



# Sungrow Power Supply Co., Ltd.

## 2019 Corporate Social Responsibility Report



# About the Report

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**This is the fifth corporate social responsibility report released to the public by Sungrow Power Supply Co., Ltd., which genuinely reflects the Company's development and practices of corporate social responsibility in 2019, and is intended to help stakeholders gain insights into the Company's business operations.**

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**Basis for Preparation:** This report is prepared according to the *GRI Standards* released by the Global Reporting Initiative (GRI). Meanwhile, the *Social Responsibility Guidelines for Companies Listed on the Shenzhen Stock Exchange* is followed and the CSR preparation requirements in the *Guidelines for Preparing Social Responsibility Report in Chinese Enterprises* issued by the Chinese Academy of Social Sciences are used for reference.

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**Reporting period:** January 1, 2019 to December 31, 2019.

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**Reporting cycle:** This report is released on an annual basis. The most recent report was released in April 2019.

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**Scope of report:** This report covers Sungrow and subsidiaries/organizations under its control, and the scope is consistent with that of the Company's Annual Report. Refer to the List of Main Organizations for enterprises covered in the disclosure.

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**Disclosure of Report:** This report is disclosed after the release of Sungrow's Annual Report 2019. All financial data involved herein are consistent with those disclosed in the Annual Report 2019 of Sungrow Power Supply Co., Ltd. released to China's A-share market. Unless otherwise specified, the currency used in this report is RMB.

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**Names and Designations:** To facilitate presentation and reading, Sungrow Power Supply Co., Ltd. in this report is referred to as "Sungrow", "the Company" or "we/us" based on the specific context, and subsidiaries/organizations under Sungrow's control are referred to as "Affiliate(s)" in this report.

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**Access to Report:** This report is made in both Simplified Chinese and English, available in paper-based and electronic versions. The electronic version is available for download on Sungrow's official website ([www.sungrowpower.com](http://www.sungrowpower.com)). In case of any discrepancy between the Simplified Chinese version and the English version, the former shall prevail.

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## Chairman's Statement



Dear friends,

Despite the fact that worldwide greenhouse gas emission continued to increase in the past year, global carbon emission must decrease at a rate of 7.6% per annum, in order to achieve the temperature goal of the *Paris Agreement*. Facing the severe challenge of global warming, we need to act more effectively in emission reduction with a stronger sense of urgency, continue to accelerate energy reform, and further increase the proportion of clean power, to enable transformation to 100% renewable energy.

As a clean-energy power supplier, Sungrow actively follows the trend of global transition to green energy, takes "Clean power for all" as the mission of our business, and is constantly committed to the research, development, promotion and application of clean power conversion technologies. In 2019, with Sungrow Industrial Park successfully put into operation, and continuous breakthroughs made in overseas markets, our operating revenue hit a new record. By the end of 2019, Sungrow became the first company in the world with cumulative shipments of inverter equipment exceeding 100 million kilowatts, equivalent to an annual carbon dioxide emission reduction of more than 103 million tons, which demonstrated Sungrow's active engagement in global climate governance and sustainable development.

Being a responsible corporate citizen, Sungrow actively assumes social responsibility while pursuing economic benefits. We earnestly practice the social responsibility concept of "Green Mission, Better Life", and have made significant achievements. In this year, we continued to reinforce scientific and technological research and development, strengthened independent innovation and intellectual property management, and were rewarded with an industry-leading performance in the number and quality of patents. We continued to optimize the green management system and launched all-around green production and operation. Photovoltaic power plants owned by the Company generated 468 million kilowatt-hours of clean power, and the Company's energy efficiency and proportion of renewable energy use continued to increase. We attached great importance to the quality system construction, and enforced a number of measures to improve equipment reliability and provide value-added services to customers. We valued collaborative development with suppliers and applied demanding criteria for new supplier evaluation, which included social responsibility and code of ethics. We thoroughly implemented the "people-oriented" development principle, provided a wide range of quality employment opportunities, and fostered high-potential employees with global horizon. As always, we made constant contributions in the areas of PV poverty alleviation, education and public welfare, and actively extended our efforts overseas, striving for benefiting local communities and leaving a good impression.

Looking into the future, Sungrow will pursue sustainable growth, assist the development of global new energy industry through technological innovation, continue to reinforce energy management, and promote the parallel advancement of "energy conservation and emission reduction" and "structured emission reduction". We will focus on ecological public welfare, firmly promote corporate social responsibility management and practices, and work with all parties to contribute to the sustainable future of mankind.

Cao Renxian  
Chairman, Sungrow Power Supply Co., Ltd.

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## At a Glance

### Company Profile

#### About Sungrow

Sungrow Power Supply Co., Ltd. (Stock code: 300274) is a national key high-tech enterprise specializing in R&D, manufacturing, sales and service of solar energy, wind energy, energy storage, electric vehicles, and other new energy power supply equipment. With a wide range of products including photovoltaic inverters, wind energy converters, energy storage systems, electric drive system for new energy vehicles, floating photovoltaic system, and smart energy operation and maintenance services, we are committed to providing world-class solutions for the full life-cycle of clean energy.

Since the establishment in 1997, the Company has been concentrating on the field of new energy power generation, adhering to market demand orientation, and taking technological innovation as the propellant for development. The Company has cultivated a professional R&D team with solid R&D experiences and strong capabilities of independent innovation. Sungrow has successively undertaken more than 20 national key science and technology programs, led the drafting of multiple national standards, and is one of the few companies in the industry that have mastered a number of independent core technologies.

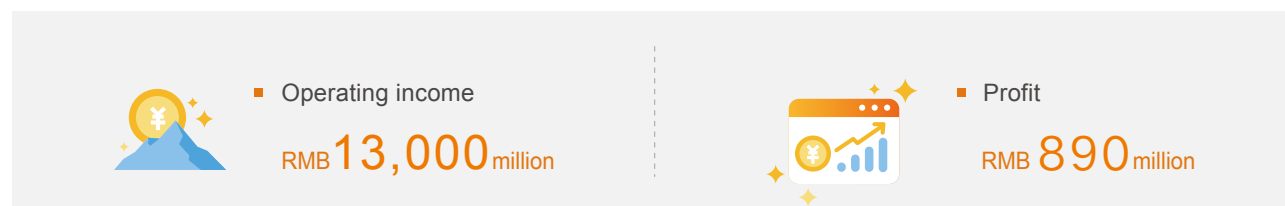
Photovoltaic inverters, the Company's core product, have been certified and tested by multiple international certification bodies, including TUV, UL, and CSA, and are being sold to more than 60 countries including Germany, Italy, Australia, the United States, Japan and India. By the end of 2019, Sungrow has installed over 100 GW of inverter equipment worldwide.

The Company has successively won the awards of National Key New Products, China's Famous Brands, China's Top 30 New Energy Enterprises, Global Top 500 New Energy Enterprises, National Level Enterprise of Credit, and Best Companies to Work For in Asia. Sungrow is a company with state-level post-doctoral research workstation, a national high-tech industrialization demonstration base, a national recognized enterprise technology center, a national industrial design center, and one of the Forbes The Most Promising Companies in China, and ranks among the best in the global new energy power generation industry in terms of comprehensive strength.

In the future, Sungrow will shoulder the business mission of "Clean power for all" to reinforce the new energy equipment business, accelerate photovoltaic power generation system integration and the investment and construction businesses, innovate and expand new business in the field of clean power conversion technology, continually shorten the gap with customer demand, and actively participate in global competition, striving to build the Company a respectable world-class company.

## Annual Performance

In 2019, transformation and adjustment of the global new energy market accelerated, and international situation became complex and fluctuated. Overseas, both traditional market and emerging market came to a full rise; domestically, the market went through in-depth adjustment and shifted from subsidy-driven to low price-driven. Guided by the business philosophy of "Marching Ahead, Transforming Together, Accelerating Globally, and Customer oriented", the Company seized market development opportunities through a number of measures, including promoting management and technological innovation, accelerating globalization, innovating consumer business model, and vigorously advancing coordinated development of wind power, PV and energy storage. As a result, all business lines advanced side by side and achieved fast revenue growth.



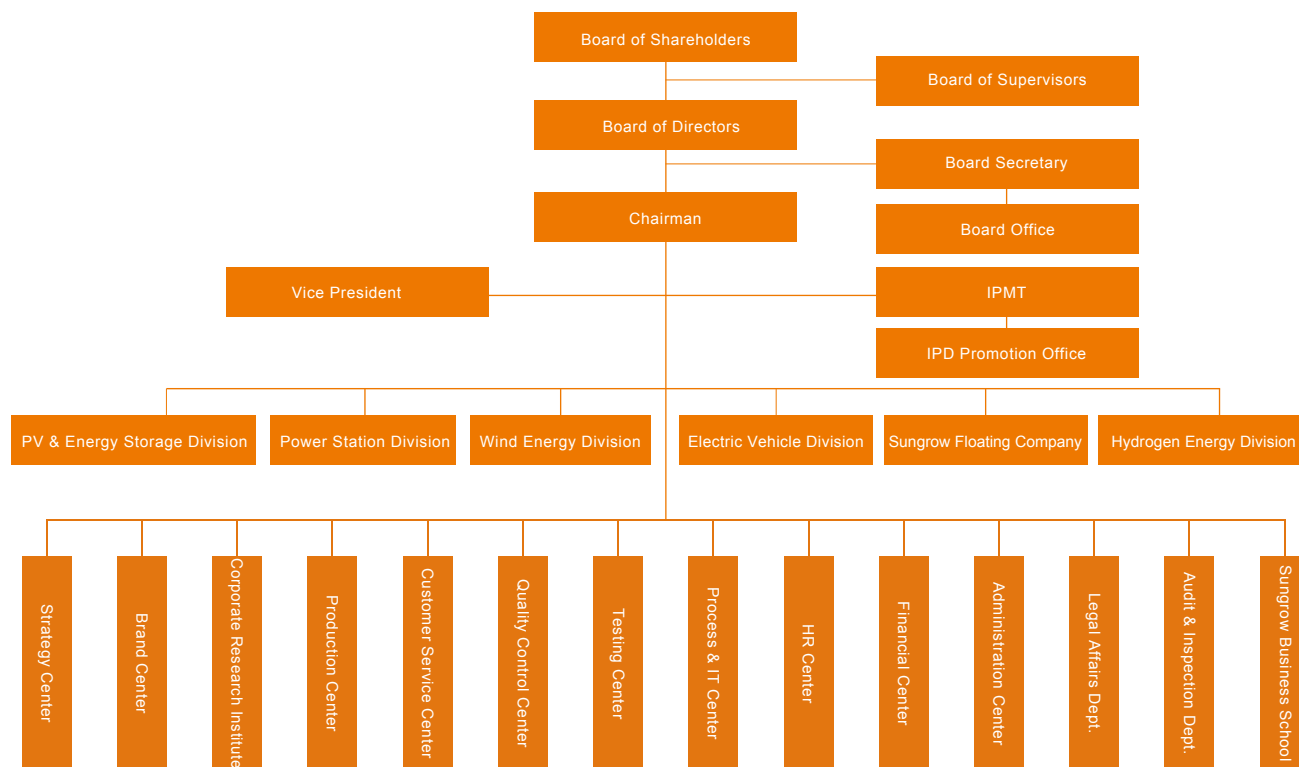
## Major Accounting Data and Financial Indicators in Sungrow's Annual Report of the Last Three Years

Item	2019	2018	2017
Operating income (RMB)	13,003,331,783.65	10,368,931,999.29	8,886,060,068.67
Net profit attributable to shareholders of listed companies (RMB)	892,552,821.20	809,628,201.93	1,024,196,698.41
Net profit attributable to shareholders of listed companies after deducting net non-recurring gains and losses (RMB)	905,373,089.13	699,673,580.29	921,829,838.78
Net cash flow from operating activities (RMB)	2,480,423,195.18	180,882,222.43	855,355,841.99
Basic earnings per share (RMB/share)	0.61	0.56	0.71
Diluted earnings per share (RMB/share)	0.61	0.56	0.71
Weighted average ROE	10.93%	11.05%	15.47%
	As at End 2019	As at End 2018	As at End 2017
Total assets (RMB)	22,742,291,738.26	18,492,650,081.88	16,248,005,972.55
Net assets attributable to shareholders of listed companies (RMB)	8,594,198,036.97	7,705,933,541.79	6,943,775,881.83





## Organization Structure



Sungrow Power Organizational Chart

## Brand & Corporate Culture

Mission: Clean power for all

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

Values: Sincere & pragmatic, precise & open, customer oriented

### Brand Management:

In 2019, Sungrow continued to promote the implementation of its brand strategy, and formulated the *Brand Guide* and the *Brand Operation Manual* to provide high-level action guidelines for enforcing the Company's brand strategy, establishing the brand operation management system, and guiding brand operation. The Company attached great importance to brand internalization and customers' acknowledgement of the brand, and organized a brand survey in 2019 to get a comprehensive and objective understanding of Sungrow's brand popularity as well as the brand reputation, satisfaction and loyalty of customers of its main businesses, hence to define a direction and basis for improvement and allow the various businesses to be further customer-oriented.



## Annual Events



Sungrow inverter equipment exceeded 100 GW globally, marking the first inverter company in the world achieving such a milestone



Sungrow announced the 1500V string inverter SG225HX, the most powerful inverter in the world, to assist cost reduction and efficiency improvement in the era of affordable pricing. Sungrow high voltage inverter project received special support from the national key research and development program



Sungrow accelerated global strategic layout of energy storage, participated in more than 900 global energy storage projects with its LFP and ternary lithium energy storage systems



Sungrow cumulatively developed/constructed 9 GW of photovoltaic and wind power plants, becoming an invisible champion of system integration technology



Wind energy business leapfrogged, multiple new three-level converters were successfully launched



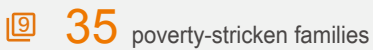
Global shipments of Sungrow floating PV system exceeded 700 MW, topping the list of global market occupancy



Sungrow E-Power enlisted the "Top 100 Manufacturers of Core Components for Electric Vehicles in 2019" for the first time



Sungrow Industrial Park was put into operation, with an expected production capacity of above 50 GW



Sungrow's PV poverty alleviation business supported 350,000 poverty-stricken families and 3,000 poverty-stricken villages across the country



Sungrow was awarded the "National May 1st Labor Certificate", and was approved to set up a National Industrial Design Center





## Annual Honors

	Name of Awards	Awarded by
Mar.	Anhui Provincial Science and Technology Award	Anhui Provincial People's Government
Apr.	National May 1st Labor Certificate	All-China Federation of Trade Unions
May	Anhui Provincial Patent Gold Award	Anhui Provincial Intellectual Property Office
Jul.	Red Dot Design Award	Red Dot Evaluation Committee
Aug.	Best Companies to Work For In Asia	HR Asia
Sep.	Top 10 Energy Equipment Innovation Technologies/Products World Manufacturing Convention 2019 Corporate Growth Star, World Manufacturing Convention 2019	China Energy News, China City Energy Development Alliance World Manufacturing Convention 2019 Organization Committee
Oct.	Global Top 500 New Energy Companies National Industrial Design Center	China Energy News, China Institute of Energy Economics Research Ministry of Industry and Information Technology
Nov.	Best Responsibility Progress Award Enterprise of Leading Photovoltaic Technology in 2019 2019 China Energy Innovation & Breakthrough Award	Sina Finance China Reform Daily, China Energy Development and Innovation Forum Organization Committee
Dec.	2019 Outstanding Contribution Award	China Photovoltaic Industry Association

## Key Performances

Economic Performance	UOM	2019	2018	2017
Operating income	RMB	13,003,331,783.65	10,368,931,999.29	8,886,060,068.67
Total profit	RMB	1,045,106,072.71	922,640,011.92	1,161,780,736.92
Tax payment	RMB	307,843,368.32	277,966,905.65	303,526,321.78
R&D investment	RMB	635,873,987.32	482,297,536.91	352,242,228.54
Number of new patents	EA	526	338	308
Customer satisfaction	%	93.28	93.83	92.13
Percentage of suppliers with quality certification	%	98	95	82
Percentage of suppliers with environmental certification	%	63	41	36
Percentage of suppliers with occupational health and safety management system certification	%	17.3	16	7
Number of major suppliers	EA	160	122	108
Percentage of local procurement	%	79.4	75.1	70.3

Environmental Performance	UOM	2019	2018	2017
Investment in environmental protection	in RMB 10K	340	265.7	168
Carbon dioxide emission	ton/year	11218.6	10660.4	5437.7
Total water consumption	cbm/year	162,666	102,064	86,730
Water consumption per RMB 10,000 of output value	cbm/RMB 10K	0.125	0.098	0.099
Total power consumption	kWh/year	34,514,436	32,853,482	15,879,377
Comprehensive energy consumption	tons of std. coal/year	4500.1	4276.1	2182.6
Energy consumption per RMB 10,000 of output value	kg/RMB 10K	3.46	4.12	2.48
Total COD emission	ton/year	29.931	18.109	16.25
Ammonia/nitrogen emissions	ton/year	2.603	1.676	1.420
Total solid waste discharge	ton/year	360.5	314.1	142.8
Hazardous waste discharge	ton/year	16.808	25.62	10.2
Effluent discharge	ton/year	130,133	81,651	69,384

Social Performance	UOM	2019	2018	2017
Number of R&D staff	Persons	1627	1367	983
Total employees	Persons	3891	3421	2661
Number of minority employees	Persons	51	40	31
Number of employees with disabilities	Persons	13	13	13
Number of foreign employees	Persons	261	210	107
Number of female employees	Persons	617	521	382
Proportion of female middle and senior managers	%	10.84	10.6	10.3
Social insurance coverage	%	100	100	100
Labor contract coverage	%	100	100	100
Employee turnover (active)	%	11.61	13.2	11
Organizational health	%	84	82	81
proportion of unionized employees	%	50.35	-	-
Employee training investment	RMB 10K	772	586	407
Employee training coverage	%	100	100	100
Health and safety investment	RMB 10K	1227.3	1150.2	1023.4
Health and safety training count	Persons	4203	4051	3473
Scale of poverty alleviation programs	MW	169.1	495.9	638.6
Total charity donations	RMB 10K	2592.3	135.1	151
(donation of power plants and O&M equipment exclusive)				

# Our Responsibility Management

## Social Responsibility Concept & Model

With the corporate mission of “Clean power for all” as the foundation, Sungrow has established the responsibility concept of “Green Mission, Better Life” according to the Company’s development strategy and the expectations of various stakeholders. We continually strengthen responsibility management, carry out responsibility practices, focus on harmonious and balanced development of environment and society while pursuing economic benefits, always assume the responsibility of improving human living environment, and strive to improve positive impacts and minimize negative impacts on environment and society, and commit ourselves to achieving win-win with various stakeholders such as shareholders/investors, customers, employees, partners, environment, and society.



## Social Responsibility Management Process

- The Company has established a corporate social responsibility task force led by the Chairman.
- Consisting of executives and heads of Brand Center, Strategy Center, Administration Center, Human Resource Center, Quality Assurance Center, Procurement Center, Finance Center, and Office of the Board of Directors, the task force is responsible for guiding and practicing social responsibility of Sungrow, and ensuring further implementation of social responsibility practices through the improvement of assessment indicators.
- Meanwhile, to effectively demonstrate to the public Sungrow’s practices and development in corporate social responsibility aspect, a corporate social responsibility report preparation team is established, with Brand Center taking the lead. Team members with different assignments work collaboratively and receive trainings to improve their work standard.



## Case

In 2019, Sungrow's CSR Official Website Platform went live. The platform consisted of five functional sections, namely Responsibility Concept, Achievements, Responsibility Practices, Honors & Awards, and Report Download, which collectively revealed the unremitting efforts and positive contributions made by Sungrow in creating sustainable economic, environmental and social values for the world and fulfilling corporate social responsibility. The Company's first corporate social responsibility video Green Mission, Better Life debuted at the same time, which vividly captured Sungrow's courage and conscience in fulfilling responsibilities for itself, for society, for the industry, for the country and for humankind in a 170-second high-definition footage.



## Material Issues in Social Responsibility

In order to further understand the expectations and needs of stakeholders and improve the relevance and responsiveness of the report, we have established a substantiveness analysis model for social responsibility issues, which consists of three stages: issue identification, issue evaluation, screening and reporting. We survey stakeholders in a scientific way to sort out the key issues to be disclosed in the report, ensuring that the key issues not only align with the Company's development strategy, but also closely reflect the concerns and appeals of stakeholders.

### Substantive Issue Screening Process



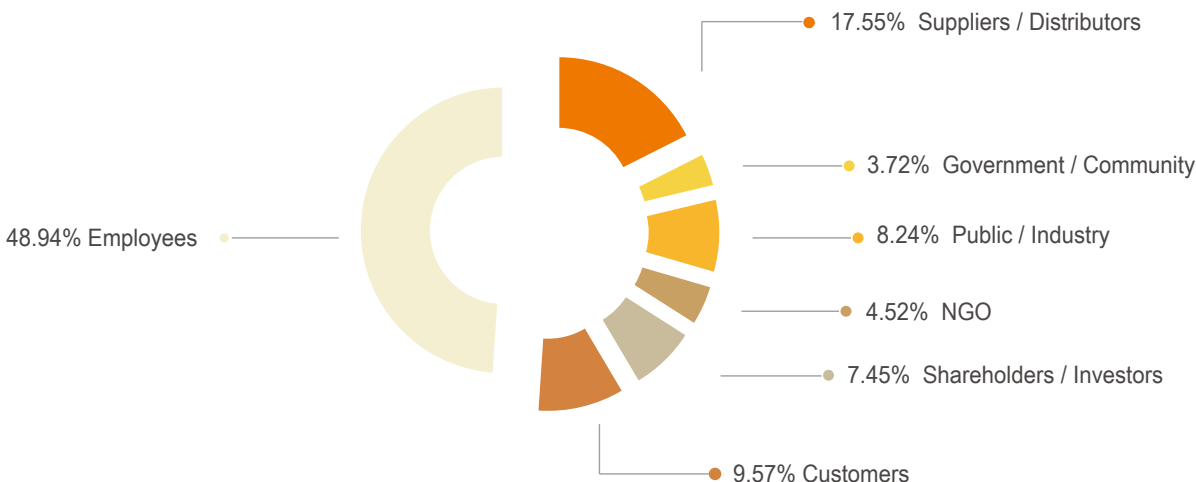
### Issue identification

Leverage the tools such as relevant international standards, guidelines and initiatives, and combine with relevant policy guidelines and industrial trends, to comprehensively identify 35 social responsibility issues closely related to Sungrow based on the Company's development strategy.

<b>International standards benchmarking</b> <p>Focus on benchmarking GRI sustainability reporting standards and the Ten Principles of the UN Global Compact, screen key issues that are in line with the global social responsibility development trends and requirements</p>	<b>Policy and industry analysis</b> <p>Track global and domestic industrial development priorities, and refer to the social responsibility guidelines for companies listed on the Shenzhen Stock Exchange to identify industry-specific issues that are highly relevant to the Company</p>	<b>Corporate development strategy</b> <p>In accordance with the Company's development strategy, identify social responsibility issues that are consistent with the strategy</p>
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### Issue evaluation

To further clarify substantiveness of each issue, the Company conducts online survey and involves stakeholders to determine key issues. At the same time, the Company conducts survey among the management team, and invites social responsibility experts to evaluate and finally determine 20 key issues. In addition, through the survey questionnaire, the Company captures suggestions from various stakeholders on Sungrow's corporate social responsibility efforts, which will be used as a practical guidance for the Company to formulate various policies, adjust resource allocation, and fulfill social responsibility more devotedly in the future.



### Screening and reporting

#### Prioritization of issues

Issues are prioritized in two dimensions, the "Importance of this issue to Sungrow" and the "Importance of this issue to stakeholders", as well as rating by the Company's management and stakeholders. As a result, key issues are screened, and key items for disclosure in the report are defined.



## Explanation of Key Issues

Key Issues	Scope of Impact		Corresponding GRI indicators	Corresponding chapter(s) in the report
	Internal	External		
① After-sales service	√	Customer	Customer health and Safety	Excellent Service
② Global strategy layout	√	Location of operations	Organization Overview Strategy	Accelerate Global Presence
③ Product quality	√	Customer	Customer Health and Safety	Quality Products
④ Corporate profitability	√	Shareholders	Economic Performance	About Sungrow
⑤ Compliance with national laws and regulations	√	Location of operations	Management Approach	Optimize Governance Structure Quality Products Green Production & Operation Safeguard Employees' Rights
⑥ Energy saving and emission reduction	√	Location of operations	Energy	Green Production & Operation
⑦ Waste management	√	Location of operations	Management Approach Materials Water resource Emission Effluents and Waste	Green Production & Operation
⑧ Technology R&D	√	Customer	Indirect Economic Impacts	Improve Innovation Capabilities
⑨ Customer information security	√		Management Approach	Outstanding Service
⑩ Employee career development	√		Training and Education	Accelerate Employees' Development
⑪ Anti-corruption & compliance	√	Supply Chain	Ethics and Integrity Anti-corruption	Optimize Governance Structure Achieve Win-win with Partners
⑫ Employee health and safety	√		Occupational Health and Safety	Optimize Governance Structure Achieve Win-win with Partners
⑬ Diversity and equal opportunity	√		Diversity and Equal Opportunity	Safeguard Employees' Rights
⑭ Driving industry development	√	Industrial companies	Indirect Economic Impacts	Boost Industry Growth
⑮ Compliance with labor laws	√		Management Approach	Safeguard Employees' Rights
⑯ Targeted poverty alleviation	√	Location of operations	Indirect Economic Impacts	Implement PV Poverty Alleviation
⑰ Supply chain social responsibility evaluation	√	Supply chain	Supplier Environmental Assessment Supplier Social Assessment	Achieve Win-win with Partners
⑱ Supporting local economic development	√	Location of operations	Indirect Economic Impacts	About Sungrow Achieve Win-win with Partners
⑲ Reducing negative impact on community	√	Location of operations	Management Approach	Green Production & Operation
⑳ Charity donation	√	Event coverage	Indirect Economic Impacts	Engage in charity

## Stakeholders Communication and Engagement

The Company's stakeholders include shareholders/investors, customers, supply chain management, employees, government/community, public/industry, and environment. In 2019, we conducted an online survey among these seven types of stakeholders, determined the social responsibility issues of respective stakeholder's concern, and defined key items to be disclosed in the report by analyzing substantiveness of each issue. Based on the different characteristics of stakeholders, we provided different communication channels to enable normalized communication.

Stakeholders	Issues of Concern	Communication Mode
Shareholders/Investors	1. Profitability 2. Anti-corruption	1. Annual report, half-year report, announcements
		2. Shareholders meeting
		3. Investors conference
		4. Feedback platform via phone/mail/website
		5. Survey questionnaire
Customers	1. Customer health and safety 2. Product quality 3. Customer information security 4. After-sales service	1. Customer meetings
		2. Customer satisfaction survey
		3. Global service network
Supply Chain Management	1. Supply Chain Responsibility Assessment	1. Procurement activities
		2. Website(s), social media
		3. Seminars and conferences
		4. Training and evaluation
		5. Field visit and investigation
		6. Satisfaction survey
Employees	1. No child labor and no forced or compulsory labor 2. Employee health and safety 3. Employee career development 4. Diversity and Equal Opportunity	1. Employee representatives' conference
		2. Routine communication & training
		3. Employee satisfaction survey
		4. WeChat group
		5. Sungrow Speak-up
Government/Community	1. Compliance with national laws 2. Support local economic development 3. Targeted poverty alleviation 4. Reduce negative impact on community 5. Charity donation	1. Daily communication & reports
		2. Specific investigations and field meetings
		3. Meetings/Seminars
		4. Standard/Policy formulation, feedback of comments
		5. Website(s), social media
Public/Industry	1. Driving industrial development	1. Forums and seminars
		2. Reception and interview
		3. Website(s), social media
Environment	1. New energy development & utilization 2. Waste management 3. Energy saving and emission reduction	1. Visit reception
		2. Website(s)
		3. Standard/Policy formulation



## External Engagement and Initiatives

Sungrow actively participates in exchanges and collaboration of industry organizations, timely interact on technological and market information with peer companies, industry experts and scholars, and actively assumes important functions and roles in certain industry organizations, striving to promote industry development and progress. Some of the industry organizations Sungrow joined are listed as follows:

Name of Organization	Role
China Power Supply Society	Vice President
China Photovoltaic Industry Association	Vice President
PV Commission, China Renewable Energy Society	Director
Wind Energy Equipment Division of China Agricultural Machinery Association	Vice President
PCS Standards Development Working Group of China Industrial Association of Power Sources	Vice Director of Energy Storage Group, Director of PCS Group
National Energy Internet Industry and Technology Innovation Alliance	Standing Director
Asian Photovoltaic Industry Association	Vice President
China Energy Storage Alliance	Vice President
Trust and Integrity Enterprise Alliance	Director
China Green Supply Chain Alliance	Director
Photovoltaic Green-ecosystem Organization	Vice President
New Energy Association of Anhui Province	President
Anhui Electric Engineering Industry Association	Vice President
Intellectual Property Branch of China Electric Power Development Association	Vice President





→ Contribute to the UN Sustainable Development Goals

# Contribute to the UN Sustainable Development Goals










In 2015, 193 member countries of the United Nations approved the 2030 Agenda for Sustainable Development, which included 17 Sustainable Development Goals (SDGs) that provide guidance for governments, businesses, institutions and other organizations to participate in global governance and promote global sustainable development.

As a company taking “Clean power for all” as the mission, Sungrow shares intrinsic connections with SDGs. Since its establishment, the Company has been committed to the R&D, promotion and application of clean power conversion technology, and has been playing a positive role in accelerating global low-carbon economy. We fully support the UN sustainable development goals, and have gradually established and improved the social responsibility management system in order to systematically upgrade the efficiency and level of sustainability management. The Company continues to explore effective approaches to integrating social responsibility concept into business operation and management, and strives to embed sustainable development elements into the value chain. We believe that, through daily business operation, we can improve the level of responsibility management and practice, and make our contributions to realizing the sustainable development goals of the United Nations.

In 2019, we defined 12 sustainable development goals that were closely related to Sungrow. Key actions in response to these sustainable development goals are captured in this report. We will continue to strengthen our connection with SDGs, produce and operate in a sustainable and responsible way, to pursue a harmonious win-win of business value and social value.



SDGs	Our Actions	Corresponding Chapter(s)
	In response to the call of the state, Sungrow has been leveraging its expertise and advantages in the new energy industry to carry out PV poverty alleviation for many years, leaving footprints in many provinces and cities in China in the process of targeted poverty alleviation	Implement PV Poverty Alleviation
	During the construction of photovoltaic power generation projects, Sungrow lays emphasis on ecological restoration and has built the country's first exemplary “PV power generation on panels + soil restoration below panels” project, which effectively improves soil quality and gradually restores farmland, and is considered a new approach to ecological restoration and comprehensive regulation of soil across the country	Ecological Restoration
	Sungrow highly values employees' occupational health and mental wellbeing, cares for female employees, arranges special health examinations for female employees and purchases female-specific health insurance, and organizes a wide range of cultural entertainment activities to enhance employees' sense of happiness and belonging	Safeguard Employees' Health Care for Employees' Life

SDGs	Our Actions	Corresponding Chapter(s)
	Sungrow actively engages in educational charity, has set up scholarships in two universities, donated the Longtian Town Teacher-aid/Students-aid Fund as well as the Sungrow Library in poverty-stricken areas to motivate students. The Company attaches great importance to publicizing clean energy and environmental protection science and education to the youth, opens Green Laboratory externally to develop clean energy awareness, and enhances environmental protection concept of the youth by popularizing low-carbon and environmental protection knowledge on campus	Engage in Charity
	Sungrow says no to gender discrimination and makes efforts to promote gender equality. The Company provides female employees with equal career development channels and promotion opportunities. Female accounts for more than 15% of the Company's total employees, of which female managers account for more than 10% of the total number of managers. The Company has also been supporting academic activities of the Female Scientists Working Committee of China Power Supply Society	Safeguard Employees' Rights
	Being focused on clean power, Sungrow's photovoltaic, wind power, energy storage, electric vehicle, and floating PV system business develop rapidly. The Company continues to strengthen global strategic deployment, with core PV inverter products being sold to more than 60 countries around the world, hitting the milestone of 100 GW of inverter shipments worldwide	Deepen Market Orientation Accelerate Global Presence
	Sungrow makes every effort to provide employees with stable job opportunities, income and decent working environment, and enthusiastically assists employees in difficulties. Sungrow Business School and the Human Resources Center jointly conduct professional competence trainings to help employees grow	Safeguard Employees' Rights Accelerate Employees' Development
	Sungrow always takes technological innovation as a momentum for corporate development, and engages in a range of technological research and development. As a result, the Company mastered and industrialized a number of industry leading technologies, and was rewarded with an industry-leading performance in the number and quality of patents	Improve Innovation Capabilities
	Sungrow insists on being people-oriented, strictly abides by the Labor Law, and upholds the principles of equal employment and equal pay for equal work, to create a fair, inclusive and diversified workplace for employees	Safeguard Employees' Rights
	Sungrow actively promotes the construction of energy management system and continually improves its energy management level through implementation of the system, thereby achieving various energy reduction goals and promoting sustainable development. The Company insists on green procurement and responsible sourcing, and is committed to building a responsible supply chain with suppliers	Green Production & Operation Achieve Win-win with Partners
	Sungrow actively responds to the call of the state on new energy construction, and takes popularization of photovoltaic power generation as an important approach to coping with climate change. The Company has built exemplary roof-type distributed PV power plants to assist the large-scale development of photovoltaic power generation in China	Green Production & Operation
	Sungrow complies with labor protection laws and regulations, and completely eradicates child labor and forced labor. Trade union has been set up in the Company to effectively guarantee employees' rights to know, to participate and to supervise, and fully protect legitimate rights of employees. The Company has established a comprehensive punishment and corruption prevention system as well as normalized channels for supervision and whistle-blowing, striving to create a transparent and healthy business environment	Safeguard Employees' Rights Optimize Governance Structure









■ Optimize Governance Structure

■ Manage Investor Relations

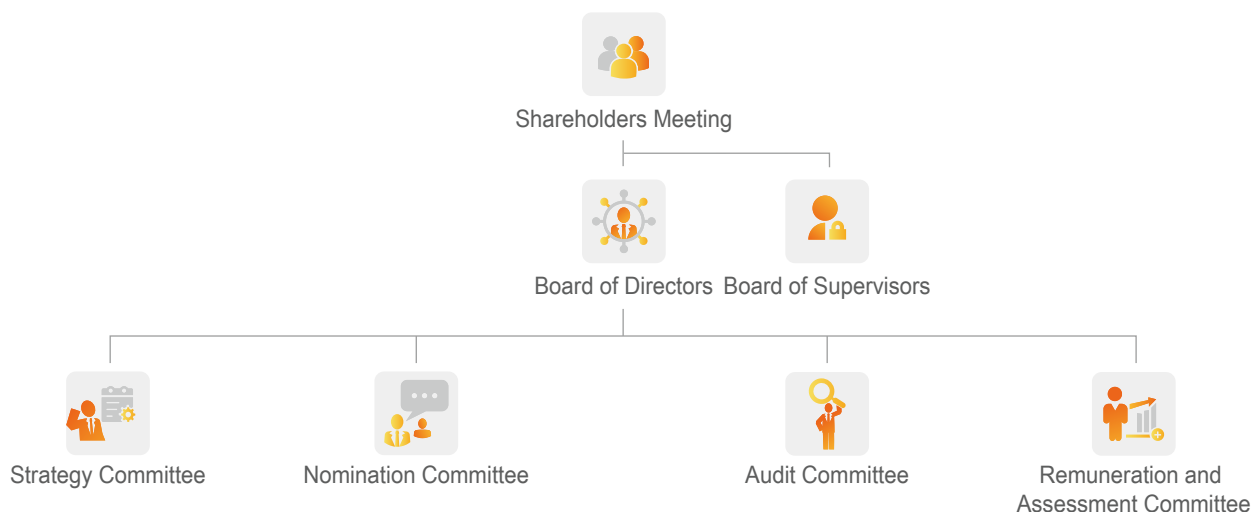
→ Consolidate the Foundation and  
Standardize Governance for Robust Development

# Consolidate the Foundation and Standardize Governance for Robust Development

## Optimize Governance Structure

### Governance Structure

Sungrow strictly abides by the *Company Law*, the *Rules Governing the Listing of GEM Stocks*, the *Guidelines of Standard Operation for Companies Listed on the GEM*, the *Articles of Association* and other relevant laws and regulatory documents, optimizes corporate governance structure, and ensures healthy and orderly progress of various production and operation activities, thereby returning investors with better business performance. Detailed information on corporate governance is available in Sungrow's 2019 Annual Report as well as on the Company's official website.



### Shareholders and Shareholders Meeting

Shareholders of the Company hold equal status according to the shares in their possession and assume corresponding obligations in accordance with the *Articles of Association*. The Company convenes Shareholders Meeting according to the provisions and requirements in the *Rules for the Shareholders Meeting of Listed Companies* and the *Rules of Procedure for the Shareholders Meeting*, to ensure shareholders to lawfully exercise their rights and interests. The Company treats all shareholders fairly and makes efforts to provide convenience for shareholders to participate in the Shareholders Meeting, so that they can fully exercise their rights as shareholders. The Shareholders Meeting of the Company reaches a resolution through the combination of on-site voting and online voting, and minority shareholders are entitled to participate in the meeting and exercise their rights to vote.

### Directors and the Board of Directors

The Board of Directors consists of 8 directors, including 3 independent directors. The number of directors and the composition of the Board of Directors conform to the requirements of the relevant laws, regulations and the *Articles of Association*. The Board of Directors strictly abide by the *Company Law*, the *Securities Law*, the *Guidelines for Standardized Operation of Companies Listed on the Growth Enterprises Market of the Shenzhen Stock Exchange*, and the regulations including the *Articles of Association*, and the *Rules of Procedure of the Board of Directors*, practice the various duties and obligations empowered by the Company and shareholders, to implement the various resolutions reached in the Shareholders Meeting, and work in a diligent and responsible way to ensure sustainable, healthy and steady growth of the Company, while promoting standardized operation of the Company and safeguarding legitimate rights and benefits of the Company and public shareholders.



### Supervisors and the Board of Supervisors

The Company's Board of Supervisors consists of 3 supervisors, including 2 employee representatives. The number of supervisors and the composition of the Board of Supervisors conform to the requirements of the relevant laws and regulations. Supervisors are capable of executing their duties seriously in accordance with the *Rules of Procedure for the Board of Supervisors*, supervising the Company's major transactions, related party transactions, financial position, as well as legitimacy and compliance of directors and senior executives at their work.

*The Board of Directors consists of the Strategy Committee, the Nomination Committee, the Audit Committee, and the Remuneration and Evaluation Committee.*

### Legitimacy and Compliance

Sungrow honors the core values of "Sincere & Pragmatic, Precise & Open, Customer Oriented", and deeply integrates compliance concept into the Company's operations and employees' routine work. The Company operates in strict accordance with the various laws and regulations as well as corporate governance and code of ethics standards, constantly improves legitimacy and compliance of its operation systems to ensure that all business activities of the Company are legitimate and standardized. Meanwhile, the Company leverages traditional trainings and online courses to facilitate diversified legitimacy and compliance trainings, in order to enhance employees' capability of controlling legal risks in business processes. According to the relevant requirements regarding information disclosure of listed companies, in 2019, there was no major administrative penalties or lawsuits to be disclosed by Sungrow.

### Internal Control Risk

Sungrow continues to optimize its internal control system. In 2019, the Company revised the *Internal Control Management Measures of the Company* and established a number of basic rules and regulations including the *Detailed Rules of Internal Control* to improve the Company's internal control regulations under the new circumstances. The Audit and Internal Control Department is responsible for routine audit of the Company. It supervises and evaluates implementation of internal control policies and anti-corruption measures, and monitors violations of laws and regulations, to effectively guarantee operation of the Company's internal control system and provide a powerful foundation for the proper and efficient operation of the Company's business activities. During the reporting period, there were no major internal control incidents.

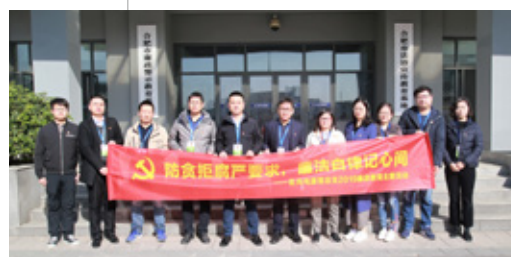
### Anti-corruption Measures

The Company has established and continues to improve a system for punishing and preventing corruption. Internally, the Company released the *Internal Audit and Supervision Management Regulations* and the *Anti-corruption and Self-discipline Regulations* to standardize employee and corporate behaviors, publicizes these regulations and sets up warnings in various occasions to enhance employees' anti-corruption awareness; externally, the Company has signed *Anti-Corruption Agreement* with partners to agree on white-handed and honest operation of both parties.

The Company has established a normalized channel for whistle-blowing and complaints as well as a standardized mechanism to deal with complaints and whistle-blows. For each complaint, the Audit and Internal Control Department will investigate and verify the actual situation, follow up closely to uncover violations against laws and disciplines, and keep the whistleblower's information strictly confidential.

### Case

In November 2019, the Company carried out a warning and education event of "Say No to Corruption and Keep Self-discipline in Mind" by organizing employees to visit the Yicheng Prison in Hefei City. This event strengthened anti-corruption education of employees in key departments and at key posts, and built a solid moral defense line against corruption.



### Intellectual Property Protection

The Company highly values independent innovation and intellectual property management, has set up the Intellectual Property Department to conduct regular intellectual property risk assessments. The Company has established a dedicated patent search and analysis platform to conduct risk investigation through searching and novelty check, issues patent risk analysis reports, and takes active countermeasures to avoid infringement of intellectual property or trade secrets owned by others. In addition, the Company closely watches for violations against its own intellectual properties, and takes administrative and judicial approaches to protect its own intellectual properties.

### Party Construction Work

In 2018, Sungrow put forth the 4C party construction guidelines of “Committed, Cooperative, Creative, and Clean”, which guided all party members to work collaboratively to lay a solid foundation for party construction. The Company orderly facilitated the themed education of “remain true to our original aspiration and keep our mission firmly in mind”, and organized more than 20 events including collective workshops, seminars, pioneer party member education, and anti-corruption education throughout the year, which actively promoted establishment of grassroots-level party organizations and innovated the ways of party construction, fully communicated and implemented Xi Jinping’s thought on socialism with Chinese characteristics for a new era and essence of the 19th National Congress of the CPC.



## Manage Investor Relations

The Company strictly follows the *Information Disclosure Management System* to earnestly fulfill its information disclosure obligations and ensure that information disclosure is genuine, accurate, complete and timely. At the same time, the Company strictly practices the insider registration system to standardize the reporting, transmission and confidentiality processes of major internal information, thereby ensuring security of insider information and effectively safeguarding the legitimate rights and interests of investors. In 2019, the Company made in total 124 disclosures, and there was no retrospective adjustment of false statement of performance.

The Company has formulated the *Investor Relations Management System* and set up dedicated positions and personnel to maintain open communication with investors, securities analysts and other parties, enabling those parties to fully understand the Company’s strategy, operation and development posture. The Company provides services to investors in a number of ways, such as online performance briefing, investors conference, investor hotline, email, and corporate website, and insists on delivering information about the Company to the capital market and investors in a timely, proactive, and detailed manner. The Company has provided shareholders with a number of channels for suggestions and feedback, such as the investor hotline (0551 - 6532 5617), investor service e-mail (dshms@sungrow.cn, kangml@sungrowpower.com), and Shareholders Meeting.



Deepen Market Orientation



Improve Innovation Capabilities



Accelerate Global Presence

→ Embrace the Future with Insights and Innovations

# Embrace the Future with Insights and Innovations

## Deepen Market Orientation

### Focus on Clean Power



#### Inverter

During the reporting period, despite the shrinking of domestic market, the Company increased R&D investment and upheld technological leadership, continued to promote product iteration and upgrade, and strengthened the globalization support competence system. As a result, the Company enhanced global brand influence, accelerated globalization, fully grasped opportunities in the rapid market development overseas, and achieved high growth in overseas business.

During the reporting period, the Company's global shipments reached 17.1 GW, an increase of 2.4% year-on-year (YoY), of which domestic shipments were 8.1 GW, a decrease of 31.9% YoY, and overseas shipments were 9 GW, an increase of 87.5% YoY. By the end of 2019, cumulative installed capacity of Sungrow inverters worldwide exceeded 100 GW, marking the first inverter company in the world achieving such a milestone, and winning the 2019 China PV Low-Price Promotion Award.



#### Energy Storage

The Company accelerates global strategic layout of energy storage and has achieved parallel growth of the LFP energy storage system and the ternary lithium energy storage system. The Company's energy storage systems are widely used in Germany, the United Kingdom, Japan and other countries. In North America, Sungrow's market share in industrial and commercial energy storage segments alone has exceeded 15%; in Australia, through in-depth cooperation with distributors, Sungrow's market share in residential PV energy storage segment has exceeded 10%.

By the end of 2019, Sungrow has participated in more than 900 major global energy storage system projects, and accumulated extensive application experiences in the fields of frequency and peak regulation, grid-connection of auxiliary renewable energy, micro-grid, and industrial/commercial/residential energy storage.



### PV System Integration

Thanks to the multi-dimensional integration and joint development of PV, wind power, energy storage system and smart operation and maintenance businesses, the Company's power plant system integration capability continues to increase, with market coverage extending from domestic to overseas. By the end of 2019, the Company cumulatively developed and built more than 9 GW of PV and wind power plants. Its PV and wind power businesses widely covered 23 provinces and cities across the country, with the scale of development and construction exceeding 1 GW in Anhui and Guangdong respectively, making the Company an invisible champion of system integration technology.



### Smart Energy Operation and Maintenance

Relying on 20+ years of AC-DC conversion technology and power plant integration practice, the Company has established a refined operation and maintenance system on the basis of standardized operation and maintenance management. The Company leverages the Internet of Things, artificial intelligence and big data analytics technologies to help customers realize centralized operation and maintenance of PV, energy storage and multiple energies. The Company has created a smart brain of energy to fully address customers' demand for managing multiple energies throughout the different stages of life cycle, hence to deliver the four core values of steadily increasing investment return, ensuring asset safety, standardizing operation management, and assisting group decision-making. By the end of the reporting period, the Company has accumulated operation and maintenance experience on 100 GW+ of equipment, and connected 15 GW+ of smart operation and maintenance platform, gradually revealing a growth point in future performance of the Company.

### Optimize Operation Management

In 2019, in order to further implement the "operation by division" mechanism, the Company took a number of measures to promote independent operation of each division, including a coordinate-disaggregate-support system based on the competition-among-divisions strategy, an organizational performance assessment mechanism driven by divisions, and a strengthened division profitability control mechanism.

In addition, to carry out the Company's relevant diversification strategy, innovation and entrepreneurship in various forms are encouraged. To accelerate the implementation of low-cost innovation strategy and enhance operating capabilities of the various nodes on the value chain, the Company formulated the *Entrepreneurship Amoeba Investment Management Regulations* and the *Regulations on Internal Amoeba Operation* in 2019 to further boost sustainable development of the Company.

### Promote Informationization

In 2019, the Company focused on promoting informationization of overseas subsidiaries, and mainly completed network equipment deployment in overseas subsidiaries and construction of dedicated lines for the overseas network, in order to accelerate information exchange between overseas subsidiaries and the headquarters and guarantee information stability. Throughout this year, the CRM system went live in 22 countries, the ERP system was implemented in Bangalore and Delhi in India, Germany, and Samsung-Sungrow. Meanwhile, a private cloud system solution went live as well, which fully guaranteed stability and security of the Company's information resources.

In terms of information security, the Company has set up network firewalls, intranet firewalls, intrusion detection systems, and terminal management systems, which leverage network security devices to reinforce LAN information security, detect security vulnerabilities, viruses, and malicious software such as trojans and miners, and enhance virus elimination and block related IPs and domain names, thereby locating information system vulnerabilities of internal and external networks and mitigating information security risks.



## Improve Innovation Capabilities

### R&D Innovation System

The Company takes technological innovation as the propellant for sustainable development, constantly perfects the technological innovation system, explores and optimizes innovation management processes and methods. In 2019, the Company formulated the *Rules for Archiving and Managing Design Software*, the *Specification for Plotting Graphics in Product Documents* and other management documents to provide institutional guarantee for improving innovation capabilities. Relying on its own innovation platform for clean power conversion technology and the independent testing and verification platform, the Company is always oriented to market and customer needs during technological innovation, constantly develops competitive products, and vigorously promotes industrialization of scientific research results, thereby ensuring that 5 to 6 new products are released every year. At the same time, the Company continues to improve the performance of existing products to ensure it is equipped with domestically leading and internationally advanced technologies.

In order to further improve R&D capability, the Company has formulated the Management Measures for Industry-Academia-Research Programs to actively extend close cooperation with scientific research institutes and key universities, hence to leverage complementary advantages, establish a collaborative innovation ecosystem among industry, academia, research and application, and strengthen technical exchange and human resources training.

#### Some collaborative innovation practices

- Signed a strategic cooperation agreement with the Dalian Institute of Chemical Physics, Chinese Academy of Sciences on the industrialization of hydrogen production, and established the Joint Laboratory for PEM Electrolysis-based Hydrogen Production Technology to promote industrialization of green hydrogen technology and achievements
- Cooperated with the University of New South Wales in Australia on the program about hydrogen production by PV and energy storage
- Cooperated with 8 organizations including Zhejiang University, Shanghai Jiaotong University, and China Electric Power Research Institute, and initiated research on the national key research program Modular Technology and Equipment for New-type PV Medium Voltage Power Generation Unit
- Established long-term close cooperation and maintained decent relationship with Hefei University of Technology

### Case

In 2019, the Key Technologies and Engineering Application of Independent Power Supply System for Renewable Energy in Qinghai-Tibet Region program, with China Electric Power Research Institute as the program leader and Sungrow as the main participant, won the second prize of National Award for Science and Technology Progress. In the tens-megawatt-level PV and energy storage independent micro-grid systems deployed in the high-altitude areas of Shuanghu and Nima, Tibet, Sungrow provided key technologies and equipment, which effectively guaranteed round-the-clock power supply for daily life and production of local residents despite the various complex climate and load conditions. At present, achievements of the program are widely applied to 35 renewable energy power supply projects in Hebei and other provinces. The energy storage inverter and energy management system developed under the program are exported to India, Pakistan, the Maldives, and some other countries, which will play an exemplary role in the development and utilization of renewable energy in the Belt and Road regions.

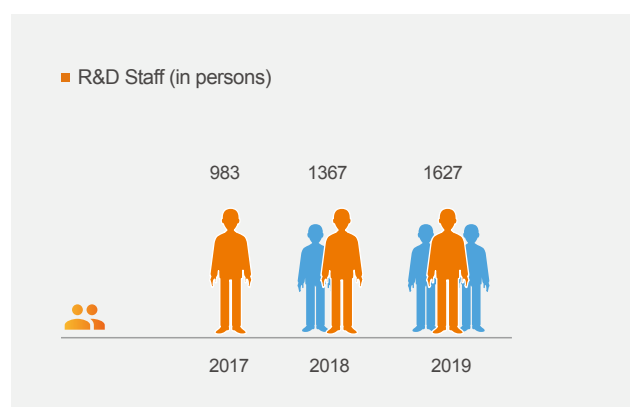
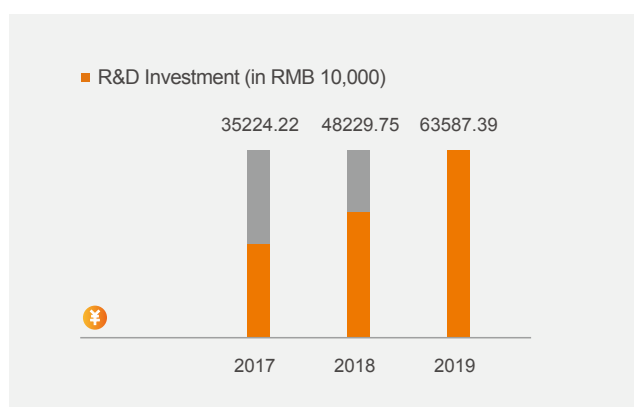


### Technology Innovation Team

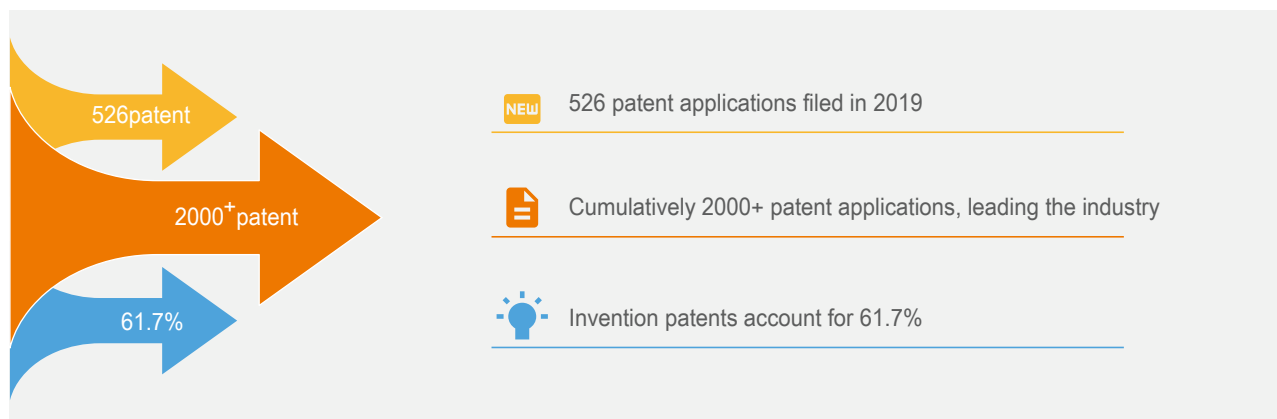
Sungrow values innovative talents and actively recruits and fosters talents for scientific and technological innovation. At present, R&D personnel account for 41.8% of the total number of employees, consisting of mainly master and doctor degree holders, with core personnel having 10 years or above of experiences in research and development.

As early as 2012, the Company established a patent decision-making committee to guide the patent rewarding process and approve patent awards. The Valued Patent Award is for patents granted that feature high creativity and practicality, as well as those that are in an advantageous position or winning in intellectual property disputes or negotiations, and those that improve product performance or promote product sales and bring great economic benefit to the Company. Four teams won this award in last year and shared a total reward of RMB 500,000.

The Reform and Innovation Award aims to recognize employees who have made outstanding contributions in technology R&D, production improvement, lean management, and other fields, and those who have posed a positive impact on the Company's reform and sustainable development with their innovation achievements. In total, 13 employees won this award in last year, and shared a total reward of RMB 65,000.



### Science and Technology Innovations



Heavyweight awards received by the Company in the patent field include China Patent Excellence Award, Anhui Provincial Gold Patent Award, and Anhui Provincial Top 100 Invention Patents Award.

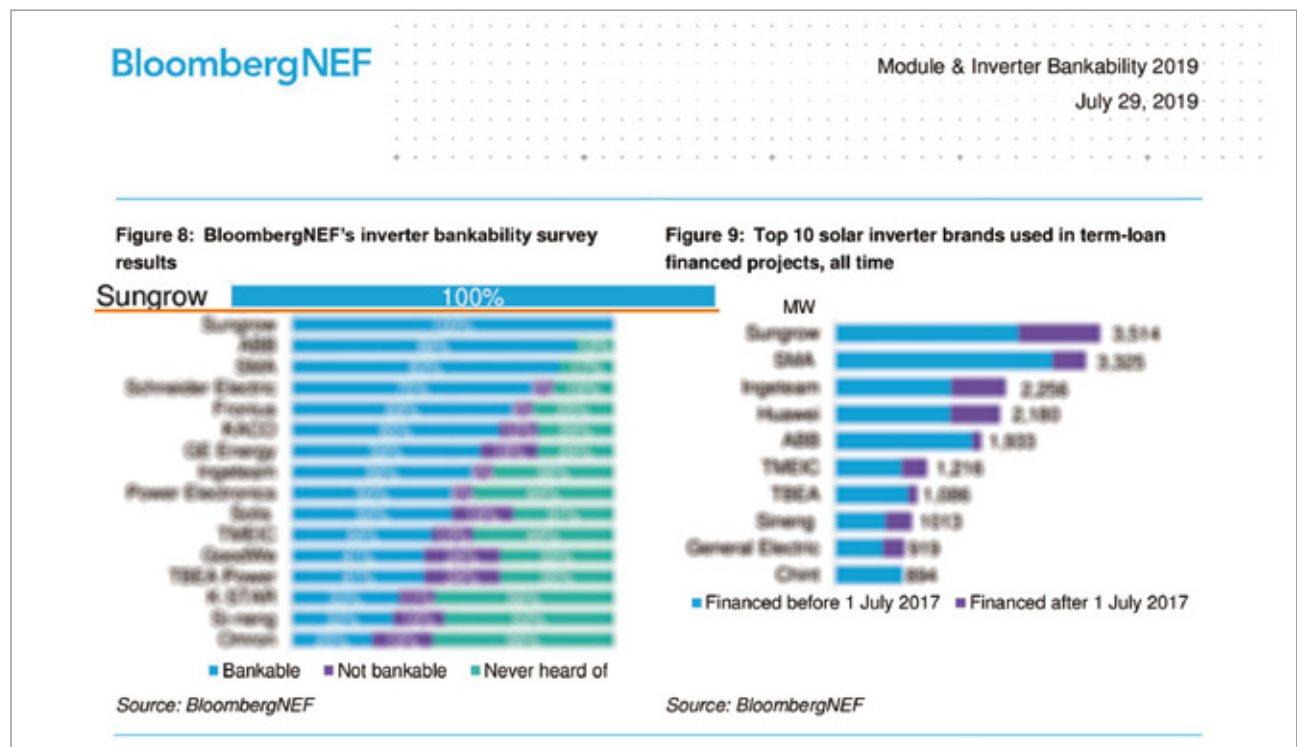


In addition, Sungrow actively engages in national and provincial science and technology programs. In 2019, the Company was approved to undertake a key special item “Modular Technology and Equipment for New Photovoltaic Medium-voltage Power Generation Unit” of the national key research and development program “Renewable Energy and Hydrogen Energy Technology”. By the end of the year, the Company had been involved in nearly 50 national and provincial science and technology programs.

#### Case

In order to promote innovation and development in the Company, improve employees’ independent innovation awareness and technical competence, Sungrow established employee innovation studios that are intended to cultivate employees’ learning and innovation capabilities, overcome challenges, reduce cost and improve efficiency, and promote the transformation of innovation achievements, thereby enabling joint development of employees and the Company. Since the establishment of the Sun Longlin Innovation Studio, a number of new products have been developed and sold to many countries in Americas, Europe, Southeast Asia, and Central Asia. The Studio has obtained in total 52 patents for invention and 53 utility model patents.

## Accelerate Global Presence



Sungrow continues to advance its globalization strategy, standardizes international operations, and enhances brand influences in the international new energy market. According to the Module & Inverter Bankability 2019 survey released by BloombergNEF (BNEF), Sungrow inverter ranked first in the world in terms of the number of financing projects and bankability, and has become the inverter brand in the world with the most financing value.

As of today, the Company has set up more than 20 subsidiary companies around the world. On the whole, the Company’s overseas market development is more balanced. Total shipments in the Americas has exceeded , and market share in Latin America and South America ranks the first. In Southeast Asia, the Company has constantly maintained a market share of more than 30%. Apart from continuing to explore traditional markets such as Japan, Australia, and India, the Company has also developed emerging markets such as Pakistan, and topped the list of market occupancy in Vietnam. In emerging markets such as the Middle East, North Africa, and South Africa, the Company has also established subsidiaries, after-sales service outlets and localization teams to further advance the localization process. By the end of the year, cumulative installed capacity of Sungrow inverter equipment across the world exceeded 100 million kilowatts, capable of generating more than 129 billion kilowatt-hours of clean power every year, which reduces annual carbon dioxide emission by more than 103 million tons, delivers clean power to more than 60 countries around the world, and sets a good example of Chinese photovoltaic companies going overseas.



Customer First



Quality Products



Excellent Service

→ Gain Insights on Demand to Deliver Excellent Service

# Gain Insights on Demand to Deliver Excellent Service

## Customer First

Sungrow has always been customer oriented, creates values and value-added services for customers by constantly delivering innovative technological products, system solutions and quality services, hence to enhance customers' sense of belonging and promote sustainable value growth.

## Quality Products

### Product Management

Sungrow puts a high value on the quality management system, adheres to the principle of "Pursuing Excellence with Ingenuity" and the quality strategy of "Creating Sungrow Brand with Superior Quality", and is committed to providing customers with quality products.

On the foundation of ISO9001: 2015, the Company integrates the IATF16949: 2016 Quality Management System requirements, and introduces CMMI mode with IPD as the basis. The Company incorporates core results of CMMI process improvement into the various stages of IPD to improve software development process management effectively. The Company always focuses on and meets customer requirements in order to improve customer satisfaction. The Company pays continuous attention to corporate performance and improves process performance indicators to achieve cost reduction and efficiency improvement; and constantly improves related processes and systems through internal audits, management reviews, QCC, outstanding quality award, and other activities. The Company has established an efficient and integrated management system, to continuously pursue excellence, further improve the quality of products, engineering and services, and establish a quality brand with global competitiveness.

Sungrow continues to improve its management system, and introduces quality concepts and common sense training in the induction training of employees to reinforce standard operating procedures. The Company improves quality knowledge and quality awareness through morning meetings, on-site kanban, and the Sungrow e-learning platform. In 2019, the Company organized CMMI standard training as well as FMEA, MSA, SPC and other quality tool trainings, which fully demonstrated the Company's focus on quality training.

### Innovative Design

As the global energy revolution goes in-depth, grid connection at affordable price becomes a keyword in the photovoltaic industry. In 2019, Sungrow carried out a lot of technology innovation work to "make the power generation cost affordable" and solved problems on the grid side. The Company deeply integrated power generation, PV and energy storage technologies, and released a wide range of new products throughout the year, covering all application scenarios of large-scale photovoltaic power plants and providing customers with optimal full-scenario LCOE solutions. Meanwhile, the Company deeply explored market and customer demands, and continued to innovate inverter products to create greater value for customers. The Company announced the 1500V string inverter SG225HX with the highest power in the world, which was built with a number of core patented technologies, featuring multiple performance advantages including less investment, more power generation, high protection level, and low operation and maintenance requirements, and allowing customers to generate more power with less investment. Taking a 100 MW power plant for example, use of high-power SG225HX can save about RMB 12 million in initial investment and operation and maintenance cost, and reduce levelized cost of energy (LCOE) by more than 5%.

### Product Promotion

The Company publicizes products in strict accordance with the *Advertising Law of the People's Republic of China*, with each responsible department working in collaboration to develop marketing plans and related contract approval processes, hence to ensure that the Company operates to the requirements of relevant laws and regulations. During market promotion in 2019, there was no occurrence of Sungrow being investigated and punished by regulatory authorities due to illegitimate advertising and publicizing, and there were no breaches or violations against marketing regulations during the year.

## Excellent Service



### Customer Service

The Company continues to build a group-level professional service platform, and improves customer experience through professional, efficient and micro-innovation services. Leveraging platform advantages, the Company standardizes service methods, improves service capabilities, and reduces service cost. Oriented to customer demand, the Company continues to provide customers with more professional and efficient value services, in order to enhance customer stickiness and improve customer satisfaction.

#### ■ Service Platform

The Company has unified the global SMP service management platform to enable digitalized and platform-based service process management and promote visualization and transparency of service process. Full product life cycle management and customer master data construction are also enhanced.

#### ■ Service Training

The Company further improves its training service system, and strengthens development of training resources including training organization, training fund, training software and hardware. The Company fully investigates and understands training needs of customers and employees, sets up scientific and rational training curriculum, and organizes cross-regional service experience exchange and business sharing activities based on service needs of customers in different market environments and difference in service models. For distributed and household products, the Company communicates with distributors in advance and organizes training.

#### ■ Service Outlets

To optimize the service network, the Company has set up 30 service centers in China, and further improved establishment of local service network overseas. As a result, a service network covering all sales areas is built, and the India Service Center is set up as a global service engineering center to address service needs in other overseas regions.

#### ■ Service Resources

The Company integrates service resources by making full use of quality local service resources and exploring and cultivating service provider resources, so as to realize localization of service resources. Regional services are managed by region, with regional service manager being held accountable for improving service responsiveness, ensuring timeliness of commissioning service for sporadic projects in remote areas, and achieving full coverage of all products and services of the Company.

#### ■ Service Spares

The Company has established a spare parts inventory management mechanism, and improved demand forecasting/planning of spare parts, in order to strengthen full product life cycle management and serviceability.

The Company has implemented a spare parts management system and controlled safety inventory at a reasonable level, in order to improve supply timeliness and availability of service spare parts, ensure sufficient spare parts stock at service outlets and service providers, speed maintenance response, and reduce service cost.

#### ■ Service Management

##### ▶ Service Early Warning and First-Contact Responsibility System

The Company further strengthens effective communication with customers, improves flexibility and timeliness of service work, takes the actual needs of customers into full consideration, and pays attention to the details of on-site service work. The Company has set up the service response time first-contact responsibility system and an early warning mechanism, to pinpoint responsibility to first-contact individuals at different levels, in order to improve the quality of service.

##### ▶ Key Account Visit Mechanism

The Company has implemented a key account visit mechanism to continuously enhance service interactions and visits to key accounts as well as specific service exchanges, hence to boost service value at customer side with Sungrow's featured professional and considerate services, and promote the resale of products at the same time.

##### ▶ Unified Service Image

Service personnel wear uniforms and are provided with unified tools, which enables service image to be quickly recognized and effectively supervised. It also urges service personnel to strengthen self-management, standardize their own behaviors, and enhance service awareness, thereby improving the overall image of service team and the service brand.

##### ▶ Customer Information Feedback Mechanism

The Company strengthens after-sales customer feedback management, and has established an after-sales customer feedback mechanism to ensure customer feedbacks in the process of service execution are timely and effectively captured and sent to the relevant departments in the Company, so that issues raised by customers are corrected or resolved to their satisfaction, and product quality and service quality are constantly improved.

##### ▶ Beyond Expectation, Proactive Service


The Company intends to deliver services that exceed customer's expectation, organizes service engineers to conduct customer service surveys in the field on a regular basis, opens ears to customers' comments and suggestions on products and service, consolidates comments and issues collected during the surveys to work out solutions and verify results of the resolutions.

### Customer Privacy Protection

The Company honors customer information and privacy, and safeguards customer information through strict operation procedures. During the year, the Company revised the *Confidentiality Policy*, clearly defined requirements for the transmission of the Company's confidential information, and initiated normalized confidentiality inspection. The Company provides confidentiality training for all new employees during induction, and signs confidentiality agreements and prohibition clauses with all employees. Confidentiality training record is included in the employee's profile, and is used as a legal basis for employees to keep business secrets at the job and fulfill the non-compete agreement after leaving the Company. During the reporting period, the Company complied with the relevant laws and regulations on the protection of customer privacy, and did not receive any complaint from authorities pertaining to disclosing customer privacy.

### Customer Complaint Treatment

Sungrow actively protects customers' rights and interests, optimizes the customer feedback mechanism, and deals with customer complaints in a timely manner to improve customer satisfaction level. After receiving a customer complaint, customer service engineer submits complete information about the product failure on the quality data platform. For domestic complaints, feedback will be provided in 24 hours; for overseas complaints, in-field confirmation and repair will be completed in 48 hours. Quality Assurance Department is responsible for information release and tracking. For product faults (failures) to be dealt with, resources must be organized to analyze the root cause, define corrective and preventive measures, and implement closed-loop treatment according to the five-step quality problem close loop principles. In case treatment measures of product faults (failures) involve product changes, the *Measures for Correcting and Managing Design Defects* should be referred to. The Company continues to optimize its quality analysis platform, and gradually enables interoperability of various system interfaces, thereby establishing a sophisticated product failure database.




In 2019,  
customer satisfaction level reached:

**93.28%**









■ Green Management System      ■ Green Production and Operation      ■ Implement Ecological Restoration

→ Practice Green Energy Development to Protect the Environment

## Green Management System

### Environmental Management System

Sungrow always sticks to the principles of ecology priority and green development, and embeds green management into business operations. The Company comprehensively implements green production and operation, strengthens green development capabilities, enforces ecological environmental protection, and commits itself to co-existence and co-prosperity with environment.

The Company continues to optimize its environmental management system and strengthen environmental protection approaches, and has formulated the *Three Simultaneities Management Measures for Environmental and Occupational Health of Construction Projects* and other policies to standardize environmental management behaviors in the Company. With the environmental management department taking the lead, the Company has established a working mechanism that “manages people with systems and manages work with procedures”, to strengthen the environmental responsibility system covering all employees and promote environmental management efforts. In 2019, the Company and two member entities, Sungrow-Samsung SDI Energy Storage Power Supply Co., Ltd. and Huainan Sungrow Floating Module Sci. & Tech. Co., Ltd., passed the ISO14001 environmental management system certification.

### Environmental Contingency Plan

In strict accordance with the environmental emergency management requirements of the state, Sungrow and its member entities have developed contingency plans for environmental incidents and completed the paper work required by local authorities.

The Company has set up an emergency team that constantly launches a range of environmental management measures to enhance emergency response capabilities, which include improving professional competence of the environmental management department, signing emergency monitoring agreements, reinforcing emergency equipment and supplies, and organizing exchanges and workshops. These measures not only improve the Company’s response to unexpected environmental hazards and risk prevention capabilities, but also ensure the safety and health of employees, and minimize property loss, environmental impairment and social impact.

## Green Production and Operation

### Energy Management

Sungrow adheres to green and low-carbon development and pays high attention to resource consumption in the business operation process and the corresponding environmental impact. In 2017, the Company established the ISO5001 energy management system to actively carry out energy management and comprehensively roll out energy saving and consumption reduction following the principles of “intensified workshops, innocent raw materials, clean production, waste recycling, and low carbon”. In terms of operation, the Company implemented various energy-saving measures and revamped equipment, such as upgrading commissioning process to leverage automation and avoid energy waste, and performed R&D load tests in reactive power mode to reduce utility consumption. In terms of energy use, the Company built rooftop PV power plant, phased in electric forklifts in lieu of fuel-powered forklifts, added low-energy consumption indicators in the procurement standard of consumables for air conditioners and ventilators, in order to continually improve energy management level and gradually upgrade energy quality.

The company's comprehensive energy consumption per unit product (Headquarters Park)

► 2017

141.70 kgce/MW



► 2019

133.74 kgce/MW

## Energy consumption of Sungrow and its member enterprises

Year	Total water consumption (Unit: cbm/year)	Total power consumption (kWh/year)	Total utility in equivalent std. coal (kg/year)	Other non-utility energy consumption in std. coal (kg/year)	Comprehensive energy consumption in std. coal (kg/year)	Energy consumption per RMB 10,000 of output value (kg/RMB 10K)	Water consumption per RMB 10,000 of output value (kg/RMB 10K)
2017	86,730	15,879,377	1,951,575	229,983	2,181,558	2.48	0.099
2018	102,064	32,853,482	4,037,692	238,455	4,276,138	4.12	0.098
2019	162,666	34,514,436	4,241,824	258,285	4,500,109	3.46	0.125

In response to the national call on new energy construction and to speed up large-scale application of PV power generation in the country, Sungrow takes popularizing PV power generation as an important approach to address climate change, and has built exemplary distributed PV power plant on its own rooftop. In 2019, the Company built a new rooftop PV power plant in the industrial park, which connected to the grid in October. Following successive upgrading of existing PV power plants, the scale of rooftop power plant in the plant area added up to 9.9 MW, and the usage of PV power reached 5.37 million kilowatt-hours, which gradually increased the proportion of clean energy usage in the Company, and guaranteed power supply for daily office operation and basic needs.

In addition, the Company continued to carry out digital workshop construction in 2019 to enable quality, efficient and environment-friendly production processes. As a result, the Company developed an industry-leading intelligent manufacturing mode for PV inverter digital workshop, and converted the entire process of PV inverter manufacturing into an intelligence and information based process that is precise, energy-efficient, and environment-friendly.

## Waste Management

The Company strictly abides by the relevant laws and regulations of the state on waste management, minimizes waste generation at each possible origin of waste, enhances compliance of the waste disposal process, and constantly looks for approaches and methods to reduce waste, so as to mitigate impact of business operation on the environment.

The Company formulated the *Measures for the Management of Effluent, Waste Gas and Solid Waste*, which specified in detail management requirements for effluent discharge, waste gas emission, and industrial waste (general waste & hazardous waste) generated in production and operation, and ensured that waste disposal meet the relevant national and local laws and regulations on environmental protection. During construction of the new industrial park in 2019, the Company implemented a stricter waste gas treatment process, which further reduced generation of atmospheric pollutants, and provided technical assurance for increasing output and reducing pollution. The Company built a new temporary storage facility for hazardous waste with high standard and put it into operation, which improved the Company's capability of temporarily storing hazardous waste while reducing the risk of hazardous waste leakage and fire accidents.

## Effluent Management

Company name	Total Water Consumption (ton)	Total Annual Water Discharge (ton)	Total Annual COD Emission (ton)	Total Annual Ammonia/Nitrogen Emission (ton)
Sungrow	101,265	81,012	19.443	1.782
Sungrow (Shanghai)	330	264	0.063	0.006
Sungrow (Qinghai)	231	185	0.044	0.004
Sungrow (Jinzhai)	552	442	0.106	0.010
Sungrow Floating	11,362	9,090	2.182	0.200
Samsung-Sungrow	4,780	3,824	0.918	0.084
Sungrow-Samsung	23,846	19,077	4.578	0.420
Indian Plant	6,285	5,028	1.156	0.101
SUM	148,651	118,921	27.352	2.378

After being treated with grease trap and septic tank, Sungrow's domestic sewage is discharged into municipal sewage pipeline and ultimately enters the urban sewage treatment plant for treatment up to discharge standards.

## Waste Gas Management

Company name	Total Annual Waste Gas Emission (10,000 cbm)	Total Annual Fume Particles Emission (ton)	Total Annual NMHC Emission (ton)
Sungrow	8,950	1.629	0.945
Sungrow (Shanghai)	0	0	0
Sungrow (Qinghai)	0	0	0
Sungrow (Jinzhai)	0	0	0
Sungrow Floating	0	0	0
Samsung-Sungrow	0	0	0
Sungrow-Samsung	4,856	0.064	0.556
Indian Plant	0	0	0
SUM	13,806	1.693	1.501

At Sungrow, waste gas is treated with the leaching + UV photolysis + activated carbon adsorption process, and the overall treatment efficiency reaches 95% and above. At Sungrow Floating, waste gas is treated with the gas-collecting hood + photo-oxygen catalysis + activated carbon adsorption process, and the overall treatment efficiency reaches 90% and above.

## Solid Waste Management

Company name	Total Solid Waste in the year (ton)	Incl. Domestic Waste (ton)	Incl. Industrial Waste (non-hazardous) (ton)	Incl. Packaging Materials (ton)	Incl. Hazardous Waste (ton)
Sungrow	233.905	134	49.7	35.3	14.905
Sungrow (Shanghai)	2.9	2.5	0.1	0.3	0
Sungrow (Qinghai)	2.7	2	0.2	0.5	0
Sungrow (Jinzhai)	5.7	4.3	0.6	0.8	0
Sungrow Floating	23.8	8.1	0.5	13.3	1.9
Samsung-Sungrow	23.453	7.6	2.5	13.35	0.003
Sungrow-Samsung	26.6	3.3	1.2	22.1	0
Indian Plant	41.4	3.5	0.5	37.4	0
SUM	360.458	165.3	55.3	123.05	16.808

At Sungrow, domestic garbage is placed in trash bins and collected by the sanitation department. Industrial garbage and packaging materials are collected for resale by the material department. Hazardous waste is collected and stored in a temporary waste storage room, and disposed by a qualified service provider on a regular basis.

### Case

The Company formulated a management system for recycle, reuse, and resale of direct materials, indirect materials, and production waste. The system was implemented by a non-value plant, which recycled materials that could not be used directly and properly dealt with materials that could be reused. In 2019, a total of RMB 54.16 million was reclaimed, including RMB 43.84 million from obsolete materials and RMB 10.32 million from waste disposal.

**Green Procurement**

The Company insists on practicing green procurement, and demands suppliers, through contractual provisions, to comply with the environmental protection laws and regulations of their countries and sign commitments on ROSH and REACH directives, hence to guide suppliers' green development. We encourage suppliers to improve environmental management performance in various ways, including establishing environmental management systems, reducing pollutant emission, and implementing environmental governance measures. The Company assesses supplier's environmental protection performance from time to time through auditing or supervision, and use the assessment as an important input for supplier evaluation.

**Green Construction**

**Project Construction**



**Environmental Impact Assessment**

For any new project of the Company, the environmental protection facilities must be designed, constructed, and put into production/operation simultaneously. The relevant procedures for environmental facilities, such as project application and approval, environmental impact assessment and approval, and environmental protection acceptance upon completion, must be completed in accordance with national laws and regulations. For commissioned projects, environmental monitoring and maintenance of environmental protection facilities must be performed regularly to ensure the effectiveness of environmental protection measures. For suspended projects, registration for suspension should be made according to the provisions, and relevant procedures should be completed when projects are restarted. Upon completion of a project, auxiliary facilities should be dismantled and the site should be restored, in order to minimize impact on environment.



**Environmental Risk Identification**

The Company organizes various departments to identify and assess environmental risks every year. If key elements or regions of business activities have changed, specific analysis will be made to ensure the accuracy and effectiveness of risk identification. If environmental risk identification is found to be insufficient or missing during internal and/or external audits, the environmental risk identification methods should be adjusted and optimized immediately, and a new round of environmental risk identification and assessment should be made. According to the results of environmental risk assessment, different countermeasures should be taken, and environmental incident prevention and contingency plans should be implemented in procurement, logistics, production and sales.



**Environmental Monitoring**

On a quarterly basis, the Company organizes third-party inspection service providers to monitor all domestic effluent, canteen gas emission, production waste gas, and plant boundary noise, making sure all pollutant emissions are in line with the requirements in specification. In 2019, there was no environmental pollution incident that was resulted from pollutant emission/discharge.

## Competence Building

### ■ Investment in environmental protection facilities

No.	Category	Amount(RMB)	Remarks
1	Investment in environmental protection facilities	1,420,000	Waste gas and effluent treatment facilities, noise insulation and reduction facilities
2	Operation of environmental protection facilities	428,843	Consumables, utility cost, and maintenance cost for waste gas and effluent treatment facilities
3	Effluent/waste gas/solid waste treatment cost	193,400	Domestic garbage collection and shipping, disposal of hazardous waste
4	Environmental emergency supplies	13,412	Tools for leakage containment/treatment and cleaning
5	Publicizing and training of environmental protection knowledges	14,000	Environmental protection training and publicizing materials, environmental protection theme activities
6	Maintenance of infrastructure	1,028,232	Greening, road maintenance, drainage and septic tank cleaning, etc.
7	Environmental protection technical services	301,900	Environmental protection technical consultation, environmental monitoring

### ■ Environmental Training

The Company attaches great importance to improving employees' environmental awareness and publicizes environmental protection knowledge to employees in a number of ways. According to the Company's training management requirements, environmental protection knowledge training is included as an important part of induction training for new employees, which is facilitated by dedicated personnel to ensure its professionalism and effectiveness. In response to the Company's deficiency in environmental management and the environment-related challenges in engineering projects, regular communication meetings are organized to share insights and improve environmental management capabilities. The Company actively participates in environmental protection-related themed trainings, public seminars and technological forums organized by the communities at the location of operations, in order to keep pace with the environmental protection dynamics, learn from advanced management approaches, and get involved in environmental protection in a more effective way.

In addition, through educational events such as environmental knowledge contests, environmental protection knowledge tweets, and environmental protection articles solicitation, the Company strengthens environmental protection publicity to enhance environmental awareness and standardize employees' environmental protection behavior.





Sungrow actively supports environmental protection activities. Since 2017, the Company has been organizing trailwalk activities every year for employees, to promote the concept of green commute and practice the Company's green development mission. On the Tree Planting Day in 2019, Sungrow organized more than 100 volunteers to a tree planting event and jointly built the Sungrow Forest, which contributed to the construction of the forest park. On May 8, 2019, Dr. Zhao Wei, senior vice president of the Company, was invited to the Beautiful China, Green Development forum, and shared Sungrow's green development responsibility of taking technological innovation as the foothold and practicing the concept of green development.

### Green Design

Through constant product innovation, Sungrow continuously improves product efficiency, reduces waste of power generation energy, and actively integrates green concepts into the entire life cycle of products. In the product design stage, material anti-corrosion studies are made to reduce the corrosion of metal materials in the field and reduce replacement of product enclosures. Through noise control and design, auxiliary device for external sound insulation is minimized. In the product packaging stage, box-type PV inverter is changed to outdoor PV cabinet, and double-layer sealing of outdoor cabinet and container is changed to single-layer sealing, which greatly reduces the use of steel. Non-full-enclosure packaging with reinforced corners are applied, which reduces demand for outer packaging; air cushions are introduced to replace traditional filling and protective materials. Accessories and auxiliary materials are attached to the equipment for transportation, which eliminates separate packaging. The Company encourages distribution with dedicated tooling, where structural parts and non-precision parts are shipped with recycled pallets or crates, therefore the environmental impact of products in circulation is reduced.

### Case

For cost reduction and efficiency improvement, the Company changed shipping packaging from the original box container to semi container or flatbed container, and achieved structural cost reduction. Meanwhile, the container cost reduction proposals were simulated and optimized to meet structural strength requirements and ensure product quality. As a result, a cost reduction of RMB 1200 was achieved for each shipping packaging, and the new packaging is now in mass production.



## Green Office

Sungrow vigorously advocates green office and creates a green and energy-saving working environment. In 2019, the Company revised and perfected the *Regulation for the Management of Vehicles, Drivers and Passengers* and the *Administrative Rules for Employee Dormitory*, and implemented the power-saving, water-saving and paper-saving measures in daily office operation. New energy electric buses were used as employee shuttles to minimize the environmental load and jointly promote the Company's sustainable development.

The Company carries out cultural publicity and attaches "Saving Water" signs at water-using spots to raise water-saving awareness. Company drivers clean and maintain reception vehicles inside the campus in order to improve their durability. Tailoring service is provided to employees so they do not need to apply for re-purchase. Dry garbage such as paper boxes and packaging bags are sorted out from trash bins in passenger elevators, so as to reduce the frequency of garbage bag replacement and avoid waste of resources under the premise of not affecting sanitation. Mops, floor scrapers and other cleaning tools are fastened additionally with iron wire, in order to extended their service life. Paperless office is basically realized at Sungrow, where internal information flow is accelerated through the coordination of information platforms, thereby improving management efficiency and reducing management cost.



## Implement Ecological Restoration

During project construction, Sungrow always attaches equal importance to social benefit and economic benefit, boldly practices innovative models and innovative technologies, and takes actions against prominent ecological challenges, to vigorously promote the national ecological civilization, and provide a new approach to ecological restoration and comprehensive governance that can be reproduced and popularized.

Coal mining subsidence is a common challenge faced by a number of major coal-producing provinces in China. Durative underground coal mining causes surface movement, deformation and collapse. Goaf areas tend to collapse and eventually form huge lakes as groundwater gradually exposes and rainfall gathers. To gradually improve ecological environment in the coal mining subsidence areas, Sungrow creatively builds floating power plants on the water surface to enable secondary development and utilization of the coal mining subsidence area, which scientifically and rationally utilizes abandoned water surface without occupying land resources, and explores a new way for the comprehensive treatment and development of coal mining subsidence areas while giving full play to the advantages of green and clean power. At present, Sungrow floating bodies and floating PV systems are widely used in coal mining subsidence areas in Huainan of Anhui Province and Jining of Shandong Province, with a total installed capacity of 481 MW.

Take the Huainan Guqiao Project for example. As the largest floating power plant in terms of individual installed capacity in the world, the project adopted a fishery-PV complementary development approach, and formed an innovative mode of power generation above and fish farming below, which not only made full use of space and saved land resources, but also regulated the fishery environment with PV power plant, thereby increasing unit output and return of fish ponds and enabling resource sharing between aquaculture and PV power generation. Upon full connection to the grid, the power plant can effectively replace existing coal-fired power plants in this area, and save 62,189 tons of standard coal, reduce 1,200 tons of sulfur dioxide emission and 150,000 tons of carbon dioxide emission on an annual basis when compared to a coal-fired power plant of the equivalent capacity, hence contributing to environmental protection. In addition, during construction and operation, the power plant can partially address the issue of surplus labor force in rural areas, and play a significant role in developing local economy, raising income level, and improving natural environment and social stability.



Dongtang Town in Renhua County of Shaoguan City, Guangdong Province is located in the vicinity of Fankou Lead-Zinc Mine. Lead-zinc mining has brought along heavy metal pollution to air, water, soil and agricultural products. Based on the local situation, Sungrow customized an integral solution that combines PV power generation on panels with soil restoration below panels for Renhua County. The Company conducted research and demonstration in joint force with several top soil research institutes in the country for more than one year, and decided to plant shade-loving hyper-accumulators to reduce heavy metal contamination in soil through the accumulation and extraction effects of plants, and gradually restore contaminated land to cultivable land. This project is the country's first contaminated soil restoration and PV utilization project, which provides a new approach to ecological restoration and comprehensive governance that can be reproduced and popularized across the country. This 150 MW PV power generation and comprehensive utilization demonstration project utilizes approximately 213 hectares of land that is heavily polluted by heavy metals, and generates more than 150 million kWh of green power every year.



→ Share Responsibilities and Work in Synergy to Achieve Win-win



Achieve Win-win with Partners



Boost Industry Growth



# Share Responsibilities and Work in Synergy to Achieve Win-win

## Achieve Win-win with Partners

### Supply Chain Management

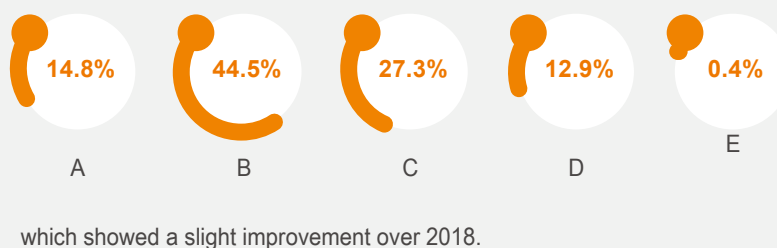
Sungrow is committed to developing a sustainable partnership and values growth of suppliers as important as growth of the Company itself. We pay attention to supplier management and capability improvement, continually guide suppliers to practice social responsibility, and drive the coordinated development of upstream and downstream industrial chain to achieve in-depth collaboration and win-win.

#### Supply Chain Management System

Sungrow continually optimizes its supply chain management system. In 2019, the Company formulated the *Regulations for Supplier Quality Coaching and Development* and the *Operating Procedure of Supplier Audit* to strengthen the social responsibility awareness of procurement, and included social responsibility and code of ethics in to the new supplier auditing criteria, which is now being applied to all new suppliers. In addition, the Company set up the *Supplier Blacklisting Regulation* to strengthen punishment to suppliers breaching contracts, prevent commercial bribery and malicious fraud, and standardize clean behavior of personnel at all levels.

The grade distribution of supplier performance evaluation for the whole year

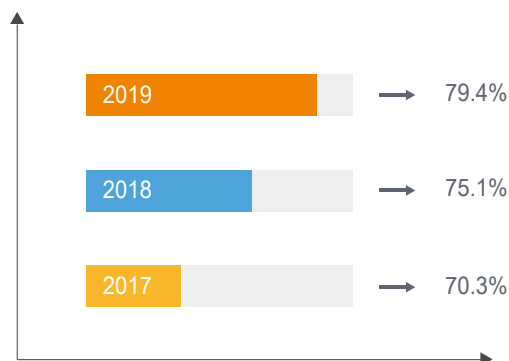
In 2019, the Company organized four supplier performance evaluations involving a total of 209 suppliers, including 159 manufacturers and 50 distributors.



Based on the requirements of building a sustainable supply chain, Sungrow continues to expand SA8000 certification coverage in the supply chain, and requires suppliers to be accredited with occupational health and safety, environment, and quality management systems. In 2019, suppliers accredited with the three certifications accounted for 17.3%, 63%, and 98%, respectively.

#### Local Sourcing

Sungrow supports economic development at the location of operations by continually enforcing local sourcing. In the years from 2017 to 2019, the proportion of local sourcing (domestic sourcing) increased year by year, being 70.3%, 75.1%, and 79.4% respectively. In addition, the Indian Plant has also been developing and fostering local suppliers. At present, more than 10 suppliers have been developed, covering packaging materials, copper parts, insulation materials, connectors and other bulk materials, and the proportion of local sourcing has been gradually increasing.





## Distributor Management

As an important partner for Sungrow Residential PV, distributors and Sungrow always trust each other. Relying on the resource advantages of the Company, Sungrow Residential PV provides distributors with support in the aspects of organizational assurance, product development, marketing model, financial service, and installation and after-sales, hence to form a stable and win-win community of shared interests and create greater value for customers.

In response to the market opportunities of separately listing residential PV indicators in 2019, Sungrow Residential PV integrated business synergy to focus on key markets, improve operating efficiency, and upgrade scale of sales. The Company optimized resources to expand the channel network, cooperated with more than 450 key distributors throughout the year, supported resourceful distributors, and increased market investment and assistance. Sungrow led customers to recruit partners and build distribution networks, and established a vertically integrated and sustainable channel ecosystem for residential PV systems. Sungrow clarified the differentiated advantages in brand, financial products, and services, identified the value output to customers and end consumers, accelerated development of service provider network and extended service network to counties, districts, as well as towns and villages, helped distributors quickly improve their operation and service levels, and truly empowered the frontline and the market to create greater value for all customers.

## Communication and Exchange

During the long-term and stable cooperation with suppliers, the Company continued to enhance technical support to suppliers, and held a total of 44 technical seminars for suppliers throughout the year. In addition, Sungrow Residential PV also attached great importance to the coordinated development with many partners, and established a strong collaborative strategic alliance with customers through visits, surveys, marketing meetings, centralized training and communication in other forms. In total, 260 events were held throughout the year, covering more than 21,000 participants.

To strengthen compliance and effectiveness of communication with suppliers, Sungrow has set up a dedicated area for communication and instructed internal personnel to use the visitor appointment system for supplier communication, hence to maintain confidentiality of the Company's important product information and ensure compliance and effectiveness of supplier's commercial communication.



### Case

In February 2019, the Sungrow Suppliers Conference was held in Hefei. Sungrow once again emphasized quality management and collaborative innovation to more than 500 supplier representatives at the conference, and called on all participants to focus on the main business and stick to the state-of-the-art technologies of their own.

## Boost Industry Growth



Sungrow actively promotes research and development of key and significant technologies to drive technological progress of the industry. In 2019, the Company successfully completed the 100-millisecond-level primary frequency regulation and dynamic reactive voltage response experiment using inverters, with all indicators making historic breakthroughs in the industry. Being the first in this domain in China, this experiment not only indicated that photovoltaic power plants can directly participate in the fast frequency and voltage regulation of the grid, but also demonstrated the forward-looking and advanced technical strength of the Company's inverter products in terms of grid connection friendliness.

While developing itself, the Company actively participates in the development of industry standards. In 2019, Sungrow presided over and participated in the preparation of five industry standards, including technical requirements of grid-connecting inverters for photovoltaic power generation and technical specification of power conversion equipment in PV and energy storage systems.

In addition, the Company actively engages in industry exchanges, shares its experiences in the field of renewable energy and discusses cutting-edge development trends with international counterparts, hence to promote healthy development of the industry.



→ Join Hands and Work in One Direction to Create Happiness

■ Safeguard Employees' Rights

■ Safeguard Employees' Health

■ Accelerate Employee Development

■ Care for Employees' Life

# Join Hands and Work in One Direction to Create Happiness

## Safeguard Employees' Rights

### Standardized Employment

Sungrow values and protects the legitimate rights and interests of all employees, and strictly abides by the *Labor Law*, the *Employment Contract Law* and other laws and regulations by signing labor contracts with all employees and prohibiting child labor and forced/compulsory labor.

The Company always adheres to the principle of fairness, prohibits discrimination, follows the rule of equal pay for equal work and equal starting salary for different genders, and abides by the same minimum salary standard. At present, the average salary of employees at all locations of operations are higher than the local minimum salary standard and are in line with local labor regulations and policies.

The Company extends social insurance coverage to all employees in strict accordance with the *Social Insurance Law of the People's Republic of China*, which includes pension, unemployment insurance, work injury insurance and medical care insurance. Since 2012, the Company has purchased comprehensive commercial insurance for each employee, which covers death, disability, accidental medical treatment, supplementary hospitalization, outpatient/emergency treatment, major illness, and etc.

### Equal Employment

The Company insists on being people-oriented and advocates equal employment, and refuses differentiated employment based on age, gender, nationality, ethnicity, religion, and health condition. The Company screens and selects quality global candidates in accordance with the *Employee Recruitment Management Regulation* and other relevant recruitment policies, on the basis of fairness, openness and impartiality. In 2019, the Company continued to strengthen recruitment of international candidates, and integrated overseas recruitment channels to vigorously attract overseas talents. During campus recruitment, the Company paid more attention to candidates' comprehensive competence and English ability, and attracted many overseas students. Throughout this year, 957 new employees joined the Company.

The Company has been committed to creating an inclusive and diversified workplace. In 2019, the total number of employees reached 3,891, including 51 ethnic minority employees, accounting for 1.31%; 261 foreign employees, accounting for 6.7%; and 13 disabled employees, accounting for 0.33%.

The Company rejects gender discrimination in the workplace and provides female employees with equal career development channels and promotion opportunities. In 2019, the number of middle-level managers in the Company was 369, including 40 females, accounting for 10.84%. The Company pays attention to select and appoint ethnic minority employees. At present, there are 2 ethnic minority managers in the Company, accounting for 0.54%.

The Company's employees come from a widely distributed geography. Sungrow insists on rooting in the location of operations and supporting development of the local economy, culture and people. In 2019, the number of local (Anhui) employees was 1,903, accounting for 49%.

#### Employee Gender Ratio (in persons)



Male  
3274

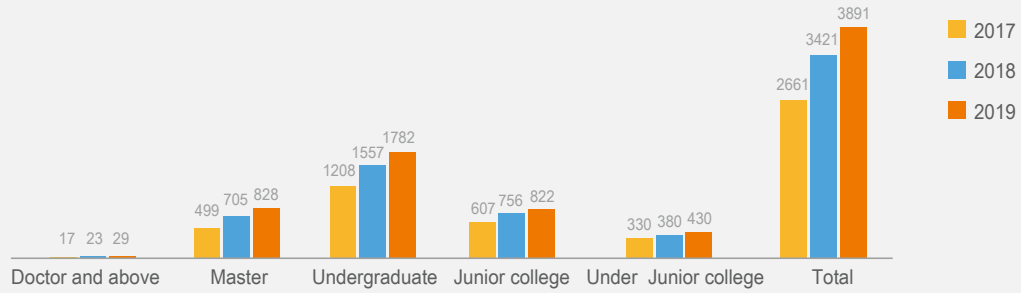


Female  
617

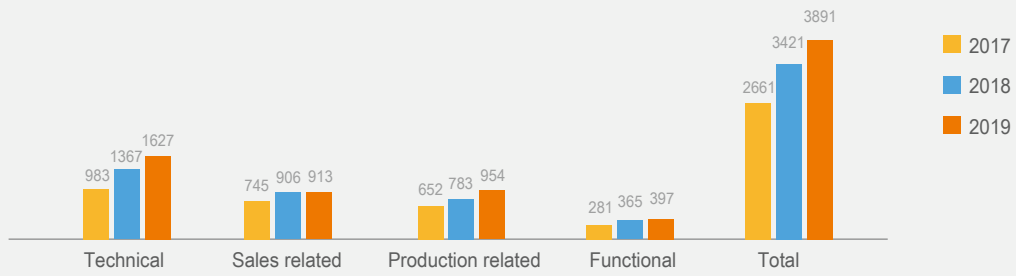


Total  
3891

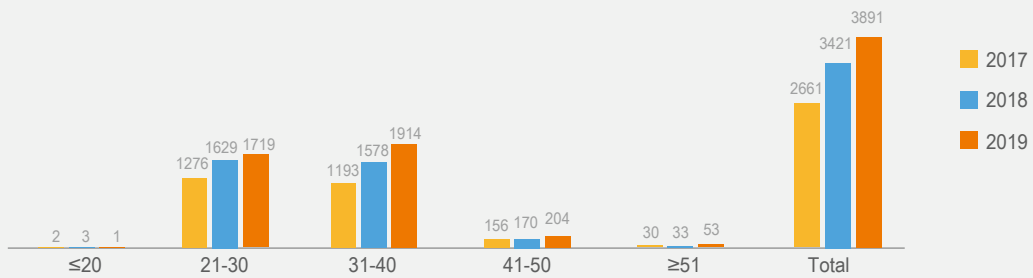
### Education background (in persons)



### Job category (in persons)



### Age distribution (in persons)



## Case

Sungrow always pays attention to gender equality and supports activities related to empowering women. In 2019, the Company assisted the academic activities of the Female Scientists Working Committee of China Power Supply Society, helped more women with great potentials who seek for personal growth and career development to establish connections in the workplace, and called on the society to focus on and support the growth and development of women in the workplace. The academic activities of the Female Scientists Working Committee of China Power Supply Society are organized by the Female Scientists Working Committee of China Power Supply Society, which is intended to build a platform for international exchange and cooperation among female scientists in the electrical field, and promote the growth and progress of females in the power supply industry.



## Democratic Management

Sungrow continued to strengthen democratic management, set up trade union and labor dispute resolution committee for employees to communicate freely. The Company effectively protects employees' rights to know, to participate, and to supervise, keeps employees informed of the Company's progress and allows employees to participate in corporate affairs through employees' congress and rationalization suggestions.

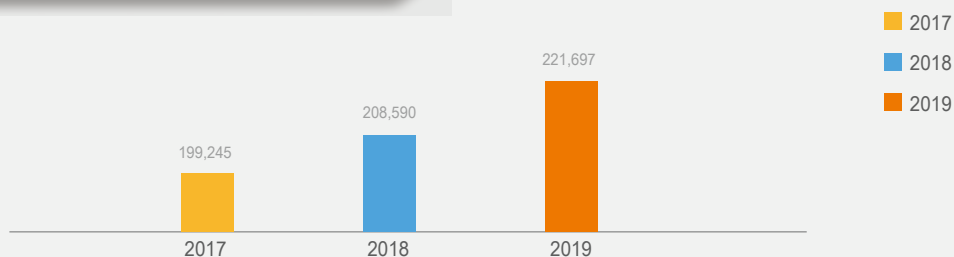
The Company continued to conduct the organizational health survey, designed survey questionnaire in the four dimensions of leadership, structure, process, and employees, formed analysis report based on the data collected, and improved on issues with low recognition. In 2019, a total of 2,895 employees participated in the organizational health survey. According to the survey result, organizational health reached 84%, an increase of 2% than the previous year.

The Company honors the comments put forth by employees, and encourages employees to communicate, enhance consensus and coordinate through RTX, WeChat groups, Sungrow Speak-up, and the Warm Sunshine forum. After receiving the messages, the Company will try the best to help, resolve the problem, and continuously improve, in order to enhance employee satisfaction and the sense of belonging. For issues related to processes, canteen, work, and life that are exposed in the Warm Sunshine forum, the Company also actively explores solutions to address employees' concerns.

## Compensation and Benefits

Sungrow actively optimizes the employee compensation and benefits system, and provides employees with competitive and comprehensive compensation and benefits. In terms of business value allocation, a sharing system based on performance results is applied, which motivates business departments to create more value. The Company enforces approval for overtime, encourages employees to work more efficiently and eliminate inefficient overtime. In case extended working hours are required due to production and operational needs, employees' overtime will be paid in accordance with relevant regulations and policies. The paid leave policy for employees is strictly implemented in the Company. In 2019, the average paid leave for employees was 6.7 days.

Comparison of Average Annual Income in 2017 - 2019 (in RMB)



## Diversified Benefits at Sungrow

Type of Benefits	Content	Scope
Basic	Social insurance, housing fund, allowances	All employees
Employee Care	Holiday benefits, high-temperature subsidy, wedding gift, baby gift, hospitalization visit, condolence, physical examination, travel, team building, female employee benefits, birthday gift, commercial insurance, paid holidays, long-term business trip allowance, transportation subsidy, employee shuttle bus, employee dormitory, working meal	All employees
Special welfare	Fuel subsidy, settlement subsidy, installment loan for housing	Eligible employees

## Accelerate Employee Development

### Employee Career Development Channel

Sungrow has established a smooth promotion channel for high-potential personnel and a broad development platform for employees. The Company conducts routine employee qualification assessment every year to ensure the Company's strategic goals and organizational processes work effectively, which lays a solid foundation for person-post matching and effective motivation, thereby promoting the scientific and standardized management of the Company's job system, and dividing employee development paths into three categories: managerial, professional, and operational/clerical.

Job qualification evaluation is made on the basis of competence and performance, with reference to the principles of dual-channel development and promotion/demotion in due course. For promotion, employee's individual qualities, competence and achievements at work are taken into comprehensive consideration. Employees may grow along a single channel, or opt for alternative horizontal channel or cross-channel development. According to employees' performance or achievements made during the tenure of office, their qualification levels may be raised or lowered.

After completing job qualification assessment and certification in 2019, the Company built correlations between departmental mission, job responsibility and job qualification, established methodology and developed a variety of tools and forms, and formed an optimization plan for further popularizing.

### Employee Training

Sungrow adheres to its personnel development strategy and operates around the organizational development objective of "building an incentive and empowerment system, creating a high-performance organization and a first-class team". Relying on Sungrow Business School and the Human Resources Center, the Company implements customized personnel training programs for employees, with a view to improve organizational development objective and achieve joint growth of employees and the Company.

Sungrow Business School is responsible for capacity building of middle- and high-level managers. In 2019, the High-level Leadership Training Program and other cultural and business exchanges continued and provided every eligible employee with an average training time of 232 hours.





The Company's Human Resources Center is responsible for leadership training of existing/new/backup first-line management. A series of training programs are facilitated by different levels to continually improve the Company as a learning organization.

- For induction training of new employees, the Company continues to advance the Sunflower Program, the Sungrow New Generation, and pre-job trainings for newcomers, to help them quickly blend in with the Company. The Company actively carries out the management trainee program, which is intended to build a reserve of high-potential strategic personnel. Adhering to the concept of Fit in, Rotate and Qualify, the Company takes diversified and personalized hybrid training models to promote all-round improvement of professional capabilities and management capabilities step by step, and arranges executive coaches and professional mentors to assist the growth of trainees, for the purpose of developing the backbone power in future management and business.
- For young cadres, the Company implements multiple Management Acceleration - New Manager Training Camps every year, to assist newly recruited/promoted managers to achieve the goals of "upgrading management philosophy, improving management capability, and transforming management behavior", helping young cadres to deepen self-perception, qualify the role as a manager, master coaching skills, and learn how to effectively self-manage and manage a team, thereby enabling the transformation from the technology-based to the management-based. In 2019, the Company appointed 52 cadres (below the age of 35), and by the end of the year, the number of young cadres in the Company reached 192, accounting for more than 50% of the total number of managers.
- The Company comprehensively revised and optimized the *Rules for the Management of Mentors for New Employees*, redefined and elaborated the roles and responsibilities of department heads, mentors, Human Resources Center, and new employees, clarified the requirements for mentor certification and reward for mentors, and laid a practical foundation for the mentor program.
- The Company launched PMP project management certification, product manager program and other featured programs, to continually facilitate trainings to employees at different levels and address their needs for continuous improvement.
- Keeping pace with the Company's global development, Human Resources Center has newly created the Going Global English learning program, and organized employees to study on a regular basis via the Internet. The Company also held TOEIC exams to improve employees' skills of listening, speaking, reading and writing in English and foster personnel with international horizon.
- The Company's online learning platform, Sungrow E-learning, was used by 3,796 employees throughout the year, covering over 90% of total employees. In 2019, the cumulative learning time of employees reached 9,498 hours.

## Case

In August 2019, Sungrow was awarded the Best Companies to Work For in Asia 2019, an authoritative award in human resources management in Asia, by HR Asia. On a number of survey scales, the Company's scored high among the industry and was highly acknowledged by HR Asia, "By shaping a working environment with empowerment and high value return, and establishing a people-oriented incentive and benefits system, Sungrow is committed to providing the best development platform for its employees, and is recognized as one of the best companies to work for in Asia."



### Performance Motivation

The Company establishes and improves its performance management system by formulating a number of performance management policies, including the *Organizational Performance Management Regulations*, the *Employee Performance Management Regulations*, and the *Implementation Rules for Performance Management of Managerial Personnel*. The Company's strategic goals are broken down into goals at division, center, department and individual levels. Taking the Company's performance management framework as the foundation, the divisions and main business departments formulate respective employee performance management rules according to the job characteristics of the division/department. The head of each division/subsidiary/functional center is held accountable for performance management of the division/subsidiary/functional center, so as to reinforce the instructional and coaching functions of a superior in the performance management process.

In 2019, the Company emphasized performance evaluation of values and behaviors, unified the code of conduct, and took key events as the basis for evaluation. The Company called on employees to practice the core values of "sincere & pragmatic, precise & open, customer oriented" and bear them in mind. For managerial personnel, the Company incorporated "management work" into manager's performance objectives based on the *Rules for Performance Management of Managerial Personnel*, and continuously enhanced the catalytic role of manager's soft skills in achieving organizational strategic goals in the four aspects of organizational development, employee development, team culture construction, and employee motivation.

## Safeguard Employees' Health



### Safe Production

Sungrow always upholds the safe production guidelines of "safety first, focus on prevention, and comprehensive governance". The Safety Committee is established to actively carry out safe production activities, implement the safe production responsibility system for all employees, clarify the correlation between work responsibility and accident liability, and ensure the Company's safe production guidelines and policies are effectively implemented. The Company encourages all employees to participate in safety management and share work results, so as to form a three-dimensional model of safe production management from end to end.

During this year, the Company revised a number of safety management regulations and continued to invest in safety facilities. The Company invested RMB 12.273 million in facilities and operation in the safety field, facilitated health and safety training to 4,203 employees, equivalent to 1.2 times per employee.

In 2019, there was no occurrence of general safe production accident, major safety accident, major occupational disease incident or fire incident in the Company or its member entities.

No.	Category	Amount (RMB)	Remarks
1	Protective Facilities	4,013,707	Expenditure for improving, re-engineering, and maintaining safety protection facilities and equipment (not including safety facilities initially required for the Three Simultaneities), including fire prevention, explosion prevention, fall prevention, toxic prevention, anti-static, anti-corrosion, dust prevention, noise and vibration, radiation protection, isolation operation and other facilities in the production areas, and expenditure for installing safety monitoring system on large hoisting machinery
2	Emergency Resources	79,824	Expenditure for providing and maintaining emergency equipment (including first-aid medicine and appliances, leakage containment devices, firefighting apparatus, respirators, and protective clothing); expenditure for equipment, emergency team construction and emergency drills
3	Risk Monitoring	115,530	Expenditure for the assessment, monitoring, and rectification of major hazards and hidden dangers; expenditure for fire hazard assessment and fire safety monitoring; expenditure for occupational health check and occupational disease monitoring; maintenance and inspection of firefighting facilities
4	Technical Consultancy	1,999,947	Expenditure for safe production inspection, assessment (not including safety assessment of new projects, reconstruction projects and expansion projects), consultation and standardization; expenditure for safety hazard investigation, safety housekeeping service, safety management upgrade consultation, and etc.; expenditure for occupational health condition diagnosis, occupational disease prevention and consultation, medical assistance consultation, and etc.; employee health check
5	EHS Education	71,440	Expenditure for safe production, environmental protection, and occupational health related publicity, education, and training, including online education, internal training, external training, and statutory qualification certificate training
6	Labor Protection	3,284,989	Expenditure for providing and replacing safety protection equipment of operators in the field
7	Special Equipment	1,182,104	Expenditure for testing and inspecting safety facilities and special equipment
8	Insurance	1,598,219	Expenditure for safe production liability insurance, work injury insurance, and accident insurance

The Company promotes the development of its emergency response system, establishes and improves the safety emergency management mechanism, sets up a safety emergency management team, organizes the preparation and revision of contingency plans that cover emergency resources allocation, rescue team building, emergency rescue drill, etc. The Company consolidates and optimizes emergency response forces and resources to form an emergency management system with unified command and reserves of specialized and regular staff, capable of quick response and effective coordination at different levels, and combines peacetime footing with wartime footing, so as to improve the Company's capabilities of disaster prevention, reduction and relief, ensure the safety of the Company, employees and properties, and promote social stability.

The Company attaches great importance to the investigation of hidden safety hazards, conducts routine safety supervision and inspection on a weekly basis, communicates investigation findings promptly, and urges the responsible departments to make correction and submit preventive measures within specified time. The Company organizes various departments to carry out company-wide safety supervision and inspection on a monthly basis, communicates issues in the field, collectively discusses high-risk and frequently-occurring issues, develops rectification plans, and assigns designated personnel to follow up the rectification progress, thereby ensuring the measures are effectively implemented.

The Company implements hierarchical management and control measures, evaluates and rates the risk level of work content, identifies high, medium and low risks, and takes targeted measures to improve the safety competence of operators. For operators involved in high-risk jobs, pre-job safety education will be enforced, hands-on trainings will be intensified, and probation period will be prolonged, so as to improve safety awareness and skills of employees. For operators involved in medium-risk jobs, repetitive demonstration and training of key safety steps will be conducted in a targeted way, in order to ensure process safety. For operators involved in low-risk jobs, shift leaders will correct deviations and errors in real time, and gradually strengthen safety capabilities during operation.

## Occupational Health

Sungrow highly values occupational health and safety of employees. The Company and a majority of its subsidiaries have established the OHSAS18001 system, formulated and implemented a number of occupational health management policies, and strengthened operating environment and individual protection, striving to control occupational hazards at the source and protect employees' occupational health. In 2019, the Company formulated the *Management Regulations for Employees Leaving the Company*, which specified the health management and control objectives of employees leaving the Company, detailed requirements for tracking health condition of employees exposed to occupational hazards, and ensured 100% coverage of physical examination against occupational diseases. In addition, the Company has formulated the *Procedures for Controlling Impacts Posed by Related Parties*, to extend health and safety protection to part-time workers, contracted labor, temporary workers and employees of subcontractors. The Company manages and verifies implementation of the above policies through regular review and assessment and corrects non-conformances in a timely manner. In case of major violations, the relevant responsible department(s) will be held accountable, and the incidence will be taken into consideration in performance assessment.

The Company regularly conducts occupational exposure assessment, and takes engineering control and/or personal protection measures against unacceptable exposures based on the assessment result, in order to avoid or reduce the risk of damaging employees' health. Every year, the Company contracts a third-party inspection service provider to monitor occupational hazards in the workplace. In case that occupational hazards are found in the workplace, which do not meet the requirements of the national occupational health standards, scientific measures will be taken immediately to prevent employees from being exposed to occupational hazards.

## Care for Employees' Life

### Cultural and Sports Activities

To enable employees to develop interests, cultivate hobbies, and maintain work-life balance, the Company tries to enrich employees' lives and improve employee satisfaction in a number of aspects including hardware facilities, cultural and sports activities, cultural events, and cultural incentive systems.

Type	Content
Hardware facility	The Company has set up an employee development center consisting of library, gym, recreational room, badminton court, table tennis court, dance room, and band rehearsal room, which greatly enriches employees' life after work.
Cultural and sports platform	The Company has set up the Joy Run Club, bands, and other sports associations to bring together those sharing common interests. Moreover, the Company has set up WeChat cultural groups, Sungrow Newsletters and other cultural exchange platforms for employees to share cultural stories and exchange insights.
Cultural events	In 2019, the Company held a variety of cultural events, including company-level activities such as annual meeting, trailwalk, skills competition, and carnival, which allow employees to understand the Company's history and culture and enhance sense of belonging through celebrations and ceremonies. In addition, on Women's Day, Earth Day, Children's Day, Mid-Autumn Festival, and Thanksgiving, the Company held themed activities, so that employees feel the significance of the day as well as the warm care from the Company in a relaxed festival atmosphere. The Badminton Association, Basketball Association and other clubs of the Company carried out routine activities, and organized sports events such as the Sungrow Cup badminton tournament and volleyball tournament, allowing employees to share experience and enjoy teamwork in a competitive atmosphere. Moreover, the Dance Association and the Yoga Class were newly added to the list of clubs, which added more fun to employees' time after work and created a more harmonious and positive working atmosphere.
Cultural incentive system	The Company has specifically developed relevant incentive policies such as the Team Building Management Regulation and the Instant Incentive Management Regulation. A special cultural fund has been set up to encourage employees to organize team activities, reward those with outstanding performance, and enhance mutual understanding and communication among employees. While creating a good atmosphere for teamwork, the incentive measures stimulate employees' passion, improve employees' skills and enthusiasm at work, set exemplary models, and help employees grow.

In addition, the Company pays attention to employees' mental health, and invites psychological counselors to host featured workshops, in order to help employees adjust stresses at work and in life, improve employees' mental wellbeing, and allow them to maintain a positive attitude towards life.


### Care for Female Employees



The Company pays attention to protect the special rights and interests of female employees by providing them with marriage leave, maternity leave and breastfeeding leave in accordance with statutory standards. All female employees came back to their original positions after maternity leave. In 2019, the Company set up Mommy's Room for those in breastfeeding period. In consideration of some cancers that are highly incident among women, the Company launched the Female Health Insurance program and purchased commercial insurance for female employees. Female-specific items are also included in physical examinations for female employees. In addition, the Company provides a special monthly allowance for female employees and organizes flower arrangement, mountain climbing and other activities from time to time.



## → Engage in Charity and Contribute to the Society



Implement PV Poverty Alleviation



Engage in Charity



Blend in with Community

# Engage in Charity and Contribute to the Society

## Implement PV Poverty Alleviation

As the initiator of PV poverty alleviation, Sungrow actively implements the state's targeted poverty alleviation policy, and leverages our state-of-the-art technical strength to customize power plant construction plans for household poverty alleviation, village poverty alleviation and centralized poverty alleviation in different regions of the country. Meanwhile, the Company has carried out trials of "centralized construction and continuous development" in many areas, which applied unified planning, unified site survey, unified design and development, and unified application for grid connection to poverty alleviation power plant projects, maximized resource allocation and utilization, and effectively accelerated the PV poverty alleviation progress in China.

As of end 2019, the Company's PV poverty alleviation business has covered 80 cities in 17 provinces/autonomous regions, including Anhui, Zhejiang, Shandong, Hubei, Guangxi, Hebei, Henan, and Sichuan, benefiting more than 350,000 poverty-stricken families and 3,000 poverty-stricken villages, with the total installed capacity reaching 1.4 GW.

In addition, the Company has donated PV power plants in Yongqiao District, Xiaoxian, Sixian, Lingbi of Suzhou, as well as Susong, Taihu and other places in Anhui province, with the total installed capacity reaching 5,100 kW to date. The Company has also donated PV power plants in Sichuan, Shanxi, Guangxi, Jiangxi, Gansu and other provinces with a total capacity of 1,070 kW, as well as RMB 3.3 million worth of PV operation and maintenance platforms and equipment in Shanxi, Ningxia and Gansu provinces.

The Company is currently responsible for operating and maintaining PV poverty alleviation power plants in many places across the country, with the total capacity adding up to 847 MW, which contributes to a power generation income of RMB 3,000 per annum for each poverty-stricken family.

The national fight against poverty is now in a crucial decisive stage. Sungrow will continually give full play to our technical advantages, actively engage in operation, maintenance and supervision of related PV power plants in the "post-poverty alleviation era", empower poverty alleviation efforts with PV digital intelligence technology, constantly improve intelligent operation and maintenance service network, and expand the scope and depth of services, so as to ensure the safe, efficient and reliable operation of poverty alleviation power plants, help poverty-stricken families gain continuous and stable power generation income, and contribute to the long-term efficacy of the national poverty alleviation undertakings.



Extended help to

**350,000**

poverty-stricken families

**3,000**

poverty-stricken villages



Cumulatively donated

**5,100** kW

of PV plant



Operated and maintained PV poverty-alleviation plants of

**847,000** kW



### Case

Sungrow developed and constructed a 70 MW PV poverty alleviation power plant in Macheng City of Hubei province, which generated a total of 1.68 billion kWh in 25 years, and was able to deliver an annual poverty alleviation income of RMB 3,000 per family for 2,800 registered poverty-stricken families. At the same time, the agriculture-PV complementary model ensured agricultural economic output and tourism income, and highlighted value-adding advantage of the integrated model. This power plant was highly acknowledged by participants of the Seminar on Poverty Reduction through Medical and Health Care for Developing Countries, “I hope this PV and agriculture integrated model in Macheng can be popularized in our country as soon as possible.”

## Engage in Charity

Sungrow has never let go of our original intention and is deeply involved in charity undertakings. The Company actively carried out social welfare activities in the fields of “poverty alleviation” and “science popularization”, and donated cash and goods amounting RMB 25,932,400 in 2019.

### Young Dreamers



In 2018, Sungrow launched the Young Dreamers charity program that intended to carry out activities in the field of basic education, help students in poverty-stricken areas with underdeveloped teaching facilities and living conditions broaden their horizons and realize their dreams. So far, the Company has built Sungrow Libraries in 10 schools in Sichuan and Anhui provinces, and donated a total of 20,000 books, as well as living supplies such as winter clothes and shoes.

“The poorer you are, the more education you need. I hope to see more benevolence of the society, so that children in the mountainous area have more good books to read, and see the future and hope.”

— Ji En, a rural teacher from Caizixiang Central School in Puge County of Sichuan Province

### Youth Green Laboratory

The Company attaches great importance to developing clean energy awareness of the youth and publicizing environmental protection science and education. To this end, we have established the Youth Green Laboratory to provide researching and learning opportunities externally. In 2019, the Company joined hands with multiple organizations to upgrade the Youth Green Laboratory by replacing all circuits, switches, halogen lamps and other devices, and increased the opening frequency. As a result, 8 research and learning events were organized. A student from the No. 50 Middle School of Hefei City said, “Seeing PV power plants can be built not only on land, but also over lakes and the sea, I feel that contributing to a better earth environment is not only the responsibility of Sungrow, but also the green mission to be shouldered by the youth.”

Apart from that, the Company also collaborated with Luan Road Primary School, Jinhu Primary School and other schools in Hefei to popularize low-carbon and environmental protection knowledges, and facilitated energy-related trainings in the forms of graphics, experiments, and documentaries, which won wide recognition and praise from the schools and parents.

## Other Donations

Item	Amount (in RMB 10,000)
Donation on the Poverty Alleviation Day of Yingdong District, Fuyang City	1
2019 China Poverty Alleviation Day event jointly launched with Fangchenggang Bureau of Complaints	1
Donation on the Poverty Alleviation Day of Qinglong County	2
2019 Targeted Poverty Alleviation Donation in Shaping Town	2
Goods donated to Fujian Three Gorges Program	2
Donation to Malaysia	2.5
Improvement of Living Conditions in Huangji Village of Xingning City	3
Ninghe District Charity Association of Tianjin	3
Small Trees Big Dreams tree-planting event	2,376
Meizhou Environmental Protection Publicity Party	4
Scholarship for the School of Electrical Engineering and Automation, Hefei University of Technology	5.1
Goods donated to the Yuepuhu Program	5
Scholarship for the School of Electrical Engineering, Zhejiang University	8
Expansion and upgrade of the Culture and Sports Square in Mashi Town of Shixing County	10
Longtian Town Teacher-aid/Student-aid Fund	10
Future Power Supply Elites Program of Hefei University of Technology	10
Poverty alleviation donation for Yanhe of Guizhou province	50
Youth Football Training Program in Zhanhua District of Binzhou City	60
Poverty alleviation donation for the Ningling Program	70
Donation for the Guangling Program	100
Donation for the Taipusiqi Program	155.69
Donation on the 2019 Poverty Alleviation Day and the Month of Poverty Reduction through Consumption	170
Campaign in Chayouzhongqi	
Shixing County Red Cross Society	400
Guyuan County poverty alleviation program fund	1500

## Blend in with Community

Sungrow understands that a company cannot make sustainable development without the support from local communities. The Company values communication and exchange with local communities at the location of operations, and strengthens cooperation with educational institutions.

The Company maintains good interaction with the community. For example, the Company's Basketball Club actively participated in the basketball matches organized by the High-tech Zone and the Jingui Community. Members of the Sungrow Joy Run Club and some Sungrow employees participated in the first Pink Run around the Shuxi Lake in 2019. Sungrow employees spontaneously participated in the 17th Youth Workers Friendship Association of the High-tech Zone and strengthened communication with the local community and other enterprises by involving internal associations in community activities.

The Company cooperates with a number of universities on internship programs and has established multiple experimental bases. Relying on its business advantages, the Company opens its plant area to students from universities, high schools and primary schools, in order to spread advanced technologies and knowledge of renewable energy. In 2019, the Company received about 1,500 students from the University of Science and Technology of China, Shandong University, Anhui University, Hefei No. 50 Middle School and Hefei 168 Middle School.

As the Company's business reaches more than 60 countries around the world, its charity footprint has also extended overseas. Sungrow's overseas subsidiaries actively blend in with local communities to support their charity undertakings. They actively respond to the call of the headquarters by sponsoring a range of green events such as low-carbon cycling, green hiking, and tree planting, in order to raise environmental protection awareness of the local community and call for the public to protect the earth environment.

## Look into the Future

Sungrow will continue to uphold the mission of “Clean power for all” and be customer-oriented, deeply explore, boldly innovate, bravely reform, steadily and widely advance the globalization strategy, striving to be the global leader of clean power conversion technology.

In the process of pursuing sustainable operation, the Company attaches great importance to the joint development of economy, society and environment, and improves its sustainable development management system to gradually establish a long-term mechanism to promote sustainable development, thereby integrating the sustainable development concept into corporate strategy and culture. The Company practices the UN Sustainable Development Goals with pragmatic actions, and leverages its operational advantages in all regions across the world to facilitate more international cooperation and enhance competitiveness.

The Company will also actively respond to the international call on emission reduction, continually improve energy efficiency, increase the proportion of renewable energy use year by year, and voluntarily accept supervision, to contribute to a better world with material actions.





## Expert Reviews

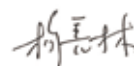
Looking around the world, sustainable development is simultaneously advancing two processes: the first being the *2030 Agenda For Sustainable Development of the United Nations*, aiming at coordination and balance between economic growth, social development, and environmental protection; the other being the *Paris Agreement*, aiming to advance the energy revolution and low-carbon economy transformation, align climate actions with sustainable development, and encourage all parties to take actions and maximize common interests.

*In the Sungrow Power Supply Co., Ltd. 2019 Corporate Social Responsibility Report*, I am pleased to find that Sungrow has followed up and responded to both processes. The newly added section “Contribute to the UN Sustainable Development Goals” is a highlight of this year’s report. Sungrow scientifically identified 12 closely related sustainable development goals, and integrated SDGs’ focuses and goals into its social responsibility principle of “Green Mission, Better Life”, which demonstrates that the Company has been continually advancing responsibility practices from an international perspective, and providing corporate practice examples of poverty eradication, equality, education development, and leading industrial upgrade. At the same time, as a clean power utility provider, Sungrow has always been deeply involved in the production and application of clean, efficient and safe energy, promoting green production and operation in all aspects, accelerating climate actions, and contributing to the global temperature control goals.

Corporate social responsibility report makes an effective bridge between a company and its stakeholders. Corporate transparency is also a general trend in management. Here, I suggest that Sungrow disclose relevant performances in a more comprehensive and systematic manner, and take the opportunity of this report every year to coordinate the finance, production, marketing, R&D, human resources and other functions in a strategical way, so as to optimize management, strengthen communication with stakeholders, and create greater values.

Last but not least, I expect to see Sungrow sticking to its business mission of “Clean power for all”, closely integrating its business development into the sustainable development process of the world, and joining hands with a wider range of related parties to build a more cohesive and sustainable world while providing more clean power.

Yang Shanlin  
Member, Chinese Academy of Engineering



In the face of increasingly severe climate change, Chinese energy companies should take the initiative to assume responsibilities, fulfill the requirements for building a community of shared future for mankind and global sustainability, and strive to practice sustainable production and consumption. Reading through the report, I am deeply impressed by the unremitting efforts Sungrow made as a leader in the renewable energy industry in promoting global climate governance and building a green and low-carbon development mode.

Adhering to the business mission of “Clean power for all”, Sungrow’s developments in PV, energy storage, wind power, and emerging businesses are all centered around clean power conversion technologies, closely linked to sustainable development, and promoting each other. Sungrow actively boosts “structured emission reduction”, vigorously develops clean power, and is the first company in the world to hit the milestone of 100 GW of inverter equipment worldwide by the end of 2019. In addition, Sungrow continually improves its energy management system, reduces resource consumption and environmental impacts due to business operation, promotes energy conservation and emission reduction through technological innovation, provides quality products and improves product efficiency, integrates the green concepts across the entire life cycle of products, and responds to emission reduction goals with pragmatic actions, thereby to realize sustainable development.

This year’s report features concise text, ample graphics and detailed cases. It takes the responsibility concept of “Green Mission, Better Life” as the starting point and practicing UN SDGs as its sole responsibility, connects internal and external stakeholders, to fully demonstrate Sungrow’s responsibility practices pertaining to customers, partners, environment, employees, and community, which enables Sungrow to communicate with stakeholders more effectively and create sustainable development values together.

I’d like to see that, in the process of integrating corporate social responsibility into its long-term development strategy and operation guidelines, Sungrow will drive the entire supply chain to shoulder social responsibility, work collaboratively to spread outstanding examples in many aspects of sustainable development of Chinese energy companies, and contribute Chinese wisdom and Chinese experience to the global ecology and sustainable development of human society, with “working to build a community of shared future for mankind” as the guidance.

Wang Sicheng  
Research Fellow, Energy Research Institute,  
National Development and Reform Commission



## List of Main Organizations

Full name	Abbreviation
Sungrow Power Supply Co., Ltd.	Sungrow
Hefei Sungrow New Energy Technology Co., Ltd.	Sungrow New Energy
Sungrow (Shanghai) Co., Ltd.	Sungrow (Shanghai)
Sungrow (Qinghai) Co., Ltd.	Sungrow (Qinghai)
Sungrow (Jinzhai) Co., Ltd.	Sungrow (Jinzhai)
Sungrow-Samsung SDI Energy Storage Power Supply Co., Ltd.	Sungrow-Samsung
Samsung SDI-Sungrow Energy Storage Battery Co., Ltd.	Samsung-Sungrow
E-Power Technology Co., Ltd.	E-Power
Huainan Sungrow Floating Module Sci.& Tech. Co., Ltd.	Sungrow Floating
SUNGROW DEVELOPERS INDIA PRIVATE LIMITED	Indian Plant



# GRI Standards

GRI standard	Disclosure item	Content of disclosure	Page
GRI102:	102-1	Name of organizations	Front cover, p03, back cover
General Disclosures	102-2	Activities, brands, products, and services	P03
	102-3	Location of headquarters	P03
	102-4	Location of operations	P03, P28
	102-5	Ownership and legal form	P20-22
	102-6	Markets served	P03, P28
	102-7	Scale of the organization	P28, P50-51
	102-8	Information on employees and other workers	P50-51
	102-9	Supply chain	P7, P46-47
	102-10	Significant changes to the organization and its supply chain	P46-47
	102-11	Precautionary Principle or approach	P21, P36, P33
	102-12	External initiatives	P14
	102-13	Membership of associations	P14
	102-14	Statement from senior decision-maker	P01
	102-15	Key impacts, risks, and opportunities	P01, P04, P16-17
	102-16	Values, principles, standards, and norms of behavior	P05, P20-22
	102-17	Mechanisms for advice and concerns about ethics	P20-22, P13
	102-18	Governance structure	P05
	102-19	Delegating authority	P09
	102-20	Executive-level responsibility for economic, environmental, and social topics	P09-12
	102-21	Consulting stakeholders on economic, environmental, and social topics	P09-13
	102-22	Composition of the highest governance body and its committees	P20
	102-23	Chair of the highest governance body	P20
	102-24	Nominating and selecting the highest governance body	P20
	102-25	Conflicts of interest	P20-21
	102-26	Role of highest governance body in setting purpose, values, and strategy	P09, P20
	102-27	Collective knowledge of highest governance body	P20
	102-28	Evaluating the highest governance body's performance	P09-12
	102-29	Identifying and managing economic, environmental, and social impacts	P09-12
	102-30	Effectiveness of risk management processes	P09-12
	102-31	Review of economic, environmental, and social topics	P10
	102-32	Highest governance body's role in sustainability reporting	P09-10
	102-33	Communicating critical concerns	P10
	102-34	Nature and total number of critical concerns	P10-11
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	102-36	Process for determining remuneration	P55
	102-37	Stakeholders' involvement in remuneration	P55
	102-38	Annual total compensation ratio	P52
	102-39	Percentage increase in annual total compensation ratio	P52
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	102-41	Collective bargaining agreements	P13

GRI standard	Disclosure item	Content of disclosure	Page
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	102-45	Entities included in the consolidated financial statements	Refer to Annual Report
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	102-48	Restatements of information	About the Report, p06
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	102-50	Reporting period	About the Report
	102-51	Date of most recent report	About the Report
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	102-53	Contact point for questions regarding the report	About the Report, p67, back cover
	102-54	Claims of reporting in accordance with the GRI Standards	About the Report
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GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	P10-12
	103-2	The management approach and its components	P10-12
	103-3	Evaluation of the management approach	P09
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	P04, P07, P24-25
	201-2	Financial implications and other risks and opportunities due to climate change	P01, P16-17, P28
	201-3	Defined benefit plan obligations and other retirement plans	P50, P57-58
	201-4	Financial assistance received from government	Refer to Annual Report
GRI 202: Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	P46
	202-2	Proportion of senior management hired from the local community	Not disclosed
GRI 203: Indirect Economic Impacts	203-1	Infrastructure investments and services supported	Not applicable
	203-2	Significant indirect economic impacts	P01
GRI 204: Purchasing practice	204-1	Proportion of spending on local suppliers	P46
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	P21
	205-2	Communication and training about anti-corruption policies and procedures	P21-22
	205-3	Confirmed incidents of corruption and actions taken	P21
GRI 206: Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Not applicable
GRI 301: Materials	301-1	Materials used by weight or volume	P38
	301-2	Recycled input materials used	P38
	301-3	Reclaimed products and their packaging materials	P41
GRI 302: Energy	302-1	Energy consumption within the organization	P37
	302-2	Energy consumption outside of the organization	Not disclosed
	302-3	Energy intensity	P36-37
	302-4	Reduction of energy consumption	P36-37



GRI standard	Disclosure item	Content of disclosure	Page
GRI 303: Water and Effluents	302-5	Reductions in energy requirements of products and services	P36-37
	303-1	Water withdrawal by sources	P37
	303-2	Water sources significantly affected by withdrawal of water	Not applicable
GRI 304: Biodiversity	303-3	Water recycled and reused	P37
	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable
	304-2	Significant impacts of activities, products, and services on biodiversity	P01, P44
	304-3	Habitats protected or restored	P42-44
GRI 305: Emissions	304-4	IUCN Red List species and national conservation list species	Not applicable
	305-1	Direct (Scope 1) GHG emissions	P37-38
	305-2	Energy indirect (Scope 2) GHG emissions	P37-38
	305-3	Other indirect (Scope 3) GHG emission	P37-38
	305-4	GHG emissions intensity	Not disclosed
	305-5	Reduction of GHG emissions	P01
	305-6	Emissions of ozone-depleting substances (ODS)	Not disclosed
GRI 306: Effluents and Waste	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	P38
	306-1	Water discharge by quality and destination	P37
	306-2	Waste by type and disposal method	P37-38
	306-3	Significant spills	Not applicable
	306-4	Transport of hazardous waste	Not applicable
GRI 307: Environmental Compliance	306-5	Water bodies affected by water discharges and/or runoff	Not applicable
	307-1	Non-compliance with environmental laws and regulations	Not applicable
GRI 308: Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	P46
GRI 401: Employment	308-2	Negative environmental impacts in the supply chain and actions taken	P46
	401-1	New employee hires and employee turnover	P8, P50
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	P53
GRI 402: Labor/Management Relations	401-3	Parental leave	P58
	402-1	Minimum notice periods regarding operational changes	P50
GRI 403: Occupational Health and Safety	403-1	Staff representatives in the trade union health and safety committee	P52
	403-2	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism	P55
	403-3	Workers with high incidence or high risk of diseases related to their occupation	p55-57
	403-4	Health and safety issues in formal agreements of trade union	p55-57
GRI 404: Training and Education	404-1	Average hours of training per year per employee	P53
	404-2	Programs for upgrading employee skills and transition assistance programs	P53-54

GRI standard	Disclosure item	Content of disclosure	Page
	404-3	Percentage of employees receiving regular performance and career development reviews	P53-55
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	P50
	405-2	Ratio of basic salary and remuneration of women to men	P50
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	Not applicable
GRI 407: Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Not applicable
GRI 408: Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	Not applicable
GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Not applicable
GRI 410: Security Practices	410-1	Security personnel trained in human rights policies or procedures	Not disclosed
GRI 411: Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	Not applicable
GRI 412: Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	Not applicable
	412-2	Employee training on human rights policies or procedures	P55-57
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Not applicable
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	P39
	413-2	Operations with significant actual and potential negative impacts on local communities	Not applicable
GRI 414: Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	P46
	414-2	Negative social impacts in the supply chain and actions taken	P46-47
GRI 415: Public Policy	415-1	Political contributions	Not applicable
GRI 416: Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	P30-32
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Not applicable
GRI 417: Marketing and Labeling	417-1	Requirements for product and service information and labeling	P30
	417-2	Incidents of non-compliance concerning product and service information and labeling	Not applicable
	417-3	Incidents of non-compliance concerning marketing communications	Not applicable
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Not applicable
GRI 419: Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	Not applicable

## Reader's Feedback

### Dear readers:

Thank you for reading this report! In order to provide you and stakeholders with more valuable information, enable you to supervise our social responsibility practices, and improve our capability and level of fulfilling social responsibility, we sincerely hope that you can evaluate this report and make valuable comments and suggestions.

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Your feedback and suggestions may be submitted in the following ways:

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### Feedback questionnaire:

- 1、Did you get the information you seek for 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:

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Thank you for your feedback and valuable time!

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