



中聖集團

SUNPOWER GROUP LTD.

SUSTAINABILITY REPORT 2020

BE the Solution
NOT the Pollution

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ABOUT SUNPOWER

Organisational Profile

Founded in 1997 and listed on the Singapore Stock Exchange in 2005, Sunpower Group Ltd. (SGX stock code: 5GD.SI) is an environmental protection specialist that provides energy saving and environmental protection solutions. Headquartered in Najing, It has two main businesses – Green Investments (GI) and Manufacturing and Services (M&S).

On 31 December 2020, the Group announced the proposed disposal of the entire M&S business for the attractive consideration of RMB2.29 billion. On 16 April 2021, the disposal was approved by shareholders at a Special General Meeting, and it was further announced on 30 April 2021 that Tranche 1 conditions precedent including the completion of the registration in respect of the change of shareholders of Sunpower Technology by registering the Purchaser as the 100% shareholder of Sunpower Technology have been satisfied¹.

Following the completion of the disposal, Sunpower will focus its resources on developing the GI Business. As its value creator and growth driver, GI invests in and operates centralized facilities that supply industrial steam, electricity and heating. The GI Business has a proven ability to generate long-term, recurring, high-quality income and cash flows through exclusive operating concessions of typically 30 years with first right of renewal.

Within its portfolio, Sunpower has 11 GI projects, of which 9 are currently operational and is well on track to build a valuable and sizeable portfolio of GI projects that generate attractive double-digit Internal Rates of Return (“IRR”) and a high Net Present Value (“NPV”) of future cashflows.

¹ For details, please refer to the 30 April 2021 announcement titled The Proposed Disposal of the Entire Manufacturing and Services (M&S) Business of the Company – Receipt of Escrow of Consideration, Amendment to the Letter of Undertaking and satisfaction of Tranche 1 Conditions.

Our Honours and Awards

2020 CHINA ENERGY
GROUP TOP 500 LIST

THE DELOITTE BEST
MANAGED COMPANY
AWARD IN CHINA

2019 CHINA ENERGY
GROUP TOP 500 LIST

CHINA RENOWNED
TRADEMARK

EY ENTREPRENEUR
OF THE YEAR™ CHINA

NATIONAL KEY PROTECTED
BRAND

JIANGSU PROVINCIAL
WATER-CONSERVING
ENTERPRISE

MODEL ENTERPRISE FOR
PROMOTION OF LOW-
CARBON ENVIRONMENTAL
PROTECTION

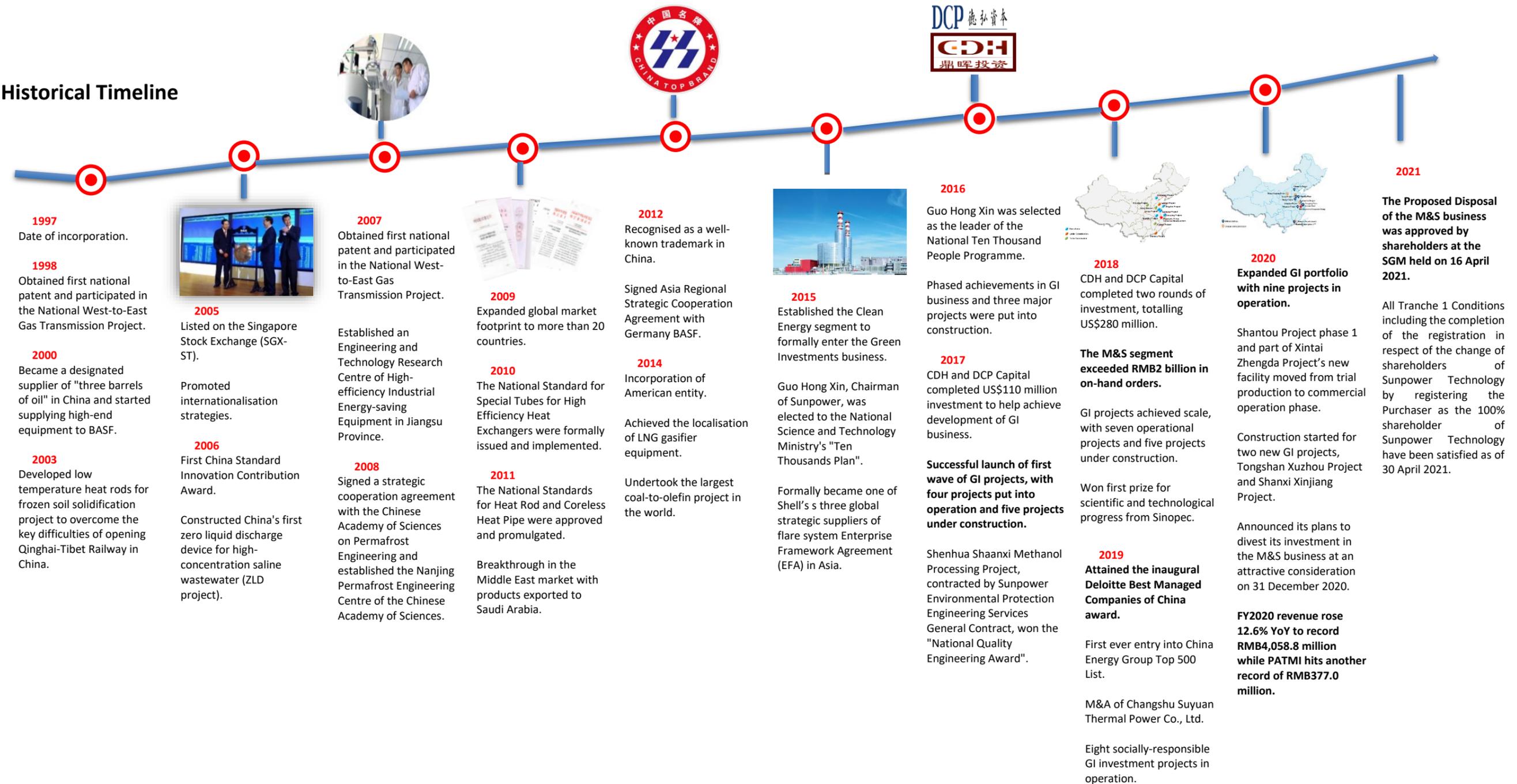


Membership of Associations

To advance its sustainability cause, Sunpower is a member of various industry bodies and civil society organisations.

Name of Association	Role or Position
China Electric Power Promotion Council, Renewable Energy Generation Branch	Member
Shandong Province Electric Power Enterprise Association	Member

Historical Timeline



Stakeholders' Message



Dear stakeholders,

On behalf of Sunpower Group and our entire global workforce, we are pleased to share our updated Sustainability Report for the financial year ended 31 December 2020 (“FY2020”), the fourth report since we first released our sustainability vision and plan. Despite the challenges of the pandemic, our business has remained healthy and reliable while our dedication to sustainable practices and environmental solutions continues to remain strong. Amidst difficult conditions brought about by the Covid-19 outbreak, the Company took prompt actions and applied a strict, scientific approach to prevent and control the pandemic throughout the year. As a result, there was zero Covid-19 infection within the whole Group during the year. With the effective management and control of the pandemic, the Company quickly resumed work and production and continued to achieve another record result in FY2020.

We are proud of our focus on managing risk, maximising efficiency and ensuring that everyone in Sunpower’s ecosystem understands the importance of operating as a responsible citizen of the world. Sustainability has become the most important factor behind our motivation to create value. Sunpower’s executives at all levels carry the message in their respective divisions, departments and teams that sustainability is a responsibility that belongs to everyone, and everyone should continue

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to strive to do better to make the Company, customers, partners and communities sustainably stronger.

In fact, sustainability has always been at the heart of Sunpower's business. Since our founding in 1997, our mission as an environmental protection specialist providing energy saving and clean solutions has been "to help shape a green future", well before climate change and climate improvement rose to the top of the global consciousness. Our GI business is actively involved in combating air pollution as our high-efficiency, ultra-low-emission GI facilities are able to replace many small "dirty" onsite coal-fired boilers and remove their harmful effects from the environment. Since the GI business started operations in 2017, Sunpower's large portfolio of GI projects, of which nine are operational, has enabled the closure of more than 600 low-efficiency small boilers and reduced harmful emissions such as sulphur dioxide (SO₂) and nitrogen oxide (NO_x) by approximately 60,000 tons annually.

In 2020, we are pleased that GI continued to grow its contributions to the Group and to provide long-term, recurring, high-quality income despite the pandemic. In FY2020, GI revenue rose 15.6% to RMB1,335.2 million while GI EBITDA grew 12.9% to RMB488.7 million. Group revenue rose 12.6% to RMB4,058.8 million and group EBITDA increased 13.0% to RMB798.2 million while group PATMI² rose 7.0% to RMB377.0 million and group underlying operating cashflow increased 17.3% to RMB535.4 million.

Following the proposed disposal of the M&S business³, the sole principal business of the Group is GI business, which has enormous growth potential as demand is structurally driven by national clean air policies, mandatory location and/or relocation of factories into industrial parks equipped with GI plants like ours, and continuing organic growth of industrial parks and customers served by our GI plants. To run more sustainably, we upgraded and reformed the plants that we acquired, such as Yongxing Plant and Suyuan Plant, to be cleaner and more efficient. Also, we implemented special projects such as the sludge incineration process treatment programme at Changrun Project, which

² PATMI refers to the "Profit for the year attributable to equity holders of the company" in the audited Consolidated Statement of Profit or Loss and Other Comprehensive Income excluding the financial effect of amortised interest expenses, fair value adjustments, foreign exchange gains or losses, and other costs associated with the Convertible Bonds and Warrants.

³ Please refer to the 31 December 2020 announcement in relation to "The proposed disposal of the entire manufacturing and services (M&S) business of the Company and the transaction IPTs; and the proposed amendments to the convertible bond purchase agreements", and 31 March 2021 circular to shareholders in relation to "The proposed disposal of the entire manufacturing and services (M&S) business of the Company as an interested person transaction and a major transaction and the transaction IPTs as interested person transactions; the proposed special dividend; the proposed amendments to the convertible bond purchase agreements; and the proposed adoption of the shareholders' general mandate for interested person transactions".

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uses sludge produced by adjacent sewage and wastewater treatment plants as a feedstock substitute, simultaneously preventing environmental pollution and lowering operating costs. In addition, we have implemented ultra-low emission measures to achieve the reduction of emission concentrations of sulfur dioxide, nitrogen oxide, and dust to below 35 mg/Nm³, 50 mg/Nm³ and 10 mg/Nm³ respectively, attaining the emission targets of gas-fired power plants under the national standard. Further, Xintai Zhengda Project in Shandong has implemented the practice of prioritising the use of urban reclaimed water from wastewater treatment plants, and other GI projects are preparing plans to follow suit. We will continue to intensify efforts to cultivate and enhance our existing GI projects with emphasis on the quality of development.

As you read the rest of this report, we thank you for your interest in our company and taking this sustainability journey with us. Sunpower will continue to strengthen the implementation of our green development strategy to achieve our corporate objective of green and sustainable development and make our contributions to help achieve the country's national objective of carbon neutrality. Sunpower will strive for the noble synergistic effects of sustainable economic development and reduction of pollution and carbon emissions to safeguard the common future and welfare of ourselves, our customers, our suppliers and most importantly, our children and future generations to come.

The Board of Directors

Sustainability Approach

The Company always upholds the core values of quality, reliability, leadership, trust and respect, commitment and accountability, innovation, efficiency and harmony in its business to achieve the sustainable development of the economy, society and environment over the long run.

The main areas of focus are:

- Implement total environmental protection solutions and adopt the circular economy model in GI projects to achieve ultra-low emissions
- Conserve the environment by optimising consumption and management of energy and water
- Respect and protect the rights, health and safety of stakeholders
- Create value for the community by promoting community development
- Encourage and support the sustainable development of our partners by providing efficient and “green” solutions



Corporate Governance

The Group has been listed in Singapore since 2005 and has built an established corporate governance system. We are committed to establishing and maintaining stable partnerships with all shareholders, employees, partners, suppliers, customers and government to create a healthy and mutually beneficial 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 have in place a set of self-regulating and monitoring mechanism, in accordance with the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore, and will continue to keep pace with developments in corporate governance to improve our practices and operating framework. We are committed to maintaining a high standard of corporate governance and 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 by all employees who are expected to conduct themselves in accordance with the expectations set out in the Group's Code of Conduct. We will take actions such as formal disciplinary proceedings if there is any unethical conduct or malpractice in relation to corruption or fraud. This moral code enhances our business relationships and corporate social responsibility.

We will continually do our utmost to ensure that business operations and processes are managed in a way that minimise their impact on the environment. In line with our commitment to a high standard of corporate governance, policies in relation to Anti-Corruption, Conflict of Interest, Insider Trading, Fraud and Whistleblowing, have been established. We have set a strong tone of zero tolerance towards dishonesty and corrupt practices. In FY2020, there were no cases of corruption brought against the Group or our employees.

The Group has engaged an external professional service firm, Nexia TS Risk Advisory Pte Ltd ("Nexia TS"), to perform internal audit reviews and evaluate critical processes, based on the internal audit plan approved by the Audit Committee ("AC") before the commencement of work each year. In addition, Sunpower has engaged Deloitte & Touche LLP as external auditors of the Group. Finally, the Group has established procedures to ensure that transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

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

For further details on Corporate Governance, please refer to Sunpower's 2020 Annual Report.

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BOARD OF DIRECTORS

Guo Hong Xin (Non-Executive and Non-Independent Director)

Ma Ming (Executive Director)

Yang Zheng (Lead Independent Director)

Lau Ping Sum Pearce (Independent Director)

Chin Sek Peng (Independent Director)

Wang Dao Fu (Independent Director)

Li Lei (Non-Executive and Non-Independent Director)

Liu Haifeng David (Non-Executive and Non-Independent Director)

AUDIT COMMITTEE

Chin Sek Peng (Chairman)

Lau Ping Sum Pearce

Yang Zheng

NOMINATING COMMITTEE

Wang Dao Fu (Chairman)

Guo Hong Xin

Lau Ping Sum Pearce

Chin Sek Peng

Li Lei

Liu Haifeng David

Yang Zheng

REMUNERATION COMMITTEE

Lau Ping Sum Pearce (Chairman)

Chin Sek Peng

Li Lei

Liu Haifeng David

Wang Dao Fu

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 considered 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
Investors & Shareholders	<ul style="list-style-type: none"> - Annual general meetings - Shareholders' circulars - Financial results briefings - Non-deal roadshows - One-on-one meetings - Group presentations - Communications and discussions 	<ul style="list-style-type: none"> - Business growth - Transparency - Timely reporting - Fair disclosure practices
Government & Regulations	<ul style="list-style-type: none"> - Regular review of legal regulations & standards, and regulatory norms - Regular risk identification, analysis and evaluation, risk control and risk management training - Internal and external audits to ensure compliance 	<ul style="list-style-type: none"> - Environmentally-friendly business approach - Compliance with regulations - Timely reporting and resolution of issues
Customers	<ul style="list-style-type: none"> - Continuous R&D innovation to develop environmentally-friendly and safe products/projects - Execute design, production and construction in strict accordance with standards, norms and management systems - Provide technical support and services - Promote energy savings and emission reduction with the concept of benefit-oriented environmental protection 	<ul style="list-style-type: none"> - Superior-quality products and solutions - Top-notch customer service - 24x7 after-sales services - Timely technical support

Stakeholder Group	Engagement Activities	Stakeholders' Expectations
Employees	<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 - Carry out health examinations for employees - Improve 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 rights and welfare - Personal development - Health and safety
Business Partners (Incl. Suppliers)	<ul style="list-style-type: none"> - Fulfill contractual obligations strictly - Enhance communication and relationship between partners - Administer strictly Code of Conduct for Procurement Personnel 	<ul style="list-style-type: none"> - Honesty and trustworthiness - Stable cooperation - Mutual benefit and win-win situation
Local communities	<ul style="list-style-type: none"> - Implement environmental management system, and environmental credit evaluation - Cleaner production that saves energy with reduced carbon emission - Participate actively 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

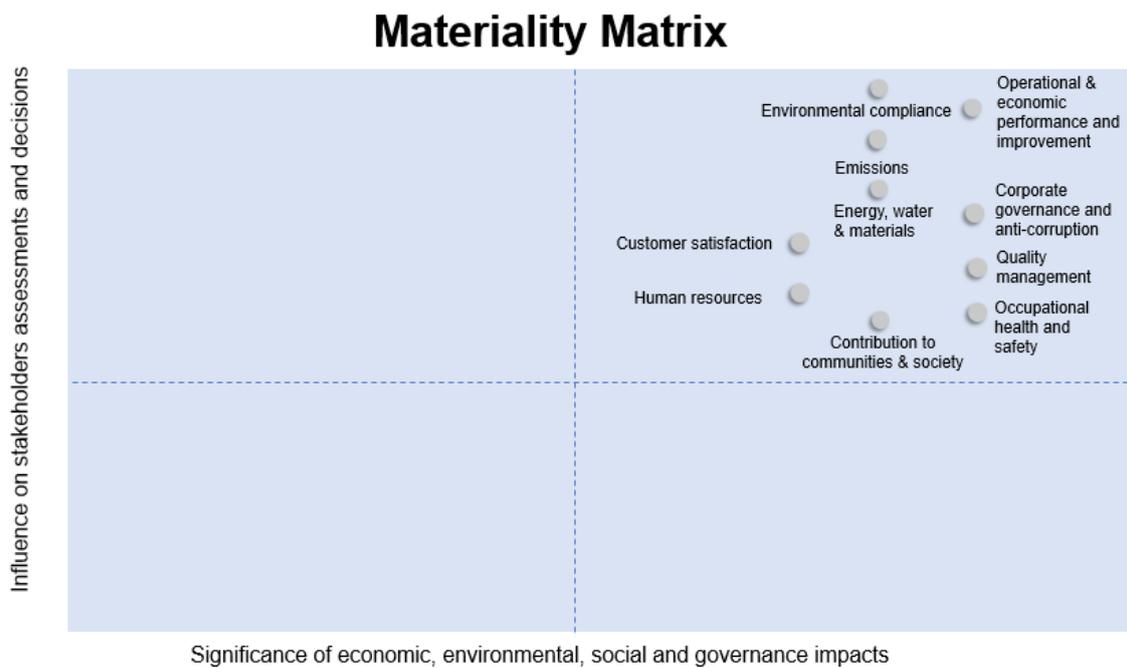
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<i>Stakeholder Group</i>	<i>Engagement Activities</i>	<i>Stakeholders' Expectations</i>
<i>Competitors</i>	<ul style="list-style-type: none"> - Abide by business ethics, anti-bribery and fair competition policies 	<ul style="list-style-type: none"> - Fair competition - Common development
<i>Media</i>	<ul style="list-style-type: none"> - News releases - Interviews with management - Financial results 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 support 	<ul style="list-style-type: none"> - Meet industry standards and baselines - Attend seminars, workshops and panels, with useful inputs offered

Material Topics

Identifying the consequences and effects of our actions and incorporating our stakeholders' concerns into our business strategy has been the basis of our sustainability management. Our materiality analysis is based on the four principles of sustainability, namely (1) economic, (2) environmental, (3) social and (4) governance. This framework helps us to gain a thorough identification of the topics that are of greatest interest to our stakeholders, so that our sustainability reporting can present the most relevant information.

Based on feedback from our stakeholders, we have finetuned the scope of factors that are material to the organisation and stakeholders in 2020, as well as the manner in which we present them. Our priorities are reflected in the Materiality Matrix below and all of our material factors are ranked high in priority at a minimum.



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The materiality assessment is endorsed by the management committee. We review our material topics every year following feedback from stakeholders and adjustments in 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.

<i>No.</i>	<i>Topic</i>	<i>Commitments</i>
1	Environmental compliance	<ul style="list-style-type: none"> - Build high-efficiency, ultra-low emission, centralised “Green Investment” projects that support the government’s drive to reduce air pollution and carbon emissions by eliminating high-emission, small, decentralised coal-fired boilers, thus helping to reduce environmental impact and to fight against climate change. - Adopt a circular economy zero-waste production model in which we use treated water and sludge from sewage treatment plants within industrial parks as feedstock, and convert our waste outputs into materials that are useable by other downstream industries in order to improve energy savings and reduce resource waste and pollution, whilst achieving ultra-low emissions for the industrial park.
2	Operational & economic performance and improvement	<ul style="list-style-type: none"> - Deliver a strong economic performance with the GI business on the back of an adaptable and reliable business model and a strong competitive edge. - Further intensify efforts to cultivate and enhance existing GI projects with an emphasis on their quality of development, such as proceeding with the planned construction of the second phases of some existing projects; harnessing our experience and technology to upgrade and revamp certain GI projects where necessary in order to raise operational efficiency; and continue to execute comprehensive initiatives for further cost control and efficiency improvements, wherever possible.

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3	Emissions	<ul style="list-style-type: none">- Continuously contribute towards bringing back blue skies to China and help fulfill China's mission of protecting and restoring the ecological environment by capitalising on our management expertise, circular economy model, and innovative technologies.- Achieve ultra-low emissions through the four "zero emission" practices, namely (1) the use of energy-saving, environmental protection technology and long distance steam distribution pipeline technology to enable our own facilities to basically achieve the zero-emission standard that is comparable to natural gas; (2) the use of desulfurisation and denitrification technology to convert SO₂ and NO_x in flue gas into compound fertiliser products in order to achieve zero waste discharge; 3) the use of sludge drying and incineration technology to help local industrial parks to dispose of the untreated sludge, thereby helping the parks to achieve zero emission of waste; and (4) providing clean and green industrial steam to the enterprises within the industrial parks to help customers themselves achieve zero emissions.
4	Energy, water & materials	<ul style="list-style-type: none">- Reduce energy, resources and materials consumption continuously through the active development and implementation of conservation measures and comprehensive utilisation of resources, such as implementing the sludge drying and incineration project to use waste sludge from sewage treatment plants as a substitute for the coal feedstock, thus reducing the use of feedstock as well as reducing the cost. In addition, the GI projects' solid waste, such as fly ash, wet dregs and desulfurised gypsum, is also converted into raw materials used by fertilizer and building material factories to achieve the harmless reuse of waste.- Reduce water consumption and water contamination particularly through the use of recycled and treated water by ensuring the collection, disposal and recovery of waste water discharged from all activities, and preventing negative effects on local water sources.
5	Corporate governance and anti-corruption	<ul style="list-style-type: none">- Stay abreast of the latest developments in the relevant code of corporate governance, and educate and uphold good corporate governance practices across all levels of the organization.

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6	<i>Customer satisfaction</i>	<ul style="list-style-type: none"> - <i>Achieve high levels of satisfaction and good reputation through delivering high-quality products to end-users that meet or exceed customer requirements and form a win-win relationship with customers.</i>
7	Quality management	<ul style="list-style-type: none"> - Operate in accordance with regulations to ensure stable operation of facilities to produce quality products. - Meet or exceed customers' expectations.
8	Occupational health and safety	<ul style="list-style-type: none"> - Create a culture of health and safety that supports practices associated with the highest workplace standards and processes. - Strictly implement the occupational health and safety management both inside and outside the Company.
9	Human resources	<ul style="list-style-type: none"> - Cultivate an engaged workforce by attracting, developing, and retaining talented and qualified employees, and subsequently providing meaningful work and attractive and fair compensation through competitive wages and benefits as well as job security for employees. - Implement enlightened HR policies that place importance on gathering staff feedback through trusted mechanisms on company practices; work to fulfil their training needs; and ensure gender equality and prohibition of gender discrimination in employment.
10	Contribution to communities & society	<ul style="list-style-type: none"> - Manage impacts and bring benefits to the communities where we operate; engage in dialogue with local communities and develop relationships with key community stakeholders; be accessible, transparent, and proactive in addressing concerns or grievances; and maintain feedback and grievance mechanisms. - Give back to society in the course of its development, and continuously make its investment in public welfare and social responsibility.

ENVIRONMENT

Green Investment Business



Sunpower's GI business invests in and operates centralised facilities that can provide "clean and green, ultra-low emission" industrial steam, electricity and heating. The GI business helps to improve energy savings, reduce air pollution, and enhance the infrastructure of the industrial parks where GI projects are located through the application of the circular economy model and advanced technology on environmental protection and energy conservation, delivering long-term economic, environmental and social benefits.

As a major emitter of greenhouse gases, the energy industry shoulders significant responsibilities in conserving energy and reducing emissions. Therefore, Sunpower has undertaken major measures to mitigate the potential risks from climate change, including the revamping and transformation of plants, phasing out outdated production facilities and improving the clean production of plants.

1. Use of Technology to Reduce Pollutive Emissions

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Sunpower helps to fulfill China's mission of protecting and restoring the ecological environment. Sunpower capitalises on the Group's management expertise, and employs circular economy model in certain projects, and most importantly, uses its innovative technologies, including energy-saving, environmental protection and long distance steam distribution technologies as well as the know-how to reform and upgrade acquired plants to (a) increase geographical reach to customers and achieve economies of scale, (b) reduce the use of feedstock, and (c) enable its own facilities to achieve the ultra-low emission standard that is lower than natural gas. As the facilities that support sustainable development of the economy, GI projects have helped eliminate more than 600 high energy consumption, pollutive coal-fired boilers, and reduced the emissions of dust, sulfur dioxide and nitrogen oxide by over 60,000 tons every year.

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
Sulfur 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 Ecology and Environment of PRC

2. Improve the Energy Efficiency

Sunpower adheres to the *Energy Conservation Law of the People's Republic of China*, and has established and implemented a supervision and management system for energy conservation and emissions reduction. Through a well-established science-based management system, we continually promote the use of new technologies, materials, processes and products and optimise the energy consumption structure. The members of Sunpower's management spearhead the overall deployment of energy management work, and carry out supervision and assessment while the project companies set up the positions on energy management in the functional departments to perform the responsibilities of daily management and supervision. Sunpower formulates energy-saving work plans annually, which set clear, scientific, and reasonable energy management assessment goals based on

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the characteristics of the industry where Sunpower operates in and benchmarked against international and domestic standards. Sunpower breaks down the goals of the work plan to the levels of project companies, departments and teams and attains continued improvement of energy management performance through timely monitoring and data analysis. Each project company seeks to maximise the potential of the



equipment, and enhances energy efficiency through technical and management measures such as unit transformation and capacity upgrade, small unit shutdown, energy saving and efficiency improvement of key equipment. The Flue Gas Drying Sludge and Comprehensive Utilisation Technical Transformation Project of Changrun Project uses waste heat of flue gas of boilers to dry sludge, achieving reduction, stabilisation and harmless treatment of sludge waste. In addition, Sunpower encourages the recycling and reuse of energy and resources in solid waste, while disposing and neutralising sludge safely and in an environmentally-friendly manner to achieve energy savings, a reduction in emissions and the development of a circular economy.

3. Actively Participate in Carbon Emissions Trading

Carbon trading is a market mechanism used to promote reduction in global greenhouse gas emissions and global CO₂ emissions, and is helpful towards promoting a transition to a green and low-carbon economy. Sunpower has commenced the drafting of the *Sunpower Clean Energy Carbon Asset Management Standard* in accordance with *Guidelines on Enterprises Greenhouse Gas Emissions accounting and reporting - Power Generation Facilities* and *Measures for the Administration of Carbon Emissions Trading (for Trial Implementation)*. This standard specifies that operating projects are required to carry out the work including inspection, verification and monitoring of carbon emissions as well as accounting, clearing, and trading of carbon quota.

4. Training and Education in Environmental Protection

Sunpower reinforces the awareness of energy saving and environmental protection concepts, and cultivates understanding of environmental protection among the employees of the respective project companies. At the same time, the project companies also independently provide training on environmental protection basics, environmental protection technical supervision, environmental protection management, etc., achieving full coverage of all aspects of environmental protection. In

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2020, there were a total of 4178 attendees for the EHS trainings in the Green Investments segment with training hour amounting to 13,000 hours.



5. Adhering to a Green Way of Production

- (1) **Assist in the prevention and control of air pollution:** in order to achieve the 2020 goal of the national *Three-year Action Plan for Winning the Blue Sky War*, Sunpower continues to strengthen the supervision and management of air pollution prevention and control in accordance with the requirements of *Air Pollution Prevention and Control Law of the People's Republic of China*, and adopts a series of measures such as using cleaner production technology and technological transformation to reduce emissions and harness potential benefits. In response to the national emission reduction plan on coal-fired power plants, Sunpower has implemented ultra-low emission transformation of projects in phases to achieve the reduction of emission concentrations of sulfur dioxide, nitrogen oxides, and soot in ultra-low emission units to below 35 mg/Nm³, 50 mg/Nm³ and 10 mg/Nm³ respectively, which attains the emission targets of gas-fired power plants under the national standard.

- (2) **Water pollution treatment and recycling of water resources:** while striving to save water resources and reinforce recycling, Sunpower exercises strict control over the treatment and discharge of industrial wastewater in accordance with the Law of the People's Republic of China on Prevention and Control of Water Pollution and local emission standards. Water used for unit maintenance and washing of all kinds of mechanical equipment will be collected and treated for reuse; the treatment of wastewater from chemical cleaning and boiler shutdown protection follows the plan for liquid waste treatment developed in advance, ensuring all wastewater is discharged into the sewage treatment plant and treated for reuse. With respect to the recycling of water resources, in order to reduce using water sources from natural water bodies and groundwater, Sunpower's GI projects give priority to the use of reclaimed water treated by

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wastewater treatment plants based on actual operating conditions. For instance, the Changrun Project has signed a contract with a sewage treatment plant to use reclaimed water as production water for boilers and the Company also plans to use the reclaimed water in New Facility of Xintai Zhengda Project. Meanwhile, for efficient use of water resources, water saving technologies such as closed cooling water circulation, flue gas dehydration and increasing concentration ratio of circulating water are preferred to reduce freshwater loss.

- (3) **Management of solid waste pollution and comprehensive utilisation of solid wastes:** improper disposal of solid wastes can cause groundwater or soil pollution. Sunpower strictly abides by the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, reducing waste generation from the source, and supervising and managing the entire process of waste collection, storage, transportation, utilisation and disposal to prevent environmental pollution incidents. Sunpower complies with the requirements of laws and regulations such as the Management Measures for Transfer of Hazardous Waste and is determined to reduce the generation of hazardous waste from the sources. It entrusts qualified hazardous waste disposal organisations for the disposal of hazardous wastes in a compliant manner, and operates a joint single management system for hazardous waste management, ensuring that hazardous waste is properly stored, transferred, treated, tracked and supervised, so as to prevent the spread of secondary pollution from hazardous waste and reduce the impact on the environment.

In terms of the comprehensive utilisation of solid waste, we adhere to the concept of “turning waste into wealth”. Sunpower strives to reduce the generation of waste on one hand, and actively explores ways to maximize the utilisation of waste resources on the other hand. Many of Sunpower’s GI projects are actively exploring coal & sludge blending combustion technology to perform the blending of coal and sludge in boilers, which achieves large-scale synergistic treatment of sludge and use of the heat produced from sludge combustion for steam supply and power generation. Therefore, the Company enables the repurposing and reusing of sludge and has applied the sludge disposal technology in the Company’s Changrun Project, Yongxing Plant and Shantou Project. In addition, many solid by-products such as fly ash, wet trash, and desulfurised gypsum produced by GI projects are excellent raw construction materials.

Consumption of Water and Electricity in the Group’s GI business in 2020

Category	2020
Water consumption for production (tons/RMB)*	0.0010
Electricity consumption for production (kWh/RMB)*	0.1353

*notes:

- 1) The water consumption for production does not include the amount of water used as raw material to produce steam.
- 2) The electricity consumption for production refers to the amount of electricity consumed in production and business operation activities.

Green Lifestyle and Working

Sunpower encourages employees to start with ordinary, everyday actions, such as saving a kilowatt-hour of electricity, a drop of water, and a piece of paper; turning off electrical power after work, and checking power usage in public areas; setting up waste water recycling bins and waste paper recycling bins in the office area and encouraging the reuse of paper; proactively advocating and practicing garbage classification in response to the government’s call; proactively coordinating the establishment of public bicycle parking spots at the company’s entrance to encourage green modes of transport among employees. It purchased and deployed video conferencing systems and encouraged participation in video conferences so as to reduce long-distance travel. In addition, it called on the staff actively participate in the annual



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tree planting activities and making contributions to greening, and creating a green, low-carbon work and life environment.

In order to boost employee morale in fighting against the pandemic in 2020, Changrun Project, with the support of its general manager, actively organised tree planting work for the spring season alongside the work of pandemic prevention and control. The company was able to achieve both goals of pandemic control and making the environment greener, and armed with a positive attitude, it has helped its employees build confidence in overcoming the pandemic and transitioning smoothly back to normal work and production.

SOCIAL RESPONSIBILITY

Internal Occupational Health and Safety Management

1. Production Safety

(1) **Safety risk investigation:** in order to control safety risks in the production and operation process, Sunpower regularly performs risk identification, including HSE operation risk evaluation, regional risk evaluation, post safety risk evaluation etc., develops prevention and control measures based on the level of risks, and conducts regular on-site safety inspections on the production process to investigate all hidden dangers. Taking the geographic location, seasonal characteristics and major risks in the project site into account, the safety inspections focus on inspection of the construction sites, high-risk areas such as ammonia areas and oil depots or the weak links, such as coal transportation systems; upon discovery of problems and hidden dangers following on-site inspection, an assessment report is submitted and the rectification date is determined, as part of the closed-loop management for rectifying hidden dangers.

- In 2020, the GI project companies had no minor (level I) and major injury accident and various safety indices were up to the standards, achieving safe production throughout the year.
- Zero environmental pollution accidents and accidents with major social impact, while various environmental emission indicators meet the standard.
- Zero explosive accidents and zero misoperation accidents with pernicious influence
- Zero fire accidents and zero traffic accidents of major level or above
- No information security emergencies of major level or above occurred

In terms of HSE management of projects under construction, Sunpower implements systematic HSE management throughout the entire process of construction, which focuses the goal of “zero accidents, zero injuries, and zero pollution” through strengthening awareness of red lines within the operations and cementing the structure of responsibility. Thus, each GI project under construction has established a complete HSE management system and conducted an all-round management of health, safety and environmental protection in the process of construction.

Sunpower continuously improves HSE supervision and management measures for the construction site, puts into place management of on-site HSE risks, the operation permits and emergency response, and strengthens assessment and diagnosis consultation in the

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implementation of the HSE management system. Sunpower also implements both a mechanism of incentives and penalties tied to the results of HSE supervision to ensure that it has a tighter control of on-site HSE management and that the potential risks, hazard to society, and damage to the environment are reduced to a minimal level in the project construction.

- (2) **Create a culture of safety:** promoting the development of a corporate culture of safety as a new idea and strategy in modern safety management, forms an important basis in Sunpower's aim to enhance the standard of safety management. In 2020, Sunpower conducted various comprehensive EHS culture development activities across its project companies at all levels, including taking the safety oath, signature-themed events, lectures by the general manager, watching of educational films on prevention, experiential safety education, learning of typical industry accident cases, safety regulation knowledge questions and answers, various safety competitions, competitions on equipment operational skills, etc., to progressively build a culture of mutual assistance and friendship as well as contribution towards safety.

- (3) **Conduct safety emergency drill:** Sunpower attaches great importance to the pre-emptive prevention, in-process control and follow-up management of safety accidents, and conducts targeted emergency skills training and emergency evacuation drills for all employees to minimise any loss caused by accidents, keeping all personnel and property safe, and maintaining a normal order of production and life. In 2020, our GI project companies carried out a variety of safety emergency simulations, including: flood prevention, escaping from a high point, fires, commuter bus traffic accidents, high-pressure steam pipeline leaks, with the aim of continuously improving emergency management and response capabilities, and strengthening the ability of employees to help themselves and others in an emergency.



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2. Protection of Occupational Health

In order to protect the health of employees, Sunpower conducts occupational health examinations for all employees exposed to occupational hazards, and has established the *Occupational Health Management Standards*, which provides clarity on the management responsibilities and daily occupational health duties required across various functional departments and positions. Sunpower continues to improve the level of occupational health standards on the back of a well-built management mechanism through establishing occupational health records, clearly informing employees of occupational hazards and preventive measures, regularly organising occupational health examinations, hiring a third-party testing agency to detect and announce occupational hazards, and providing qualified labour protection products as required by the laws. As such, Sunpower has not had any incidence of occupational diseases for many years. In 2020, in order to further spread the knowledge of occupational disease prevention and control, and reinforce employees' awareness about and ability of self-protection, Sunpower organised a variety of distinctive occupational health promotion activities in response to the activities centred around the publicity week for the "Law on the Prevention and Control of Occupational Diseases in 2020" sponsored by National Health Committee.



3. Pandemic Prevention and Protection

During the pandemic, Sunpower and its affiliated project companies established the pandemic prevention and control office immediately, formulated a comprehensive pandemic prevention and control scheme and emergency plan, and generated daily statistics, updates and reports on the health of staff, pandemic prevention supplies and pandemic prevention policies. It also actively organised video-based training on pandemic prevention and control and resumption of work and production, which enhanced employees' awareness and knowledge of pandemic prevention and control, and thus

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ensured zero infections during the pandemic. Moreover, this also helped achieve the quick resumption of work and production of its downstream users and provide a stable supply of heating for people's lives.



External Occupational Health and Safety Management

1. Creating Safe and Stable Conditions for Customers' Production

To ensure stability in the production activities of heating users in extreme weather conditions such as heavy rains and strong winds, especially under the influence of typhoons, the project companies developed and enforced strict implementation of emergency plans. All staff are on 24-hour standby, maintaining their vigilance throughout the emergency period. Having been trained under various severe weather conditions, they are able to respond to emergencies in a quick and fearless manner.

2. Full-coverage Occupational Health and Safety Management

Throughout 2020, the Group's HSE Department implemented a full-coverage management to prevent and control the pandemic with a rigorous, scientific and professional approach, covering canteens, vehicle fleet, administration, office work, commuting of employees, and anyone who visited the Group. In addition, all visitors were required to sign the letter of commitment to personal health information and the Company provided HSE training and education for the visitors to ensure that they wore personnel protective equipment properly before entering the office area and the plants.



Our People

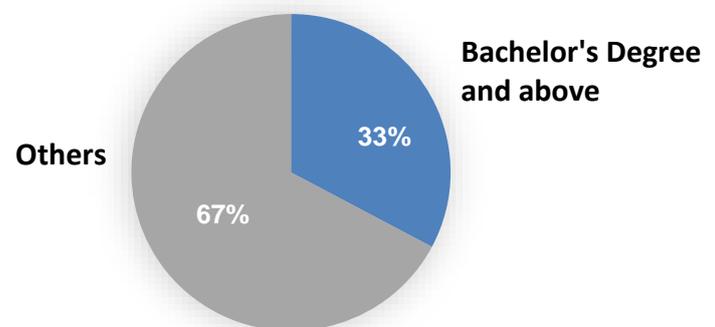
1. Protection of Human Rights

Sunpower strictly abides by laws and regulations including the *Labor Law of the People's Republic of China*, *Contract Law of the People's Republic of China*, *Social Insurance Law of the People's Republic of China*, *Regulations of Paid Annual Leave of Employees*, *Regulations on Work-related Injury Insurance* and *Law on the Guarantee of the Rights and Interests of Women* and upholds an employment equity policy. It has zero tolerance for any form of employment discrimination, opposes hard labor and has established a system on recruitment, development and promotion regardless of gender, ethnicity, belief, and age to ensure that the human rights of all employees are protected.

2. Protection of Rights of Labour

We have formulated the *Employee Handbook* in accordance with the laws, and established a complete labour contract system to safeguard the basic rights and interests of our employees. Through equal and friendly consultation with employees, the labour contracts are signed based on the principles of lawfulness, fairness and honesty. The labour contracts specify the rights and obligations of both parties and policies on salary, dismissal, recruitment and promotion, working hours and holidays to safeguard and protect the legitimate rights and interests of employees.

EMPLOYEES



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Employee profile by gender

<i>Gender</i>	
<i>Male</i>	931
<i>Female</i>	218
<i>Total</i>	1,149

Employee profile by age

<i>Age</i>	
<i>Below 25 years</i>	61
<i>25 to 34 years</i>	397
<i>35 to 44 years</i>	313
<i>45 to 54 years</i>	326
<i>55 years and above</i>	52
<i>Total</i>	1149

Employee profile by job function

<i>Function</i>	
<i>Management and Supervisory</i>	482
<i>General Worker</i>	667
<i>Total</i>	1,149

Administrative employee profile by academic qualification

<i>Qualification</i>	
<i>Bachelor's degree and above</i>	158
<i>Others</i>	324
<i>Total</i>	482

Note: The numbers of employees exclude the statistics from the Manufacturing and Services segment following the Group's divestment of this business segment.

Contribution to Society

Sunpower is always committed to giving back to society in the course of its development, with the interests of society and the public welfare at heart and its corporate values closely aligned with social values. After the outbreak of Covid-19, Sunpower responded to the government's call for prevention and control of the pandemic and a quick resumption of work and production, while it continued to shoulder its social responsibility and carry forward its tradition of helping the distressed and the poor and contributing to society to support the pandemic prevention and control, social stability and market supply in China. The Group donated 56,000 surgical masks, more than 670 sets of infrared warm-up clothing and other badly-needed pandemic prevention supplies to the communities and partners at home and abroad. Apart from donating of supplies, Sunpower, as an energy-



saving, environmentally-friendly enterprise, fully harnessed its technical strength to make contribution to domestic pandemic prevention and control. In the face of the pandemic, Sunpower immediately established an emergency response mechanism on ensuring steam supply and developed an operational mode and technical measures for supplying steam to enterprises producing key pandemic prevention supplies through a separate supply chain to ensure that these enterprises were able to quickly resume work and production. With continuous steam supply from Lianshui Project, Yongxing Plant and Quanjiao Project, Quanjiao Yonghe Feed Co., Ltd and Anhui Quanjiao Future Feed Co., Ltd could resume work and production immediately, which guaranteed fodder supply for downstream farmers and thus stabilised food supply; one customer of Yongxing Plant managed to deliver the urgent orders for raw materials of protective clothing for manufacturing finished product; Arbidol produced by Jiangsu Lianshui Pharmaceutical Co., Ltd. rolled off the production line successfully and was used by the Health Commission of Hubei Province and key hospitals. Therefore, Sunpower provided a strong guarantee for energy supply in winning the battle against the pandemic.

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Moving forward, Sunpower will continue to uphold the spirit of contribution through a long-term commitment to charitable causes.

Training and Education

Sunpower attaches great importance to the cultivation of industry professionals, devotes resources in various job training programs and assists staff to participate in skills training and enhance their expertise. In 2020, we worked out targeted training programs for staff in different positions to meet the training needs of employees. Sunpower establishes a staff training management system to provide corresponding training for each employee, and continuously guides them in achieving their personal development goals.

Meanwhile, Sunpower encourages employees to explore opportunities for enhancing the professional competence in accordance with their personal development goals and the Group’s business needs, while supporting and encouraging employees to pursue higher education for personal development.



Face-to-Face



Leadership Training



Online Training



New Staff and Fresh Graduates Training



Note: The numbers of training sessions, actual training hours and attendees exclude the statistics from the Manufacturing and Services segment following the Group’s divestment of this business segment.

Corporate Culture

Sunpower upholds a corporate culture of pragmatism, innovation, efficiency and harmony. Over its development of more than 20 years, Sunpower has strived to create a model of corporate culture of assistance and collaboration, value enhancement and accountability, which combines concepts in the Doctrine of the Mean with modern management methods.

A culture of assistance and collaboration: Sunpower highly advocates the building of teamwork culture - inheriting traditional culture, integrating apprenticeship into modern enterprise management practices and innovating the apprenticeship training model, where old employees assumed roles in teaching, assisting, and guiding the new employees, and mutual learning and progress is promoted between the newer and older employees to shorten the period for employees to fit into their posts. We have established and implemented a mentorship system that focuses on rapid passing of knowledge and skills within the Group. The implementation of apprenticeship system and mentorship system not only helps new employees break the barriers to integrating into the enterprise quickly, but also enables the standardized reproduction of production technology, working methods and inheritance of cultural ideas, thus building an interpersonal relationship and a cultural of assisting and teaching.

A culture of value enhancement: Sunpower encourages employees to pursue new heights in their careers - we have established a technician engagement system and clearly shown the career development direction for employees and constantly improved the career development mechanism. In addition, we founded the Sunpower Management College to focus on strengthening the ability in management, professional competence and professionalism of the employees on the basis of the employee competency model. We also incubated and established the innovation studio to organise learning, subject research and skill innovation. We keep creating a harmonious environment for employees to grow together and achieve success with the enterprise, to maximise the value of employees and the enterprise.

A culture of accountability: the highest virtue and social commitment. Sunpower seeks to achieve the harmonious development of the enterprise with society and environment in its actions, and for years, it has made prominent contributions to poverty alleviation through job creation, education,



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earthquake relief and providing assistance to vulnerable groups. It has received commendations by the government, civil affairs departments and charitable organisations.

In the course of the development for many years, Sunpower has been practicing the business philosophy of “Refined Management, Standardized Process, Professional Services and Internalisation of business” and always upholds the corporate value of “Pragmatic, Innovative, Efficient and Harmonious” to strive to achieve the vision of “To Satisfy Employees, Customers and Shareholders and to Win Social Respect”.

Team Building

Team building activities help lead employees to cooperate with others more efficiently. These activities allow individuals to showcase their different skills and solutions to a problem so that employees can understand how they can make best use of each other's talents and abilities at work. Fun activities enable our employees to get to know each other and develop a better understanding of each other, and strengthens mutual trust by encouraging employees to focus on their common ground instead of their differences. We regularly organise team building activities to further enhance our employees' sense of belonging to the company.

In 2020, the Group organised a series of matches for basketball, badminton, table tennis and football in what was dubbed the "Sunpower Cup". Throughout the competition, participants demonstrated a high degree of motivation and morale as they overcame their psychological pressure and tension to remain in prime competitive state. The participants achieved excellent results with their indomitable fighting spirit. Amongst the six participating teams in the competition, the GI team performed admirably and clinched the championship in the basketball final match, men's table tennis double final match and men's table tennis single final match, as well as the runner-up in the table tennis men's single final match and in the football game. In addition, the orderly and effective organization of the competition also reflects the Group's strong team cohesion and fighting spirit.



SUSTAINABLE DEVELOPMENT

Supply Chain Management

Sunpower has established a procurement information management system to share supplier information between the Group and its subsidiaries, and sets up a supplier database to implement unified management of suppliers.

Sunpower has also drafted *Punishment Mechanism for Suppliers with unethical or illegal behaviour*, which clearly defines the identification process for such suppliers. In accordance with the mechanism, suppliers with dishonest conduct in bidding activities and contract performance will be included into the dishonest supplier database, and suppliers who exhibit unethical or illegal behaviour shall be prohibited from winning any contract bid from the Group within a specified time. In addition, suppliers who enter into bids are required to furnish documentary evidence that they are free of any involvement in bribery cases and submit a statutory declaration that all bid documents and information provided are true. Bidders must also comply with relevant national laws and regulations in bidding activities, and shall not offer commercial bribery of any kind. Sunpower regularly assesses and evaluates its suppliers in terms of production quality, after-sales service, project safety, environmental protection.

Quality Management

Quality management plays a crucial role in our growth and performance. Since inception, we have placed great emphasis on quality and consider quality management as an integral part of our business operations. We ensure the stable operation of our production equipment by operating in strict accordance with the established procedures and regulations so that we may provide products that meet the needs of our users. The Group's downstream steam users cover multiple industries with different requirements for steam pressure and temperature, and thus we adapt steam products to the different requirements of the customers.

At the same time, we strictly manage and control the quality of our projects. Sunpower has in place a steam allocation scheme for downstream users that allocates steam in advance and in accordance with their production time. During the rare cold wave in end-2020 that extended into the beginning of 2021, staff at our GI projects in Northern China were on 24-hour standby for our heat users, and adjusted the steam allocation between industrial and civil heat users in a timely manner to ensure that all users were able to ride out the cold wave at home.

Innovation and Technologies

Sunpower is committed to reducing consumption of fuel and pollutant emissions, and actively adopts innovative energy-saving and environmental protection technologies, long distance steam distribution pipeline technology and sludge drying and incineration technology.

- **Environmental Protection Technology**

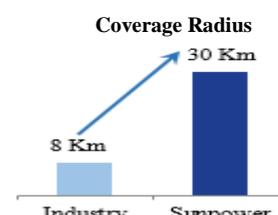
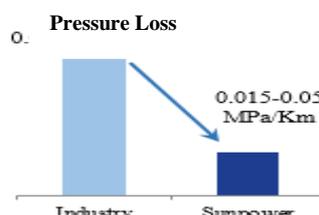
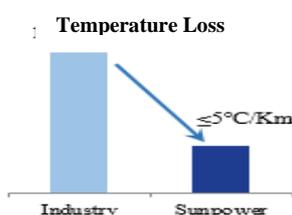
- Low nitrogen combustion technology to maximise combustion efficiency to reduce NO_x emission
- Desulfurisation and denitrification technology to effectively prevent aerosol contamination, convert SO₂ and NO_x in flue gas into compound fertiliser
- Technology to eliminate haze and ammonia escape to eliminate dust, aerosol and white smoke

- **Energy Saving Technology**

- High efficiency heat exchange technology to increase boiler efficiency through high efficiency heat exchange and comprehensive utilisation of waste heat
- Gas heater technology to recycle the heat of flue gas and reduce water consumption as well as improve the efficiency of desulfuriser to reduce air pollution
- Low temperature economizer technology to reduce flue gas temperature, improve boiler and desulfurisation efficiency and reduce water consumption

- **Long Distance Steam Distribution Pipeline Technology**

- Increase geographical reach to captive customers. Achieve economies of scale
- Reduce feedstock
- Minimize pressure and temperature loss in transmission



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- **Sludge Drying and Incineration Technology** to lower feedstock cost and repurpose the waste
- **Reform and Upgrade Technology** to improve operational efficiency



Economic Performance

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

In spite of the challenges posed by the pandemic in 2020, the Group's business remained healthy and reliable. With continuing strong operational execution, Sunpower outperformed with record FY2020 results that exceeded the convertible bond performance target of RMB370 million. Group revenue rose 12.6% YoY to RMB4,058.8 million, group EBITDA increased 13.0% YoY to RMB798.2 million and group PATMI improved 7.0% YoY to RMB377.0 million. Underlying operating cashflow grew 17.3% YoY to RMB535.4 million.

The GI business continued to grow its contributions and provide long-term, recurring, high-quality cash flows to the Group despite the pandemic due to its strong execution capabilities in rapidly resuming and maintaining normal operations. GI revenue rose 15.6% YoY to RMB1,335.2 million while GI EBITDA grew 12.9% YoY to RMB488.7 million,

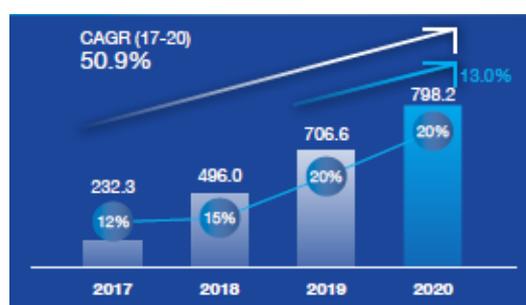
Group Revenue (RMB'Million)



Group Gross Profit & Gross Margin (RMB'Million)



Group EBITDA (RMB'Million)



PATMI (RMB'Million)



(1) PATMI refers to the "Profit for the year attributable to equity holders of the company" in the audited Consolidated Statement of Profit or Loss and Other Comprehensive Income excluding the financial effect of amortised interest expenses, fair value adjustments, foreign exchange gains or losses, and other costs associated with the Convertible Bonds and Warrants..

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which reaffirms Sunpower's reliable and adaptable business model as well as the strong growth potential of the GI business.

As GI projects are still ramping up with additional contribution from new plants anticipated, the long-term Net Present Value ("NPV") of future cashflows generated by the GI business is expected to be substantially higher than the latest reported period⁴.

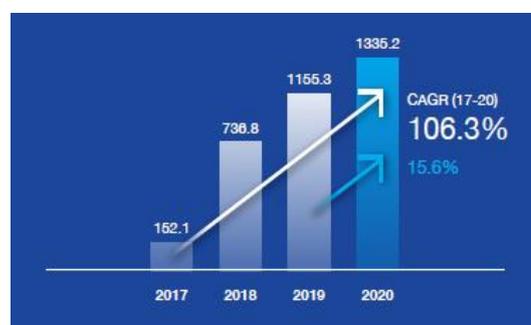
With the quality of the Group's earnings and cashflow continuously enhanced by GI's long-term, recurring, high-quality contributions, Sunpower has grown into a company with long-term, recurring, high-quality income and cashflow. Looking ahead, the Group will continue to seek suitable opportunities to expand the GI portfolio and intensify efforts to cultivate and enhance the existing GI projects with emphasis on the quality of development.

Group Underlying Operating Cashflow (RMB'Million)

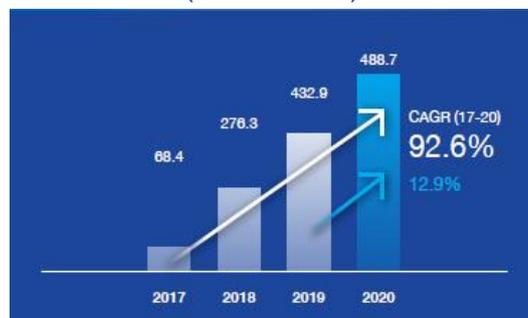


(2) Underlying operating cash flow, excluding CB interest of RMB19.7 million.

GI Revenue (RMB'Million)



GI EBITDA (RMB'Million)



⁴ Based on the company's long-term discounted cashflow forecasts

Customer Satisfaction

Customer satisfaction is mainly contingent on the quality and reliability of our products and services. Customer feedback is a vital tool for us to understand the needs of our key stakeholders. Through this feedback, we are able to streamline internal work processes, improve quality management and service quality. Fair dealing is always our fundamental business principle. Comments and feedback from customers and other interested parties typically include consultation, complaints, compliments or suggestions.



We ensure that complaints from customers and other interested parties are addressed in a professional, just, timely and responsible manner, and that our decisions are clearly communicated to our customers. We are committed to consistently exceed customer expectations while complying with all applicable laws to continually improve our performance.

In 2020, we conducted a customer survey and obtained more than 95% on our Customer Satisfaction Index (CSI). In addition, we have garnered strong support and unanimous praise for our products from our customers. We did not receive any complaints in 2020 arising from a failure to meet quality requirement of our users.

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 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 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 comply with the requirements of 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 2020 to 31 December 2020 (“FY2020”).
Accessibility & Feedback	We are fully committed to hearing from our stakeholders and we welcome feedback on this report or 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	1
102-2 Activities, brands, products, and services	1
102-3 Location of headquarters	1
102-4 Location of operations	1
102-5 Ownership and legal form	1
102-6 Markets served	1
102-7 Scale of the organisation	1
102-8 Information on employees and other workers	31, 32
102-9 Supply chain	39
102-10 Significant changes to the organisation and its supply chain	NIL
102-11 Precautionary principle or approach	26-30
102-12 External initiatives	NIL
102-13 Membership of associations	2
Strategy	
102-14 Statement from senior decision maker	4, 5, 6
Ethics and Integrity	
102-16 Values, principles, standards, and norms of behaviour	4, 5, 7, 8, 9, 36, 37
Governance	
102-18 Governance structure	8, 9, 10
Stakeholder Engagement	
102-40 List of stakeholder groups	12, 13, 14
102-41 Collective bargaining agreements	NIL
102-42 Identifying and selecting stakeholders	11, 12, 13, 14
102-43 Approach to stakeholder engagement	11, 12, 13, 14
102-44 Key topics and concerns raised	15, 16, 17, 18

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GRI Standard	Page Reference and Reasons for Omission, if applicable
Reporting Practice	
102-45 Entities included in the consolidated financial statements	Annual Report 2020 – Corporate Structure
102-46 Defining report content and topic boundaries	46
102-47 List of material topics	15, 16, 17, 18
102-48 Restatements of information	NIL
102-49 Changes in reporting	NIL
102-50 Reporting period	46
102-51 Date of most recent report	Sustainability Report released on 27 May 2020
102-52 Reporting cycle	46
102-53 Contact point for questions regarding the report	46
102-54 Claims of reporting in accordance with the GRI Standards	46-49
102-55 GRI content index	47-49
102-56 External assurance	We have not sought external assurance for FY2020
103-1 Explanation of the material topic and its boundaries	19-45
103-2 The management approach and its components	19-45
103-3 Evaluation of the management approach	19-45
201-1 Direct Economic value generated and distributed	43, 44 Annual Report 2020 – Consolidated Statement of Profit or Loss and Other Comprehensive Income
205-1 Confirmed incidents of corruption and actions taken	8
302-1 Energy consumed within the organisation	24
303-1 Interactions with water as a shared resource	22-23
303-2 Management of water discharge-related impacts	22-23
303-5 Water consumption	24
305-7 Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions	20, 22

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GRI Standard	Page Reference and Reasons for Omission, if applicable
403-1 Workers representation in formal joint management – worker health and safety committees	26-28
404-1 Average hours of training per year per employee	35
404-2 Programs for upgrading employee skills and transition assistance programs	35
405-1 Diversity of governance bodies and employees	8, 9, 10, 31, 32
406-1 Incidents of discrimination and corrective actions taken	NIL
416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	26



BE THE **SOLUTION**
NOT THE **POLLUTION**

● **SUSTAINABILITY REPORT 2020**

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