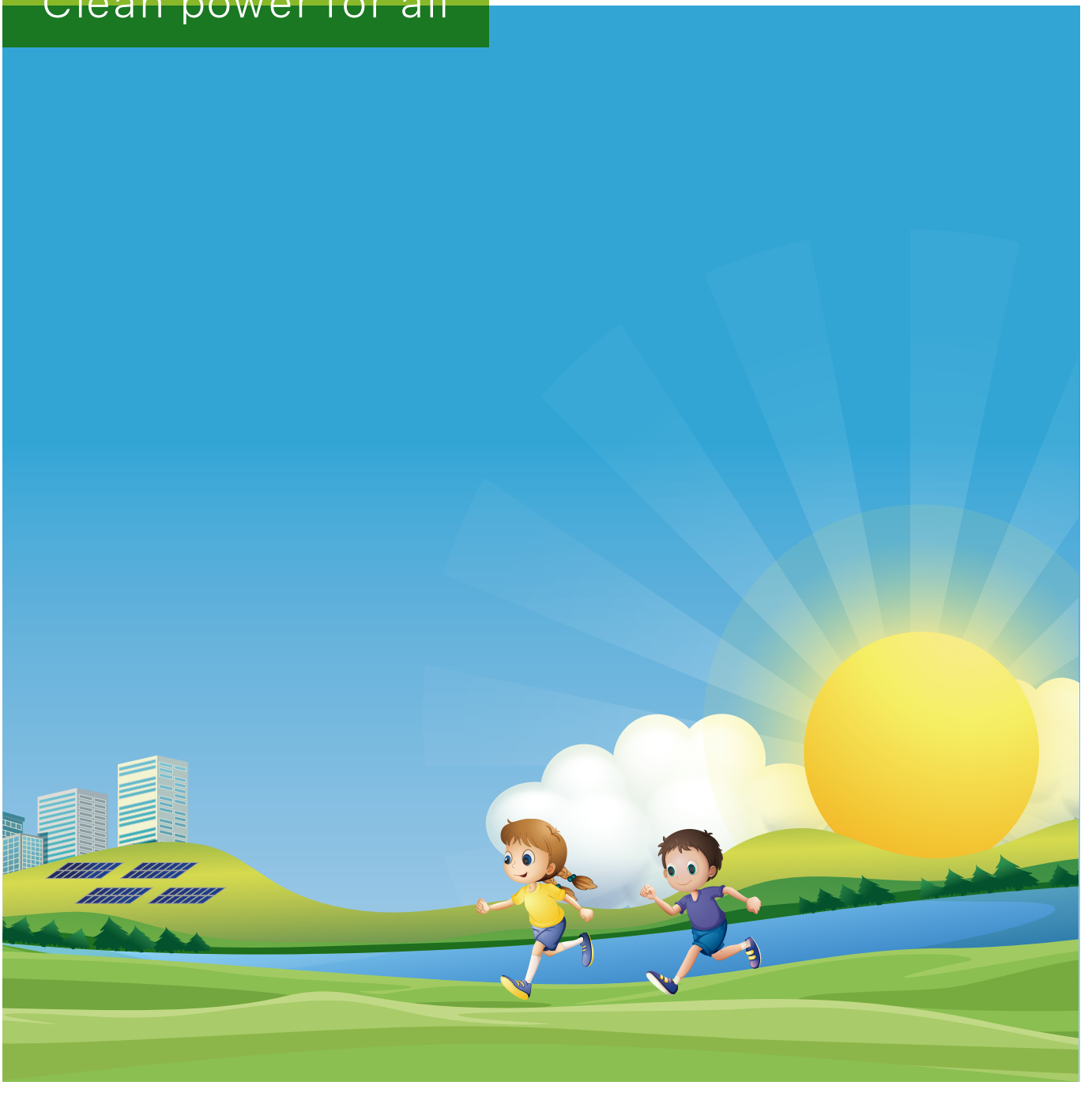
SUNGROW

Sungrow Power Supply Co., Ltd.

2017 Corporate Social Responsibility Report

Clean power for all



Message from the President

Dear friends from all circles,

With the continuing and profound changes in today's global energy structure and economic development mode, Sungrow seizes the opportunities of speeding up ecological civilization, building a "Beautiful China", and accelerating the transformation of energy structure, closely follows the strategy of sustainable development, implements innovation-driven development concept, actively responds to China's Belt and Road Initiative, shoulders the new mission of "Clean power for all", advances towards the goal of "Being the global leader of clean power conversion technology", and has opened a new chapter in its development.

Sungrow further highlighted clean power conversion technology in 2017, steadily promoted business development, maintained its leading position in the market and competitiveness, and successfully completed the goals at the beginning of the year. Sungrow reached 60,000,000kW installed capacity in the global market at the end of 2017, and continued to deliver green clean power globally. In addition, Sungrow, on the basis of ensuring the rapid development of each business, strives to achieve eco-friendly development, employer brand enhancement, and social welfare, has also launched new photovoltaic innovation demonstration projects such as water surface utilization in coal mine subsidence areas, remediation and treatment of heavy metal-contaminated soil, actively responds to national "targeted poverty alleviation" strategy, cares for the poverty and teenagers, and continuously enriches the connotations of its social responsibility management system.

On these grounds, Sungrow hereby released this CSR Report, which aims to communicate and interact with stakeholders in respect of economy, environment, society, and understand the situation and listen to any external feedback. Based on the values of "Sincere & Pragmatic, Precise & Open, Customer Oriented", Sungrow continuously highlights the long-term and sustainable value creation of the Company and its stakeholders, and strives to realize their value enhancement through the provision of first-rate clean energy products and services while realizing its own sustainable development and value sharing of stakeholders. Sungrow ultimately promotes social responsibility and sustainable development in every aspect of its business, and considers social responsibility and sustainable development as the basic criteria for employee behaviors.

Sungrow stays determined to forge ahead and fulfills its corporate social responsibilities. In the future, Sungrow will shoulder the great trust of customers, investors, employees, and all parties involved in the society, focus on our core competence, take a new look and spirit on the international energy stage, and build itself into a respectable global first-rate enterprise with the most effective actions for promoting the construction of ecological civilization, and providing clean power for all.

Cao Renxian

President of Sungrow Power Supply Co., Ltd.

About the Report

This Corporate Social Responsibility Report 2017 ("CSR Report") is released to the public by Sungrow Power Supply Co., Ltd., for the purpose of truly reflecting the Company's development and practice of corporate social responsibilities in 2017, and helping stakeholders deeply understand the Company's business operations.

Basis for Preparation: This CSR Report, with reference to the CSR preparation requirements of the Guidelines for Preparation of CSR Reports of Chinese Enterprises issued by the Chinese Academy of Social Sciences, is prepared based on the core program of "Global Reporting Initiative" (GRI) G4 Sustainability Reporting Guidelines ("G4 Guideline") and in accordance with the Guidelines for Social Responsibilities of Listed Companies of the Shenzhen Stock Exchange.

Time Range: From January 1, 2017 to December 31, 2017.

Release Cycle: This CSR Report is released on an annual basis, and the previous report was released in May 2017.

Scope of Report: The scope covered herein is consistent with that specified in the Annual Report 2017of Sungrow Power Supply Co., Ltd .released on China's A-share stock market.

Disclosure of Report: This CSR Report is disclosed after the disclosure of the Annual Report 2017 of Sungrow Power Supply Co., Ltd. The financial data as involved herein are consistent with those as disclosed in the Annual Report 2017 of Sungrow Power Supply Co., Ltd. released on China's A-share stock market. Unless otherwise stated, the currency mentioned herein is denominated in Renminbi Yuan.

Description of Names and Title: Sungrow Power Supply Co., Ltd. as mentioned herein is referred to as "Sungrow", "the Company" or "We" based on the specific circumstances, and Sungrow's holding subsidiaries/entities are referred to as "Member Enterprises" herein, in order to facilitate presentation and reading. This CSR Report also defines the full names and abbreviations of enterprises mentioned herein, more fully described in the "Directory of Major Enterprises" as below.

Access to Report: This CSR Report is made in both Simplified Chinese and English, with paper-based and electronic versions. The electronic version hereof is available on the Company's official website (www.sungrowpower.com). In case of any discrepancy between the Simplified Chinese version and English version, the simplified Chinese version shall prevail.

Verification of Report: Sungrow has entrusted an external agency that operates independently and has no conflict of interest with Sungrow to implement an independent verification on the Simplified Chinese version of this CSR Report, and issue a verification statement in both Chinese and English. The verification scope of this CSR Report includes Hefei Headquarters and Jinzhai Plant.

Contact Information:
Company Name: Sungrow Power Supply Co., Ltd.
Address: No.1699, Xiyou Rd., New&High Technology Industrial Development Zone, Hefei, P.R.China.
Postal Code: 230088
Tel.: 0551-65327808 (Brand Center)
E-mail: csr@sungrowpower.com

Contents

02 **Message from the President**

03 **About the Report**

05 **Company Profile**
About Sungrow
Brand Culture
News in 2017
Performance in 2017
Honors & Awards in 2017

19 **Corporate Governance**
Corporate Strategy
Standard Governance
Internal Control
Business Ethics
CSR Management

33 **Sungrow and Customers**
Excellent Quality
First-rate Service
Communication & Exchanges

39 **Sungrow and Investors**
Investor Service
Information Disclosure

43 **Sungrow and Suppliers**
Management System
Sustainable Development
Communication & Exchanges

47 **Sungrow and Environment**
EHS Management System
Green Operation
Health and Safety

61 **Sungrow and Employees**
Sustainable Development of Talents
Organizational Development
Harmony in Sungrow

71 **Sungrow and Society**
PV Poverty Alleviation
Public Welfare Activities

77 **Exhibit**
Directory of Major Enterprises Disclosed in this CSR Report
Verification Statement
GRI4 Index
Notes on Forward-Looking Statements
Feedback Form

Company Profile

About Sungrow

Located at New&High Technology Industrial Development Zone, Hefei, China, Sungrow Power Supply Co., Ltd. (Stock code: 300274) operates as a state-level key and high-tech enterprise specializing in R&D, production, sales and services of new energy equipment, such as solar energy, wind energy, electric vehicles, mainly provides photovoltaic inverters, wind energy converters, energy storage systems, new energy automotive driving systems, water surface photovoltaic floating bodies, smart energy operation and maintenance services, and commits itself to providing world-class PV power station solutions.

Since its establishment in 1997, Sungrow has always engaged in the field of new energy power generation, adhered to market demand orientation, technological innovation as a power source for its business development, and established a professional R&D team with rich R&D experience and strong independent innovation capabilities. Sungrow, one of the very few companies in the industry mastering multiple independent core technologies, has successively undertaken more than 20 major projects of national science and technology plan, presided over the drafting of multiple national standards.

Photovoltaic inverter, Sungrow's core product has passed multiple international authoritative certifications and testings such as UL, TÜV, CE, Enel-GUIDA, AS4777, CEC, CSA, VDE, and been sold in bulk to more than 50 countries including Germany, Italy, Australia, the United States, Japan and India. Sungrow has cumulatively installed 60,000,000kW of inverter equipment in the global market as of the end of 2017.

Sungrow has successively won such titles as the "National Key New Products", "China's Famous Brand", "China's Top 30 New Energy Enterprises", "Global 500 New Energy Enterprises", "National Business Enterprise of Observing Contract and Valuing Credit", "Best Employers in Anhui Province", and "Forbes China's Most Potential Enterprises". Sungrow is identified as a state-level post-doctoral research workstation enterprise, national high-tech industrialization demonstration base and national accredited enterprise technology center, with its comprehensive strength ranking first class in the global new energy power generation industry.

In the future, Sungrow will shoulder its new mission of "Clean power for all", accelerate the development of photovoltaic power generation system integration business based on the new energy equipment business, innovate and expand new business in the field of clean power conversion technology, keep close to customer demands, actively participate in global competition, and strive to build itself into a respected world-class company.

Brand Culture

Mission, Vision and Values

Mission: Clean power for all

Vision: To be the global leader of clean power conversion technology

Values: Sincere & pragmatic precise & open customer oriented

1.Brand Upgrade

Since its establishment in 1997, Sungrow has highlighted technological advancement and market development in the field of inverters and gradually developed into an industry leader. Standing in the new historical stage, Sungrow entered a new stage for its development, and continuously extended its business fields. Sungrow is facing a new topic that how brand contributes to the upgrading and extension of business strategy, and how to open a new chapter in the new era.

In 2017, Sungrow upgraded its brand strategy, established the core value orientation of “Clean power for all”, the business orientation of “system provider centralized in clean power conversion”, the personalized image orientation of “seeking truth and being pragmatic, forging ahead with determination”, and the corporate vision of “being the global leader of clean power conversion technology”.

Core value orientation

The core value/mission of Sungrow-“Clean power for all” is not just a slogan but also a reason and mission for our existence. We should:

Devote ourselves to promoting technological progress and innovative applications in the industry;

Improve the availability of clean power equipment and systems, reduce costs, increase profits, help customers and the industry improve their effectiveness, and boost the transition from an efficiency era to an effectiveness era in the industry;

Facilitate industry progress in a multi-field and system-wide manner from the single inverter to equipment, systems and services, and ultimately enable everyone to enjoy clean power.

2.Business Orientation
We are a clean power technology holder and system provider centralized in clean power conversion.

In the field of technology, we aim at higher-efficiency, higher-integration and smarter clean power conversion technology, carry out a series of technical R&D, overcome and transform a number of industry frontier and common key technologies, and form technological innovation network with international influence and competitiveness to satisfy major demands for future planning and industrial innovations;

In the field of business, we focus on clean power conversion technology, and develop into a “system supplier centralized in clean power conversion” from the original “inverter leader”. Based on technologies, we carry out high-efficiency equipment supply, power station system development, operation and maintenance services, and help customers improve efficiency from a single inversion link to system-wide availability of equipment and systems, reduce costs, and increase revenues.

In the industry, Sungrow constantly innovates in technologies and applications based on professional experience for over two decades, provides solutions to clean power economic problems with “high effectiveness ” as the direction, and boosts the transition from an efficiency era to an effectiveness era in the industry.

3.Personalized image orientation
We should carry forward the spirit of “seeking truth, being pragmatic and forging ahead with determinations” instead of exaggerating, following blindly, sticking to old ways and giving up.

We advocate pragmatic and rigorous work spirit, objective and honest personal style, and in-depth insight into the development of the industry and customer demands, and diligent in thinking about solving work problems;

In the field of technology, we should make continuous innovations and breakthroughs, identify goals, take the initiative, and up-and-coming, and have the spirit of fighting and persisting.

In the field of equipment and systems, we commit ourselves to making technological innovations and helping customers continue to enhance effectiveness;

In the field of services, we improve security systems, reduce the cost of operation and maintenance, pass on capacity, and establish the concept of effectiveness.

4.Corporate Vision
To be the global leader of clean power conversion technology

Technology is in our company gene, and technological progress and precedence are our core pursuits;

We focus on the clean power field and are good at inverters, power stations and other conversion technologies.

We should participate in global competition with world-class height and technology, and become the leader in global clean power conversion technology. The leader should take the lead in all aspects, especially in conversion technology, market service, process management, human resource reserve, talent strategy and other aspects.

In this context, Sungrow has also fine-tuned its brand image.

The new logo continues the original “SUN” and “GROW” letters. The former highlights the brand industry attributes and we will not live up to every glare and strive to deliver clean power to millions of households. The latter means growing together which expresses the Company will always focus on customer demands, overcome inertia, embrace changes, improve efficiency, and serve customers.

The logo after the adjustment is simpler, and reflects the Company’s modern and international brand image with a sense of technology. Sungrow, with its light, efficient, amiable and dynamic posture, joins hands with partners, quickly responds to market changes and realizes its solemn commitment to customers. It also shows that the Company’s determination and confidence for actively participating in the international division of labor, and grasping the global right to speak in the field of clean power conversion technology.

News in 2017

Sungrow continued to lead the global inverter market, launched a dozen of new products, covering large-scale PV power stations, PV poverty alleviation, distribution, Front Runner and other markets, of which, overseas shipments exceeded 3GW, and distributed inverter shipments increased by 140%

Sungrow Floating Body Factory was put into operation, and the coal mining subsidence area was transformed into 190MW world's largest floating power station, drawing global attention

Sungrow's energy storage business entered the Japanese high-end large-scale market for the first time, and the 12MWh frequency regulation project was successfully delivered in the United States

Distributed Smart Energy Innovation Platform led by Sungrow settled in Hefei Comprehensive National Science Center.

Sungrow's micro grid and energy internet project were selected as the demonstration projects of National Energy Administration, and "PowMart Integrated Energy Service Platform" was launched

"Choose Sungrow for More Power", SUNHOME became the world's first household system brand certified by TÜV in Germany, with a national layout

E-power Technology Co., Ltd. successfully equipped with well-known automobile enterprises such as FAW, Zotye, Brilliance Auto, Yogomo, with its shipments increased by 4 times compared to the previous year

Sungrow invested RMB 30 million to build the world's leading 10-millimeter EMC laboratory, which has been verified by CNAS

Sungrow grandly held its 20th anniversary and established a new mission of "Clean power for all" and a new vision of "To be the world leader in clean power conversion technology"

Sungrow was listed on "Top 100 Innovative Enterprises in Mainland China in 2017", and was honored with "National Innovation Model Enterprises", "China's Patent Excellence Award" and "National Intellectual Property Demonstration Enterprise"

Sungrow's PV poverty alleviation business helped over 100,000 poverty-stricken households and 1,200 poor villages across the country, and all 12 campus caring power stations were connected to the grid for power generation

Performance in 2017

Business Performance

In 2017, Sungrow guided by philosophy of “perseverance, innovation, dedication, responsibility and customer achievement”, vigorously explored overseas markets based on domestic markets, strengthened marketing capacity of inverters and energy storage on overseas key markets, continued to optimize product structure, upgraded system solutions, strengthened R&D capacity building, actively launched new products, improved existing products and the core technology of main products, and also rapidly developed its PV power station system integration business.

In 2017, the Company achieved an operating income of RMB

8,886,060,068.67

an increase of **48.01%** over 2016.

Major Accounting Data and Financial Indicators in Annual Reports of Sungrow for the Recent Three Years

Item	Year of 2017	Year of 2016	Year of 2015
Operating income (RMB)	8,886,060,068.67	6,003,662,456.20	4,569,247,182.81
Net profit attributable to shareholders of listed companies (RMB)	1,024,196,698.41	553,613,069.28	425,402,044.47
Net profit attributable to shareholders of listed companies after deducting net non-recurring gains and losses (RMB)	921,829,838.78	503,541,173.25	389,228,649.47
Net cash flow from operating activities (RMB)	855,355,841.99	865,792,599.19	-326,656,272.78
Basic earnings per share (RMB/share)	0.71	0.41	0.33
Diluted earnings per share (RMB/share)	0.71	0.41	0.33
ROE	15.47%	12.60%	16.35%
	As of the end of 2017	As of the end of 2016	As of the end of 2015
Total assets (RMB)	16,248,005,972.55	11,656,799,146.66	6,783,116,579.55
Net assets attributable to shareholders of listed companies (RMB)	6,943,775,881.83	5,949,438,965.83	2,814,074,093.06

During the report period, the Company’s power station system integration business also achieved significant growth, and the annual income increased by 42.07% over 2016. Moreover, the Company played an active leading role in the nation-focused Front Runner Program and PV poverty alleviation.

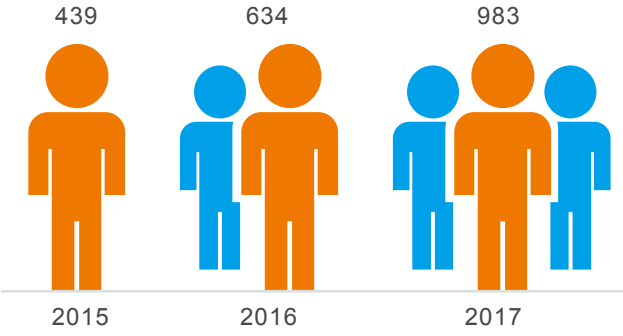
Item	Station scale (MW)	Location	Business model	Progress	Inverter supply
Yingshang Poverty Alleviation Project	18.6	Fuyang, Anhui	EPC	Already connected to grid	Self-supplied
Zongyang PV Poverty Alleviation Project	8.65	Tongling, Anhui	EPC	Already connected to grid	Self-supplied
Sheqi PV Poverty Alleviation Project, Henan	4.185	Nanyang, Henan	EPC	Already connected to grid	Self-supplied
Wangjiang PV Poverty Alleviation Project	9.282	Anqing, Anhui	EPC	Already connected to grid	Self-supplied
Construction Project of Shucheng County PV Poverty Alleviation (Phase II)	11.742	Lu'an, Anhui	EPC	Already connected to grid	Self-supplied
Dongtang Project, Renhua County	150	Shaoguan, Guangdong	BT	Already connected to grid	Self-supplied
Zhangpu Salt Field Project (Phase I), Fujian	35	Zhangzhou, Fujian	BT	Already connected to grid	Self-supplied
Hongtu Wuqing Rooftop PV Power Generation Project, Tianjin	9	Tianjin	BT	Already connected to grid	Self-supplied
Wanzhuang Logistics Park Photovoltaic Project (Phase I), Henan	6.971	Anyang, Henan	BT	Already connected to grid	Self-supplied
Yangquan Project	50	Yangquan, Shanxi	Self-sustained	Already connected to grid	Self-supplied
Lingshou County PV Project, Shijiazhuang	1.96	Shijiazhuang, Hebei	EPC	Already connected to grid	Self-supplied
Wannian Project (Phase I), Jiangxi	35	Shangrao, Jiangxi	BT	Already connected to grid	Self-supplied
Gongchu Logistics Rooftop PVPower Generation Project, Jiangxi	7	Nanchang, Jiangxi	BT	Already connected to grid	Self-supplied
Yihuang PV Poverty Alleviation Project, Jiangxi	20	Fuzhou, Jiangxi	EPC	Already connected to grid	Self-supplied
Caoxian PV Poverty Alleviation Project, Shandong	80	Heze, Shandong	PPP	Already connected to grid	Self-supplied
Fengtai Farm Project	2	Huainan, Anhui	EPC	Already connected to grid	Self-supplied
Xiaoxian PV Poverty Alleviation Power Station Project	20	Suzhou, Anhui	Self-sustained	Already connected to grid	Self-supplied
Yuhang Rooftop PV Power Generation Project, Hefei	5	Hefei, Anhui	BT	Already connected to grid	Self-supplied
Landisi Rooftop PVPower Generation Project, Jiangsu	12	Xuzhou, Jiangsu	BT	Already connected to grid	Self-supplied
Yongqiao District Poverty Alleviation Power Station Project	11.4	Suzhou, Anhui	EPC	Already connected to grid	Self-supplied
Zhongxian PV Power Station Project	100	Chongqing	BT	Already connected to grid	Self-supplied
Linquan Poverty Alleviation Project	98	Fuyang, Anhui	EPC	Already connected to grid	Self-supplied
Macheng Nengtou PV Agriculture Project	70	Macheng, Hubei	EPC	Already connected to grid	Self-supplied
Subu Gardening Field PV Poverty Alleviation Project, Yu'an District	70	Lu'an, Anhui	EPC	Already connected to grid	Self-supplied
Yuexi 2017 PV Poverty Alleviation Project	7.59	Anqing, Anhui	EPC	Already connected to grid	Self-supplied
Funan County Poverty Alleviation Project (Phase II)	56	Fuyang, Anhui	EPC	Already connected to grid	Self-supplied
Funan County Poverty Alleviation Project (Phase III)	36	Fuyang, Anhui	EPC	Already connected to grid	Self-supplied
Wuwei County PV Poverty Alleviation Project in 2017	1.605	Wuhu, Anhui	EPC	Already connected to grid	Self-supplied
Fengtai Guqiao PV Project	150	Huainan, Anhui	BT	Already connected to grid	Self-supplied
JAC Rooftop PV Power Station	12	Hefei, Anhui	BT	Already connected to grid	Self-supplied
Jiazhuang Village Floating PV Poverty Alleviation Project, Huaiyang County	0.2	Zhoukou, Henan	EPC	Already connected to grid	Self-supplied
Zungui Electrical Rooftop PV Power Station Project, Anhui	4	Hefei, Anhui	BT	Already connected to grid	Self-supplied
ZEUS Stainless Steel Rooftop PV Power Generation Project, Anhui	1	Hefei, Anhui	BT	Already connected to grid	Self-supplied
Huayang, Suzhou	50	Suzhou, Anhui	BT	Already connected to grid	Self-supplied
Yeji DistrictPV Poverty Alleviation Project (3rd Batch) in 2017	7.8	Lu'an, Anhui	EPC	Already connected to grid	Self-supplied
PV Well-off Project, Longyou County	55	Quzhou, Zhejiang	EPC	Already connected to grid	Self-supplied
PV Poverty Alleviation Project, Xiayi County	44.1	Shangqiu, Henan	EPC	Already connected to grid	Self-supplied
Village PV Poverty Alleviation Project, Ningling County	10.8	Shangqiu, Henan	EPC	Already connected to grid	Self-supplied
Jinko power PV Power Generation Project, Qixian Town	20	Huaibei, Anhui	EPC	Under construction	Self-supplied
Jinko power PV Power Generation Project, Daying Town	30	Huaibei, Anhui	EPC	Under construction	Self-supplied

R&D Innovations

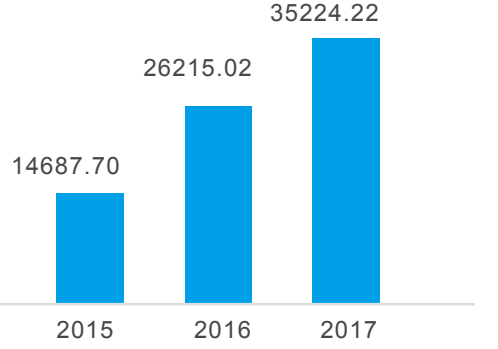
The Company set up a Central Research Institute to engage in research on cutting-edge technologies, and at the same time, set up R&D department for each business to carry out specific R&D tasks. Currently, the Company's R&D staff, dominated by masters and doctorate holders, account for more than 35% of the total number of employees, and the core personnel boast one-decade R&D experience. The Company has also established long-term cooperation with numerous famous universities in China, always keeps abreast of the cutting-edge technologies in the industry, and also attaches great importance to the fresh supply of its R&D talent. In addition to talent, the Company has also made great investments in R&D, testing equipment, and platform construction.

In 2017, the Company, based on the accumulated R&D and application experience, conducted R&D process management in accordance with the integrated product development system, thoroughly implemented the ISO9001:2015 quality management system, made continuous improvements, built the industry's strongest 10m Anechoic Chamber to promote the product testing capabilities, and continued to seek the certification from certification bodies at home and abroad to strengthen the laboratory system. The Company always seeks for technological improvement and scheme optimization in all aspects, continuously establishes a scientific and efficient integrated management system, constantly strives for excellence, and further enhances its products, services and brands to gain more customers' trust.

R&D staff (Unit: person)



R&D expenditure (Unit: RMB 10,000)



1.Upgrade clean power conversion technologies

In the field of photovoltaic, the Company has formed large-, medium-, and small-micro inverters, such as central inverters, string inverters, household inverters, and component inverters, in order to satisfy diverse needs of ground power stations, distributed photovoltaic, rooftop photovoltaic and surface floating power stations, and ensure stable and high-efficient operation in various natural environments such as high temperature, high humidity, high altitude, sand, salt fog, and low temperature. At the same time, the Company continued to intensify its innovation efforts and pioneered a number of technological innovation products such as outdoor single-unit central inverters, double-sided inverters, and distributed intelligent inverters, which can significantly reduce system costs, increase power generating benefits, maximize the benefits of PV power stations during their life cycle, and effectively boost the era of photovoltaic grid parity.

In addition, the Company also actively explored the “photovoltaic +” innovation model, adopted “measures for local conditions, scientific design” as the development concept of clean power solutions, continuously explored various scenarios of clean power applications, and has formed series of solutions, such as complementation of fishery and PV, hydropower and PV, agriculture and PV, subsiding area reconstruction, building integrated PV, surface floating system, offshore wind power, peak-load shifting and other scenarios, and realized large-scale popularization and application of clean power in all parts of the world and the application scenarios. At the same time, the Company has vigorously promoted the application of distributed photovoltaic and home photovoltaic, and has formed a series of solutions significantly featuring “multi-generation”, and committed itself to advancing photovoltaic into numerous households.

In the field of energy storage, the Company continued to intensify its investment in scientific research and innovation, and provided integrated energy storage system solutions including energy storage inverters, lithium-ion batteries, and energy management systems, which can be applied to various application scenarios such as power frequency and peakload modulation, energy grid-connecting, micro-grid, demand-side response and household. Moreover, the Company smoothed power assets, solved the problem of gap energy stability, increased new energy penetration and absorption capacity, and helped achieve complete energy production and consumption as soon as possible.

In the field of wind power, the Company took the lead in adopting the IGBT full-control device system parallel scheme in China and launched a series of medium-voltage wind power converter products with power levels of 5MW and above, which have passed the actual operation test of the wind field. These products are fully equipped with the ability to support the operation of offshore wind turbines, satisfy the requirements for the operation and maintenance of offshore operation, effectively protect the wind energy utilization rate of wind turbines, and provide reliable assistance for the scale development of offshore wind power.

In the field of new energy vehicles, the Company highlighted providing highly reliable motor control systems, continuously upgraded its R&D system based on the automotive industry, continuously upgraded core technologies and optimized integrated product solutions. Currently, the product power has covered 15kW-250kW, and it is applicable to all new energy models such as pure electric commercial vehicles, passenger vehicles and logistics vehicles, and can match high-efficiency asynchronous induction motors and permanent magnet motors, with a system efficiency area reaching more than 90%. The Company delivers new and inexhaustible kinetic energy to the green development of transportation sector.

2.Promote clean power innovation and development

On May 23, 2017, the Company took the lead in setting up a smart energy innovation platform as one of the first seven platforms of the Hefei Comprehensive National Science Center. The smart energy innovation platform, co-established by the Hefei Municipal People's Government and Sungrow, aims to build a world-class national smart energy research institution, attract high-end talents and projects, build a smart energy ecosystem, and take the lead in establishing a national smart energy system and standards. The smart energy innovation platform highlights key technologies for smart energy and breakthrough innovation in engineering applications, engages in new energy-based smart energy equipment, production, transportation, and consumption, and establishes smart energy integration demonstration base in order to promote the development of energy industry.

At the same time, Sungrow's "Hefei New & High-tech Zone Energy Internet Demonstration Project Based on Distributed Green Energy Flexible Exchange" was listed on the 28 new energy micro-grid demonstration projects as specified in the Notice of National Development and Reform Commission and National Energy Administration on List of New Energy Micro-grid Demonstration Projects on May 5, 2017 by relying on excellent clean power technology and solution innovation capabilities and successful micro-grid application experience. Sungrow's "Hefei New & High-tech Zone New Energy Micro-grid" was listed on the Notice of the National Energy Administration on Promulgating the First Batch of "Internet +" Smart Energy (Energy Internet) Demonstration Projects on July 5, 2017.

3.Patents and Achievements

The Company filed 308 new patent applications in 2017, of which the patents for invention accounted for 56%, and has an accumulative total of over 1,200 applications, taking the leading in the industry;

Heavyweight awards in the field of patents: National Intellectual Property Model Enterprise and China's Patent Excellence Award;

Clarivate Analytics, the world's leading intelligent information service provider, ranks companies by collecting patents data on the total amount of inventions and patents authorized from the Derwent World Patent Index and Derwent Patents Citation Index between 2012 and 2016, rated Sungrow as "Top 100 Innovative Enterprises in Mainland China in 2017".

Return to shareholders

Since its listing, the Company has persisted in making distribution in bonds share every year. As of the end of 2017, the Company's shareholders' equity increased by approximately 400% compared with that at the time of listing in 2011. In 2017, Sungrow was once again listed in the "Global Top 500 New Energy Enterprises", which was the 7th consecutive time since the establishment of such list in 2011.

Paying tax according to law

The Company is proud of its taxpayer performance. In 2017, the Company taxes totaled RMB 203,526,321.78.

This also reflects from another aspect of the improvement of operational efficiency brought about by the Company's continuous optimization of management.

Major Holding Companies of Sungrow in 2017

Hefei Sungrow New Energy Technology Co., Ltd.
Sungrow established the Power Station Business Division in 2013 to take charge of the development, design, system integration of PV power generation projects, and station-level performance optimization, operation and maintenance. The division invested RMB 500 million to establish Hefei Sungrow New Energy Technology Co., Ltd.at the end of 2014. Hefei Sungrow New Energy Technology Co., Ltd., relying on strong financing strength, excellent system core equipment development capabilities, leading system integration design capabilities, provides customers with overall solutions to the development, design, construction, trading, intelligent operation and maintenance of PV power stations, covering the entire life cycle of PV power stations.

Founded in 2013

Sungrow (Shanghai) Co., Ltd.
Sungrow (Shanghai) Co., Ltd. Was established in 2011 and take charge of the R&D of some string-type and household photovoltaic products projects, software projects, and pre-research projects, and sales and business management in Jiangsu, Zhejiang and Shanghai.

Founded in 2011

Sungrow (Jinzhai) Co., Ltd.
Established in 2016, Sungrow (Jinzhai) Co., Ltd.makes full use of local resources and supports to improve the construction of the Company's poverty alleviation photovoltaic power station and the layout of local distributed power stations in Jinzhai, and carries out power station project.

Founded in 2013

Sungrow-Samsung SDI Energy Storage Power Supply Co., Ltd.
Sungrow-Samsung SDI was jointly established by Sungrow Power Supply Co., Ltd. and Samsung SDI Co., Ltd.. Relying on Sungrow's world-leading clean power conversion technology and Samsung SDI's world-class lithium battery technology, Sungrow-Samsung SDI is capable of providing energy storage core devices including energy storage inverters, lithium-ion batteries, and energy management systems, as well as a series of advanced overall system solutions to auxiliary new energy integration, micro-grid, frequency and peakload modulation, demand side response.

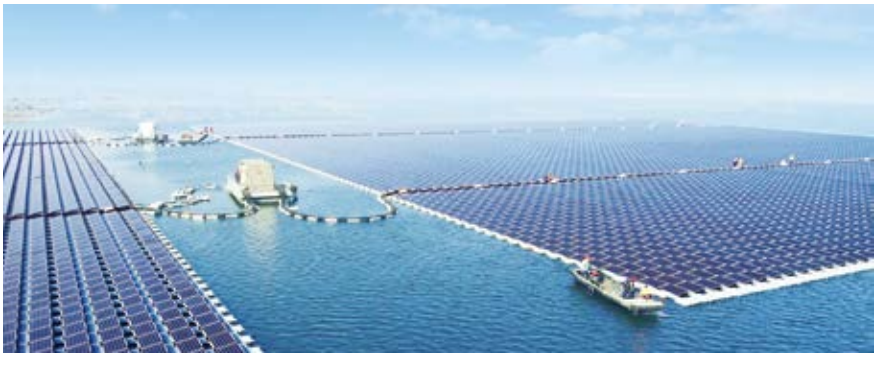
Founded in 2016

E-power Technology Co., Ltd.
As a wholly-owned subsidiary of Sungrow Power Supply Co., Ltd., relying on the group's accumulative independent technology research and development platform, abundant manufacturing experience, strict management system and stable global supply chain system, the company is committed to providing high quality electronic motor control products for new energy vehicles. Currently, it has completed commercial vehicle and passenger car product development, and has provided new energy electric driving system for domestic mainstream car brands such as Ankai, FAW, and JMC.

Founded in 2016

Huainan Sungrow Floating Module Sci.& Tech.Co.,Ltd.
As an advanced floating body R&D and manufacturing base invested by Sungrow Power Supply Co., Ltd. in Huainan, the company has currently established a professional R&D team with several doctors, and cooperates closely with famous universities and scientific research institutions at home and abroad, has obtained dozens of patents in respect of floating bodies, anchors, inverted booster floating platforms, and system operation and maintenance, solved the series of problems such as low reliability of floating power stations, difficulties in construction, and inconvenient operation and maintenance, and consolidated product development and innovation advantages and committed itself to becoming the world's leading provider of floating bodies and floating power plant system solutions.

Founded in 2017

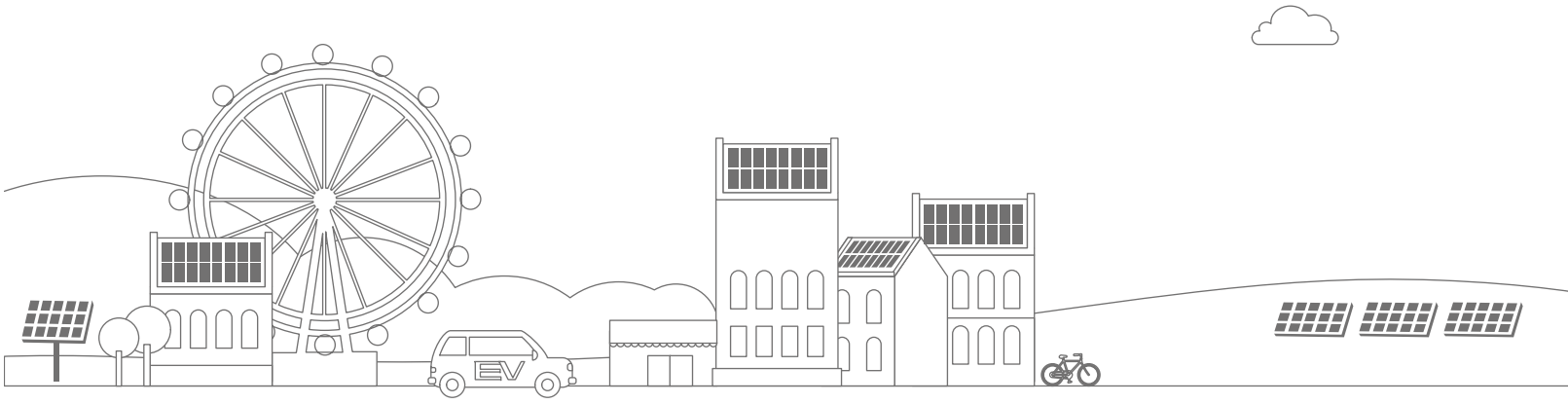


Honors & Awards in 2017

Date	Categories of awards	Awarded by
March	IF Industrial Design Award	Hannover Industrial Design Forum
August	China's Top 500 Private Manufacturing Enterprises	All-China Federation of Industry and Commerce
	National Green Factory	Ministry of Industry and Information Technology
September	Top 50 Private Enterprise of Anhui Province in 2017	Anhui Federation of Industry and Commerce, Anhui Commission of Economy and Information Technology, Bureau of Commerce of Anhui Province, Anhui Local Taxation Bureau, Bureau of Statistics of Anhui Province, Anhui Administration for Industry &Commerce, Anhui Provincial Office, SAT
	Service-oriented Manufacturing Demonstration Enterprises	Ministry of Industry and Information Technology
November	China Good Design Excellence Award	CGD Organizing Committee
	Global Top 25 New Energy Enterprises	Thomson Reuters
	National Technological Innovation Demonstration Enterprises in 2017	Ministry of Industry and Information Technology, Ministry of Finance
	Top 100 Innovative Enterprises in Mainland China in 2017	Clarivate Analytics
December	Global Top 500 New Energy Enterprises in 2017	China Energy News, People's Network Public Opinion Monitoring Office, China Institute of Energy Economics Research
	National Intellectual Property Model Enterprise, China's Patent Excellence Award	State Intellectual Property Office
	2017 China Photovoltaic Brand Rankings Distributed Brand Award	PVBL China Photovoltaic Brand Laboratory
	China Household Photovoltaic Gold Brand Enterprise	Photovoltaic Green-Ecosystem Organization, China Household Photovoltaic Brand Promotion Alliance
	The Belt and Road New Energy International Development Outstanding Contribution Award	New Energy Overseas Development Alliance

Corporate Governance

Sungrow always includes sustainable development strategies into its strategy system, continuously optimizes management, strengthens compliance control, creates an upright, innovative and enterprising culture atmosphere, actively engages in dialogue and communication with stakeholders, and continuously integrates corporate social responsibility concepts into product R&D, manufacturing, sales, services and other aspects.



Corporate Strategy

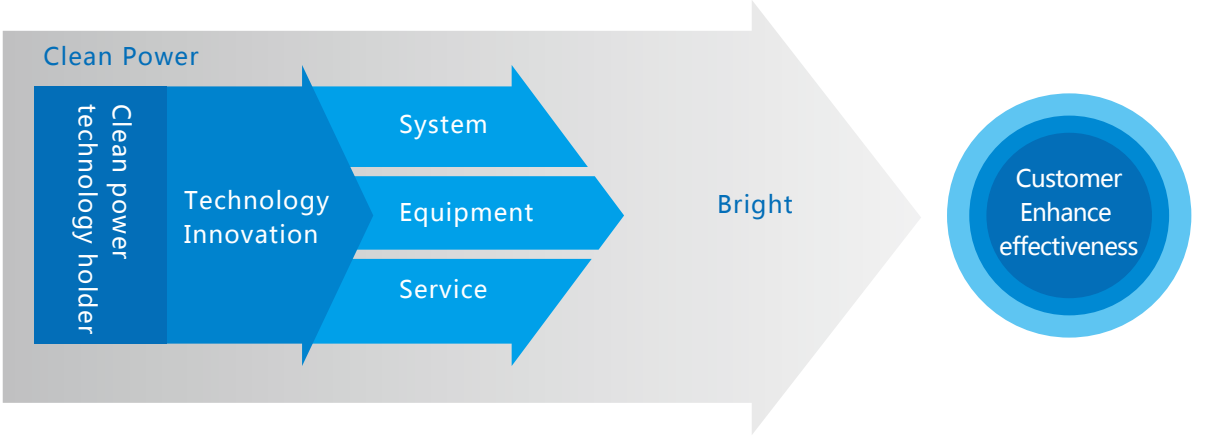
Business Strategy

In the future, the transformation of the global energy structure will accelerate. With the advancement of technology, the cost of renewable energy and new energy generation will continue to decrease. The application scenarios of renewable energy will gradually spread from developed countries to emerging countries and spread from China's western desert to the entire country. The era of renewable energy parity is approaching, and the era of electric vehicles replacing fuel is also approaching. In this context, Sungrow has established a new vision for the next 5 to 10 years. The Company will focus on clean power conversion technology in the future, with its mission upgraded to "Clean power for all" and the vision upgraded to "To be the global leader of power conversion technology".

Clean power conversion technologies, including AC/DC conversion, high and low voltage conversion, energy route switch, energy conversion for electric vehicles, and conversion of clean energy to clean power, are the Company's unwavering strategic orientations.

Emphasizing leading technologies is to highlight technical genes, embody the positioning of technical strengths, and strengthen the use of technological innovation as the driving force for sustainable development of the Company. It is necessary not only to achieve high efficiency, but also to achieve sustainable high-performance; Positioning as a global leader requires that the Company should carry out global business practices, strive to become a world-class company with scale, strength, and respect, and promote the large-scale popularization and application of clean power in all parts of the world, so that the era of 100% clean energy will come as soon as possible.

In order to achieve the vision of "To be the global leader of power conversion technology", the Company has developed the Bes²t development strategy: Positioning the powerful clean power technology, taking technological innovations as the driving force for development, focusing on clean power conversion equipment, systems and services, and smarter effectiveness promotion, providing clean power for all.



Bes²t Development Strategy——
Bright — Ensuring clean electrical equipment, systems and services that are smarter and more efficient by making full use of big data tools;

Equipment — Intensively pursuing power electronics technology, continuously providing customers with high-efficiency clean power conversion equipment;

System — Providing customers with more competitive clean power conversion system solutions in accordance with local conditions;

Service — Actively expanding integrated services to help customers improve the efficiency of clean power operations, transactions, and consumption;

Technology Innovation — Taking technological innovations as the Company's driving force for sustainable development, promoting equipment, systems and services not only to achieve high efficiency, but also to achieve sustainable high-performance.

Sustainable Development Strategy

The sustainable development strategy has always been throughout the Company's strategic system. With the continuous expansion of the Company's scale and the acceleration of the internationalization process, Sungrow will continue to optimize the management and serve the customers under the guidance of the sustainable development strategy and realize the improvement of business development while considering the social responsibility and environmental climate factors and actively implementing the concept of green development.

Sungrow's sustainable development goals are divided into short-term goals, medium-term goals, and long-term goals.

Short-term goals	Based on the core technology of clean power conversion, the Company adopts a cost-leadership strategy based on product excellence, promotes the upgrades in new core energy products such as PV, wind energy, energy storage, and new energy vehicles by virtue of core performance, popularizes and applies clean power conversion technologies in China and globally, and becomes the leading and the most socially responsible enterprise with sustainable development in China's clean power field.
Medium-term goals	The Company upholds the concept of sustainable development, expands services based on clean power conversion equipment and solutions, continues to deepen its global layout, provides lifecycle systematic solutions for global clean power users, and strives to promote the era of clean power parity as soon as possible, and becomes one of the most socially responsible enterprises in the field of clean power conversion.
Long-term goals	The Company becomes a global leader in clean power conversion technologies, realizes not only high efficiency in clean power conversion, but also sustainable high-performance in clean power conversion, provides clean power for all, promotes social responsibility and sustainable development to every business aspect of Sungrow and become the basic guideline for employee behaviors.

Strategic Path

2009 -2016

Focus on efficiency and reliability, continuously improve the quality of inverters, expand the business of PV power stations, explore new energy automotive business, build energy storage series products, explore and promote micro-grid solutions, and fully develop PV poverty alleviation and promote clean power;

Continuously improve the customer service system, improve service efficiency, and improve customer satisfaction;

Establish and improve the EHS management system and integrate it into the Company's R&D, production, and business activities;

Establish and improve the social responsibility management system and implement it in the Company's business process;

Establish and gradually improve the social welfare service system and expand the public interest audience groups.

2017

Upgrade inverter products to promote the continuous improvement of the performance of clean power generation systems; promote energy storage applications to enhance the stability of clean power operations; set up solutions for floating systems, explore and promote household PV, distributed PV, expand clean power application scenarios, and promote the large-scale popularization and application of clean power;

Build an online customer service system to provide value-added services such as remote diagnosis, equipment maintenance, intelligent cleaning, custody operation and maintenance, comprehensively upgrade service levels, improve service quality, and promote the continuous improvement of system operating efficiency;

Promote continuous optimization of quality and EHS policies in all aspects of the business, enhance employee awareness and improve the operating efficiency of the system;

Continue to promote the construction of a social responsibility management system, establish collection system, inspection process, monitoring system and evaluation system;

Actively implement the "Targeted Poverty Alleviation" strategy, and always focus on the poverty and teenagers, and promote sustainable public welfare.

2018

Continually improve the product spectrum of large-, medium-, small- and micro inverters, enhance product performance, boost the era of clean power parity, strive to develop distributed PV, household PV, promote large-scale application of energy storage, boost large-scale development of clean power, build an integrated energy service platform, promote the demonstration projects such as the New Energy Micro-grid and the Energy Internet Project of the National Energy Administration, and promote the development of clean power innovation;

Commit itself to providing full-life-cycle operation services for PV power stations, providing one-stop solutions and professional technical services for the operation and maintenance of PV power stations, improving the return on investment of customers' power station assets and achieving customer value;

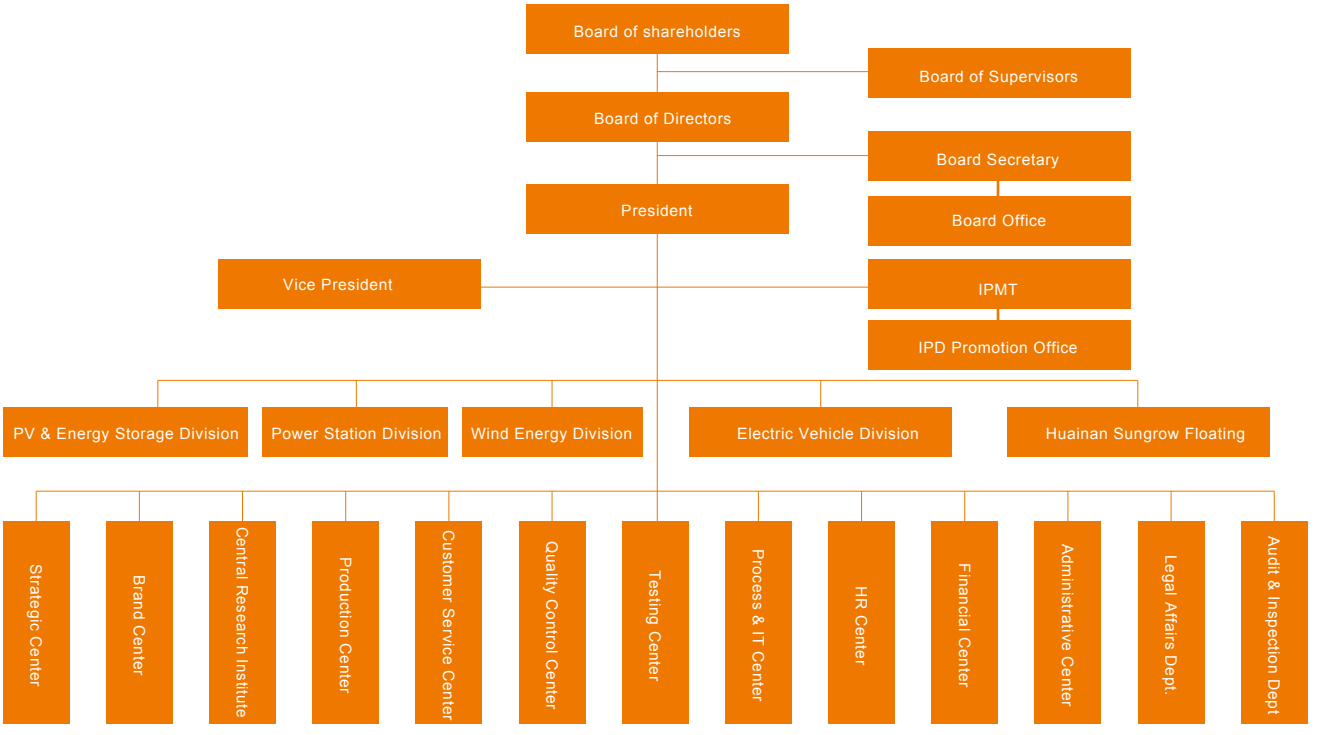
Promote quality and EHS policies, fully implement environmental protection concept in R&D, production, packaging, logistics support, etc., and continuously optimize the efficiency of system operation;

Continuously optimize the Company's social responsibility management system, enhance the willingness and ability of the Company and its employees to fulfill their social responsibilities through effective institutional arrangements and resource guarantees;

Based on PV poverty alleviation, further improve the public welfare service system for poverty education, popular science education, and research sponsorship, continue to expand public interest audience groups and promote clean energy awareness and environmental protection concepts.

Standard Governance

Sungrow Organization Chart



Sungrow is a listed company that has a sound governance structure.
During the report period, Sungrow continuously perfected its corporate governance structure and internal control system in strict accordance with the relevant laws and regulations such as the Company Law, Securities Law, Code of Corporate Governance for Listed Companies in China and Stock Listing Rules of Shenzhen Stock Exchange. Moreover, Sungrow wholly operated in compliance with the relevant requirements, and its actual operations basically conformed to the requirements in the regulatory documents on listed company governance of the China Securities Regulatory Commission.

1、Shareholders and general meeting of shareholders
The shareholders of the Company hold equal status according to the shares held and undertake corresponding obligations in accordance with the Articles of Association. The Company convenes and holds general meetings of shareholders according to the provisions and requirements of Rules for General Meeting of Shareholders of Listed Companies and Rules of Procedure for General Meeting of Shareholders to ensure its shareholders to lawfully exercise the rights and interests. The Company treats all shareholders fairly and strives to provide convenience for shareholders to participate in the general meetings of shareholders and make them fully exercise the rights as shareholders.

2、Company and its controlling shareholder

Mr. Cao Renxian, the Company's controlling shareholder regulates his behavior in strict accordance with the provisions and requirements of Code of Corporate Governance for Listed Companies in China, Rules Governing the Listing of Stocks on the Growth Enterprise Market of the Shenzhen Stock Exchange, Guidelines of the Shenzhen Stock Exchange for Standardized Operation of Companies Listed on the Growth Enterprises Market, and the Articles of Association. He has no behaviors to directly or indirectly intervene the Company's decision-making and operation activities by avoiding the general meeting of shareholders or do damage to the interests of the Company and its other shareholders, and he has no behaviors of occupying the Company's funds and the Company has not tendered any guarantee for the controlling shareholder. The Company has independent and complete ability in business and independent operation, it is independent from its controlling shareholders in business, assets, staff, organization and finance, and its Board of Directors, Board of Supervisors and internal organs operate independently.

3、Directors and the Board of Directors

The Board of Directors consists of eight directors, including three independent directors, and the number of members and composition of the Board of Directors conform to the requirements of the relevant laws, regulations and the Articles of Association. The directors can work in accordance with the Rules of Procedure of Board of Directors, Independent Director System, and Guidelines of the Shenzhen Stock Exchange for Standardized Operation of Companies Listed on the Growth Enterprises Market, attend the meetings of the Board of Directors and the general meetings of shareholders, perform their duties and obligations diligently and take an active part in the relevant trainings to get familiar with the relevant laws and regulations.

4、Supervisors and the Board of Supervisors

The Company's Board of Supervisors consists of three supervisors, including two employee representative supervisors. The number of members and the composition of the Board of Supervisors conform to the requirements of the relevant laws and regulations. The supervisors can seriously perform their duties in accordance with the requirements of Rules of Procedure of the Board of Supervisors and they exercise supervision on the Company's major transactions, related party transactions, financial position, as well as the legal compliance of the directors and senior executives during the performance of their duties.

5、Performance evaluation, incentive and restraint mechanisms

The Company has set up a Remuneration and Appraisal Committee under the Board of Directors, developed the Working Rules for Remuneration and Appraisal Committee, established and implemented the performance assessment system and set up a scientific assessment indicators system. The centers, product lines and departments make full use of the performance management tools for planning and management of objectives and performance. Each leader-in-charge is the first responsible person of each responsible department in realizing the annual objective and performance indicator plan. Each department breaks down the work plan to month and week, and each specific task in accordance with the sub-objective and performance plan requirements, and strives to promote the achievement of the performance indicators in the required quality and quantity as scheduled, thus ensuring the completion of the Company's annual objectives. The Company carries out regular assessment and objective evaluation of the performance of each responsible unit inside the Company and all the staff, uses the assessment results as the basis for determination of employee remuneration, promotion, demotion, appraisal of the excellent and shift of post.

Good corporate governance is the footstone and guarantee for corporate development. The Company will continually consolidate and improve its governance capability to increase its competitiveness, thus returning the investors with good operation performance.

Internal Control

Sungrow has established a strict internal control system. The Company's internal audit and supervision are directly led by the Board of Directors and constitute an important part of the Company's internal control system. The Company's internal control mainly aims to establish and improve the internal control system for the Company's primary business management activities, supervise system enforcement and clean construction, carry out evaluation of the implementation effects, strengthen the monitoring of violations of laws and rules, effectively operate and continuously optimize the internal control system, reduce the Company's operating risks, thus providing supports and guarantees for the normal and efficient operation of the Company's business management activities.

Internal Control Construction

In response to the expansion of the Company's business scale and the rapid increase in the total number of employees, the Audit & Inspection Department revised the internal control basic rules and regulations such as the Regulations on Internal Audit & Supervision and Regulations on Employee Integrity and Self-discipline in 2017, standardized the Company's internal control standards under new circumstances, and supervised and urged the improvement and enforcement of other systems. In addition, the Audit & Inspection Department develops and implements the procurement management rules to ensure standardized operation of all activities, achieves open and transparent bidding and tendering for procurement of main materials, unifies purchasing channels and reduces the procurement costs, strengthens the product quality control with the focus on examination of supplier qualifications, receiving inspection, process monitoring, and inspection of finished products, etc. in a wide range, strengthens management efforts on product R&D, engineering construction, continually complies with the requirements on quality, schedule, cost management, safety and compliance of R&D projects, strengthens financial information review and information disclosure to ensure that financial information is objective, fair and truthful to reflect the Company's performance and financial position, and establishes a good public image.

Internal Supervision

The Audit & Supervision Department, under the leadership of the Company's Board of Directors, mainly conducted auditing and self-inspection on the Company's businesses in respect of procurement, sales, capital construction, investment, logistics management, financial management, asset risk management, and subsidiary operations in 2017, with a coverage rate of over 90% for the Company's primary businesses, so as to ensure standardized business operations and effective control of operational risks.

Information Security

The Company set up an information security post, improved its information security systems, and provided relevant information security trainings for information technology personnel and secrets-involved personnel in 2017. The Company also studied and implemented the Cybersecurity Law of the People's Republic of China officially enforced on June 1, 2017.

The Company completed the revision and release of its confidentiality system and the rules for the implementation of confidentiality work, established the principle of "mutual supervision, key prevention, and combination of rewards and punishments", and established the confidentiality management directions for secrets-involved documents, secrets-involved areas, secrets-involved personnel, and secrets-involved equipment on the principle of "who takes charge, who takes the responsibility and graded confidentiality".

With regard to document management, the Company identified three types of documents, including technical documents, business documents, and management documents, and improved the confidentiality provisions in the technical document management regulations and the R&D process management regulations in 2017.

（1）With regard to information security, the Company implemented the classification marks for secrets-involved documents in 2017. At present, the Company has included the classification marks for technical documents into the standardization review, and realized that all types of technical drawings must be marked with confidentiality level before uploading to the server.

（2）The Company's technical top-secret documents should be sent out through the Company's mail with a copy to the confidentiality supervisors of each department in 2017, and the external distribution of documents should be audited based on the records made by the confidentiality supervisors.

（3）The preliminary plan for the division of the confidentiality management areas at the Company's headquarters has been completed and will continue to be optimized and implemented in 2018.

The Company has conducted information security trainings since September 2017, and cumulatively provided information security trainings for 311 persons by the end of 2017. The Company implemented twice-weekly normalization trainings, established employee entry information security training processes, so that new employees entering the Company must accept the information security trainings. The information security training records are recorded in employee files to provide employees with a complete system basis for enhancing information security awareness, fulfilling the obligations of keeping business secrets, and fulfilling confidentiality agreements or non-competition agreements after leaving the Company.

Business Ethics

Core Values and Code of Conduct

The Company upholds the core values of "Sincere & pragmatic, precise & open, customer oriented", requires its employees to be honest, truthful, trustworthy, without cheating or concealment. The Company has re-established the Regulations on Employee Integrity and Self-discipline and Regulations on Rewards and Penalties for Employees, in order to ensure employees satisfy the requirements of morality and clean governance both internally and externally. The Company has made detailed provisions on this regard and holds a zero-tolerance attitude toward any corruption.

Rules of Conduct for Senior Executives

The Company has formulated and issued the Rules of Conduct for Senior Executives, which aims to regulate the behavior of senior executives of the Company, improve their accomplishment and capacities, prevent and correct their misconductand bad habits during work, so that they can better serve the Company and employees, and play the vanguard and exemplary roles.

Subject	First criterion	Main processes	Indicator	Measurement method	Frequency	Responsible department
Employees	Corporate value, management systems	Commitment to integrity, system publicity and implementation,	Zero tolerance	Complaints/ auditing, etc.	Anytime	Audit & Inspection Department
Senior executives	Employee Code of Conduct/Rules of Conduct for Senior Executives	problem notification Integrity agreement/ Value publicity and implementation/ violation handling	Zero tolerance	Complaint investigation	Anytime	HR Center/ Audit & Inspection Department
Suppliers	The Company's rules and regulations/supply agreement/integrity agreement	Integrity agreement/ problem publicity and implementation/ violation handling	Zero tolerance	Complaint investigation/ Mail communication	Anytime	Audit & Inspection Department

Integrity, Self-discipline and Anti-corruption

The Company makes efforts to establish and improve a system for punishing and preventing corruption, with particular emphasis on preventing corruption at the source. The Company has established an employee's report on corruption matters and a clean governance commitment letter system, strengthened the commitment and supervision of the employees in key departments and key positions, strengthened publicity on the construction of clean and honest administration among employees, and invited external police officers and judges to hold talks on clean governance to make employees deeply understand clean governance and develop an awareness of anti-corruption.

Meanwhile, the Company has improved the integrity commitment and reporting system for suppliers, publicized its clean governance policies and reporting methods from various channels, resolutely safeguarded its clean governance atmosphere, established and fully implemented a complete and clean governance system, which was highly recognized, understood and supported by suppliers, and jointly created a clean and efficient environment for cooperation.

With the joint efforts of all departments, the Company's operating risks have been effectively controlled. In recent years, the Company has no obvious management risks. The Audit & Supervision Department strictly examines and verifies each complaint, follows up closely, and highlights verifying violations of law and disciplines, so that all employees are aware of strictly abiding by the law. In 2017, there was a noticeable reduction in the number of reports of violations of laws and disciplines, as well as a decrease in violations of laws and disciplines. The Company has developed a clean and upright work environment.

CSR Management

Sungrow has established a complete social responsibility management system to guide and coordinate the practical actions of its member companies in the economic, environmental and social fields, and promoted the implementation of institutional security management through the improvement of the index assessment system.

CSR Concept

The Company actively assumes its due social responsibilities, and puts forward the corporate social responsibility view of "actively building brand eco-friendliness based on the eco-friendliness of the business, and promoting mutual sustainable development between itself and stakeholders". The Company always develops its business with a heart of thanksgiving, promotes the sustainable development of CSR management, promotes the further popularization of clean power, deepens the construction of ecological civilization, and strives to be a respected company.

CSR Architecture

The Company has established a social responsibility leading group, which is lead by the Chairman and consists of senior executives, and heads of the Brand Center, Strategy Center, Administrative Center, HR Center, Quality Control Center, Procurement Center, Finance Center, and Office of the Board of Directors. The leading group takes charge of guiding and practicing the Company's social responsibility matters, and ensuring the further implementation of the social responsibility work by improving assessment indicators.

Meanwhile, the Brand Center took the lead in establishing a working group for the preparation of CSR Report to constantly improve the preparation level, in order to better demonstrate the Company's practice and development in terms of corporate social responsibility to the community.

Communication with Stakeholders

Stakeholders are an important input to optimize the Company's sustainable management. The Company pays attention to the needs of various stakeholders, actively creates channels and conducts activities to listen to their voices.

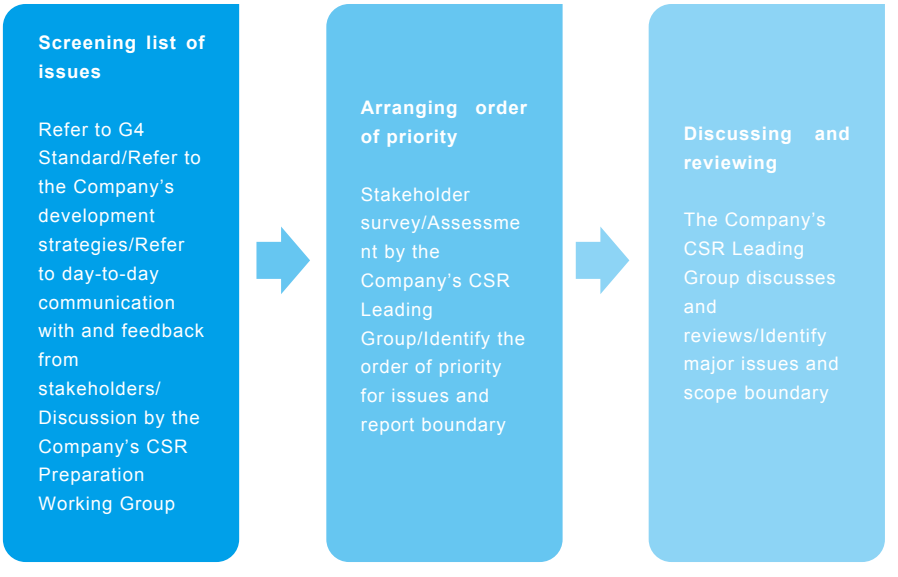
Stakeholders	Communication contents	Communication methods and activities
Shareholders (investors)	Corporate governance Return to shareholders Capital operation Brand strategy Risk management, etc.	Improve corporate governance system Disclose day-to-day information in a timely manner Open telephone, E-mail, website and other feedback platforms Hold general meeting of shareholders, meetings of investors
Customers and consumers	Product quality Customer service R&D innovation Supply chain management Integrity and legal compliance, etc.	Customer satisfaction survey Meeting with customers Participate in industry seminars, exchanges, forums, etc. Establish complete customer service processes, global service network, and timely handle customer complaints
Suppliers	Supply chain management Brand strategy Promote industry progress Environmental compliance Safe production, etc.	Establish standardized and transparent supplier procurement and management processes Conduct on-the-spot audits on suppliers Supplier satisfaction survey Supplier performance and hierarchical management Supplier training and supplier conferences
Dealers	Corporate governance Brand strategy Product quality Integrity and legal compliance, etc.	Distributor conferences Investment fairs Visits and research Training
Employees	Employee rights and growth Product quality R&D innovation Safety production Employee occupational health	Establish a labor union Employee surveys, such as organizational health surveys, support system satisfaction surveys Establish a long-term talent training mechanism Establish various associations to enrich employees'cultural and sports activities Broaden communication channels, such as WeChat cultural groups, rationalization proposals, Sungrow guest book
Government/communities	Corporate governance Safety production Community care Ecological management	Research guidance visit Participate in standards, policy formulation, offer advice and suggestions Actively participate in government and community projects Six-party confirmation on land for power station construction
Media public/industry insiders	Promote industry progress Employee diversity Public charity Internal and external communication channels	Participate in various public benefit activities Actively carry out various charity activities Establish a complete information disclosure mechanism Invite media to participate in conference activities organized by the Company Visit reception and interviews Enhance interaction through platforms such as websites and WeChat official accounts
Environmental subject	High-efficient energy conservation and emission reduction R&D innovation Pollution control, etc.	Floating power station in coal mining subsidence areas Remediation of heavy metal contaminated soil

List of some associations that Sungrow joins

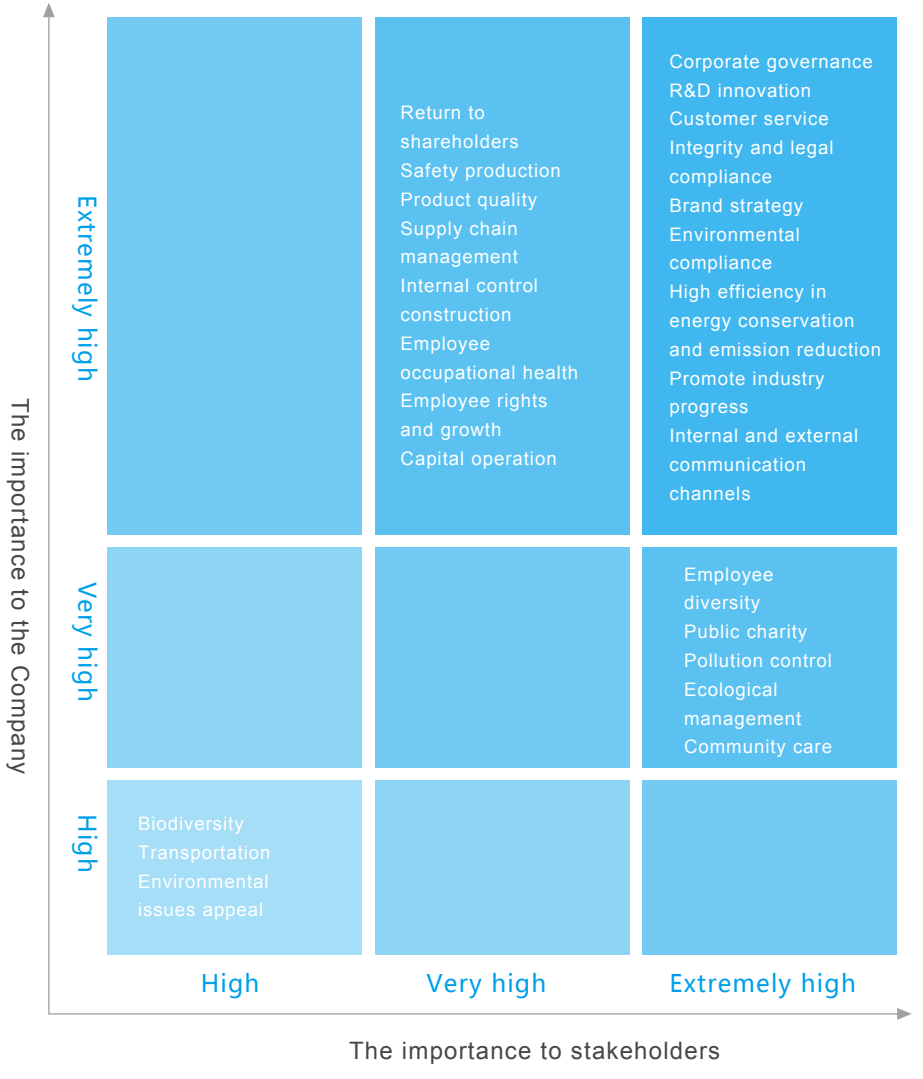
Name of association	Post
China Power Supply Society	Vice President Unit
China Photovoltaic Industry Association	Vice President Unit
China Renewable Energy Society	Standing Director Unit
Asian Photovoltaic Industry Association	Deputy Chairman Unit
National Energy Internet Industry and Technology Innovation Alliance	Vice President Unit
China Photovoltaic Committee	Member Unit
PCS Standards Development Working Group of China Industrial Association of Power Sources	Deputy head unit of the working group for energy storage systems and PCS head unit
China Photovoltaic Poverty Alleviation Alliance	Member Unit
Wind Energy Equipment Division of China Agricultural Machinization Association	Vice President Unit
New Energy Association of Anhui Province	President Unit

Major substantive issues analysis

Sungrow considers the appeals and expectations of stakeholders as an important input to its sustainable development strategy, and takes multiple methods and approaches to identify specific areas of action related to stakeholders.

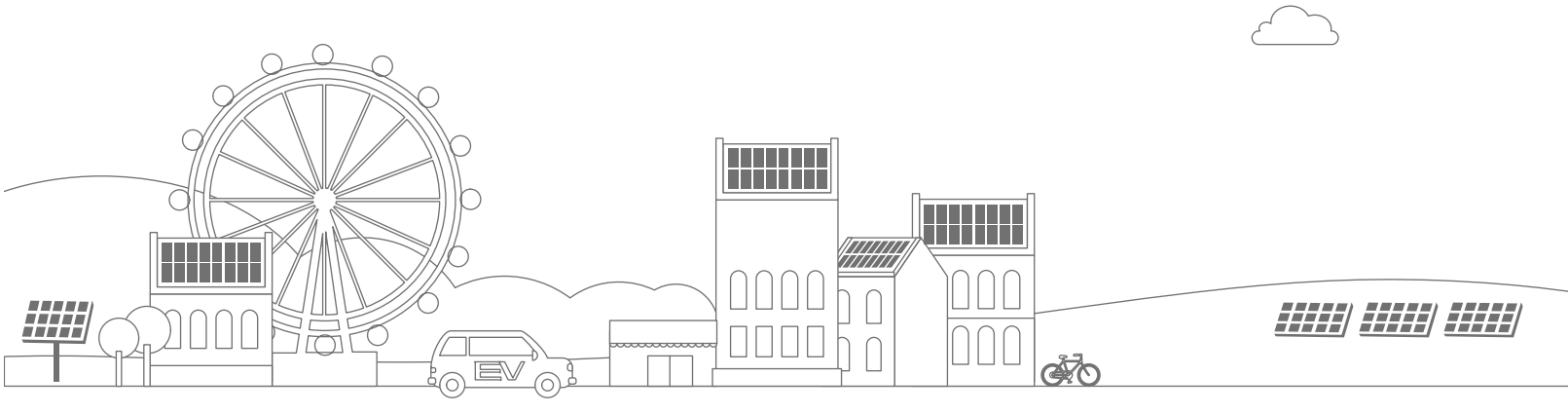


According to the above processes, Sungrow compiled the following 25 communication topics in 2017 CSR Report, conducted comprehensive assessment from aspects of “importance to the Company” and “importance to stakeholders”, identified and screened out those substantive issues that are important for both the Company and stakeholders, determined the following substantive matrix, and identified R&D innovation, customer service, brand strategy, product quality, high efficiency in energy conservation and emission reduction, employee occupational health, employee rights and growth as the major substantive issues of this CSR Report.



Sungrow and Customers

How to get close to customers and better satisfy customer demands is a key issue for the sustainable development of the Company. To this end, Sungrow regards “serving customers” as the Company’s core values, and continues to carry out technological innovation, R&D of new products and quality improvements to satisfy more specific customer demands.



Excellent Quality

Sungrow implemented the IATF16949: 2016 quality management system on the basis of ISO9001:2015 in 2017, and successfully completed the version change certification, highlighted advanced concepts such as “customer-oriented”, “emphasis on defect prevention”, “continuous improvement”, highlighted and tried its best to satisfy customer demands to improve customer satisfaction, paid a sustained attention to the Company’s operating performance, improved process performance indicators to achieve cost reduction and efficiency, constantly perfected process-related systems through continuous optimization in internal audits, management reviews, QCC and other activities. Moreover, the Company established a scientific and efficient integrated management system, constantly strives for excellence, and further enhances the quality of products, engineering and services, and forms a quality brand with international competitiveness.

The Company attaches great importance to improving the level of management system, introduces quality concepts and common sense trainings in new employee induction trainings, consolidates standard operating procedures, and improves quality knowledge and quality awareness through publicity at morning meetings, on-site Kanban, and e-learning online learning platform. In 2017, the Company organized trainings on the Six Sigma Green Belt, five tools and actual combat, ISO26262, IATF16949:2016, SA8000:2014, and energy management systems, and paid great attention to quality trainings.

Sungrow Power Supply Co., Ltd.

Certification item	Certification time	Certification body
Quality management system certification	Certification time: First certification: July 26, 2002, this certification: July 10, 2017	SGS
Construction industry quality management system	Certification time: First certification: August 31, 2013, this certification: August 24, 2017	CQC
Environmental management system certification	Certification time: First certification: February 9, 2010, this certification: April 20, 2017	CQC
Occupational health and safety management system	Certification time: First certification: February 9, 2010, this certification: April 20, 2017	CQC
Hazardous substance process management system	Certification time: First certification: October 23, 2012, this certification: June 27, 2017	SGS
Social responsibility management system	Certification time: First certification: April 28, 2015, this certification: August 7, 2017	SGS
ISO17025 laboratory accreditation	Time of accreditation: First recognition: November 2, 2015, this accreditation: December 09, 2017	CNAS

Sungrow (Shanghai) Co., Ltd.

Certification item	Certification time	Certification body
Quality management system certification	Certification time: First certification: August 7, 2015, this certification: July 10, 2017	SGS

Sungrow(Qinghai) Co., Ltd.

Certification item	Certification time	Certification body
Quality management system certification	Certification time: First certification: August 7, 2015, this certification: July 10, 2017	SGS

Sungrow (Jinzhai) Co., Ltd.

Certification item	Certification time	Certification body
Quality management system certification	Certification time: First certification: July 6, 2016, this certification: July 10, 2017	SGS

Sungrow-Samsung SDI Energy Storage Power Supply Co., Ltd.

Certification item	Certification time	Certification body
Quality management system certification	Certification time: First certification: July 6, 2017, this certification: August 15, 2017	SGS

Huainan Sungrow Floating Module Sci.& Tech.Co.,Ltd

Certification item	Certification time	Certification body
Quality management system certification	Certification time: First certification: June 27, 2017	CQC

E- Power Technology Co., Ltd.

Certification item	Certification time	Certification body
Quality management system certification	Certification time: First certification: August 15, 2017	SGS
IATF16949	Certification time: First certification: December 24, 2016, this certification: November 22, 2017	BV

First-rate Service

In line with the aim of “serving customers”, the Company advocates the service concept of “customers are always right”, and further refines each link on this basis to form a unique global after-sales service management system:

1、Improving service management system and strengthening service concept

The Company follows customer demands as the orientation, gives full consideration to the current customer focus and service difficulties, sorts out possible service collaboration risk points, aims to improve customer satisfaction, highlights related business processes, clarifies and refines related service collaboration indicators, establishes a standardized service assessment system for advance warning, control in events, and after-action reviews, ensures effective implementation of the service coordination mechanism through effective means, optimizes business processes, and establishes management systems for information sharing, division of labor, real-time control, supervision and evaluation, etc.

2、Innovating service platform and enhancing customer satisfaction

The Company continuously optimized the service management platform, built a first-class platform service team, improved household product experience and customer satisfaction, highlighted improving service network layout, collected customer market information and feedback, promoted product stability, and provided customers with high-quality products and service.

Field	Measures & achievements
SMP service management system	The Company launched a customized global service management platform (SMP), which integrates service process management, product life cycle management, customer file management, spare parts inventory and sales contract management, training management and integrated management system, and realizes efficient scientific management.
Construction of service outlets	In 2017, the Company has set up 19 overseas service outlets in Europe, America, Australia, and Southeast Asia, and 54 domestic service outlets, which basically cover all regions in the country.
Training practice platform	In 2017, the Company increased investment in software and hardware facilities for training platforms, and developed a product training experience and practice platform. This platform can realize the simulation function of conventional product failures, strengthen theoretical learning and actual operations through fault simulation and text and video introduction and help participating trainees to master the basic working principles of products and the basic skills for routine troubleshooting.

3、Improving the quality of spare parts delivery and safeguarding customer rights

Good quality of spare parts delivery is an important guarantee for ensuring the efficient operation of services. In 2017, the Company established a complete spare parts management mechanism, optimized spare parts management processes and personnel organization division, and formulated the corresponding service programs according to the characteristics of different stages of the product life cycle. The Company, relying on the service management platform (SMP), realized information resources sharing for spare parts management, ensured reasonable spare parts storage, practiced advanced management tools and appropriate network application. Moreover, the Company strengthened the construction of logistics supply chain, conducted long-term cooperation with well-known logistics providers at home and abroad, ensured the timely delivery of spare parts, established a logistics information tracking system, and timely grasped the logistics status of spare parts.

4、Expanding the scope of training business and building a service elite team

Field	Measures & achievements
Training materials	The Company prepared self-service product training materials, product troubleshooting guideline, and product operation and maintenance guide videos, in order to help customers' operation and maintenance staffs master basic product troubleshooting skills, locate product failures quickly and accurately and improve maintenance efficiency.
Building of customer service team	1、Post-capacity matching: The Company analyzed customer service members through capability testings, trainings and work performances, and made reasonable functional adjustments based on the analysis data, so as to give full scope to the talents and make the best use of ability. 2、Construction of competency model: The Company established an effective competency model by decomposing the overall skills of customer service, quantified the current status of all staffs, and improved the targeted trainings. 3、Improvement of functions: On the basis of the normal operation of the service platform, the Company made continuous improvements in terms of services, processes, and capabilities, with the ultimate goal of improving service quality, improving work efficiency, and improving professional quality.

5、Establishing dealer teams and improving terminal service level and responsiveness

The Company established an authorized dealer business system according to the characteristics of household photovoltaic business, fully assisted dealers in rapidly increasing the level of comprehensive services such as operation and organization services through the full-flow system design for comprehensive product R&D, sales management, delivery system, marketing, dealer support system, and after-sales service, conscientiously safeguarded market order and brand image, effectively improved customer satisfaction and market shares, maximized the value of products and services, and formed a stable and win-win community of manufacturers.

Communication & Exchanges

The major contact methods

Category	Channel type	Content	Channel requirement
Inquiry	Website, exhibition, telephone hotline, industry newspaper and periodical, WeChat official account, product catalogue, QR code	Company information, product specification, service information	Accurate information, complete content, and convenient inquiry
Transaction	Email, on-site confirmation, telephone communication	Product specification, price, business term, etc.	Complete information, smooth communication, timely communication
Complaint	Website, telephone hotline, E-mail, site, WeChat official account	Quality, service, delivery, price, attitude	Smooth communication, timely processing, information feedback

Service-related feedback

Customer Service Satisfaction Survey in 2017

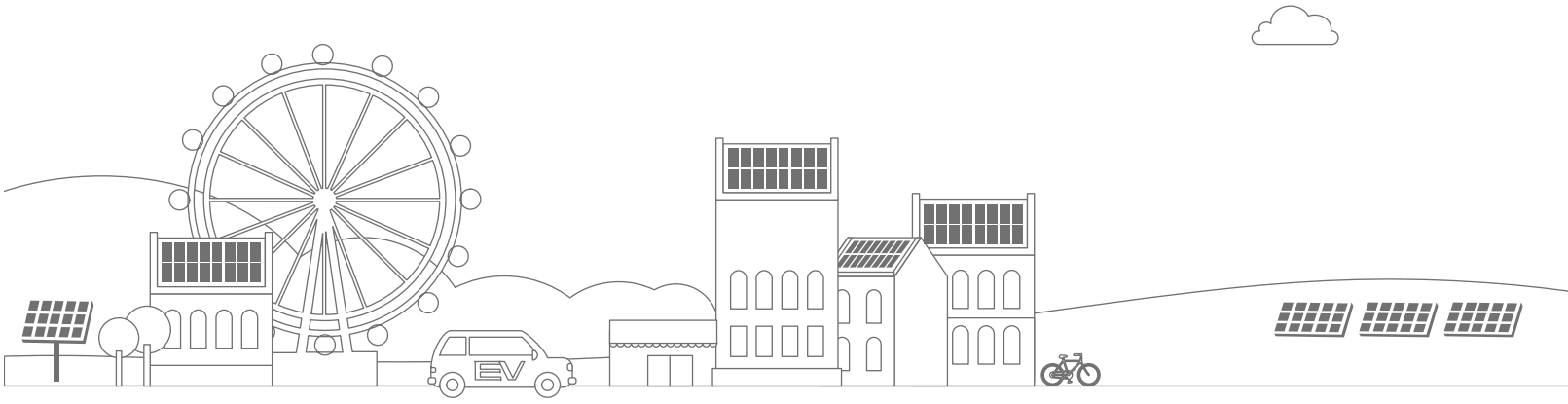
Degree of satisfaction: Very satisfied: 100~90/
Satisfied: 89~80/Okay: 79~60/
Dissatisfied: 59~40/Very dissatisfied: 39~0

In response to the customer evaluation of after-sales services in 2017, the following two outstanding issues were analyzed and summed up. The Company responded in a timely manner, conducted a cause analysis and proposed rectification measures.

Customer feedbacks	Analysis of causes	Rectification plans and counter measures
Provide a Chinese version of the operating instructions, or a bit of video data to facilitate the user to learn.	Currently, the Company has a Chinese version of the installation manual and user manual only, without video data.	The Company has taken video data for the installation, commissioning and maintenance of some models and will continue to improve them in the later period.
Improve the timeliness of maintenance of equipment failures, and hope that your company's service staff can pay attention.	The distributed business has grown rapidly, and the project division has a wide area with a limited number of service staffs, who have not been reasonably allocated.	According to the current business growth situation, the Company, in consideration of the current service model, established regional service outlets and increased the number of service staffs.

Sungrow and Investors

Sungrow adheres to the symbiotic development with investors, and establishes a solid bridge between the Company and investors through good mutual trust, interaction and communication. The Company actively and extensively listens to opinions and suggestions from investors, and actively expands the market and develops business through scientific and effective management, and strives to create continuous market value for investors.



Investor Service

Sungrow designates specialized posts and personnel to maintain exchanges and communication with investors and securities analysts, and ensures them fully understand the Company's strategies, operations and development trends. The Company serves investors by means of investor hotlines, online performance briefings, investor E-mails, and on-site receptions, and insists on timely, proactive, and detailed delivery of the Company's information to the capital markets and investors.

In 2017, the Company organized a delegation of more than 60 members from 11 financial institutions to visit the household photovoltaic users at Hua'an Village, Xindian Town, Huoqiu County, Lu'an, Anhui Province, and conducted an in-depth exchange with local PV distributors and users in respect of generating capacity, installation and connection procedure, and usage experience, in order to provide investors with a better understanding of the Company's products. Neither golden nor silver prize is as valuable as the public praise. The high public praise for the SUNHOME made a deep impression on the delegation.

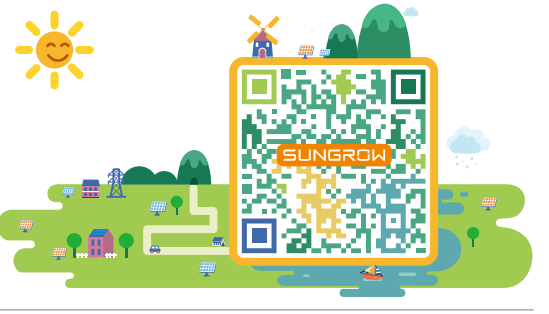
Investor Service (Hotline)
0551-65325617
0551-65325628
Hotline service hours: 8:15-17:15 on working days
Investor Service (E-mail)
dshms@sungrow.cn
kangml@sungrowpower.com

Information Disclosure

The Company discloses the relevant information in a true, accurate, timely, fair and complete manner in accordance with the relevant laws and regulations, the Company's Information Disclosure Management System and Investor Relationship Management System. The Company appoints the board secretary to take charge of information disclosure, coordination of the Company's relations with its investors, receive visiting investors, answer investor questions and provide information for that has been disclosed by the Company for investors. Moreover, the Company designates the website www.cninfo.com.cn as the specific website to disclose its information, designates China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily, as the specific newspapers for disclosure of its periodic reports to ensure all its shareholders to have the equal opportunity to get information.

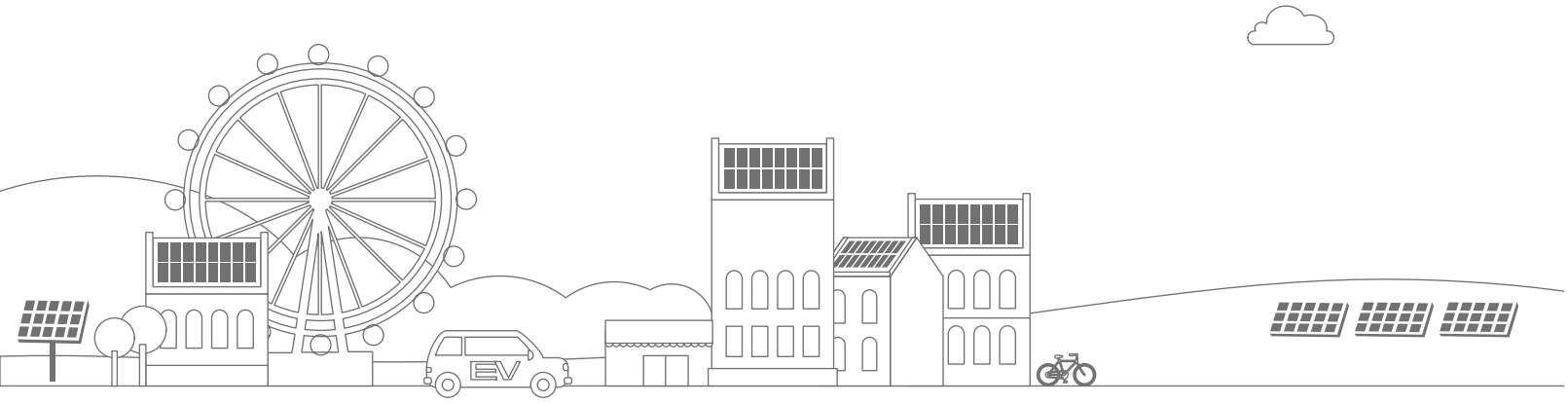
List of major information disclosure methods

Manners of Information Disclosure	Main contents	Frequencies	Channels
Periodic reports of listed companies	Annual, semi-annual and quarterly reports Mainly involving the Company's general information, management analysis and discussion, a brief description of important issues, corporate governance, internal control, financial statements	Four times a year The first quarterly reports are disclosed in April, the semi-annual reports are disclosed in August, the third quarterly reports are disclosed in October, and annual reports are disclosed in April	www.cninfo.com.cn www.sungrowpower.com
Temporary announcements of listed companies	Including but not limited to, resolutions of the Board of Directors, resolutions of the Board of Supervisors, major transactions, etc.	Non-scheduled	www.cninfo.com.cn www.sungrowpower.com
CSR Report	The Company's development and practice in economic, environmental and social responsibility fields in 2017	Annual	www.sungrowpower.com
Company website	The Company's general information, development trends, etc.	Timely update	Log in to the following website: www.sungrowpower.com
Media coverage	The Company's and industry development trends	Non-scheduled publication	Media coverage, broadcast television channels, etc.
WeChat official account	The Company's development trends	Timely update	Scan the following QR Code:



Sungrow and Suppliers

A transparent, reliable and sustainable supply chain is the basis for the excellent quality of the Company. The Company sincerely cooperates with its suppliers, makes lean innovation, and establishes long-term, trustful, and sustainable partnerships, in order to jointly create a competitive supply chain system and achieve deep cooperation and win-win results.



Management System

Supplier management is a vital part of the Company's supply chain management. Sungrow has always been committed to building a procurement organization and supply chain for sustainable development, fulfilling social responsibilities, and performing with integrity.

Maintenance of supplier system

- Complete supplier profiles
- Organize and manage supplier-related activities
- Maintenance of qualified supplier directory
- Electronic procurement platform

Supplier resource development

- Establish a potential supply resource library
- Develop new suppliers
- Reasonable allocation of supply resources
- Supplier selection mechanism

Supplier review and training

- Annual review of existing suppliers
- Organize access review for new suppliers
- Supplier training

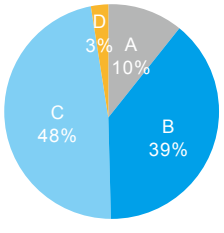
Supplier relationship management

- Supplier performance evaluation
- Supplier incentive
- Supplier reverse inquiry
- Supplier communication window
- Supplier conferences

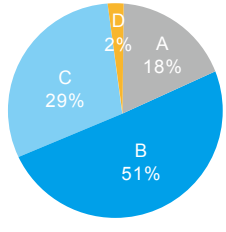
In order to satisfy the informatization needs of the supplier management platform, Sungrow upgraded the e-procurement platform in 2017. The e-procurement platform is no longer a single business cooperation platform, but also is embedded the supplier quality management module to realize the electronic and informationized supplier quality management.

In 2017, the Supplier Management Department continued to evaluate the supplier's social responsibility risks and conducted risk assessment and confirmation of the social responsibility risks of the major qualified suppliers. In the selection of new suppliers, the Company reviewed the compliance of new suppliers in respect of social responsibility and encouraged suppliers to gradually introduce the SA8000 social responsibility system.

The Company conducted regular audits and non-scheduled supervisions on suppliers during their supply period, required them to make closed-loop rectifications for problems found, and urged them to upgrade the quality control level. At the same time, the Company comprehensively evaluated suppliers' quality, cost, delivery, technology, and service performance on a quarterly basis, and required those suppliers with poor performance to make corrections and provided counselings. After the continuous supplier trainings in 2017, the total number of suppliers with performance evaluation grades of A (Excellent) and B (Good) increased significantly.



Distribution Diagram of Supplier Performance Evaluation Grade in 2016



Distribution Diagram of Supplier Performance Evaluation Grade in 2017

Sungrow revised the Regulations of the Group on Procurement Management in 2017, in order to enhance the Group's procurement management capabilities and strengthen supplier synergy, and adjusted the operating specifications of the procurement business modules accordingly. The newly formulated systems such as Regulations on Supplier Quota Management have also fully stimulated the suppliers' synergy.

Sustainable Development

1、Local Procurement
Sungrow advocates establishing long-term partnerships with suppliers. Also, Sungrow continuously supports the economic development of operating sites, reduces the impact of logistics links on the environment, and actively promotes localized procurement.

The proportion of local procurement (domestic procurement) in 2015 to 2017 is 65%, 66.4% and 70.3% respectively.

2、Multiple supplier management
Sungrow adopts scientific product development processes and strictly requires the substitution of key materials at the design stage. The procurement staff will continue to promote the replacement of key materials and increase the replacement ratio after the products enter the mass production stage.

3、Procurement compliance
Sungrow requires each supplier to sign anintegrity agreement during the procurement tender process, and adopts a variety of methods to assess the supplier's integrity records, in order to avoid violations of business ethics and damage to the Company's integrity management, and establish a healthy, efficient and competitive supply chain system.

Communication & Exchanges

On March 25, 2017, Sungrow held a supplier conference with the theme of “Lean Synergy and Win-win Future”, and advocated that both supply and demand sides should continuously improve synergy, reduce the total cost of supply chains, and jointly occupy the future market shares. The conference was attended by more than 250 partners from around the world, and awarded 48 suppliers with excellent supplier awards to recognize and encourage their excellent product quality and overall performance in the previous year. Sungrow will help suppliers improve their capacities for independent innovations and sustainable operations, and achieve “win-win future” through “lean synergy”.

Feedback from suppliers

Yu Daihui

Infineon Technologies China Co. Ltd.
Vice President of Greater China, Head of Industrial Power Control Division

We are very proud to receive long-term trust and recognition from Sungrow. As a supplier and solid strategic partner of Sungrow, Infineon will continue researching with Sungrow’s R&D team in the future to provide more innovative products and comprehensive system solutions for Sungrow, and further help Sungrow to enhance its market competitiveness, broaden business areas, and achieve win-win cooperation!

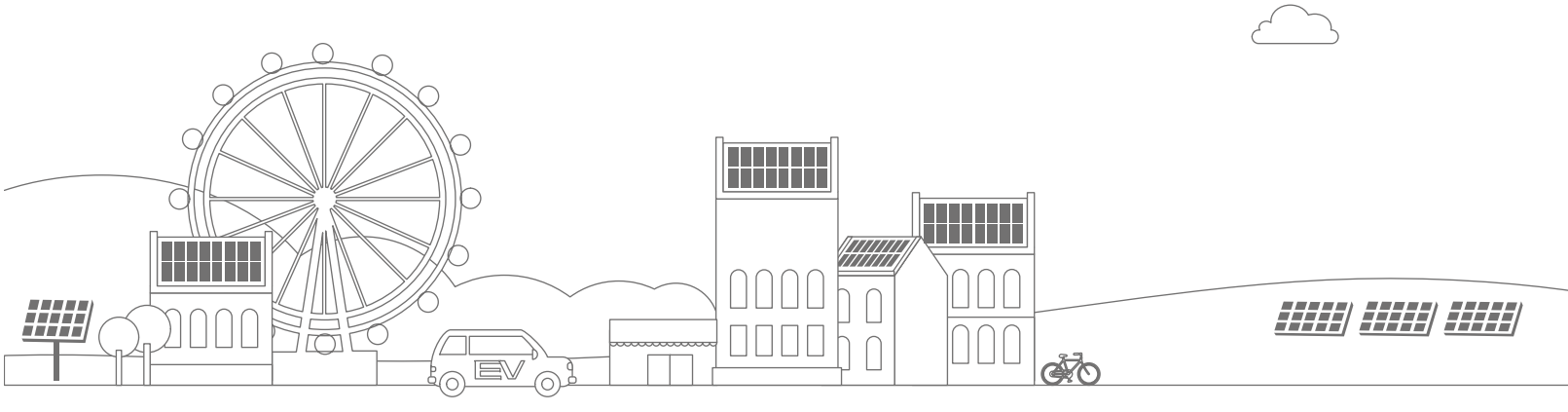
Eckart Seitter

Vincotech,Germany
Senior Vice President Sales & Marketing

Sungrow has built a strong and trusted brand. It has created many jobs in China and around the world. It has grown shareholder value many times over. And it did all this while doing the environment a great service.

Sungrow and Environment

Sungrow complies with the national construction principles for ecological civilization and Beautiful China, and adheres to the development mission of “Clean power for all”. Sungrow strives to save energy, reduce emissions, improve ecology, improve environmental quality, and practice the concept of green development while advancing the era of 100% clean energy.



EHS Management System

Sungrow highly emphasizes the importance of environmental health and safety (EHS) management system to corporate development and social responsibility. It is the social responsibility of a corporate citizenship to protect the environment, employee health and personal safety. Under the premise of strictly complying with national and local EHS laws and regulations, Sungrow has made efforts in environmental protection, occupational health and safety, energy conservation, pollution reduction, and strengthening health and safety training, and have achieved good results.

As of 2017, the Company and member enterprises have been certified as follows:

Company name	Certification
Sungrow Power Supply Co., Ltd.	ISO14001:2004, OHSAS18001:2007, SA8000:2014, IECQ-QC080000:2014, GB23331-2012, re-assessment of second-tier enterprises in safety production standardization
Sungrow-Samsung SDI Energy Storage Power Supply Co., Ltd.	ISO14001:2004, OHSAS18001:2007, SA8000:2014, Safety Production Standardization Second-tier Enterprise Certification
Sungrow (Shanghai) Co., Ltd.	SA8000:2014

Green Operation

In 2017, the Company commissioned qualified third-party testing agencies to monitor domestic sewage, industrial exhaust gas, noise at the factory boundary, and fume from the canteen on a quarterly basis.The domestic sewage, industrial waste gas, noise at the factory boundary, and fume from the canteen were all up to standard emissions.

Item	Practice/Case
Domestic sewage	There is no industrial sewage produced in the Company's production process. According to the approval in the "Environmental Impact Assessment" for domestic sewage, the domestic sewage should satisfy the acceptance standards of sewage treatment plants in the New & High Tech Zone after pre-treatment in the septic tank. The Company self-pressurizes and builds an integrated domestic sewage treatment unit with high standards. After the construction, the total discharge water quality satisfies the Grade III standards of the Discharge Standards of Pollutants for Municipal Wastewater Treatment Plants (GB 18918-2002).
Noise	The Company conducts EHS review at the time of purchasing equipment, prioritizes low-noise equipment, controls noise by means of sound insulation, noise elimination and sound absorption, in order to ensure noise at the factory boundary reaches the standards.
Industrial solid waste	The Company's PCBA, three defenses and other processes that generate exhaust gas are carried out in closed units. Exhaust gas is collected and absorbed by activated carbon, and then discharged through the 15-meter exhaust pipes. General solid waste: The Company classifies and sorts out general solid waste, sells those recyclable solid wastes, and entrusts the sanitation department to dispose of the ordinary domestic waste.
Industrial solid waste	Hazardous waste: The Company sets up a dedicated hazardous waste storage site and strictly implements the internal production-storage-transfer of standing book. The Company signed the Commission Contract for Dispose of Hazardous Waste with Anhui Chaoyue Environmental Protection Technology Co., Ltd., and transferred a total of 10.2 tons of hazardous wastes such as waste activated carbons and fluxes in 2017.
Environmental protection "Three Simultaneities"	In 2017, the Company conducted (independent) inspection and acceptance of environmental protection for intelligent manufacturing project of new energy power generation equipment with an annual production capacity of 8 million kilowatts and the technological transformation project of mid-power photovoltaic inverter automatic production line.
Occupational health and safety "Three Simultaneities"	In 2017, the Company conducted an occupational disease prevention facility design report and occupational hazards control effectiveness evaluation for distributed photovoltaic power generation inverter equipment project with an annual production capacity of 2 million kilowatts at the Group's headquarters.
Safety production standardization	In 2017, Sungrow passed the re-assessment of second-tier enterprises (machinery) in safety production standardization, and Sungrow-Samsung SDI and Sungrow (Jinzhai) completed the self-assessment of the safety production standardization.
Emergency construction	The evaluation and filing of the safety emergency plans for Sungrow, Sungrow-Samsung SDI and Sungrow (Jinzhai) were completed in 2017. Each member enterprise conducted environmental and safety emergency drills during the year.

Energy consumption of Sungrow and its member enterprises:

Year	Total water consumption (Unit: m^3/year)	Total power consumption (Unit: KWh/year)	Electric energy converted to standard coal (Unit: kg/year)	Total energy consumption except for electric energy (converted into standard coal) (Unit: kg/year)	Comprehensive energy consumption (Converted into standard coal) (Unit: kg/year)	Comprehensive energy consumption per ten thousand output value (Based on standard coal) (Unit: kg/ten thousand yuan)	Water consumption per ten thousand output value (Unit: m^3,/ten thousand yuan)
2016	97,703	10,985,491	1,350,110	62,079	1,412,189	2.21	0.153
2017	86,730	15,879,377	1,951,575	229,983	2,181,558	2.48	0.099

In response to China' s calls for new energy construction, the Company built a 4.9MW distributed photovoltaic power station on the rooftops of plants, in order to accelerate the large-scale application of photovoltaic power generation in China, and play a leading role in the demonstration of photovoltaic power generation. In 2017, the accumulated power supply of the Company' s rooftop photovoltaic power stations was 4,500,000kWh, which accounts for 28.3% of the Company' s annual electricity consumption, and can reduce carbon dioxide emissions by about 5,000 tons annually.

The water and energy consumption of Sungrow and four member enterprises in 2017 are as shown in the above table. By comparison, the water consumption in 2017 dropped by 10,973 tons (11.2%) compared to 2016, the electricity consumption increased by 4,893,886 kWh (44.5%) compared to 2017, the water consumption intensity dropped by 0.054 tons/ten thousand yuan, and the electricity consumption intensity increased by 0.27 tons of standard coal/ten thousand yuan (5.6%). The increase in total electricity consumption was due to the increase in production of the Company and some of its subordinate member enterprises. However, the member enterprises did not forget to increase energy efficiency while increasing production.

Remarks: Since the Company established and implemented an energy management system in 2017, it has proposed the requirements for energy saving and consumption reduction, and has carried out energy conservation and emission reduction activities in an all-round manner. On one hand, the Company increased hundreds of new employees in 2017, most of them are expatriates and marketing staffs, and the overall water consumption and water consumption intensity dropped in 2017 with the implementation of water saving measures; on the other hand, due to the increase in the proportion of integrated products in the Company's products, the power consumption of secondary commissioning increased in 2017, which ultimately resulted in an increase in the overall power consumption, yet the increase in power consumption intensity was far lower than the increase in power consumption.

Some environmental improvement cases:

The lead-zinc mining has brought heavy metal pollution in the atmosphere, water environment, soil and agricultural products in Dongtang Township around Fankou Lead-Zinc Mine in Renhua County, Shaoguan, Guangdong Province. Sungrow tailored a total solution for the integration of "on-board photovoltaic power generation and under-board soil treatment" for Renhua County according to local conditions, cooperated with a number of China' s top soil research institutes in conducting research and demonstration for over one year, and decided to plant ombrophyte hyper accumulators under components, in order to reduce the content of heavy metals in the soil and gradually reduce the contaminated land into cultivable land by using plant enrichment and extraction. The 150MW photovoltaic power generation comprehensive utilization demonstration project covers about 3,200 mu of land seriously contaminated by heavy metals, and can provide more than 150 million kWh of green power each year. This project is a classic example of the innovative combination of photovoltaic power generation and soil remediation, can not only significantly increase the comprehensive income of the land, but also effectively improve the geological conditions. This project provides new ideas and exemplary significance for replicating and generalizing the national soil ecological restoration and comprehensive management.

The New York Times once reported the world' s largest floating solar project made by SUNGROW, "a lake formed by the collapse of abandoned coal mines. The world' s largest floating solar project can produce enough power to light up a nearby city. The local government wants to expand the initiative to more than a dozen sites, which together would generate the same amount of electricity as a full-size nuclear reactor."

Sungrow discharges its domestic sewage into the municipal pipe network after being treated in the septic tank, and the discharged water quality reaches the Grade-III discharge standards in the Integrated Wastewater Discharge Standard (GB8978-1996). The Company invested RMB 230,000 to build a sewage treatment station in order to further optimize the discharged water quality, and the discharged water quality satisfies the acceptance standards of sewage treatment plants in the New & High Tech Zone after the construction, which is slightly lower than Grade-IV water standards.

The Company collects and recycles the replaced PCBs at the product installation and after-sales service sites, centralizes them into hazardous waste warehouses, and entrusts Anhui Chaoyue Environmental Protection Technology Co., Ltd. to dispose of them, in order to avoid environmental pollutions caused by the Company's product replacement and scrapping.

In order to provide standardized packaging solutions (containers), meet the industry packaging requirements for different specifications and performance components, and facilitate product transport, turnover and storage, the Company designs and develops recyclable logistics packaging solutions(containers), which are suitable for the packaging, transportation and turnover of various parts and components. The empty containers can be folded and stacked to save the return logistics costs, and feature PP plastic corrosion-resistant materials, a reliable structure, and its appearance and structure are in line with mechanized handling and operation. Some products have been tried out.

Classification of energy consumption of Sungrow and member enterprises in 2017

Company name	Power consumption (kWh)	Natural gas (m^3)	Liquefied gas (m^3)	City gas (m^3)	Steam (m^3)	Raw coal (kg) 0	Diesel (L)	Gasoline (L)	Fuel oil (L)
Sungrow	14,362,870	63,628	0	10	0	0	27,590	68,333	0
Sungrow (Shanghai)	139,300	0	0	0	0	0	0	0	0
Sungrow (Gansu)	11,005	0	420	0	0	0	0	0	0
Sungrow (Qinghai)	28,560	0	0	0	0	0	0	0	0
Sungrow (Jinzhai)	506,642	0	0	0	0	0	0	0	0
Sungrow-Samsung SDI	831,000	8,060	0	0	0		1,500	0	0

Material procurement, use and recycling of Sungrow and member enterprises in 2017

Company name	Material type	Material name	Material purchase amount	Actual use	Recycling amount	Cyclic utilization rate	Unit
Sungrow	Production materials	Chassis/cabinet	361,054	337,486	0	0	pcs
	Production materials	Electric reactor	2,115,370	1,933,393	0	0	pcs
	Production materials	Transformer	2,166,316	1,834,301	0	0	pcs
	Production materials	Chip	42,092,410	31,429,638	0	0	pcs
	Production materials	Module	1,708,710	1,255,871	0	0	pcs
	Production materials	Cable	7,973,631.89	7,299,747.73	0	0	m
	Production auxiliary materials	Detergent	1,816	1,625	0	0	kg
	Production auxiliary materials	Three-proofing lacquer	15,088.19	14,587.78	0	0	kg
	Production auxiliary materials	Flux	15,075.216	14,609.742	0	0	kg
	Production auxiliary materials	Tin	5,486.507	4,086.507	0	0	kg
	Production auxiliary materials	Solder paste	1,727.87	1,626.37	0	0	kg

Water Pollution Discharge of Sungrow and Some Member Enterprises in 2017

The Company attaches great importance to environmental protection. The sewage discharge, air pollutant discharge, noise at the factory boundary and industrial waste (general waste & hazardous waste, the same below) generated during production and operation must fully comply with all relevant national and local regulations. In addition to the simultaneous construction of pollution control devices and facilities at the initial stage of construction projects, it also requires sufficient organizational guarantees and technical guarantees in respect of personnel guarantees, operating procedures, monitoring and controlling, and environmental emergency plans, in order to ensure the sustainable development of the Company and prevent the occurrence of pollution incidents.

Year	Total wastewater emissions 2017(Unit: ton/year)	Total COD emissions (Unit: ton/year)	Total NH3-N emissions (Unit: ton/year)	Total exhaust gas emissions (Unit: m^3/year)	Nitrogen oxides (Unit: ton/year)	Sulfur oxides (Unit: ton/year)	Smoke particles (Unit: ton/year)	Total solid waste (Unit: ton/year)
	69,384	16.25	1.42	5,576	0	0	0.74	142.8

Company name	Total wastewater emissions in 2017 (ton)	Total COD emissions in 2017 (ton)	Total ammonia nitrogen emissions in 2017 (ton)	Is it included in the municipalpipe network (Yes/No)	Is it up-to-standard discharge (Yes/No)	Discharge direction and way
Sungrow	66,392	15.27	1.33	Yes	Yes	Arrive at the sewage treatment plant through the municipal pipe network.
Sungrow (Shanghai)	240	0.055	0.0048	Yes	Yes	Arrive at the sewage treatment plant through the municipal pipe network.
Sungrow (Gansu)	306	0.070	0.0061	Yes	Yes	Arrive at the sewage treatment plant through the municipal pipe network.
Sungrow (Qinghai)	528	0.121	0.0106	Yes	Yes	Arrive at the sewage treatment plant through the municipal pipe network.
Sungrow (Jinzhai)	1,091	0.546	0.0491	Yes	Yes	Arrive at the sewage treatment plant through the municipal pipe network.
Sungrow-Samsung SDI	827	0.190	0.0165	Yes	Yes	Arrive at the sewage treatment plant through the municipal pipe network.

Company name	Sewage treatment and emissions	Waste gas emissions and pollution control measures	Wastes treatment and emissions condition
Sungrow (Shanghai)	The domestic sewage enters the municipal pipe network after being treated in septic tanks, and reaches the discharge standards after being treated by the sewage treatment plant in the Development Zone.	No industrial waste gas	Domestic garbage is disposed of by the sanitation department.
Sungrow (Gansu)	The domestic sewage enters the municipal pipe network after being treated in septic tanks, and reaches the discharge standards after being treated by the sewage treatment plant in the Development Zone.	No industrial waste gas	Waste lubricants and other hazardous wastes are disposed of by qualified units, and other domestic garbage is disposed of by the sanitation department.
Sungrow (Qinghai)	The domestic sewage enters the municipal pipe network after being treated in septic tanks, and reaches the discharge standards after being treated by the sewage treatment plant in the Development Zone.	No industrial waste gas	Waste lubricants and other hazardous wastes are disposed of by qualified units, and other domestic garbage is disposed of by the sanitation department.
Sungrow (Jinzhai)	The domestic sewage enters the municipal pipe network after being treated in septic tanks, and reaches the discharge standards after being treated by the sewage treatment plant in the Development Zone.	No industrial waste gas	Waste packaging materials are recycled by specialized recycling agencies, and other domestic garbage is disposed of by the sanitation department.
Sungrow-Samsung SDI	The domestic sewage enters the municipal pipe network after being treated in septic tanks, and reaches the discharge standards after being treated by the sewage treatment plant in the Development Zone.	The fugitive emission is achieved after the welding fumes are absorbed by the smoking instrument.	Waste packaging materials are recycled by specialized recycling agencies, and other domestic garbage is disposed of by the sanitation department.

The emission of water pollutants from all member enterprises of Sungrow can meet the regulations and continue to meet the emission standards in 2017. The Company has not received any reports of environmental pollution incidents.

Total waste gas emissions, smoke (powder) dust and other important exhaust emissions of Sungrow in 2017

Company name	Total waste gas emissions in 2017 (10,000 m^3)	NOX emissions in 2017 (ton)	SOX emissions in 2017 (ton)	Total emissions of soot particles in 2017 (ton)	Total emissions of non-methane hydrocarbon (ton)	Total VOC emissions in 2017 (ton)	Source types and ways
Sungrow	5,576	0	0	0.74	0.330	0	Organized exhaust gas
Sungrow (Shanghai)	0	0	0	0	0	0	/
Sungrow (Gansu)	0	0	0	0	0	0	/
Sungrow (Qinghai)	0	0	0	0	0	0	/
Sungrow (Jinzhai)	0	0	0	0	0	0	/
Sungrow-Samsung SDI	0	0	0	0	0	0	/

The emission of atmospheric pollutants from all member enterprises of Sungrow can meet the regulations and continue to meet the emission standards in 2017. The Company has not received any report of environmental pollution incidents.

Most of the external special packaging materials for the general solid wastes of the Company and member enterprises were recycled in 2017, in order to reduce emissions and avoid secondary pollution to the environment. Each member enterprise can complete all environmental protection procedures from application, approval, transfer, and disposal in accordance with the requirements of the environmental department for hazardous wastes, and have entrusted qualified units to conduct compliant disposal.

Solid waste disposal of Sungrow and some member enterprises in 2017

Company name	Total amount of solid wastes in 2017 (ton)	Among: The amount of domestic wastes (ton)	Among: Industrial solid wastes (non-hazardous wastes) (ton)	Among: The packaging materials (ton)	Total hazardous wastes (ton)	Hazardous waste treatment methods				Waste disposal and comprehensive utilization or additional utilization
						Recycling (ton)	Incineration (ton)	Landfill (ton)	Other (ton)	
Sungrow	118.5	91	0	17.3	10.2	0	10.2	0	0	0
Sungrow (Shanghai)	2.8	2.2	0.1	0.3	0	0	0	0	0	0
Sungrow (Gansu)	2.4	1.4	0.1	0.9	0	0	0	0	0	0
Sungrow (Qinghai)	4.8	4.1	0.2	0.5	0	0	0	0	0	0
Sungrow (Jinzhai)	6.2	4.8	0.6	0.8	0	0	0	0	0	0
Sungrow-Samsung SDI	8.1	4.5	1.5	2.1	0	0	0	0	0	0

Sungrow creates green plants and green products to practice its commitment to the environment, insists on investment in innovation, emission reduction and resource saving, carries out strict environmental management in the product lifecycle, ensures that the entire process of R&D, procurement, production and customer conform to the requirement for sustainable development of the environment, and achieves a virtuous circle of symbiotic development of company and environment.

Besides, the Company actively explores "PV+" innovation model, provides demonstration for comprehensive environmental treatment and application of new energy industry in the new comprehensive application forms, such as agriculture and PV complementation, fishery and PV complementation, forestry and PV complementation, subsidence area/barren mountain comprehensive treatment PV power station and floating power station, to realize the balance between economic benefit and ecological protection.

In the early stage of all project construction, the Company conducts environment assessments in strict with the national laws and regulations, actively responds to the requirements of national ecological civilization construction, coordinates development with a high degree of social responsibility and ecological environment by making use of ecological compensation mechanisms, strictly follows most important environmental protection principles such as ecological protection red line, environmental quality baseline, and resource utilization upper limit, and insists on no pollution to the environment and destroy of ecology. Besides, the Company has made great efforts in soil and water conservation, soil remediation, and vegetation migration in terms of engineering construction. Sungrow invested RMB 1.68 million in environmental protection in 2017.

Company name	Investment in environmental protection facilities in 2017 (RMB 10,000)	Operation of environmental protection facilities in 2017 (RMB 10,000)	Purpose
Sungrow	78.5	70	Greening, septic tank, grease trap cleaning, operation and testing of exhaust gas treatment devices, hazardous waste disposal, panel cleaning
Sungrow (Shanghai)	0	2	Panel cleaning, greening, environmental testing
Sungrow (Gansu)	1	1.5	Grease trap cleaning, septic tank cleaning, greening, environmental testing, operation of sewage treatment facilities
Sungrow (Qinghai)	1	1	Grease trap cleaning, septic tank cleaning, greening, environmental testing
Sungrow (Jinzhai)	1	2	Septic tank cleaning, greening, environmental testing
Sungrow-Samsung SDI	1	9	Welding fume collection device, greening and maintenance, removal of insects, septic tank cleaning, environmental testing, preparation of environmental emergency plan

Health and Safety

Sungrow encourages employees to actively participate in health and safety activities and management, encourages the development of various forms of employee autonomy activities, and fully safeguards employees' health and safety rights and interests. In 2017, most member enterprises designated appropriate EHS full-time or part-time staffs. The member enterprises regularly carry out continuous improvements and safety production activities, such as the monthly knowledge contests on safety production, safety and rationalization proposals, etc. In 2017, the awards for safety production knowledge contests reached more than RMB 40,000.

In 2017, the Company increased its investment in safety facilities for its member enterprises. The investment in facilities and operations in the safety production reached RMB 10,124,000. The continuous investment plays a crucial role in providing employees with a safe workplace and maintaining the Company's sustainable development.

Company name	Project description	Amount (RMB 10,000)	Project description	Amount (RMB 10,000)
Sungrow	Fire control attendant, transformation of safety protection facilities, procurement of emergency supplies	371	Safety inspection and rectification expenses; equipment maintenance, overhaul, calibration, testing; occupational hazards detection, evaluation, safety evaluation, standardization establishment consultation, safety defense	596.1
Sungrow (Shanghai)	Procurement of fire-fighting equipment	0.5	Safety inspection and rectification expenses; procurement of safety protective articles	10.4
Sungrow (Gansu)	Procurement of emergency supplies	1	Procurementof fire-fighting equipment purchase, safety inspection and rectification expenses	1.5
Sungrow (Qinghai)	Procurement of emergency supplies, occupational disease prevention facilities	2	Safety inspection and rectification expenses, procurement of labor protection equipment, detection and evaluation of occupational hazards	1.5
Sungrow (Jinzhai)	Procurement of emergency supplies, occupational disease prevention facilities	2	Safety inspection and rectification expenses, procurement of labor protection equipment, detection and evaluation of occupational hazards, safety evaluation, standardization establishment consultation	15.7
Sungrow-Samsung SDI	Procurement of emergency supplies, occupational disease prevention facilities	2.8	Safety inspection and rectification expenses, procurement of labor protective articles, occupational health examinations, occupational health testing, evaluation costs; fire protection inspection; special equipment testing	18.9

Sungrow is committed to providing employees with a healthy and safe work and office space, with an annual occupational health checkup coverage rate reaching 100%. In 2017, the Company and its member enterprises continued to carry out health and safety improvement activities. Each company also actively carried out the identification, evaluation and control of various health and safety risk factors according to the risk characteristics of its own operations, and adopted various engineering improvement and administrative control measures to control and eliminate health and safety risk factors. In 2017, the Company provided employees with EHS trainings and related education campaigns to increase the awareness of environment, health and safety of all employees and the whole society. In 2017, the Company, on the basis of meeting the statutory compulsory training requirements, intensified the training courses and scope of the health and safety professional series. With regard to training courses, the Company, considering the advancement of the management system, successively conducted trainings on mechanical protection, hazardous operation control (fire operation, high operation, etc.), identification of hazards, employee safety observation, and fire safety knowledge.

In 2017, the Company and its member enterprises had no general safety production accidents, major safety accidents, major occupational disease incidents or fire incidents (statutory accidents as classified by the Government of China), and the overall health and safety situations were good.

A list of safety indexes of Sungrow and member enterprises in 2017

Company name	Total number of employees	Total working hours (hour)	Major accident	Ordinary accident	The number of severe injuries	The number of minor injuries	The number of industrial accidents	Injury rate per 200,000 working hours	Mortality rate per 200,000 working hours	Number of lost time cases	Recordable accidents	Total lost time case rate	Recordable accident rate	The total number of diagnosed occupational diseases
Sungrow	2,426	3,551,468	0	0	0	5	9	0.51%	0	4	9	0.23%	0.51%	0
Sungrow (Shanghai)	70	102,474	0	0	0	0	0	0	0	0	0	0	0	0
Sungrow (Gansu)	10	14,639	0	0	0	0	0	0	0	0	0	0	0	0
Sungrow (Qinghai)	20	29,278	0	0	0	0	0	0	0	0	0	0	0	0
Sungrow (Jinzhai)	29	42,453	0	0	0	0	0	0	0	0	0	0	0	0
Sungrow-Samsung SDI	106	236,847	0	0	0	0	0	0	0	0	0	0	0	0

Employee participation is a key factor in improving technology, management and environment. The Company enhances awarenesses and capacities of employees through scientific trainings, which is an important prerequisite for realizing sustainable development. Therefore, the Company encourages employees to participate extensively in various environmental, occupational health and safety, social responsibility trainings and activities, helps employees understand sustainable development issues and goals, and jointly creates a green and safe DNA.

Cases of occupational health and safety risk improvements which are proposed by employees and adopted by the Company

No.	Improvement case
1	Install mirrors between workshops and road turns. When vehicles pass through the area, they can promptly observe the situations to avoid traffic accidents caused by blind areas.
2	There are forklift trucks and operators walking in workshops. Special pedestrian passages and logistics vehicle lanes are planned to realize the diversion of people and vehicles in workshops.
3	When the products are commissioned during electrification, the AC panel cannot determine whether there is electricity in the large line, with potential safety hazards. According to the improvement plan provided by the employees in the production skill competition, a kind of intelligent safety protection board is produced to alert the user in case of hot-line work, and directly judge whether the line has electricity or not, which greatly enhances the safety protection performance.

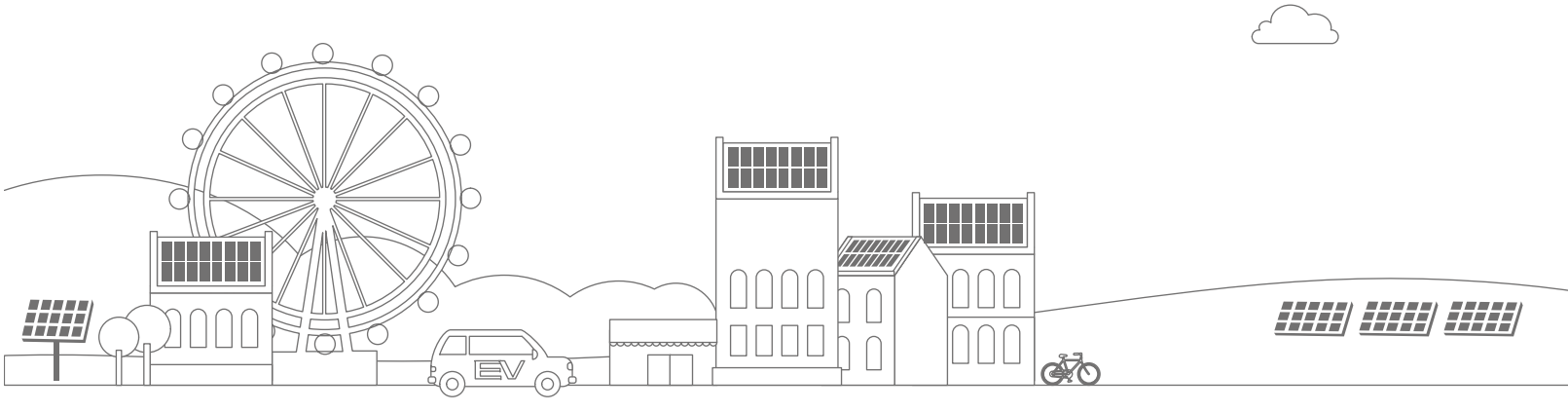
The Company requires all employees to receive trainings on environmental protection, occupational health and safety from the beginning of their employment. The training contents include environmental protection, basic knowledge of occupational health and safety, sustainable development, and company-related environmental management requirements, basic knowledge of occupational health and safety management, emergency and first aid knowledge. In 2017, the total duration of trainings on EHS and social responsibility of the Company and its member enterprises totaled 8,385.5 hours, and the number of participants was 3,473. Among them, the number of training sessions per capita was 2.7, and the training hours per person were 3.5 hours, increased by 9.6% from 2016. Through these trainings, the Company and its member enterprises effectively improved employees' awarenesses of environmental protection, occupational health and safety, sustainable development, and the management levels of managers.

Company name	Legal trainings					Awareness trainings			Specialized trainings		
	Required attend-ance	Actual attend-ance	Compl-etion rate%	Time (hour)	Training courses	Partici pants	Time (hour)	Training courses	Partic-ipants	Time (hour)	Training courses
Sungrow	1,078	1,039	97	2	Three level safety education, entry safety education and training	1203	3	EHS basic concepts and requirements	853	3	Hazardous sources and first aid
Sungrow (Shanghai)	14	14	100	1.5	Three level safety education, entry safety education and training	70	3	EHS basic concepts and requirements	70	2	Emergency & first aid skills and exercises
Sungrow (Gansu)	5	5	100	2	Three level safety education, entry safety education and training	10	3	EHS basic concepts and requirements	10	2	Emergency & first aid skills and drill knowledge, social responsibility standards learning, labor
Sungrow (Qinghai)	6	6	100	2	Three level safety education, entry safety education and training	20	3	EHS basic concepts and requirements	20	2	protection appliance wearing Emergency & first aid skills and drill knowledge, social responsibility standards learning, labor
Sungrow (Jinzhai)	12	12	100	2	Three level safety education, entry safety education and training	29	3	EHS basic concepts and requirements	29	3	protection appliance wearing Emergency & first aid skills and drill knowledge, social responsibility standards learning, labor
Sungrow-Samsung SDI	15	15	100	1.5	Three level safety education, entry safety education and training	60	3	EHS basic concepts and requirements	60	3	protection appliance wearing Emergency & first aid skills and drill knowledge, social responsibility standards learning, labor protection appliance wearing

Remarks: Whereas Huainan Sungrow Floating Module Sci. & Tech.Co., Ltd. was put into trial operation in the second half of 2017, its EHS data in 2017 will not be disclosed for the time being. The duration of Sungrow (Gansu) Co., Ltd. was from January to July 2017, and Sungrow (Gansu) Co., Ltd. is no longer controlled by Sungrow. Therefore, EHS only disclosed the data for the duration of the current year.

Sungrow and Employees

Sungrow has more than 2,000 employees from all over the world and from different cultural backgrounds. They follow common values, forge ahead, and contribute to the steady development of the Company. In sharing development results, the Company provides employees with comprehensive career development plans and training supports to stimulate their potentials, and actively creates a harmonious and ideal working environment.



Sustainable Development of Talents

Employees are the most valuable assets of Sungrow. Over the years, the Company conducts human resources management activities to promote, instruct and arrange employees to realize the maximum increment of the Company's value, and at the same time highlights employee development and helps their growth. Specifically, the Company takes the corresponding management measures in respect of selecting, cultivating, employing, and retaining talents, highlights employee experience, and continuously improves employee satisfaction.

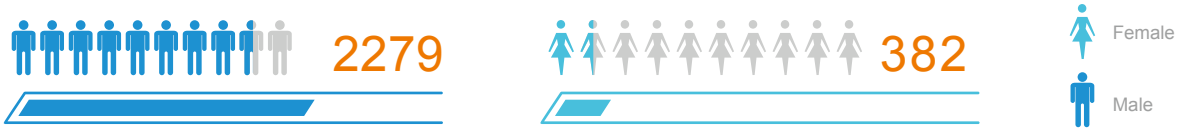
Workforce construction continues to adapt to business development

1) In terms of the number of personnel, the number of the Company's personnel significantly increased by nearly 48% due to new business development in 2017, and the Company had a total of 2,661 employees as of the end of 2017.

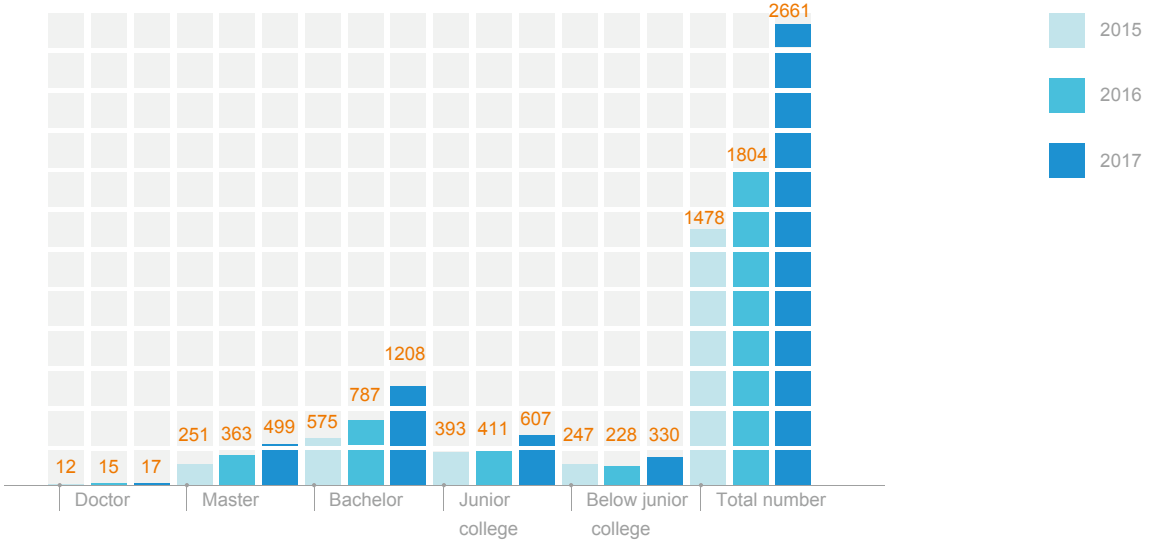
2) In terms of personnel quality, the Company continued to emphasize a young and highly-educated workforce. The number of employees under the age of 40 was more than 91%, the number of employees holding a bachelor's degree or above accounted for 62% of the total number of employees, and number of employees holding a junior college or above accounted for 88%.

3) In terms of post structure, with the full implementation of distributed and household PV business in 2017, the Company's business model has undergone partial changes, and introduced a large number of channel sales and marketing personnel, with an increase in the proportion of sales personnel.

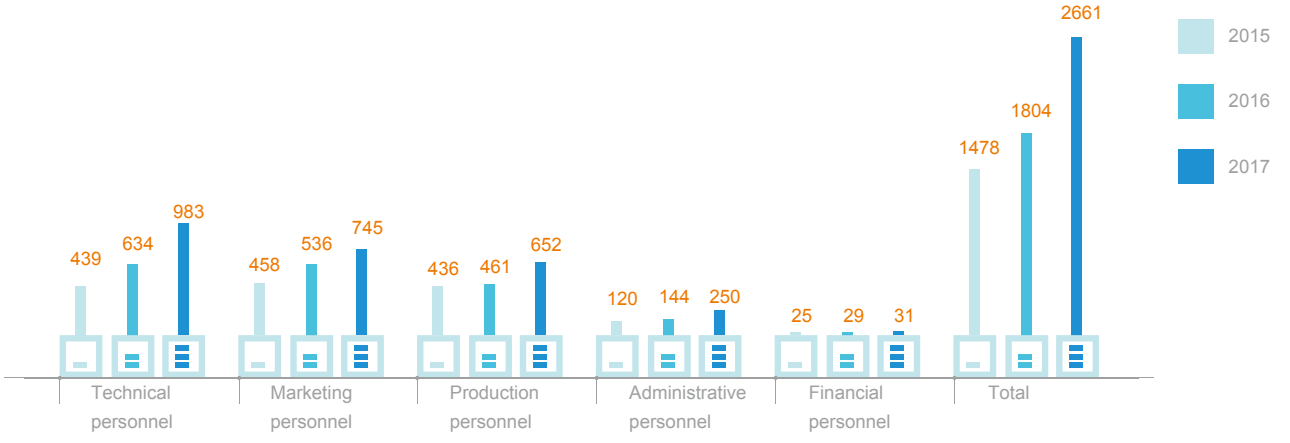
Male to female ratio:(Unit:Person):



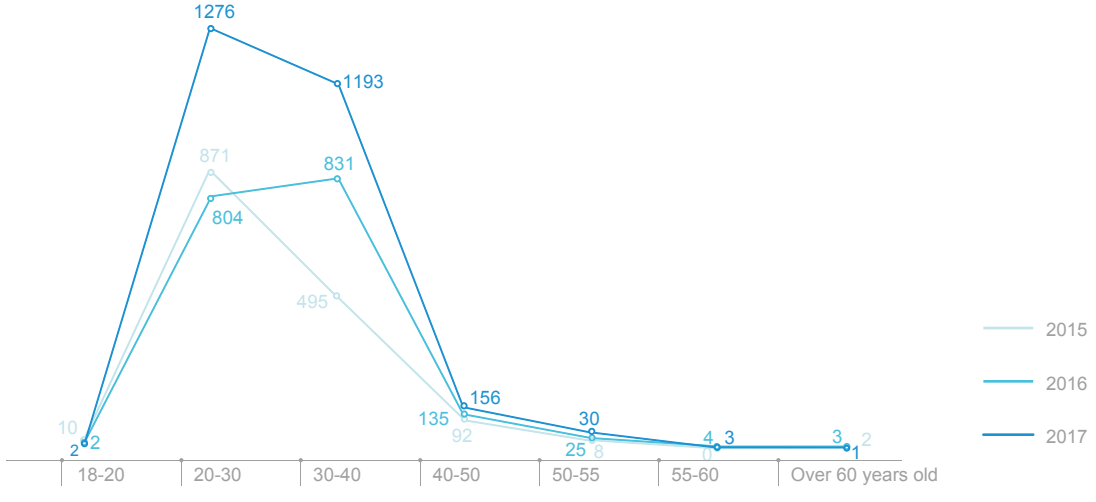
Education level (Unit: Person):



Post classification (Unit: Person):



Age distribution (Unit: Person):



The Company conducts continuous optimization of workforce, puts forward high demands on employee capabilities with repaid business development, emphasizes on performance orientation. In 2017, the turnover rate was 16%. The Company eliminated104 employees, with an active elimination rate increased to 5%, and 268 employees voluntarily quit, with a turnover rate at 11%. The sales posts had a highest turnover rate, accounting for 20%.

QR code for official account of Sungrow recruitment

Organizational Development

1、Learning and Development

The number of the Company's new employees increased due to the rapid business development in 2017, and the scale of the Company continued to expand. In order to quickly respond to business changes, the HR Center continued to improve the employee training system and gradually established a learning-typed organization:

1) The Company conducted induction trainings for 1,061 new recruits, special trainings of "Sunflower Program" for new recruits from universities, highlighted employees' general skills and corporate culture transmission, and helped them to quickly integrate into the Company;

2) The Company conducted training program for lecturer camp, adopted the form of "internalization of some copyright courses + independent development of common skills curriculum" , and enhanced the skills of lecturers;

3) Management acceleration- Training program for newly-promoted managers. The course is set in aspect of "role cognition" , "subordinate coaching" and "self-recognition" . At the same time, this project tried to adopt the form of "personal study margin + graduation assessment" to strengthen individual transformation of learning effects.

4) The Company maintained the "post experience internalization" project, with a total of 84 actually certified lecture courses and 113 actually certified lecturers as of the end of 2017.

5）In order to satisfy the individualized training needs of employees and make use of fragmented time to realize “moment-to-moment” study, the Company has built a “Sungrow e-learning” online learning platform. In the first phase, the platform launched more than 500 courses to help employees obtain more approaches to learning. The platform integrates three major functions of knowledge learning, knowledge precipitation, and knowledge sharing. At the same time, in order to better assist managers in implementing internal learning plans, the platform grants all managers permissions to send courses to their subordinates, and arrange employees to learn related knowledge skills as needed. With the development of “Sungrow e-learning” in the later period, new courses will continue to be added to satisfy the gradually-increasing learning needs of employees.

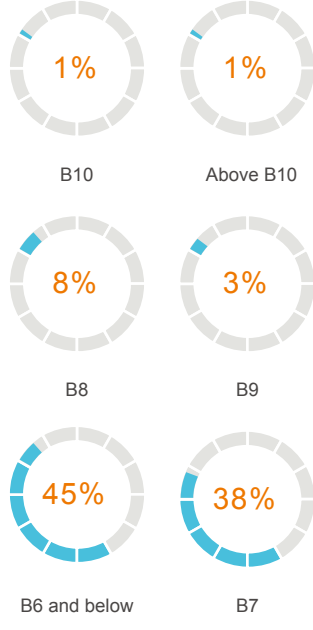
6）The Company established the Sungrow Business College, which aims to comprehensively improve the capacities of middle and senior management talents, and provide the leading talent pool for the sustainable development of the Company.

2、Talent Development

The Company routinely conducts the qualification evaluation of employee qualifications every year, so as to ensure the efficient operation of the Company’s strategic goals and organizational processes, lay the foundation for person-post matching and effective incentives, and promote the scientific, normalized and standardized management of the Company’s position system. Besides, the Company divides the development path of employees into three categories: management class, profession class, and operation/transaction class.

In terms of qualification assessment, the Company takes capacity and performance as the orientation, follows the principles of cross-development, promotion and demotion, and fully considers employees’ personal qualities, capacities and work achievements during promotion evaluation. At the same time, employees can follow a single-channel development, or horizontal or cross-channel development. Employees’ qualifications can be upgraded or degraded based on their business performance or the results of duty during the service period. In 2017, a total of 1,006 employees participated in the Company’s promotion evaluation of qualifications, with an approval rate of 88%. The Company, considering the feedback on the evaluation processes of new post ranking evaluation, the Company re-issued the Qualifications Regulations in 2017.

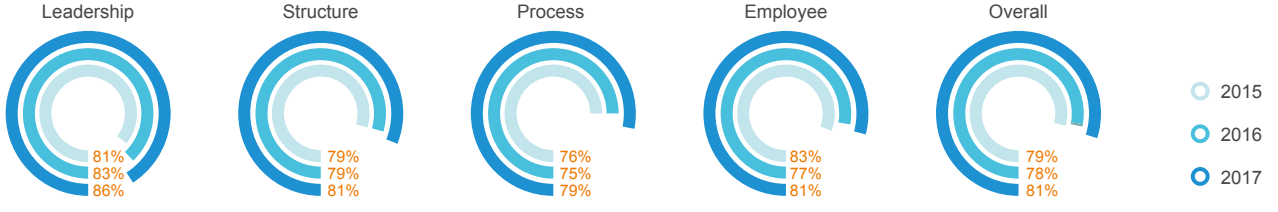
In the future, the Company will comprehensively sort out key positions and further refine the qualification requirements for key positions, and then provide employees with a clear development path and a clear competency model to enable employees to improve their capabilities.



3、Organizational Development

In order to better cope with tough market competitions, promote the rapid growth of PV, energy storage, power stations and other businesses, strive for the realization of strategic goals as soon as possible, and open up more room for future innovation businesses, the Company promoted a collectivized process-oriented organizational reform and established a collectivized operation mechanism in 2016. The Company established a PV & Energy Storage Division to integrate photovoltaic inverter business and energy storage business, and committed to transforming the PV & Energy Storage Division and Power Station Division into engines that drive the group's rapid development. After the organizational reform, the functional orientation of each department becomes clearer, and the organization operates more efficiently, in order to better cope with market competition, promote the rapid growth of photovoltaic, energy storage, and power station businesses, and open up more room for future innovation businesses. The Company established Huainan Sungrow Floating Module Sci. & Tech. Co., Ltd., a wholly-owned subsidiary in 2017, in order to seize the development opportunities of floating-water PV power stations, explore new markets, and serve the Company's power station business at the same time. On the basis of the establishment of the organizational structure, the Company combined the collectivized operation and management modes, specified authorization management system, implemented the standardized authorization through the processes, and standardized the management and approval authority of each level.

The Company has conducted "organizational health degree" survey for nine consecutive years, designed questions in aspect of leadership, structure, process and employee, conducted questionnaire surveys to collect data and prepare analysis reports, and made improvements to those aspects with a low recognition degree. In 2017, a total of 2,047 questionnaires were collected and the organizational health degree reached 81%.



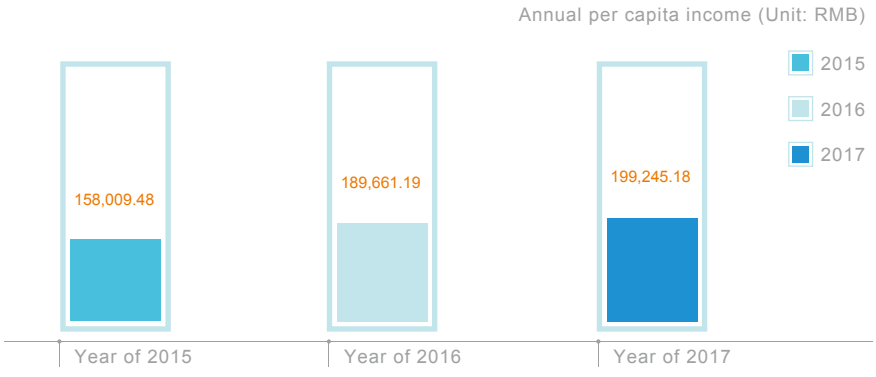
In addition, the Company carried out a survey of support center service awareness for all employees for the first time in 2017, considered center/department functions, professional skills, work efficiency, communication and collaboration, innovation management, service attitude and other dimensions, with a total of 4757 questionnaires being collected and the average satisfaction rate of 11 support departments reaching 80.5%.

4、Compensation Incentives

The competitive compensation policy is a driving source for motivating the enthusiasm and creativity of employees and promoting the sustainable development of the Company. The Company, in consideration of the strategic development needs, long-term goals, advocates profit-oriented strategy for mature businesses and rapid-growth strategy for seed businesses according to different stages of business development. The Company designs targeted incentive programs to promote business sustainable development. Besides, the Company makes salary adjustments in accordance with the State's laws and regulations concerning labor and personnel management, market conditions, and work positions and performance of employees, so as to ensure reasonable returns for employees and establish a performance-related payment management system with both internal fairness and external competitiveness.

In order to promote the achievement of the Company's strategic objectives, retain and motivate key and cadre employees, the Company implemented a new phase of equity incentives in 2017. The equity incentive targets highlighted the core personnel who will drive the Company's performance growth in the future. The incentive method was granting of restricted stocks, with the first 497 incentive targets and 34.46 million shares of restricted stocks.

Annual per capita income of Sungrow Power Supply Co., Ltd. from 2015 to 2017



Remarks: The annual per capita income includes wages, bonuses, allowances, subsidies, social insurance premiums, housing provident fund, employee education funds, and welfare expenses provided by the Company.

Harmony in Sungrow

Sungrow sets up a labor union to provide services and guarantees for all employees.

The Company advocates fair competition and anti-discrimination.

All employees at operation sites of the company are paid more than local minimum wage, which is in line with local labor laws and regulations. The Company has always adhered to principle of fairness and opposition to discrimination, achieved equal payment for different sex workers and abided by the same minimum wage and equal payment for equal work.

The Company has signed collective labor contract with all employees through workers' union, and with relevant provisions of collective agreement stipulating advance notice period for consultation and negotiation. Before implementation of major operation changes that may seriously influence employees, we will notify staff and their representatives in advance.

The Company supports active participation of employees in activities of party and youth league committees, employees have right to participate in and organize workers' union according to laws, which is written in the company's rules and regulations, and company provides the necessary facilities and activities. The Company is actively concerned about the staff, regularly arranges physical examinations, holds health counselings or lectures, and takes the initiative in investing in the health of employees.

The Company highlights protection of staff's personal information and privacy, carrying out special person management and strict confidentiality of staff's basic information. Respect employee's right of hearing and appeals, provide an open channel for the employee's complaint and opinion, including e-mail, symposium and other forms, and developed appropriate confidentiality and protection against retaliation. In the event of employee complaints, we should strictly follow the relevant provisions of regulations, under the premise of protection of employee privacy, coordinate and communicate, and give employees satisfactory answer.

The Company insists on legal employment and does not have phenomenon of use of child labor or forced labor.

The proportion of female employees returning to work and retaining jobs after maternity leave is 100%.

Sungrow's diversified benefits:

Types of welfare	Welfare contents	Scope
Basic welfare	Social insurance、Housing provident fund、Communication allowance、Travel allowance、Work meals、	All employees
Caring welfare	Holiday benefits、Allowance for high temperature、Marriage gifts、Birth gifts、Hospitalization sympathy fee、Condolence fee、Medical examination、Tourism、Female employee benefits、Employee birthday gifts、Comprehensive commercial insurance、Annual leave、Care for long-term business trips、Staff dormitory	All employees
Special welfare	Fuel subsidies、Interest subsidies for housing、Installment purchase loans	Employees who satisfy the Company's requirements

The Company provides diverse supports for its employees to enrich cultural lives of employees, and safeguards employees' legal rights and interests in terms of hardware facilities, cultural platforms, cultural activities, and democratic management systems, thus improving employee satisfaction.

Type	Content
Recreation and sports facilities	Library, gymnasium, badminton court, table tennis court, dance studio, band rehearsal room, etc.
Cultural platforms	1.Yue Running Group, Tangchao Poetry Club, band, various types of ball associations, etc.; 2.WeChat culture group, Sungrow periodical and other cultural exchange platforms.
Cultural and sports activities	1.Celebrations such as annual meetings, carnivals, and anniversaries; 2.Basketball, badminton and other competitive activities; 3.Double Seventh FestivalMusic Festival, Father's/Mother's Day and other festival activities; 4.Youth green laboratories, Sungrow Trailwalk and other public welfare activities
Group building funds	The group building funds will be given to each department for mutual exchanges among employees to enhance the understanding of employees.
Democratic management system	Employee Conciliation Committee, Congress of Workers and Staff, etc.

Sungrow holds a variety of cultural activities, including competitions, celebrations, festivals, public welfares every year. The diversified cultural activities are parts of Sungrow's corporate culture construction, add fun to the employees' leisure life and create a more harmonious and active working atmosphere for everyone.

Type of activity	Contents	Coverage	Results
Traditional	Sungrow carnival, 20th anniversary celebration, annual meetings, Sungrow culture day, skills contest, etc.	All employees	Employees can underst and the Company's history and culture and enhance their sense of belonging in the Company through celebrations and ceremonies.
Associations	Daily activities and annual competitions of various associations	All employees	Employees share experience, knowledge and experience the power of teamwork in an atmosphere of competition
Festivals	Double Seventh Musical Festival, Christmas Day, Double Ninth Festival, etc.	All employees	Employees feel the significance of festivals and the culture of the Company in a relaxed atmosphere
Charity	Sungrow Trailwalk, youth green trips, etc.	All employees	Promote green development concepts and lifestyles, and pass on the Company's corporate culture

Sungrow attaches great importance to the promotion and transmission of cultural genes, and transmits and displays its mission, visions and core values to all employees by means of multiple approaches, and provides guidance on employees' behaviors. For this purpose, the Company prints its mission, visions and values in employee manual for employees, holds corporate culture exams to enable employees to understand its mission, visions and values. Each department abstracts the department's slogan and concept based on the Company's culture and its own characteristics, produces publicity materials for publicity in the office area through the visualized form, and ensures employees feel and understand the corporate culture of the Company.

HR Center

Concept
To promote the development of employees and achieve employees' dreams

Finance Center

Concept
Cost control, risk prevention, and precise decision support

Chairman Cao Renxian explains and introduces the Company's mission, visions and values in each training for new recruits, in order to help new recruits quickly understand the Company's culture and history and integrate into the Sungrow, and deeply understand the Company''s cultural system.

The ways of act of each member of Sungrow have a strong cultural imprint in the process of understanding the Company and learning the Company's unique connotations. Employees should be classy from cultural training of "Classy Sungrow". "Induction Ceremony" brings the Company's care to new recruits, "Sungrow Collection" allows everyone to quickly get the necessary skills at work, "I am a Sungrow Member" explores the secret of the success of Sungrow, and "Team Smelting Camp", a more innovative outdoor activity, enables new recruits to understand the Company's core values clearly in the interaction of open cooperation and brainstorm, gain more new friends and create different sparks! In addition, the Company holds salons on a regular basis to share, analyze and solve problems.

The Company persists in creating an “open” cultural atmosphere and encourages employees to report the situation to the management and departments through channels such as the OA Rationalization Proposal Process, WeChat Culture Group, and Sungrow Comments Book, and instructs employees to pay attention to the Company, its development, offer advice, and cultivate their ownership spirit, thus truly demonstrating the cohesiveness and creativity of the employees, promoting inter-departmental coordination and cooperation, promoting communication while finding a solution to the problem and improving the Company’s management level.

Each employee has a book titled “Youth Sungrow”, which chronicles the stories of 49 experienced employees including senior executives and Sungrow, examples of how they practice their values with their own actions, in order to ensure each employee understand the Company’s history and culture and inherit the Company’s spirits.

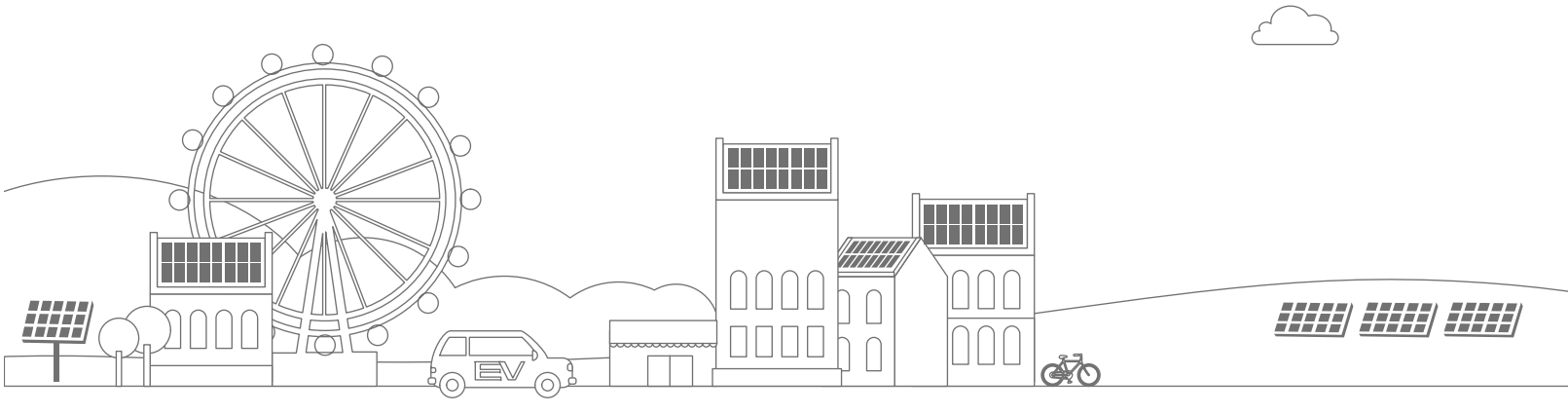
With the continuous development of the Company’s scale, the number of subsidiaries and overseas branches is gradually increasing, and the transmission of corporate culture is increasingly important. The Company has established the WeChat Culture Group and invited the employees of each subsidiary to join the group. Employees share cultural stories, initiate cultural events and popularize system tips in this cultural group, in order to realize real-time transmission of stories, cultures, and values, enable everyone to transcend geographical restrictions and experience the Company’s cultural atmosphere. The Company establishes branch venues of large-scale cultural activities in subsidiaries to enhance the participation and recognition of employees.

The Company prepares overseas employee manuals for overseas employees, integrates the Company’s culture and values into the manuals, strengthens cultural ties by translating cultural stories and cultural manuals, sends holiday cards to employees and conveys the Company’s care during overseas holidays, strengthens attention, interaction and care of overseas employees, thus providing a powerful guarantee for the Company’s globalization.

Sungrow won the title of “China’s Best Employer of the Year” again in 2017, which is the sixth time that the Company has won this honor. In addition, the Company has received other related honors and recognitions for many times, and tried its best to make employees become the happiest employees.

Sungrow and Society

Sungrow shoulders a mission of “Clean power for all”, always gives back to society with a heart of gratitude, actively participates in social welfare activities such as poverty alleviation, donations to school, earthquake relief, PV poverty alleviation, etc., and continuously enhances the professionalism and sustainability of public welfare practices, honors its commitments to social sustainable development, and has achieved good social benefits.



PV Poverty Alleviation

Sungrow actively implements and promotes national decision-making arrangement of “targeted poverty alleviation, targeted poverty elimination”, gives full play to its advantages in new energy industry, and actively implements precise model of PV poverty alleviation, in order to improve the self-made and self-running capabilities of poor families.

In the process of carrying out targeted poverty alleviation projects, the Company not only provides power generation assemblies, but also realizes the localization of labor demands during the implementation of the projects, with a localization rate of operation and maintenance personnel reaching 80% after the project is completed and put into operation. The Company really expands the source of income and provides jobs for poverty families by means of PV poverty alleviation, and pays great attention to protecting the interests and feelings of the interested parties. In the process of targeted poverty alleviation, the Company makes things better with a good intention, complies with laws and regulations, considers local natural and human environment factors, pioneers the form of “six-party confirmation” including forestry/water conservancy, land, environmental protection, power grids, owners, village committees, in order to ensure each work is in compliance with the requirements and interests of stakeholders. This measure has been gradually recognized by the poverty alleviation authorities and stakeholders since its first launch at Yuexi County poverty alleviation project in Anhui Province in 2015.

As of the end of 2017, the Company’s PV poverty alleviation business has covered Anhui, Zhejiang, Shandong, Hubei, Guangxi, Hebei, Henan and Sichuan, helping 100,000 poverty-stricken households and 1200 poverty-stricken villages, with a total scale of 750MW. Excellent project construction experience also attracted delegations from all parts of the country and even African countries to study.

In addition, as of now, the Company has cumulatively donated 5,100kW PV power stations in Yongqiao District, Xiaoxian County, Sixian County, Lingbi, Susong, and Taihu Lake in Anhui Province and donated 580kW PV power stations in Sichuan, Shanxi, Guangxi, and Jiangxi.

The Company currently also undertakes the operation and maintenance of 620MW PV poverty alleviation power stations for nearly 18,000 poverty-stricken households and more than 2,000 poverty-stricken villages in Jinzhai County, Yuexi County in Anhui Province, Caoxian County in Shandong Province and other places, ensuring the annual revenue from power generation at RMB 3,000 for poverty-stricken households.
Next, Sungrow, with the in-depth development of poverty alleviation, will give full play to its advantages in capital and technology, and the demonstration role, and build a multi-level three-dimensional poverty alleviation structure through the “Household Poverty Alleviation Stations + Village Collective Poverty Alleviation Stations + Centralized Poverty Alleviation Stations”, in order to help the poverty-stricken areas to speed up the pace of poverty alleviation, and contribute to the early realization of poverty alleviation victory and build a comprehensively well-off society.

Public Welfare Activities

1、Popularization of clean energy

In the course of thinking about the charity aid, Sungrow has turned its sights to teenagers. They are the future of the motherland, the future of clean energy, and the reserve force of ecological civilization and beautiful China. Sungrow enlightens their awareness and concept of clean energy and environmental protection through popularizing science and education, enhances their interest in clean energy research and application fields, and even affects them to choose to join Sungrow in the future. The teenagers are the main line of the Company's welfare activities.

Explore energy, spread green hope

A total of more than 2,000 college, primary and secondary school students from the provincial/municipal Party Schools, University of Science and Technology of China, Hefei University of Technology, Hefei University, Hefei 50th Middle School, Hefei Huijingyuan Primary School, Hefei Xiyuan Xincun Primary School, and employees' children visited the Company for study in 2017. Among them, Sungrow and Hefei Evening News co-established a younger reporter training base for the first time, opened the youth green laboratory and factory for teenagers, and invited students to visit and experience. Students felt the magic of science and technology while understanding the Company's various product features in the exhibition hall, experiencing on-field photovoltaic power generation in the roof power station, visiting the PV inverter production processes at PCB workshops, and completing the photovoltaic power generation experiments at the laboratory.

After the event, the Hefei Evening News published the impressions from four young reporters.

Wang Tianqi from Class 1, Grade 4, 3rd Primary School, Anqing Road: This event has already planted a green seed in our hearts, and the seed will take root and germinate in our hearts. In the future, we will also develop new energy and advance on the road to environmental protection.

Wei Tianle from Class 9, Grade 4, Peace Primary School: The event has made us understand that green energy makes our life better! Friends, let us work hard together to protect the living environment of the earth!

Xu Haochen from Class7, Grade 3, Anjuyuan Primary School: Today's event is really meaningful! It made us not only feel the mystery of new energy, but also realize the importance of protecting the earth and protecting resources!

Ji Yuqiang from Class 3, Grade 5, Dongsheng Primary School: I learned from this new energy journey that clean energy has extensive advantages, not only protecting the environment and saving energy, but also replacing the exhausted traditional energy.

Sungrow actively participates in the “Youth Leadership Summer Camp for Climate Action” and “Panda Power Station” of the United Nations Development Programme

Sungrow Takes Actions for PV Donations to School

On October 24, 2017, Sungrow donated campus caring PV power stations with a total installed capacity of 120kW to 12 schools in 9 counties including Jinzhai and Yuexi in Anhui Province. Each school was given a 10kW installed capacity, and all of them used the full-amount grid connection. Sungrow household PV with “Multi-Generation” as its core technology can ensure each school’s annual revenue of RMB 10,000, and a benefit period for more than 25 years, in order to improve school teaching conditions and support poverty-stricken students. Sungrow actively implements the national strategy of “targeted poverty alleviation”, realizes sustainable development, not only enriches the campus environmental education practice materials and enlightens the concept of clean energy awareness and environmental protection, but also teaches teenagers photovoltaic power generation knowledge, and cultivates more new emerging forces devoted to environmental protection and energy conservation.

Anhui Youth Daily, Xin’an Evening News, Anhui Commercial Daily, Market Star and West Anhui Daily and many other media reported on the activity, saying that Sungrow never fails to give back to the society while developing its business, cares for education in poverty-stricken areas, and bears its social responsibility as a thriving business community.

In addition, Sungrow pays close attention to strengthening close industry-university-research cooperation with China’s key universities such as Hefei University of Technology and Zhejiang University in daily business activities, and also regularly organizes participation in various donation and funding activities.

In December 2017, Sungrow awarded the “Sungrow Scholarship” to 18 outstanding undergraduates and postgraduates of the School of Electrical Engineering at Hefei University of Technology, with a total of RMB 51,000. In addition, Sungrow participated in the “Future Power Elite Scholarship” project through “Power Village”, and donated a total of RMB 100,000 to help 33 poverty-stricken students complete their studies.

2、Embrace Sungrow and light up growth

On October 18, 2017, Sungrow donated RMB 500,000 to the Education Research Center for Autism Children of Beijing Normal University. The project plans to study the design and implementation of teaching environment for school-age children with autism, including structured teaching, small group teaching, mass instruction, school environment design, classroom environment layout, etc., and create experimental classes in 10 special education schools nationwide by using group experimental design. This project aims to continuously improve the school-age autistic children's teaching environment, provide solutions for the integration education schools and special schools in the creation of campus environment, and use them for intervention centers and even for teachers under various educational placement situations to better serve the teaching work for children with autism. Sungrow hopes to make every effort to minimize the anxiety and fear of the world of children with autism.

3、Join hands for green power

On the 48th World Earth Day on April 22, 2017, Sungrow held a 20-mile walking tour with the theme of "Join hands for green power" to promote green travel concepts and practice Sungrow's mission of "Green power for all". Arranged in 8 square arrays and led by senior executives, more than 1,000 employees set out successively and travelled along Jingui Road, Wutong Road, Yulan Avenue, Fenglehe Road to Beiyan Lake orderly. They voiced the green earth by taking actions. Protecting the earth and green life has never been empty talk. Instead, Sungrow has always been undertaking its social responsibilities, which has become the behavior habits and concepts that Sungrow members have always remembered and inherited. It is a green dream that we still strive to practice in the new era.

Directory of Major Enterprises Disclosed in this CSR Report

Definition of enterprise name

Full name	Abbreviation
Sungrow Power Supply Co., Ltd.	Sungrow
Hefei Sungrow New Energy Technology Co., Ltd.	Sungrow New Energy or Power Station Division
Sungrow (Shanghai) Co., Ltd.	Sungrow (Shanghai)
Sungrow (Gansu) Co., Ltd.	Sungrow (Gansu)
Sungrow (Qinghai) Co., Ltd.	Sungrow (Qinghai)
Sungrow (Jinzhai) Co., Ltd.	Sungrow (Jinzhai)
Sungrow-Samsung SDI Energy Storage Power Supply Co., Ltd.	Sungrow-Samsung SDI
E-power Technology Co., Ltd.	Electric Vehicle Division or Sungrow Electric Power
Huainan Sungrow Floating Module Sci.& Tech.Co., Ltd.	Sungrow Floating

Verification Statement

ASSURANCE STATEMENT

SGS-CSTC STANDARDS TECHNICAL SERVICES CO., LTD. SHANGHAI BRANCH'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE SUNGROW POWER SUPPLY CO., LTD.'S CORPORATE SOCIAL RESPONSIBILITY REPORT FOR 2017

NATURE AND SCOPE OF THE ASSURANCE

SGS-CSTC Standards Technical Services Co., Ltd. Shanghai Branch was commissioned by Sungrow Power Supply Co., Ltd. (thereafter as "SUNGROW POWER") to conduct an independent assurance of the 2017 Corporate and Social Responsibility Report (2017 CSR Report). The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text and data in accompanying tables, contained in the Chinese version of the 2017 CSR Report. Data and information for companies other than the two companies including located at No.1699, Xiyou Road, New&High Technology Industrial Development Zone, Hefei City, P. R. China named Sungrow Power Supply Co., Ltd. (Headquarters) and another located at Modern Industry Park, Jinzhai County, Lu'an City, P. R. China named Sungrow Power Supply (Jinzhai) Co., Ltd. was not included in this assurance process.

The information in the 2017 CSR Report of and its presentation are the responsibility of the directors and the management of SUNGROW. SGS has not been involved in the preparation of any of the material included in the 2017 CSR Report.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of assurance set out below with the intention to inform all SUNGROW's stakeholders.

SGS sustainability report assurance procedure was based on accredited guidance, including GRI report guidance accurate and reliable principle and assurance level by AA1000 series.

This report has been assured at a moderate level of scrutiny using our protocols for:
· evaluation of content veracity; and
· evaluation of the report against the Global Reporting Initiative Sustainability Reporting Guidelines (G4 2013).

The assurance comprised a combination of pre-assurance research, site assurance, and interviews with relevant employees at Sungrow Power Supply Co., Ltd. and Sungrow Power Supply (Jinzhai) Co., Ltd. documentation and record were verified.

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, verification, testing and certification. providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from SUNGROW, being free from bias and conflicts of interest with the organization, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised auditors registered with Sustainability Reporting Assuror, SAI Registered SA 8000 Lead Auditor, CCAA ISO 14001 Lead Auditor, CCAA OHSAS 18001 Lead Auditor, GRI Qualified Assuror etc.

ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, the information and data contained within 2017 CSR Report verified is accurate, reliable and provides a fair and balanced representation of SUNGROW's sustainability activities in 2017. The assurance team is of the opinion that the Report can be used by the Reporting Organization's Stakeholders.

In our opinion, SUNGROW has chosen an appropriate accordance option of assurance for this stage in their reporting.

GLOBAL REPORTING INITIATIVE REPORTING GUIDELINES (G4 2013) CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

Materiality
SUNGROW has considered reasonably disclosing issues and indicators with materiality, which substantively influencing the assessments and decisions of stakeholders, to reflect the organization's significant economic, environmental and social impacts.

Stakeholder Inclusiveness
SUNGROW had identified the stakeholders and established the channel and platform for stakeholder's communication and inclusiveness and took different ways to communication and exchange information.

Sustainability Context
SUNGROW had presented the efforts on sustainability development related to economic, environmental and social aspects and combined the performance in the wide context.

Completeness
SUNGROW's report included coverage of material aspects and boundaries, to reflect significant economic, environmental and social impacts, to enable stakeholders to assess the organization's performance in the reporting period.

Balance
SUNGROW's report respected the balance principle with positive and negative aspects revealing.

Comparability
SUNGROW had disclosed performance indicators in 2017, many over years' data were disclosed, which could help stakeholders to understand the improvement performance year by year.

Accuracy
SUNGROW's information in the report was accurate basically, enable to reveal more qualitative and quantitative information for stakeholders.

Timeliness
Assurance to know that the data and information was on a regular schedule and available in time. SUNGROW will report on a regular schedule with one year to assure the good timeliness.

Clarity
Report was presented different ways with words, charts, graphics and pictures, also describe with actual cases as well to ensure the stakeholders understanding easily.

Reliability
Through information and data collecting, recording, analyzing and disclosing methods managing and controlling in CSR report, the data and information was reliable basically.

Signed:
For and on behalf of SGS-CSTC Standards Technical Services Co., Ltd. Shanghai Branch

Ben Tsang
Director, China and Hong Kong
Certification and Business Enhancement
26 Apr. 2018

B-11/F, No.900, Yishan Road, Xuhui District, Shanghai, China
WWW.SGSGROUP.COM.CN

GRI4 Index

GENERAL STANDARD DISCLOSURES

GRI Items	GRI Index	Page to Refer
Strategy and Analysis		
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chairman, or equivalent senior position) about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	P02
G4-2	Provide a description of key impacts, risks, and opportunities.	P02
Organizational Profile		
G4-3	Report the name of the organization.	Cover, P05, back cover
G4-4	Report the primary brands, products, and services	P05
G4-5	Report the location of the organization's headquarters	P05
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	P05
G4-7	Report the nature of ownership and legal form.	P25
G4-8	Report the markets served by the organization	P05
G4-9	Report the scale of the organization	P15-16、P62-63
G4-10	a.Report the total number of employees by employment contract and gender. b.Report the total number of permanent employees by employment type and gender. c.Report the total workforce by employees and supervised workers and by gender. d.Report the total workforce by region and gender. e.Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	P62-63
G4-11	Report the percentage of total employees covered by collective bargaining agreements	P67
G4-12	Describe the organization's supply chain.	P43-46
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	Refer to G4-9 for changes regarding the organization's size; other: N/A
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	P26-27、 P53
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives	P74-75
G4-16	to which the organization subscribes or which it endorses.	
	List memberships of associations (such as industry associations) and national or international advocacy organizations	P30
Identified Material Aspects and Boundaries		
G4-17	a.List all entities included in the organization's consolidated financial statements or equivalent documents. b.Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	P03、P77
G4-18	a.Explain the process for defining the report content and the Aspect Boundaries. b.Explain how the organization has implemented the Reporting Principles for Defining Report Content.	P30-31
G4-19	List all the material aspects identified in the process for defining report content.	P30-31
G4-20	For each material aspect, report the aspect boundary within the organization	P30-31
G4-21	For each material aspect, report the aspect boundary outside the organization	P30-31
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	P10-17、P64-65
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	P03、P15-17、P77
Stakeholder Engagement		
G4-24	Provide a list of stakeholder groups engaged by the organization.	P29
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	P29

GRI Items	GRI Index	Page to Refer
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	P29-31
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	P29-31
Report Profile		
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	P03
G4-29	Date of most recent previous report (if any).	P03
G4-30	Reporting cycle (such as annual, biennial)	P03
G4-31	Provide the contact point for questions regarding the report or its contents.	P03、P86
G4-32	a.Report the “in accordance” option the organization has chosen (core or comprehensive). b.Report the GRI Content Index for the chosen option (see tables below). c.Report the reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be ‘in accordance' with the Guidelines.	P03、P78-84
G4-33	a.Report the organization's policy and current practice with regard to seeking external assurance for the report. b.If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c.Report the relationship between the organization and the assurance providers. d.Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	P03、P78-79
Governance		
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	P25-26
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.	P25-26
G4-36	Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.	P25-26、P29
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body.	P30
G4-38	Report the composition of the highest governance body and its committees.	P25-26
G4-42	Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purposes, values or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.	P29
Ethics and Integrity		
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conducts and codes of ethics.	P06、P28
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behaviors, and matters related to organizational integrity, such as helplines or advice lines.	P27
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behaviors, and matters related to organizational integrity, such as escalation through line management, whistle blowing mechanisms or hotlines.	P27、P45

SPECIFIC STANDARD DISCLOSURES

GRI Items	GRI Index	Page to Refer
Category: Economic		
Economic Performance		
G4-EC1	Direct economic value generated and distributed	P10
G4-EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change	P48-52
G4-EC3	Coverage of the organization's defined benefit plan obligations	P67
Market Presence		
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	P67
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation	P62-63
Procurement Practices		
G4-EC9	Proportion of spending on local suppliers at significant locations of operation	P45
Category: Environmental		
Raw materials	Raw materials	
G4-EN1	Materials used by weight or volume	P52
G4-EN2	Percentage of materials used that are recycled input materials	P52
Energy		
G4-EN3	Energy consumption within the organization	P49-52
G4-EN4	Energy consumption outside of the organization	No statistics
G4-EN5	Energy intensity	P49
G4-EN6	Reduction of energy consumption	P49-52
G4-EN7	Reductions in energy requirements of products and services	P49-52
Water		
G4-EN8	Total water withdrawal by sources	P49、P53
G4-EN9	Water sources significantly affected by withdrawal of water	No such item
G4-EN10	Percentage and total volume of water recycled and reused	P49-52
Biodiversity		
G4-EN11	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	No such item
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	P49、P56-56
G4-EN13	Habitats protected or restored	No such item
G4-EN14	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	No such item
Gas Emissions		
G4-EN19	Reduction of greenhouse gas (GHG) emissions	P02、P49
G4-EN21	NOx, SOx, and other significant air emissions	P54
Effluents and Waste		
G4-EN22	Total water discharge by quality and destination	P53
G4-EN23	Total weight of waste by type and disposal method	P54
G4-EN24	Total number and volume of significant spills	No such item
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	No such item
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff	No such item

GRI Items	GRI Index	Page to Refer
Products and Services		
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	P53、P55
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	P52-56
Compliance		
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	No such item
Transport		
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	P52
OverallEnvironment		
G4-EN31	Total environmental protection expenditures and investments by type	P55
Supplier Environmental Assessment		
G4-EN33	Percentage of new suppliers that were screened using environmental criteria	P45
Environmental Grievance Mechanisms		
G4-EN34	Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms	No such item
Category: Social		
Labor Practices and Decent Work		
Employment		
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	P62-63
G4-LA2	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	P67-68
G4-LA3	Return to work and retention rates after parental leave, by gender	P68
Labor/Management Relations		
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	P67
Occupational Health and Safety		
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	P57-63、P68
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	P57-59
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	P57
G4-LA8	Health and safety topics covered in formal agreements with trade unions	P67
Training and Education		
G4-LA9	Average hours of training per year per employee by gender, and by employee category	P64
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	P64-65
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	P67
Diversity and Equal Opportunity		
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group， minority group membership, and other indicators of diversity	P62-63
Equal Remuneration for Women and Men		
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	P67
Supplier Assessment for Labor Practices		
G4-LA15	Significant actual and potential negative impacts for labor practices in the supply chain and actions taken	P45
Labor Practices Grievance Mechanisms		
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	No such item

GRI Items	GRI Index	Page to Refer
Human Rights		
Supplier Human Rights Assessment		
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	P45
Human Rights Grievance Mechanisms		
G4-HR12	Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms	No such item
SOCIETY		
Local Communities		
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs	P72-75
G4-SO2	Operations with significant actual and potential negative impacts on local communities	No such item
Anti-corruption		
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	P27、P45
G4-SO4	Communication and training on anti-corruption policies and procedures	P27、P45
G4-SO5	Confirmed incidents of corruption and actions taken	P27、P45
Anti-competitive Behavior		
G4-SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	No such item
Compliance		
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	No such item
Supplier Assessment for Impacts on Society		
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	P45
Grievance Mechanisms for Impacts on Society		
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	No such item
Product Responsibility		
Customer Health and Safety		
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	No such item
Product and Service Labeling		
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	P34-38
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	No such item
G4-PR5	Results of surveys measuring customer satisfaction	P38
Marketing Communications		
G4-PR6	Sale of banned or disputed products	No such item
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	No such item
Customer Privacy		
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	No such item
Compliance		
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	No such item

Notes on Forward-looking Statements

This CSR Report contains forward-looking statements. These statements have used terms such as “believe”, “assume”, “estimate”, “expect”, “may”, “plan”, “planning” or similar expressions. The known or unknown risks, uncertainties and other factors may cause the Company’s future actual results, financial positions, assets, development or performance differ greatly from the results, financial positions, assets, development or performance expressed or implied in the above forward-looking statements.These risks and factors include, but are not limited to:

The experience of downturn in the industry;

New laws and regulations or changes of existing laws and regulations raise our operating costs or reduce our profitability;

The rising prices of raw materials, especially when we are unable to transfer the costs to our customers;
Reduction or loss of product patent protection;

Debt issues, especially when these issues are caused by environmental regulations or product liability lawsuits;
Changes in international currency exchange rates and changes in the overall economic environment;
Other factors identified in this CSR Report.

These factors include those mentioned in the public reports submitted to the Shenzhen Stock Exchange, the China Securities Regulatory Commission and its dispatched agencies. In consideration of these uncertainties, we hereby remind readers not to rely too much on these forward-looking statements. The Company assumes no responsibility on this regard.

Feedback Form

Dear readers:

Thank you for reading this CSR Report! In order to better provide you and stakeholders with valuable information, and at the same time promote your supervision on our CSR work and improve our capacities and level of fulfilling social responsibilities, we very much hope that you can evaluate this CSR Report and present your valuable opinions and suggestions.

You may provide your feedbacks & suggestions in the following ways:
Tel.: 0551-65327808
E-mail: csr@sungrowpower.com
Mailing Address: No.1699 Xiyou Road., New & High Tech Zone, Hefei, 230088, China. (Brand Center of Sungrow Power Supply Co., Ltd.)

Feedback questionnaire:

1、Did you get the information you need to know from this CSR Report?
□Yes □General □No
2、Do you think this CSR Report fully reflects the economic responsibilities of Sungrow Power Supply Co., Ltd.?
□Yes □General □No
3、Do you think this CSR Report fully reflects environmental health and safety responsibilities of Sungrow Power Supply Co., Ltd.?
□Yes □General □No
4、Do you think this CSR Report fully reflects the social responsibilities of Sungrow Power Supply Co., Ltd.?
□Yes □General □No
5、Do you think this CSR Report fully reflects the product and service responsibilities of Sungrow Power Supply Co., Ltd.?
□Yes □General □No
6、Do you think the content arrangement and layout design of this CSR Report are convenient for your reading?
□Yes □General □No
7. Supplements:

Thank you for your feedback and valuable time!

SUNGROW POWER SUPPLY CO., LTD.

Address: No.1699 Xiyou Road., New & High Tech Zone, Hefei, 230088, China.
Telephone: +86 551 65327877 Fax: +86 551 65327800
Website: www.sungrowpower.com

Produced by Brand Center

Group Official Website

Group Official WeChat