source	23
303-3 Water recycled and reused	23
305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	29

GRI Standard	Page Reference and Reasons for Omission, if applicable
403-1 Workers representation in formal joint management – worker health and safety committees	33
404-1 Average hours of training per year per employee	38
404-2 Programs for upgrading employee skills and transition assistance programs	38, 39
405-1 Diversity of governance bodies and employees	36, 37
406-1 Incidents of discrimination and corrective actions taken	36, 37
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	33, 34, 35

**Sunpower Group Ltd.
No. 2111 Chengxin Road
Nanjing Jiangning Science Park
Nanjing, 211112
People's Republic of China**

**Registered Address:
Canon's Court
22 Victoria Street
Hamilton HM 12**