

2017

Sustainability Report



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CHAIRMAN'S MESSAGE



On behalf of the Board, I am pleased to present to you the first Sustainability Report of Sunpower Group Ltd. (“**SUNPOWER**”, together with its subsidiaries, collectively the “Group”) for the financial year ended 31 December 2017 (“FY 2017”). In this report, we discuss 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.

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 with our Manufacturing and Services business (M&S). In 2016, Sunpower successfully expanded its business into Green Investments (GI) by securing its first centralized steam/electricity project in Hebei province, one of the key areas in China where anti-smog and anti-pollution are at the top of the government’s work agenda. Leveraging on our proprietary technologies, Sunpower’s GI plants are able to achieve ultra-low emissions comparable to that of natural gas but at lower costs. As at 3Q 2018, we have seven GI projects in operation in Hebei, Jiangsu, Shandong and Anhui provinces, and another five projects either under construction or in the design phase. These projects, once operational, will be able to deliver quality steam for industrial use in an environmental-friendly way and generate long-term, recurring and high quality income and cash flows for the Group.

Sunpower also strives to reduce the impact of our operations on the environment and community and fulfill our social responsibilities. We have adopted the circular economy material usage model in our GI projects in Hebei, Jiangsu and Guangdong provinces and have been working hard to duplicate this model with more eligible projects in future. The Circular Economy model is a new paradigm in managing industrial resources that goes beyond ordinary recycling. Under this model, Sunpower uses residuals from other industries such as wastewater and sludge to reduce our consumption of clean water, and coal through sludge incineration and clean coal technology. Meanwhile, Sunpower also sells its own wastes such as ammonium sulfate, ash, and plaster, which are our by-products using our proprietary environmental protection technology to manufacturers of chemical fertilizers and building materials. In our M&S segment, Sunpower has implemented water recycling technologies such as the installation of water recycling systems in its manufacturing plants.

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 are better able 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.

This Sustainability Report focuses on environmental, social and governance factors that have been carefully selected to be material factors, given the Group's key stakeholders. Sustainable development of the Group is highly valued as one of the key elements of the overall strategy to expand our business across the board. Moving forward, we will continue to unrelentingly work toward building a green future for our world.

Mr. Guo Hongxin

Founder and Executive Chairman



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 the environmental protection services and energy-saving industry. Headquartered at No. 2111 Chengxin Avenue, High-tech Industrial Park, Jiangning District,

Nanjing, Jiangsu, 211112, People’s Republic of China. The Group is energized by two main business segments, namely its foundation businesses, Manufacturing & Services (“M&S”), and its value creator and growth driver, Green Investments (“GI”).

China is amidst its strongest push ever to clean up air pollution, supported at the highest governmental levels and strict enforcement on the ground. The GI business invests in, develops and operates centralized low-emission steam, heat and electricity generation plants. With proprietary cutting-edge technologies, proven track record and strong investor commitment, the Group is strongly positioned to capitalize on the enormous market opportunities in the environmental protection sector in China and build a scarce and 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. As a result, the portfolio is able to generate attractive first-mover investment returns, as well as recurring, long-term and high-quality cash flows based on concession agreements that typically run for 30 years (with first right of renewal). Sunpower is on target to invest approximately RMB2.5 billion in equity in GI assets by 2021.



In its M&S segment, the Group engages in the businesses of high-end Environmental Equipment Manufacturing (EEM), and Engineering, Procurement and Construction Integrated Solutions (EPC) to provide a variety of customized products and services for a diverse range of industries. Sunpower serves more than 15 industries, including petrochemical, chemical, coal and coal-based chemical etc. Over the past two decades, the Group has expanded its customer base to approximately 1,500 companies across 30 countries, of which 70% are repeat customers. The reputable multinational names include BASF, BP, Shell, SABIC, DowDuPont, Alcoa, Bayer, Exxon Mobil, SINOPEC, CNPC, CNOOC and CHN Energy, etc..



High-quality customer base:



Signing Enterprise Framework Agreement with Shell – becoming the only supplier of flare systems for Shell in Asia

Ethics and Integrity

We are committed to delivering environmental protection services which not only meet customers' needs but also exceed their expectations. Building first-class products using first-class technology and providing first-class service are our top priorities.

Our Core Values are Quality, Reliability, Leadership, Trust and Respect, Commitment and Accountability. They serve as the foundation of our relationships with customers, suppliers, people and all other stakeholders. We strive to attain the highest quality standards for our people and the systems we operate. We are trustworthy and reliable in supporting the needs and interests of our stakeholders. We lead by example to create an organization where we can learn and grow to better ourselves, our corporation and the world around us. We aspire to nurture respect, mutual understanding, gratitude and support among our stakeholders. We are dedicated to delivering all our business and service commitments efficiently. We are driven to take on greater social responsibility and contribute our best to the interests of our corporation and society.



Governance Structure

The Board of Directors comprises the following members 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 Hongxin (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

Nomination Committee

- Jiang Ning (Chairman)
- Lau Ping Sum Pearce
- Guo Hongxin
- 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

Our Honors & Awards

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



Our Accreditations



Technology Research
Institute for Industrial
Energy Saving



Postdoctoral Program



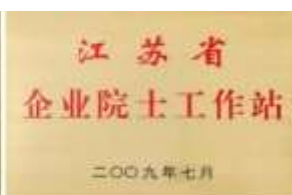
Working Group on Thermal
Pile of National Technical
Committee 223



Nanjing Permafrost
Engineering Center



Jiangsu Province,
Enterprise Technology
Center



Jiangsu Province,
Enterprise Academician
Workstation



Jiangsu Engineering
Research Center for
Energy Saving



Nanjing City Certified,
Enterprise Technology
Center

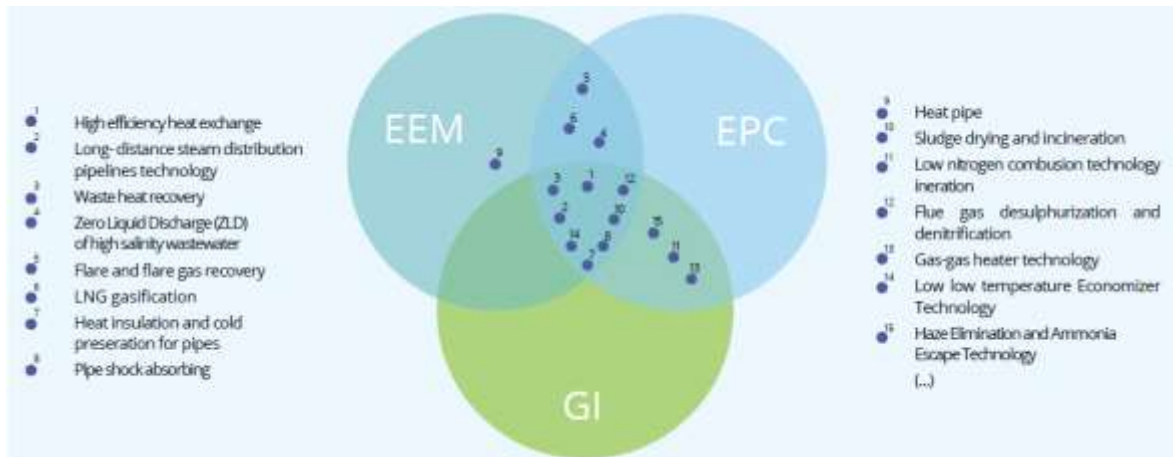
Membership of Associations

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

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	Sunpower is the Executive Director of the Association, which is responsible for the discussion and review of new standards.
6	Energy Research and Utilization	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

Cutting-edge Proprietary Technologies

Sunpower has developed a full range of advanced technologies that form an integral part of its products and service offerings in the EEM and EPC segments over the past 20 years, giving the Group an unrivalled competitive advantage.



143 patents, 52 invention patents



STAKEHOLDERS AND MATERIALITY



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 are not limited to customers, suppliers, employees, investors and regulators. We have adopted both formal and informal channels of communication to understand the needs of key stakeholders, and incorporate their feedback into our corporate strategies and execution plans to achieve mutually beneficial relationships.

Stakeholder Group	Engagement Activities	Stakeholders' Expectations
Customers	<ul style="list-style-type: none"> • Enquiry and feedback channels • Customer service hotlines and onsite technical support • Direct customer meeting and customer visit • Customer survey 	<ul style="list-style-type: none"> • Superior quality of products and solutions • Top notch customer service • 24x7 after-sales services • Timely technical support
Suppliers	<ul style="list-style-type: none"> • Quotations • Periodic discussion • Face-to-face meetings • Supplier evaluation and management 	<ul style="list-style-type: none"> • Compliance with terms & conditions of purchasing policies, procedures and agreements • High ethical standards

Stakeholder Group	Engagement Activities	Stakeholders' Expectations
Employees	<ul style="list-style-type: none"> • Induction and orientation program • Staff appraisal • Internal memos • Employee training 	<ul style="list-style-type: none"> • Staff rights & welfare • Personal development • Conducive working environment
Investors/shareholder	<ul style="list-style-type: none"> • Annual meetings • Board meetings • Circulars to shareholders • Non-deal roadshows • One-on-one meetings • Group result briefings • Informal communication and discussions 	<ul style="list-style-type: none"> • Business growth • Transparency • Timely reporting • Fair disclosure practices
Media	<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
Government and Regulations	<ul style="list-style-type: none"> • Face-to-face meetings • Discussions with government agencies and departments 	<ul style="list-style-type: none"> • Environmental-friendly business approach • Compliance with regulations • Timely reporting and resolution of issues
Industry Associations	<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
Local communities	<ul style="list-style-type: none"> • Face-to-face meetings • Various social events 	<ul style="list-style-type: none"> • Environmental-friendly business approach • Compliance with regulations • Local support

Supply Chain Management

We source goods and services from multiple suppliers in different countries. We aim to source responsibly, selecting supplier partners that meet our high standards in areas such as ethical conduct, workplace standards and environmental management.

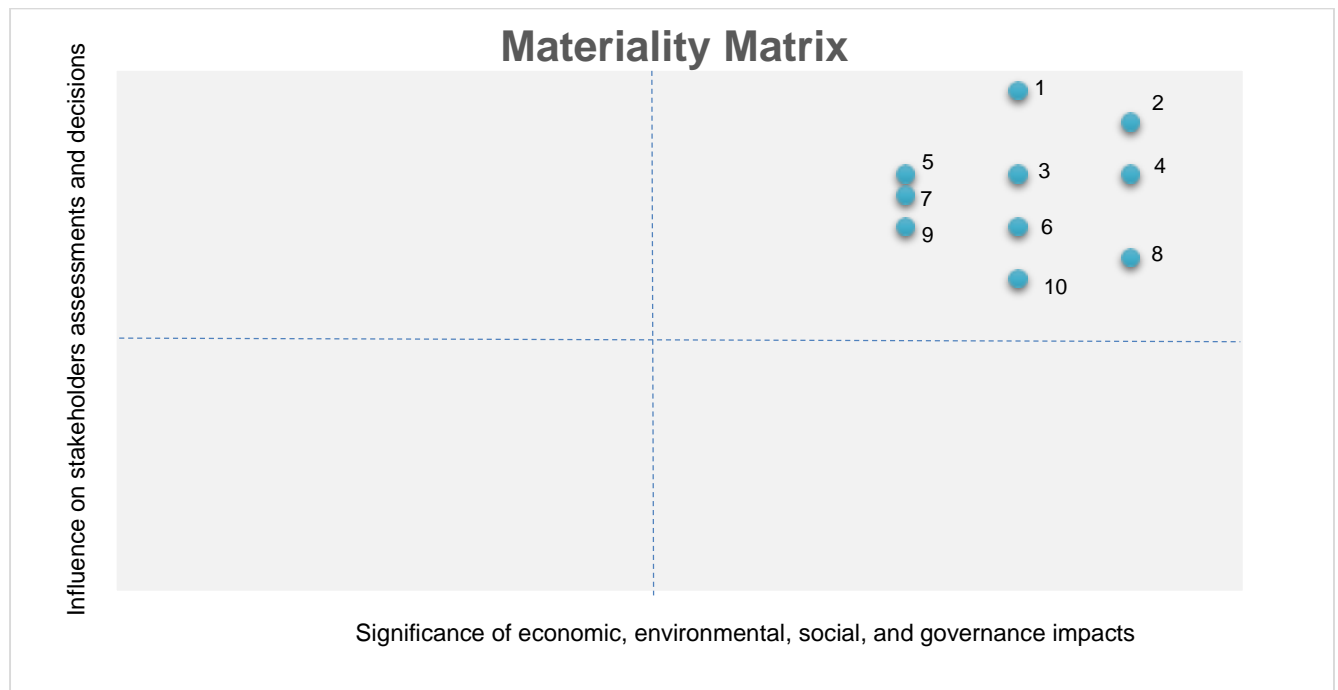
We aim to build a responsible and sustainable supply chain by setting clear standards for supplier partners, integrating sustainability criteria into supplier selection, monitoring risks in priority areas of our supply chain and working with supplier partners to drive social and environmental change, all the while prioritising the areas that are most relevant to our business.

By improving oversight of our supply chain, we can identify opportunities to consolidate spending and reduce costs; protect our reputation and that of our clients; and meet the requirements of the growing number of client tender processes that include supply chain management criteria.

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 organization and stakeholders. Our priorities are reflected in the Materiality Matrix below.



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 & economic performance improvement	<ul style="list-style-type: none"> • Provide diverse environmental protection products and solutions to ensure environmental compliance • Improve operational and economic performance and efficiency
2	Economic performance	<ul style="list-style-type: none"> • Proven track record • Deliver solid results • Focus on business development
3	Emissions	<ul style="list-style-type: none"> • Contribute to China's green mission utilizing Sunpower's expertise and core technologies
4	Quality management	<ul style="list-style-type: none"> • Apply national and international quality management system with periodic reviews • Pass management system re-certification audit • Meet and exceed customers' expectations
5	Customer health and safety	<ul style="list-style-type: none"> • Deliver superior quality of products • On-site technology support and customer service • Survey customer satisfaction
6	Energy materials	<ul style="list-style-type: none"> • Strict measures and guidelines on energy, resource and material conservation • Rigorous policy on non-conflict minerals
7	Occupational health and safety	<ul style="list-style-type: none"> • Operate 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 developments on code of corporate governance • Uphold good corporate practices
9	Human resources	<ul style="list-style-type: none"> • Retain and recruit talented employees • Engage staff on various training needs • Ensure gender equality and prohibit gender discrimination in employment
10	Contribution to society	<ul style="list-style-type: none"> • Contribute to society and community



ENVIRONMENT



Energy, Water and Resources Conservation

In the EEM segment, our manufacturing facilities consume electricity and water to produce high-end environmental protection equipment. As an environmental protection solutions specialist in proprietary energy saving and clean power technologies, Sunpower is committed to reducing consumption of electricity and water through its expertise and extensive experience.



Water was mainly used for the purposes of hydro tests on products and acid pickling rinses in Sunpower's manufacturing process. Our water consumption per unit in FY 2017 reduced by 10.8% YoY.

Water Consumption	FY 2017	FY 2016	Change
Water consumption per RMB10,000 turnover (ton/unit)	1.74	1.95	↓ 10.8%

To reduce water consumption and promote water conservation, the Group has implemented water recycling technologies such as the installation of water recycling systems in its manufacturing plants. Phase 1 of the recycling system was completed and officially functioning in 2018. To-date, it has recycled approximately 2,000 tons of water for Sunpower. Sunpower plans to commence the construction of Phase 2 soon, which is expected to recycle even larger volumes of waste water.

Electricity is another primary energy consumed in the manufacturing process. Due to our continuous improvement in energy management and savings, electricity consumption per unit in FY 2017 reduced by 14.5% YoY.

Energy Consumption	FY 2017	FY 2016	Change
Electricity consumption per MB10,000 turnover (KWH/unit)	92.3	108.0	↓ 14.5%

In the EPC segment, Sunpower provides 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 their operational and economic performance.

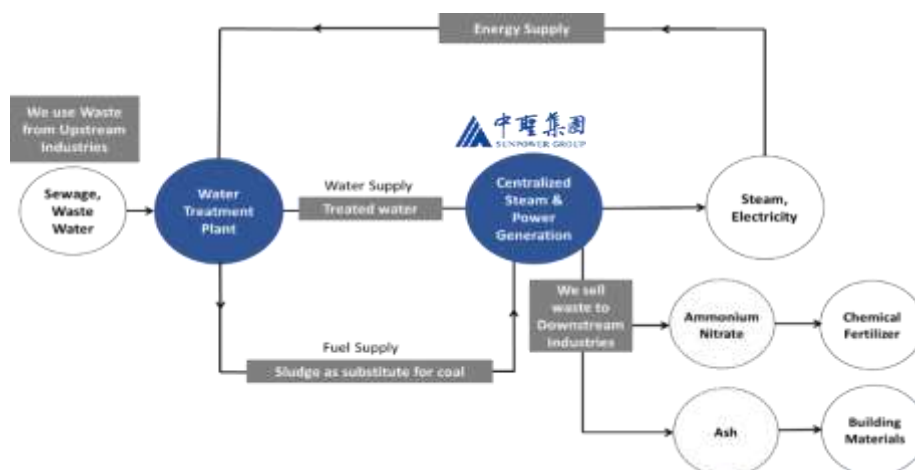
No.	Solutions	Details
1	Flare & Flare Gas Recovery System 火炬和火炬气回收系统	<ul style="list-style-type: none"> An industry leader in Flare and Flare Gas Recovery Systems, which are used to recover petrochemical by-products from flare or waste gas Sunpower provides flare and flare gas recovery EPC solutions 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 wastewater 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 Desulphurization 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"> Provide EPC services of sulphur recovery, skid mounted equipment and formaldehyde devices Offers Energy Saving System solutions for waste heat recovery and pipeline energy saving engineering



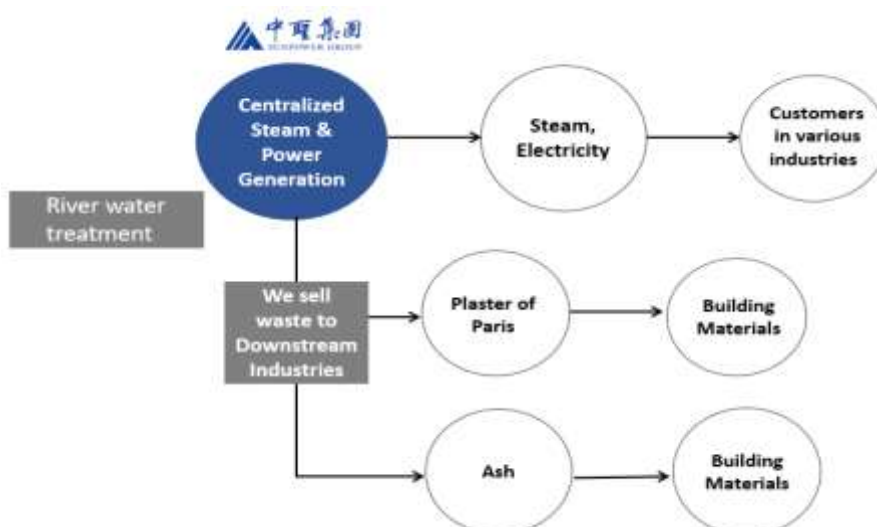
In the GI segment, we use coal and water as feedstocks for the boilers that produce steam, heat and electricity. We use other industries' residual outputs (wastewater and sludge) to reduce our consumption of water and coal, as well as sell our own residual outputs.



In addition to installing high-efficiency boilers, we have also adopted the Circular Economy material usage model in some of our GI projects to reduce coal and water consumption. The Circular Economy model is a new paradigm in managing industrial resources that goes beyond ordinary recycling. Sludge and treated wastewater from a neighboring water treatment plant are used as coal and clean water substitutes to run the boilers of the Changrun Project. Sunpower also sells its own residual outputs such as ammonium nitrate, ash and plaster to fertilizer and building material factories. This helps to reduce costs and improve the operating efficiency of our GI project.



Circular Economy Model adopted in our Changrun Project in Hebei Province



Circular Economy Model adopted in our Yongxing Plant in Jiangsu Province

Water is the main raw material used to produce steam, which are then supplied to customers through our proprietary long-distance steam distribution pipelines. With the Circular Economy material usage model adopted in our Changrun Project, consumption of reclaimed water accounts for over 75% of our total industrial water consumption.

The table below sets forth the annual industrial water consumption of our Changrun Project when its four boilers (4x220t/h) are running at full capacity utilization.

Annual Consumption Of	Tons
Total industrial water	9.3 million
Reclaimed water	7.0 million

Source: Environmental Impact Assessment (EIA) Report of Changrun Project

Emissions



Manufacturing & Services (“M&S”) Business

The Manufacturing & Services business of Sunpower Group comprises the Environmental Equipment Manufacturing (“EEM”) segment and Engineering Procurement and Construction Integrated Solutions (“EPC”) segment. Caring for the environment goes beyond compliance with regulations. It is the most fundamental element of our core values, given that a significant part of our operations is directed towards achieving energy savings and reduction of pollutive emissions. We are committed to providing a better future for our planet as our top priority wherever we do business. We have invested in technology that help to reduce our environmental footprint. These initiatives will enable us to manage the environmental impact of our operations whilst providing competitive energy-savings and environmental protection solutions to our customers.

EEM Segment

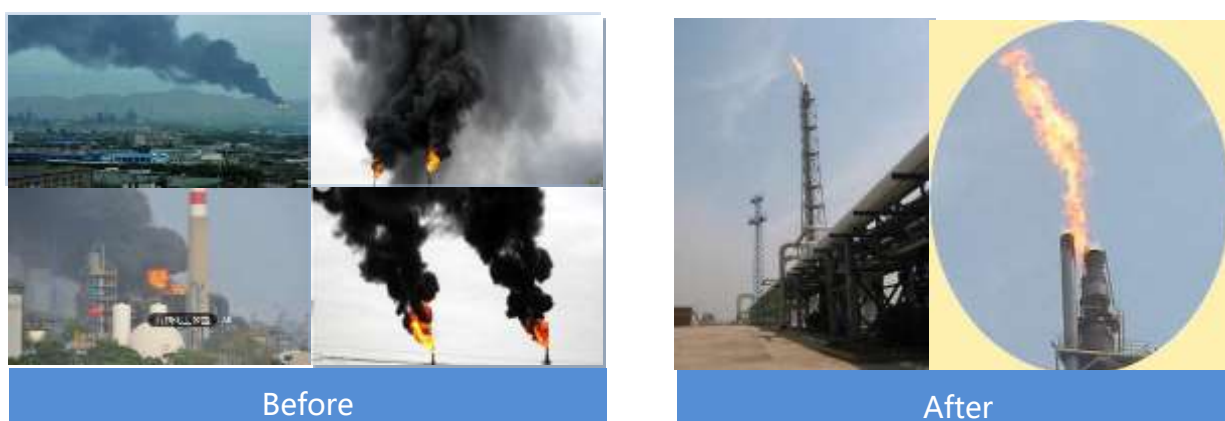
Sunpower follows strict environmental protection standards and uses various pollution prevention measures to ensure that emission standards are met. Following the principle of “separating clean from dirty”, the wastewater collection, disposal and recovery system has been improved to ensure the effective operation of the environmental protection facilities such as discharge of excess wastewater, collection of accidental spills and control of the acid pickling wastewater PH level by the acid pickling processing facility. The total sewage disposal discharge has reached the third-level control standard of the “Integrated Wastewater Discharge Standard (GB8978-1996)”.

EPC Segment

Sunpower applies proprietary technology to provide customers with comprehensive environmental solutions to achieve zero emissions and improve operational and economic performance in the cost-effective way.

Flare & Flare Gas Recovery System 火炬和火炬气回收系统

Sunpower is a specialist in all kinds of industrial waste gas treatment, such as complete turnkey engineering services for flare gas combustion emission, recovery system design, equipment manufacturing, system installation, etc. Sunpower supplies flare and flare gas recovery systems for many well-known domestic and foreign customers. It is the only officially-appointed supplier of flare systems for Shell from Asia, and is one of only three such suppliers for Shell in the world.



Case study

Provision of flare gas recovery system for our major customer



Dozens of sets of flare gas recovery equipment were successfully installed and utilized by one of our major customers to put out 6 out of 7 flares and recover the fuel gas.

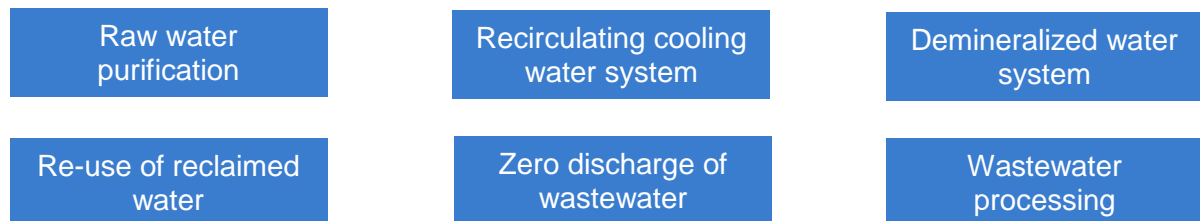
Sunpower has helped this customer to achieve environmental benefits, economic and social benefits every year, specifically in:

- Savings of flare operating expenses
- Reductions of environmental fines
- Recovery of hydrogen as a raw material.

High-salt wastewater liquid discharge system 高含盐污水零排放系统

Sunpower has patented technologies that optimizes the entire water treatment processing cycle, such as zero-emission (ZLD), closed-cycle refrigeration, integration of salt technology, multi-effect evaporation, crystallization, mixed salt recovery (SSR), low temperature energy (LTE) recycling and other advanced water treatment technologies. Sunpower can also supply process packages and core equipment, and undertake wastewater treatment projects through EPC, BT, BOT and other methods.

Business Scope:



Case study

Coal-to liquid zero-emission sewage treatment equipment



Zero-emission sewage treatment facility (coal-to-liquid)

In 2013, Sunpower undertook EPCM work for salt wastewater membrane treatment equipment and brine evaporation equipment for our customer's methanol downstream processing project. Sunpower supplied proprietary technology, technical services and key equipment for the concentrated brine evaporation equipment.

Cold hydrogenation technology (冷氢化技术) solves silicon tetrachloride pollution problem

Through the cold hydrogenation process, Sunpower successfully transformed SiCl_4 into a raw material that is used to produce polycrystalline silicon. This not only reduces pollution but also solves the handling and processing difficulties of silicon tetrachloride.

Case study

Hydrogenation System



Through technological innovation, Sunpower successfully converted harmful silicon tetrachloride into raw materials. This reduces land pollution and helps customers reduce costs and turn waste into treasure.

Green Investment (“GI”) Business

China is undergoing sweeping changes in the field of environmental protection as the green agenda takes center 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 in and operation of centralized steam and electricity cogeneration plants that leverages our proprietary technologies, management expertise and first-mover advantage. Our strategy is three-pronged – (1) invest in the development and operation of greenfield plants, (2) acquire brownfield projects and upgrade them to improve their 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 an industry first mover that provides sustainable solutions to govern smog and combat air pollution in China. 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 that of natural gas.

Environmental Protection Technology

- Low nitrogen combustion technology
- Desulphurization & denitrification technology

Energy Saving Technology

- High efficiency heat exchange technology
- Gas-gas heater technology
- Low temperature economizer technology



Emission comparison table

Emission Limit (mg/m ³)	New National Standard for New Build Coal-fired Boilers ⁽¹⁾	New National Standard for Coal-fired Power Boilers	New National Standard for Coal-fired Power Plants in Key Areas ⁽²⁾	New National Standard for Natural Gas	Sunpower’s Capability
Dust	50	30	20	5	<5
Sulphur Dioxide, SO ₂	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.

As of end-September 2018, Sunpower has seven GI projects in operation and another five projects either under construction or in 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, contributing to China's Blue Sky War.



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 aim to make greater contributions to China's green mission and help to create clean air for people to breathe.



SOCIAL



Human Resources

Our Employees

With our aim of becoming an outstanding people-centric company, we have been improving our organizational 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 all relevant national conventions, local laws and regulations to ensure gender equality and prohibit gender discrimination in employment. There has been no incidents of discrimination in FY 2017. 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.

Employee profile by job function

Function	FY 2017	FY 2016
Management and Supervisory	916	652
Research and Development Personnel	306	226
General Worker	928	655
Total	2,150	1,533

Employee profile by gender

Gender	FY 2017	FY 2016
Male	1,656	1,180
Female	494	353
Total	2,150	1,533

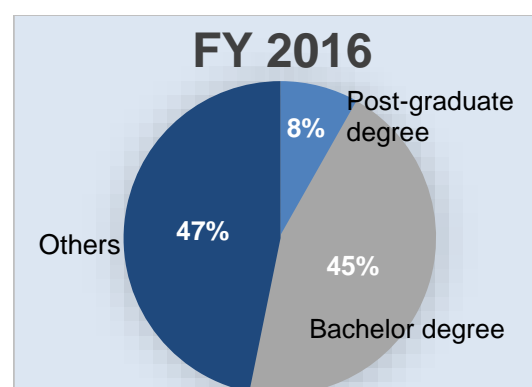
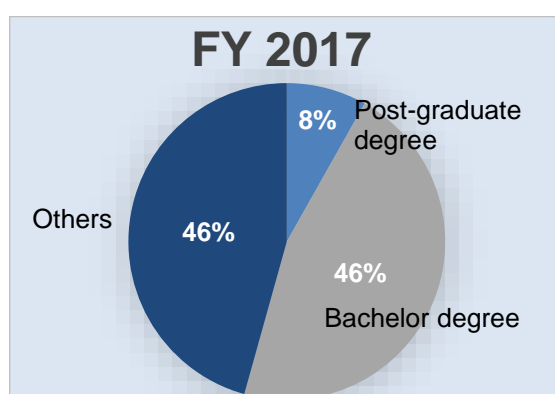
Employee profile by age

Age	FY 2017	FY 2016
Below 25 years	178	130
25 to 34 years	913	693
35 to 44 years	569	365
45 to 54 years	403	293
55 years and above	87	52
Total	2,150	1,533

Administrative employees' profile by academic qualification*

Qualification	FY 2017	FY 2016
Post-graduate degree	100	72
Bachelor degree	565	395
Others	559	411
Total	1,224	878

**Including Research & Development personnel*



Team Bonding

Sunpower organizes and arranges various forms of employee activities to enhance employees' sense of belonging to the company. The Group is dedicated toward providing various activities as part of its commitment to its staff, including mountaineering, calligraphy, outdoor tourism, sports competitions, technical innovation, on-the-job training, etc.



Corporate Culture



Sunpower pursues 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.



On 9 November 2018, Sunpower's Executive Chairman Mr. Guo Hongxin, won the Ernst & Young Entrepreneur of the Year Award 2018™ for the People's Republic of China ("PRC") in the Technology Category. Mr. Guo places great emphasis on R&D innovation and Sunpower has actively led and participated in the formulation of five national standards for heat pipes and heat exchangers within the PRC.



Permafrost treatment technology- heat pipes was adopted in the construction of Qinghai-Tibet Railway

Training and Education

At Sunpower, 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. Newly hired employees are first given the opportunity to learn on the job to familiarize themselves with our operations. Subsequently, we encourage and enable all employees to pursue professional development opportunities. In FY 2017, we provided an average of 4 hours and 25 minutes 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.



Face-to-Face



Leadership Training



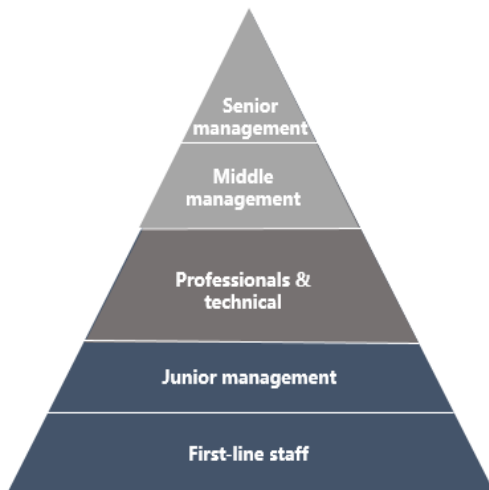
Online Training

New Staff and
Fresh Graduates
Training

Type of Training	Number of Training Sessions	Number of Attendees	Actual Training Hours
Internal	383	7,518	27,267
External	352	546	8,119

Gender	2017	2016
Male	53%	55%
Female	47%	47%

Through organizational 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.



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.

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.

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



Since its establishment in 1997, Sunpower has attached great importance to quality management. It has established, implemented, maintained and continuously improved its quality management system in strict adherence to ISO 9000 standards. In accordance with "ISO 9001:2015 Quality Management System Requirements", it uses process methods, combined with PDCA cycle and risk-based thinking, to improve the quality management system. It divides the quality management system process into three major management processes - customer-oriented process (COP), support process (SP), management process (MP) - to manage and successfully pass the new management system re-certification audit.



Occupational Health and Safety



As a reputable solutions provider in the energy-saving environmental protection business, it is critical 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 whilst creating value.

We have established a rigorous health and safety committee and programs

across our operations. We recognise our responsibility to ensure that all workers and contractors are competent and equipped to work in the safest way possible. 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 therefore 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.

Customer Health and Safety

We are also committed to ensuring that the staff of our customers stay safe and healthy. We have implemented policies and practices throughout our operations that 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. In FY 2017, there were no cases of non-compliance with regulations that resulted in fines, penalty or resulting in warning.

In the development of our new products, we take health and safety aspects into account from the very beginning. We closely monitor our compliance with 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.

Customer Satisfaction Survey



In FY 2017, we conducted a customer satisfaction survey on the customers in our M&S segment, to whom, our products and services have been delivered for 3 months. The survey included criteria such as performance, price, service, delivery and brand. We achieved a customer satisfaction score of 96.4%, exceeding our initial targeted satisfaction score of 92%.



Contribution to Society



Established scholarships at
Nanjing Technology University

Sunpower Group established scholarships at Nanjing Technology University to reward students with outstanding curricular achievements and excellent academic performances.



Blood donation

In 2016, Sunpower Group organized a blood donation event to promote the morality of selflessly helping others. Donating blood is universally seen as a mark of civilization and social progress.



Nanjing Disabled Employment Service
Award

In 2015, Sunpower Group was awarded the Nanjing Disabled Employment Service Award for providing the physically challenged with job opportunities that gave them regular salaries and welfare contributions.



Yushu earthquake donation of
thermal piles

In April 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, the main passages into the disaster area, were damaged, causing 900 kilometers of the two roads to be covered by permafrost. In July 2010, the company donated heat piles worth RMB3 million for post-disaster road reconstruction.



Wenchuan earthquake donation

In May 2008, a magnitude 8.0 earthquake occurred in Wenchuan County, Sichuan Province, causing serious casualties and economic losses. To help people affected by the disaster tide over the difficulties and rebuild their homes, the joint party organization of the company's party branch launched an "earthquake-relief love action" charitable donation. Mr. Guo Hongxin took the lead in donating money and called on all employees to support the disaster area and the people in the disaster area.



Charity and philanthropy

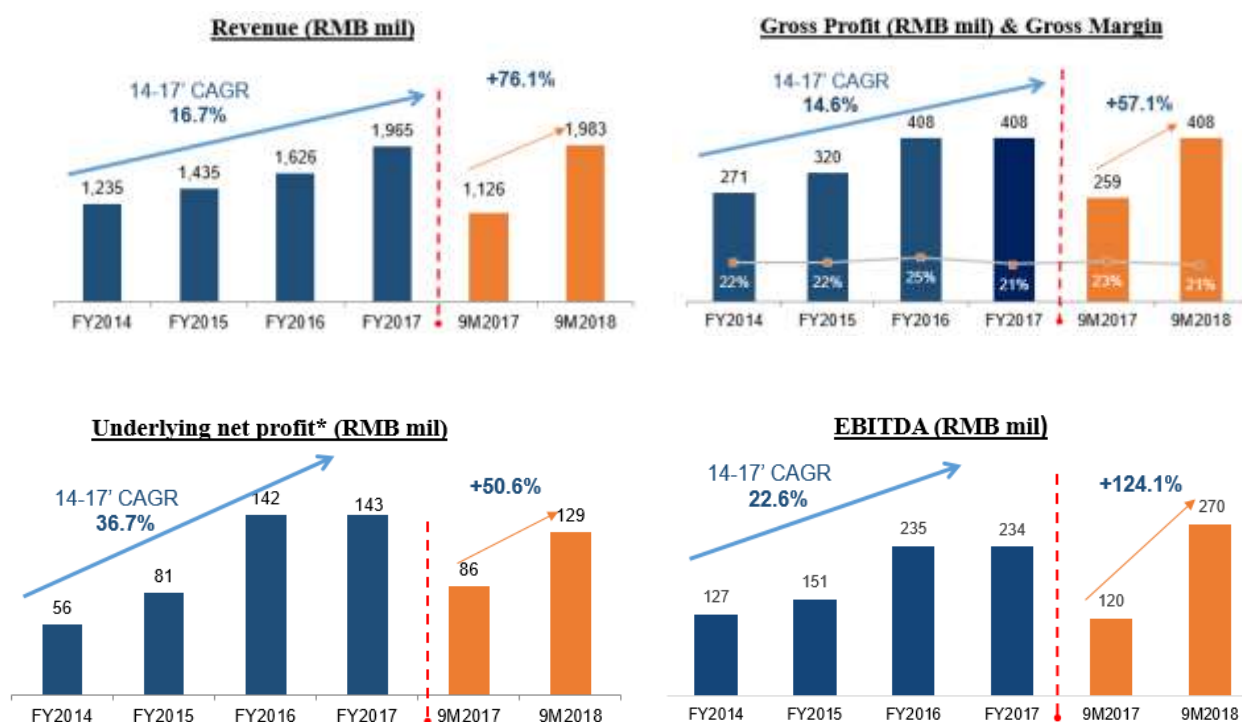
Since 2006, Sunpower has provided assistance to families in difficulties within the region.

ECONOMIC

Economic Performance

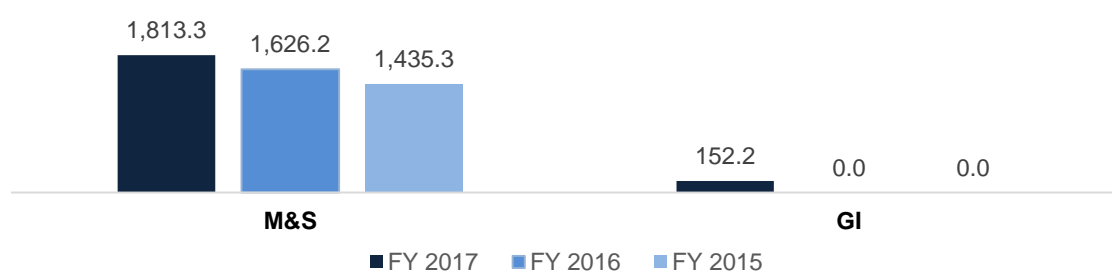
A company's financial capital and market performance depend on its ability to create a competitive edge and generate tangible value for its shareholders, customers, employees and society. Sustaining healthy profits also relies on intangible assets such as leadership quality, organizational excellence,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

The Group is proud to announce that it has achieved strong growth in top and bottom line in 9M 2018 (excluding the financial effects of Convertible Bonds), driven by the rapid expansion of its GI segment revenue to RMB419.0 million, up from RMB152.2 million in FY 2017.



*Underlying net profit is the true operating performance of the Group, after adjusting for amortised interest expenses and fair value gains or losses associated with the Convertible Bonds (CB) issued in 2017, as well as foreign exchange gains or losses.

Revenue Breakdown (RMB million)





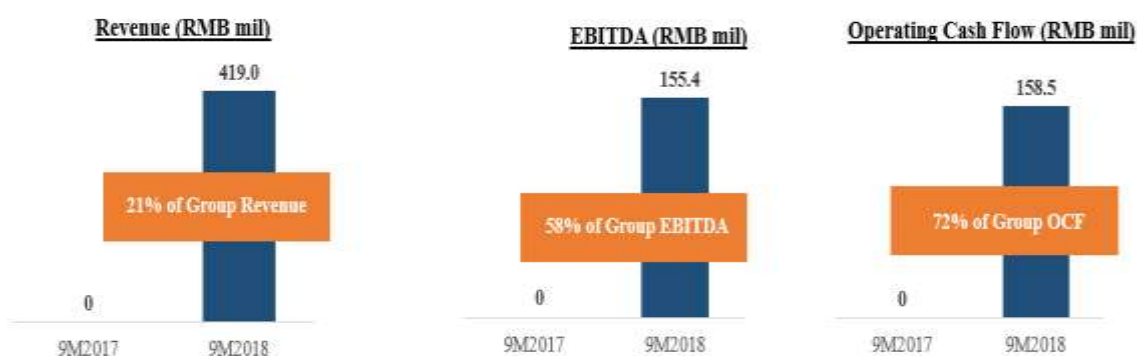
As at end-3Q 2018, the Group has an order book valued at RMB2.2 billion, increasing from RMB1.7 billion in 3Q 2017.

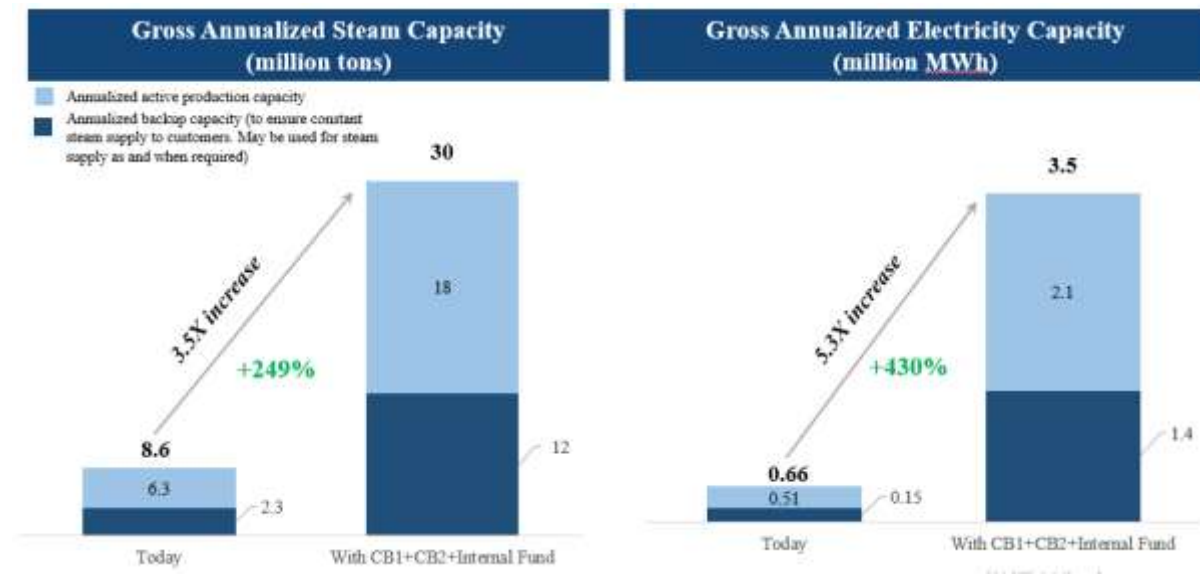
70% of our customers are repeat customers that generate recurring income for Sunpower.

Acceleration of GI business

- Growth accelerated in 3Q 2018, driven by continued ramp-up of existing projects and completion of M&A of Yongxing Plant, structurally driven by the mandatory closure of small coal boilers, industrial park relocation activities and organic growth of customers.
- GI projects are still ramping up, and the company expects to have full contribution of Yongxing Plant from 4Q 2018 and beyond.
- Despite the early stage of development, GI projects have started to generate substantial, high-quality cash flows. Organic growth in cash flow will be a funding source for further future expansion.
- The long-term Net Present Value ("NPV") of future cash flows generated by the Group's GI portfolio is expected to be substantially higher than its EBITDA contribution in 3Q 2018.

Sunpower's GI business has strongly accelerated



Sunpower is on target to build a sizeable GI portfolio

GOVERNANCE

The company has been listed in Singapore for more than 10 years and has a very established and 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.

The Group engaged an external professional service firm, Nexia TS Risk Advisory Pte Ltd ("Nexia TS"), to perform internal audit reviews and tests 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 IPO on SGX in 2005.

For more details of our corporate governance performance and practices in 2017, please refer to our Annual Report 2017, on pages 21 to 39.

Anti-Corruption

Sunpower is 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 will continually do our utmost to ensure that our business operations and processes are managed in a way that minimizes 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. During the year, there were no legal cases regarding corrupt practices that were brought against the Group or our people.

Sustainability Approach

Our Group's senior management periodically assesses focus areas where our Group can have the greatest economic, environmental, social and governance impact, as well as areas that are most important to our stakeholders. Senior management is responsible for on-going communication of such assessments to the Board of Directors. Our Group has made efforts to seek the opinions of stakeholders, either through formal or informal means. We evaluate the needs and expectations of our key stakeholder groups that are significant to our Group's value-creation strategy and strive to build mutually beneficial relationships.

Continual Commitment to enhance Corporate Governance

Sunpower is committed to conducting its business activities in an ethical, and in a socially and environmentally sustainable manner. We make sure that our business operations and processes are managed in a way that minimizes its impact on our environment. The Group recognizes the importance of ensuring a healthy and safe work environment for the well-being of our employees, and is committed to doing so. Employees are also expected to maintain the highest standards of integrity and trust in all business relationships and dealings. The Group places great emphasis on accountability, transparency, ethical business conduct and good corporate governance.

ABOUT THIS REPORT

Sustainability has become a critical factor for companies to ensure successful long-term value creation. Our Group recognizes 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 formalized 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 preparing 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 2017 to 31 December 2017 (“FY 2017”).
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
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102-4 Location of operations	5
102-5 Ownership and legal form	5
102-6 Markets served	6
102-7 Scale of the organisation	5, 29, 39
102-8 Information on employees and other workers	29
102-9 Supply chain	15
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
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102-14 Statement from senior decision maker	3,4
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102-16 Values, principles, standards, and norms of behaviour	7
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102-18 Governance structure	8
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102-40 List of stakeholder groups	13,14
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GRI Standard	Page Reference and Reasons for Omission, if applicable
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102-49 Changes in reporting	N/A
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102-51 Date of most recent report	First SR Report
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