SUNPOWER

2010 Sustainability Report

Sustainable by Design

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About This Report

With our first sustainability report, our aim is to provide an accurate account of our sustainability performance, set a baseline for improvements and contribute to advancing sustainability in the solar industry. This report represents an important part of our ongoing work to clearly define, strengthen and share our sustainability efforts.

The information in this report covers the 2010 fiscal year (year-end January 2, 2011), unless otherwise stated. It includes data from all of SunPower's wholly owned operations but excludes joint ventures, contract manufacturing and construction activities. For most of the environmental performance information, we have included data gathered from our five key facilities that make up the majority of our impacts and include SunPower's manufacturing, assembly, headquarters, and research and development operations. We have not sought third-party verification of this report but we have practices in place to internally validate the data. To determine the issues covered in this report, we considered the current Global Reporting Initiative (GRI) guidelines as well as stakeholder input, and we conducted an analysis of those issues that are most material to our business. We also offer a detailed appraisal of our risks and opportunities related to climate change over the last two years in our 2010 and 2011 Carbon Disclosure Project (CDP) submissions.

In addition to publishing a sustainability report on a regular basis, we plan to establish a section of our website dedicated to our sustainability priorities and performance. We will also continue our practice of outlining some of our key sustainability achievements and goals in our annual report. Through these and other venues, we also hope to provide a sense of our unique corporate culture—one that facilitates innovative thinking and builds sustainability from the very core of our business activities.

SunPower encourages our stakeholders to provide feedback on this report and offer suggestions for improvement. To provide feedback or request additional information about this report, please contact Helen.Kendrick@sunpowercorp.com.

Forward-Looking Statements

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that do not represent historical facts and may be based on underlying assumptions. The company uses words and phrases such as "when completed," "goal," "anticipated," "will," "could," "to build," "mission," "estimate," "aim," "to develop and expand," "expect," and similar expressions to identify forward-looking statements in this report, including forward-looking statements regarding: (a) expected completion of the California Valley Solar Ranch (CVSR) project; (b) expected growth of the company and capacity of solar systems installs in the future; (c) anticipated production capacity of Fab 3; (d) success of the Total partnership and ability to grow the company's market position; (e) completion of the supplier code of conduct by 2012; (f) growth rate of renewable energy worldwide; (g) adoption of public policies that benefit solar energy and the success of the company's engagement with policy makers; and (h) timeframe for when solar energy is price competitive with wholesale and retail power. Such forward-looking statements are based on information available to the company as of the date of this report and involve a number of risks and uncertainties, some beyond the company's control, that could cause actual results to differ materially from those anticipated by these forward-looking statements, including risks and uncertainties such as: (i) the impact of regulatory changes and the continuation of governmental and related economic incentives promoting the use of solar power; (ii) our ability to achieve the expected benefits from the Total investment; (iii) increasing competition in the industry and lower average selling prices; (iv) the company's ability to obtain and maintain an adequate supply of raw materials, components, and solar panels; (v) general business and economic conditions, including seasonality of the solar industry and growth trends in the solar industry; (vi) the company's ability to increase or sustain its growth rate; (vii) construction difficulties or potential delays, including obtaining land use rights, permits, license, other governmental approvals, and transmission access and upgrades, and any litigation relating thereto; (viii) the significant investment required to construct power plants and the company's ability to sell or otherwise monetize power plants; (ix) the availability of financing arrangements for the company's utility projects and the company's customers; (x) potential difficulties associated with operating the joint venture and ramping Fab 3 according to plan; (xi) the company's ability to remain competitive in its product offering; (xii) the company's liquidity, substantial indebtedness, and its ability to obtain additional financing; (xiii) manufacturing difficulties that could arise; (xiv) the success of the company's ongoing research and development efforts and the acceptance of the company's new products and services; (xv) failure to complete a supplier code of conduct satisfactory to all stakeholders on the timetable currently anticipated; (xvi) the company's ability to protect its intellectual property; and (xvii) other risks described

in the company's Annual Report on Form 10-K for the year ended January 2, 2011, Quarterly Report on Form 10-Q for the quarter ended July 3, 2011 and other filings with the Securities and Exchange Commission. These forward-looking statements should not be relied upon as representing the company's views as of any subsequent date, and the company is under no obligation to, and expressly disclaims any responsibility to, update or alter its forward-looking statements, whether as a result of new information, future events or otherwise.

Changing the Way the World Is Powered:
A Message from Tom Werner, CEO and President

Welcome to SunPower's first sustainability report. We launch this report at an exciting time of growth and opportunity for SunPower and the solar industry. Over the last year, we saw the total installed global solar capacity exceed 40 gigawatts (GW), up from 23 GW in 2009. With more than 1.4 billion people without access to electricity, conventional energy prices on the rise and the impact of climate change around the world becoming more visible each year, we recognize that we must help lead the development of a robust and sustainable market for renewable energy.

We believe that as a leader of clean energy technology, SunPower has a critical role to play in addressing some of our planet's greatest social and environmental challenges. We do this by producing the most efficient and reliable products on the market while supporting local, national and international policies that help make solar the energy of choice for thousands of individual homeowners, businesses and government agencies.

But we know that making the most efficient panels on the market isn't enough. We want to set the standard for sustainable business growth by making better solar products and solutions that minimize impacts on natural resources, by supporting healthy and clean-powered communities, and by developing the talent needed for one of the fastest growing industries in the world.

Over the last year, we have made considerable progress in formalizing our sustainability strategy, goals and management frameworks. We established the SunPower Sustainability Council to ensure focus, integration and accountability across our business and to provide overall direction for all of our sustainability initiatives. We have also encouraged innovation and idea sharing through our "People Power" *greenteam*, a grassroots initiative launched in Richmond, California, in 2010.

Through our long history of employee volunteerism and community engagement, we bring our energy and passion for sustainability to the communities where we work and live. For example, when our first solar cell fabrication plant opened in 2004, our "CoolCom" task force donated substantial time and equipment to put solar systems on dozens of schools throughout the Philippines. Over time, we created the SunPower Foundation, the first organization of its kind established by a solar company. Through the Foundation, we are working with strategic partners to expand access to solar solutions and to engage the next generation of solar leaders both locally and globally.

Our business products help our customers meet their sustainability goals and we have a responsibility to proactively manage our own footprint and impacts. In 2010, we committed to "True North" in our own energy and emissions management by halving our 2016 greenhouse gas (GHG) emissions from 2007 levels on a carbon intensity basis measured per megawatt (MW) deployed. With a number of energy efficiency improvements at our facilities and innovations in our manufacturing processes, we have made significant progress and are on track to achieve this goal. We are working toward Leadership in Energy and Environmental Design (LEED) certification at a number of our manufacturing facilities and our new San Jose headquarters.

We also know that one of the key challenges we face is managing the full lifecycle of our products. As a result, our vision is to establish a fully LEED-certified “poly to panel” supply chain. In pursuing this vision, we have already identified the major risks, opportunities and impacts from our supply chain activities and we have worked closely with our polysilicon, ingot, wafer, cell and manufacturing suppliers as they seek LEED certification for their facilities. We are committed to introducing a comprehensive supply chain code of conduct in 2012 that will set out the principles of a sustainable solar supply chain. Finally, managing the end-of-life impacts of our products will also be a top priority going forward. Through our Return and Reuse Program and our growing network of recyclers, we are already establishing the systems, partners and processes to find new life for our panels as they approach their 25-30 year life spans.

With our growth in manufacturing and the expansion of our utility and power plant business into increasingly larger scale installations, we are able to expand the contribution of solar to the energy mix as well as reduce the costs of meeting growing solar energy needs. The 250 MWac California Valley Solar Ranch with Pacific Gas & Electric, when completed, will be one of the largest solar power plants in the world, and represents a significant step for both SunPower and the solar industry. At the same time, we know that larger facilities can also increase our potential impact on communities and natural resources. This is why we believe that a truly sustainable solar company requires a “light on land” strategy that minimizes disturbances to land and habitat, and responds to local community concerns.

We see a bright future ahead for SunPower and the solar industry, and our new partnership with Total (see page 7) offers an opportunity for us to accelerate these efforts. We look forward to sharing our lessons learned with you as we change the way the world is powered and advance our growth sustainably.

Sincerely,

Thomas H. Werner
President and Chief Executive Officer

SunPower by the Numbers

2010 employees: 5,150

2010 revenue: $2,219 million

2010 solar deployed: 545 MW

Figure 1: MW Deployed

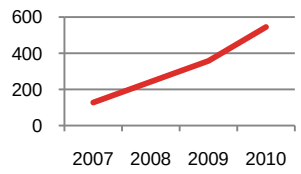


Figure 2: Revenue ($ Millions)

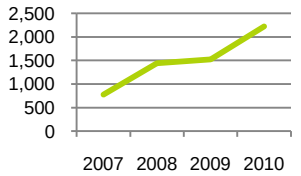


Figure 3: Revenue by Geography

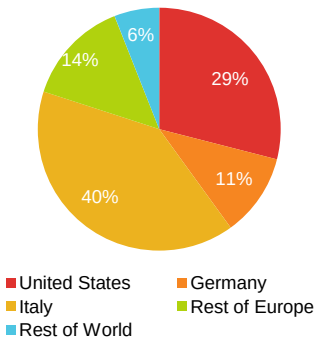
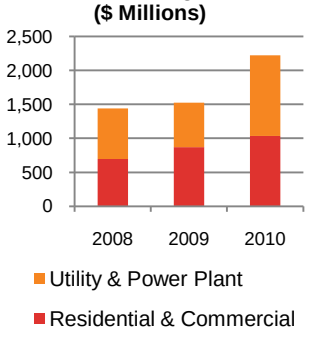


Figure 4: Revenue by Business Segment ($ Millions)



About SunPower

Inspired by the fact that the solar energy radiating the earth in one hour is greater than the world's total energy consumption in an entire year, Dr. Richard Swanson founded SunPower in 1985. A quarter century later, SunPower is a leading solar company with more than 5,000 employees on four continents and more than $2 billion in 2010 revenue. SunPower leads the industry in sunlight conversion efficiency, producing the world's highest efficiency commercially available solar panels. Our solar cells generate up to 50 percent more power per unit area than conventional solar technologies.

What We Do

We design, manufacture and deliver high-performance solar electric systems worldwide for residential, business, government and utility customers through our two business segments, Residential and Commercial (R&C), and Utility and Power Plants (UPP). In the United States, SunPower is the leading manufacturer of residential and commercial installed systems. With our acquisition of PowerLight in 2007 and SunRay in 2010, we substantially expanded our portfolio of power plant projects under development. In 2010 we deployed 545 MW of solar systems, bringing our cumulative total to 1.45 GW of solar deployed since 1985. Our goal is to deploy 10 GW by 2015.

As a vertically integrated solar product and services company, we have the size and reach to adapt to changing market conditions and volatility in energy markets, as well as achieve the economies of scale needed to reduce our manufacturing and operating costs over time. Our wholly owned solar cell fabrication facilities are located in the Philippines (Fab 1 and Fab 2) and in September 2010 we opened our newest solar cell fabrication facility, a joint venture in Malaysia (AUO SunPower Fab 3) which, when fully built out, is planned to produce more than 1,400 MW of high-efficiency solar cells each year. The growth in our manufacturing helped us increase our production by over 500 percent from 2007 to 2010.

Our Foundation for Long-term Business Growth

We produce solar panels using our high-efficiency solar cells at SunPower's manufacturing facility in the Philippines, which has a rated annual manufacturing capacity of 220 MW. Our solar panels are also assembled by our contract manufacturing partners in the United States, Mexico, Poland and China, using SunPower specifications. We also have joint ventures in ingot and wafer manufacturing facilities in South Korea and the Philippines, respectively. In addition to our headquarters, we have a range of other sales and service locations across the United States.

On April 28, 2011, SunPower and Total announced a strategic relationship that will advance our corporate objectives and support the expansion of the solar industry more broadly. Total is one of the world's major oil and gas companies, investing and actively taking part in solar energy since 1983. In conjunction with its 60-percent ownership in SunPower, Total will provide SunPower with up to $1 billion of credit support over the next five years. This commitment will assist with the acceleration and growth of SunPower's market position by lowering our cost of capital, providing research and development collaboration and other resources through Total's global network.

The total solar energy that reaches the Earth's surface every year could meet existing global energy needs 10,000 times over.

The key parts of a solar energy generation system are:

- PV panels to collect sunlight
- An inverter to transform direct current to alternating current
- Support structures to orient the PV panels toward the sun

Worldwide solar capacity reached 23 GW in 2009, the equivalent capacity of more than 40 coal-fired power plants. In 2010 worldwide capacity nearly doubled by exceeding 40 GW.

Solar Power 101

The Basics

Solar energy is the cleanest, most abundant, renewable energy source available. It can be produced on a distributed basis with equipment located on rooftops or on ground-mounted systems, as well as through large-scale systems at a central power plant. The energy generated can supply power directly to homes and businesses as well as deliver energy to customers through the electricity grid.

The Technology

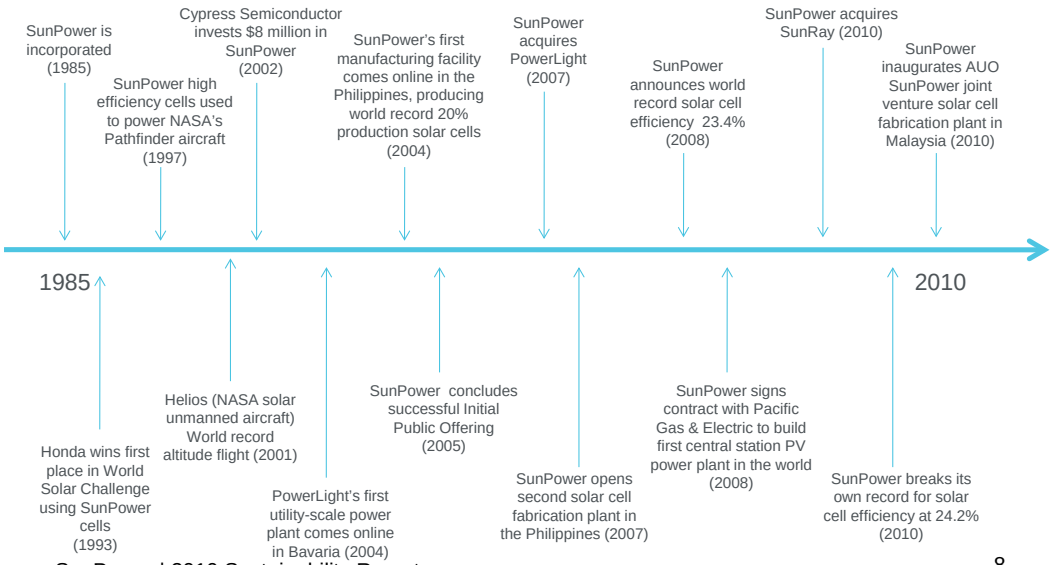
Solar cells convert the energy of light directly into electricity by the photovoltaic (PV) effect. Most modern solar cells are made from either crystalline silicon (c-Si) or thin-film semiconductor material. Crystalline silicon panels are estimated to be approximately 90 percent of the total solar capacity manufactured in 2010. Crystalline silicon solar cells originate with the extraction of silica found in sand or quartz. That polysilicon is then refined and melted into multicrystalline or monocrystalline silicon blocks or ingots that are then sawed into wafers. These wafers act as semiconductors as they are transformed into solar cells. These cells are then connected together and enclosed between a transparent cover and a weatherproof back sheet to produce a panel. Standard crystalline silicon panels contain about 60 to 72 solar cells and generate 120 to 300 Watt-peak depending on size and efficiency. SunPower's crystalline silicon solar cells are made from monocrystalline wafers and offer the highest efficiency commercially available solar cells in the world.

The Market

The energy crises of the 1970s saw the first commercialized applications of solar PV for grid-connected power, but high prices limited large-scale adoption of solar energy. The industry grew steadily, however, reaching 1 GW per year of capacity installed in 2004. Over the last decade, PV production has been increasing by an average of more than 50 percent each year, making it the world's fastest-growing energy technology. In 2010, the global solar energy market grew more than 100 percent as a result of public policy combined with innovations that are driving solar costs down at a dramatic pace. The market has grown much faster in Europe than in the United States due in large part to favorable government policies incentivizing the use of solar. Germany and Japan have been the leaders in market growth with nearly 18 GW and 4 GW of cumulative solar capacity installed, respectively, compared to less than 3 GW in the United States. The cumulative installed capacity worldwide reached 40 GW in 2010.

Source: *European Photovoltaic Industry Association and Solar Energy Industries Association*

Figure 5: SunPower Milestones



Sustainability at SunPower

Our Vision, Values and Priorities

Public Policy and Stakeholder Engagement

Governance and Ethics

SunPower Values

1. Put Customers First: We believe in focusing on service to deliver great results.
2. Pursue Learning and Growth: We believe in developing our company and ourselves.
3. Be Innovative: We believe in challenging the status quo.
4. Collaborate as a Team: We believe two heads are better than one.
5. Operate with Integrity: We believe in doing the right thing and keeping our promises.
6. Make Positive Contributions: We believe in making our company and the world a better place.
7. Cross the Finish Line: We believe in getting the job done.

Sustainability at SunPower

Sustainability—the ability to meet present needs responsibly without compromising the ability of future generations to meet their own needs—is at the heart of our mission to change the way the world is powered. It's an important reason why many of us—our employees, executives and partners—have chosen to be a part of SunPower.

Our Vision, Values and Priorities

Our Sustainability Mission: SunPower creates products, services and partnerships that provide world communities with a healthy planet.

As part of a growing and dynamic industry, we believe there is a great opportunity for SunPower to set the standard for sustainability in the solar industry. Over the last year, we have put considerable effort into building a sustainability strategy and a five-year roadmap that:

- Aligns with our business goals
- Contributes to a more sustainable energy mix
- Leads the industry in the responsible management of social and environmental impacts

Our sustainability mission is realized through our products, our operations, our people and our communities.

Our Products: We design, manufacture and deliver the most powerful commercially available solar panels in the world, providing clean, renewable energy solutions in virtually every sector of the economy. Our pursuit of research and innovation drives us to challenge the status quo and improve our products, making them the most efficient and reliable on the market today. These outcomes are sustained by ensuring that our values and priorities extend throughout our supply chain.

Our Operations: As a growing company, we aim to operate sustainably designed facilities that address local community concerns as well as impacts on natural resources. We are committed to meeting LEED criteria for all new buildings, designing solar systems that are "Light on Land," and to reducing our overall carbon emissions by 50 percent by 2016 from 2007 on a carbon intensity basis measured per MW deployed.

Our People: SunPower's employees define who we are and our success. Our dedication to teamwork and integrity—as well as our ability to get the job done—are vital factors in SunPower's success and in continuously improving our sustainability performance. We strive to make SunPower a great place to work by inspiring leadership and cultivating talent that will meet the business and technical needs of a high-growth industry. Grassroots efforts, such as the *greenteam's* work to reduce our environmental footprint, as well as employee volunteerism in our local communities, demonstrate why employees are key to SunPower's sustainability success.

Our Communities: We are committed to building healthy, economically vibrant and clean-powered communities from the neighborhoods where we live to the towns and villages in developing countries where access to electricity offers a potential path out of poverty. Through the SunPower Foundation, we empower, inspire and motivate future solar leaders in communities around the world.

Public Policy and Stakeholder Engagement

By 2016 we expect solar systems to be competitive with wholesale and retail power prices in much of the developed world.

Supporting renewable energy policy development is one of the most important ways SunPower contributes to global efforts aimed at averting severe climate change and protecting natural resources. By engaging with policymakers, we aim to expand the market for clean energy—which is good for the environment, the economy, our stakeholders and SunPower shareholders.

Enabling a Sustainable Solar Market

Through direct engagement and in collaboration with our industry peers and associations, SunPower regularly works with policymakers at local, regional and national levels around the world to develop and expand policies that build markets for solar and reduce the cost of solar energy for everyday consumers. Over the past decade, the cost of solar has declined by more than 50 percent. Today, large-scale PV facilities are competitive with new conventional power plants in the developed world in areas with strong sunlight. By 2016 we expect solar systems to be competitive with wholesale and retail power prices in much of the developed world.

The Intergovernmental Panel on Climate Change estimates that by 2050, nearly 80 percent of the world's energy needs could be met by renewables if supported by public policy. In this scenario, renewable energy use could lead to cumulative GHG savings equivalent to 220-560 gigatonnes of carbon dioxide between 2010 and 2050.

Policymakers have succeeded in jump-starting solar markets by deploying a variety of different approaches including customer rebates, performance-based incentives, feed-in tariffs, renewable portfolio standards, tax credits and net-metering. At SunPower, we were honored that California Governor Jerry Brown chose the dedication of our newest solar panel manufacturing plant, hosted by our partner, Flextronics, in Milpitas, California, to sign into law the increase in California's Renewable Portfolio Standard from 20 percent in 2010 to 33 percent by 2020. This legislation mandates a strong commitment by the state to pursue a low-carbon energy future.

California Governor Jerry Brown and U.S. Secretary of Energy Steven Chu at SunPower/Flextronics Silicon Valley Facility Dedication

We are also supporting the development of policies that target increased solar integration on the grid during power plant project siting. We are actively engaged in the PV Cycle trade association which aims to implement the industry's commitment to set up a comprehensive European voluntary take-back and recycling program for end-of-life-panels. In addition, we are working with local and national governments to explore policies that promote dual-use land for agriculture and solar power.

Influencing policy developments requires more than engagement with policymakers. Informed policy and regulation depends on the participation of

Memberships & Affiliations

individuals, groups and experts who take the time to make their voices heard. As part of SunPower's public awareness raising and engagement plan, we are also catalyzing policy change by encouraging thought leadership through social media platforms. For example, through networks like Facebook and Twitter and campaigns like "Make an Impact," we enable others to advocate for renewable energy and to build awareness on key social and environmental issues that matter to the public. We also raise awareness and educate about solar energy through the SunPower website, blog postings and other communication channels.

Engaging Our Stakeholders

We engage a variety of stakeholders for feedback on our sustainability priorities, and we listen and respond to those who may be impacted by our business. We communicate directly with stakeholders on a range of issues, including the constructive feedback we received in preparing this report. We are also an active member of leading industry associations that help advance policy and standards in the industry. Specifically, SunPower participates in the following associations among many others:

- Solar Energy Industries Association (SEIA): Board of Directors Vice Chair, Environmental Health & Safety Committee Vice Chair
- European Photovoltaic Industry Association (EPIA): Policy Committee Chair
- BSW – Solar (German Solar Industry Association): Utility Power Plant Committee Vice Chair
- The Solar Alliance: Board of Directors, New Jersey Committee Co-Chair, California Committee Vice Chair
- PV Cycle (industry association based in Brussels): Board of Directors Vice President
- Silicon Valley Leadership Group: Board of Directors Chair
- Assosolare (The Italian PV Association), Full Member
- ASIF (The Spanish PV Association), Member of the Board, Director of Strategy and Policy
- SER – SOLER (The French RES and PV Association), Full Member and member of the Legislation Working Group
- BSR (sustainable business organization): Member

Our leadership in the industry and commitment to entrepreneurship has earned us external praise with awards such as:

- First Place Solar Array Award at the 1993 World Solar Challenge car race (long distance solar car race from Darwin to Adelaide, Australia)
- Research & Development Magazine's 1994 award for The Development of High-Performance Silicon Photovoltaic Cell Significant New Product of the Year
- Silicon Valley Business Journal's 1997 Fastest Growing Private Companies
- City of Sunnyvale's Environmental Achievement Award in 2000
- Analog Zone's 2004 Product of the Year Award for the A300 20% Efficiency Photovoltaic Cell
- Silicon Valley Business Journal's 2005 Fast 50: Fastest Growing Private Companies in the Bay Area
- Clean Tech Entrepreneur of the Year 2006 by Venture Network
- Silicon Valley Bicycle Coalition's 2009 award for Bike Friendly Workplace
- Deloitte and Touche's Technology Fast 500 Company Award 2009
- Philippine Quality Award in 2011

In recognition of his contribution to advancing clean energy technology, our co-founder and President Emeritus, Dr. Richard Swanson, has also received numerous awards, including:

- 1993 IR100 Award for the Honda solar race car
- 2002 William R. Cherry Award
- 2006 Becquerel Prize
- 2006 WSJ Technology Innovation Award
- 2009 Economist Energy and Environment Innovation Award
- 2009 SEIA Industry Innovator Award
- 2010 IEEE Jun-ichi Nishizawa award
- 2011 Karl Boer Solar Energy Medal

Figure 6: SunPower Stakeholder Engagement Examples

Key Stakeholders	Examples of Engagement
Customers	Through our energy monitoring systems, we engage our customers in understanding their energy use and identifying opportunities to save energy and minimize their own carbon footprint.
Government	Across Europe and the United States, we are working closely with policymakers to put in place long-term, sustainable solar market development policies.
NGOs	On solar policy as well as on environmental and social issues, we work with NGOs on opportunities to maximize the sustainability of our products and to minimize impacts on land and natural resources.
Employees	We encourage entrepreneurial spirit and grassroots employee engagement through our support of volunteerism and the *greenteam*.
Investors	In our 2010 annual report and our CDP 2011 Investor Response, we provided an overview of our key sustainability achievements and the risks to our business associated with climate change.
Communities	We support global energy education, environmental stewardship, and health and wellness activities.
Suppliers	We work with our supplier partners on energy efficiency opportunities in building design and transportation.
Dealers	Through our annual dealer conferences, we encourage our dealers to share our vision of sustainability and we recognize those who are adopting sustainable business practices.

Governance and Ethics

SunPower has a strong culture of ethics and corporate governance that is embedded in our policies, performance incentives and expectations of employees and our business partners.

Leadership and Accountability
We believe that strong corporate governance practices are the foundation of a successful, well-run company. SunPower operates under the direction of an 11-member board of directors, comprised of four independent directors, six Total nominated directors and SunPower CEO Tom Werner, who also serves as Chairman of the Board. Our board has standing Audit, Compensation, and Nominating and Corporate Governance committees.

Advancing SunPower's sustainability strategy is a priority for our senior leadership. In 2010, SunPower established our Sustainability Council, which is dedicated to the design, deployment and communication of our sustainability priorities and activities both internally and externally. The Council is specifically responsible for reviewing and monitoring global sustainability issues, providing direction to sustainability project teams, and offering sustainability recommendations to our board of directors. The Council is chaired by the Executive Vice President of Human Resources and Corporate Services, who

reports to the CEO and President of SunPower and shares the progress and performance of our sustainability initiatives. The Council is made up of seven executives from a range of functional teams, as well as three sustainability experts who are all appointed by the Chair. The Council meets regularly and periodically reports to the board of directors.

Employees play the single most important role in SunPower's vision to change the way the world is powered. This is why we've been able to attract such incredible talent. People work at SunPower because they want to make the world a better place. This passion for the SunPower mission is at the heart of the *greenteam*, a grassroots employee-run and volunteer-based endeavor that is sponsored by SunPower's Environmental, Health, Safety & Sustainability department to ensure SunPower upholds its sustainability values. The *greenteam* consists of a "Core Team" that meets monthly to monitor progress and to support four sub-teams (Core; Facilities; Communications; and R&D, Operations and IT).

Compliance and Ethics

The SunPower Code of Business Conduct and Ethics (Code of Conduct) is the cornerstone of SunPower's commitment to conduct our business activities and transactions with the highest level of integrity and ethical standards and in accordance with all applicable laws. The Code of Conduct serves as a resource for all employees. It summarizes, clarifies and updates our existing standards for business conduct, so that all employees can act consistently, lawfully and ethically.

All SunPower employees are required to complete training on the Code of Conduct when they join the company and every two years thereafter. Employees receive training in an array of critical subjects, including reporting on unlawful or unethical conduct, conflicts of interest, unfair competition, non-discrimination, non-retaliation, and insider trading. Moreover, because we operate in many parts of the world where corruption can be a concern, our training program addresses in particular detail the Foreign Corrupt Practices Act (FCPA) and other anti-corruption laws to ensure employee understanding and compliance. Our anti-corruption compliance initiatives also extend to third parties engaged by SunPower through contractual provisions that require our business partners, subcontractors, agents and consultants to comply with the FCPA and other applicable anti-corruption laws.

Our Compliance and Ethics Program (Program) oversees the implementation and enforcement of the Code of Conduct and promotes a culture that reinforces ethical conduct and a commitment to compliance with the law. In so doing, the Program solidifies SunPower's resolve that business integrity must permeate every facet of our organization and everything that we do as a company. In addition, SunPower conducts risk assessments to identify potential gaps in our Program and we consistently monitor compliance with laws and ethical standards. If an instance of non-compliance is identified, we conduct an objective internal investigation, identify the root cause, implement remedial measures (e.g., revised polices, increased audits and enhanced training) and, if appropriate, enforce disciplinary sanctions.

In 2012, SunPower will publish a Supplier Code of Conduct (Supplier Code), which will strongly encourage business partners who sell or provide goods or services to SunPower to comply with applicable laws and uphold the highest standards of ethics. In advance of the Supplier Code publication, we adopted two policies in 2010. The first policy outlines our commitment to ensuring that no forced, bonded or prison labor is used in the production, installation, transit or end-of-life treatment of SunPower products or services, either directly by

SunPower or on our behalf. The second, the End-of-Life PV Module Export Policy, outlines our commitment to conducting business in a manner that promotes a safe, clean and green environment by not exporting end-of-life PV panels from developed countries to developing countries.

SunPower has always required our direct suppliers to manage their business in accordance with all applicable legislation. The California Supply Chain Transparency Act, which was signed into law in 2010, requires additional disclosure of our efforts to ensure work done by SunPower and on our behalf by our direct suppliers is done in accordance with the law and with our standards of business conduct.

SunPower Sustainability Goals Snapshot

	Goal	Status	Next Steps
Our Products	Deploy 10 GW of SunPower solar systems by 2015.	In 2010, we deployed 545 MW of solar capacity to bring our total cumulative capacity deployed to 1.45 GW.	We anticipate exceeding 2 GW deployed by the end of 2011.
	Expand and advance our network of recyclers in support of our commitment to the responsible management of the end-of-life of our products. Expand our Return and Reuse program to leverage the reuse of our product.	We have established PV recycling relationships in the US and Europe and are engaged with PV Cycle to advance an industry-wide PV take-back and recycling system in Europe.	We will continue to invest in technology and our network of recyclers around the world to ensure that every part of our panel can be recycled while minimizing costs and impacts of transportation. A robust business process for reusing our product is being expanded beyond our current practices.
	Calculate the full lifecycle GHG emissions of our products (polysilicon through end-of-life).	Using publicly available information on emissions factors for electricity from the grid in the US and Europe, we estimate the cumulative CO2e avoided by deploying 1.5 GW of SunPower systems is 2.2 million metric tons as of year-end 2010.	We plan to calculate the net CO2 savings from using SunPower systems. This includes taking into consideration the CO2 emitted in production of our panels.
	Establish a Supplier Code of Conduct by 2012.	We have identified the key elements of our Supplier Code of Conduct and are working with SEIA to support the establishment of an industry-wide code of conduct.	We will engage our suppliers over the next year to make them aware of the Code of Conduct principles before 2012 implementation. We plan to put effective mechanisms in place to ensure compliance.
Our Operations	Reduce carbon emissions by 50% by 2016 from 2007 on a carbon intensity basis measured per MW deployed.	Between 2007 and 2010, our CO2 emissions per MW of solar capacity produced fell by approximately 45%.	We will seek opportunities for energy efficiency gains and deployment of solar power in our operations.
	Ensure all new buildings are designed to meet LEED certification guidelines and our existing buildings are retrofit to meet LEED guidelines.	We are pursuing LEED certification for our headquarters in San Jose, CA, as well as our new solar cell fabrication joint venture in Malaysia.	We are committed to designing and building all of our new facilities in line with LEED guidelines and have tested LEED designs for future fabrication plants.
	Strive to reduce our total water consumption per MW solar capacity produced by 5% annually.	We have saved over 450 million gallons of fresh water each year relative to conventional water treatment systems.	We continue to pursue water conservation measures, including rainwater catch basins at our cell fabrication plants (which make up 95% of our water use).
Our People	Expand our *greenteam* from Richmond, CA, to our other key facilities around the world.	The *greenteam* launch in 2010 has inspired hundreds of employees in our Richmond office to take on sustainability activities in daily routines.	We will continue to support grassroots efforts by employees in all of our facilities to contribute to sustainability.
	Reduce our corporate-wide injury rate (IR) to 0.57 and lost workday case rate (LWCR) to 0.15.	Our Asia operations, which employ over 4,000 employees, achieved this goal with 0.28 IR and 0.07 LWCR.	We will continue to offer training and support to employees and contractors to meet these goals in all our operations.
Our Communities	Align SunPower Citizenship metrics/tracking with UN Millennium Development Goals (MDGs).	We currently support partners and projects that address poverty, environmental sustainability, global partnership, education and gender equality.	We will consider expanding support and settling additional targets for MDGs that align with our Citizenship efforts.
	Engage 70% of our employees around the world in volunteer activities.	In 2010, 54% of our global employees engaged in volunteer projects.	We will continue to encourage our employees to contribute their time and skills in communities by helping identify projects they care about.

Helping Our Customers Achieve a Low-Carbon Future

Enabling Innovation and Savings for Our Customers

Embedding Sustainability from Poly to Panel

Giving New Life to Our Products

Helping Customers Achieve a Low-Carbon Future

Each new grid-connected solar power system displaces conventional grid system power and reduces carbon emissions. SunPower's commitment to efficiency, reliability and quality maximizes our customers' contributions to mitigating climate change and building a healthy planet.

Enabling Innovation and Savings for Our Customers

We estimate that we have diverted approximately 2.2 million metric tons of CO2 through 2010, which is equivalent to taking 400,000 passenger cars off the road.

We produce the most efficient and reliable solar panels in the business. Our mass production solar cells hold the world record for sunlight conversion efficiency at 22.4 percent. This means that our panels generate more power per unit area than any other commercially available panels, offering our customers a cost-effective sustainable solution to their energy needs.

Energy and Emissions Savings
Through 2010, we deployed approximately 1.5 GW of solar power to our residential commercial and utility customers. We estimate that this has generated 4 billion kWh of solar energy and diverted 2.2 million metric tons of CO2 on a cumulative basis, which is equivalent to taking 400,000 passenger cars off the road. By 2015, we aim to deploy 10 GW of SunPower systems, which will divert approximately 15 million metric tons of CO2.

Research and Development
Our company is an industry leader in solar cell, panel and system innovation, and we have invested more than $100 million in research and development since 2007. We have been granted more than 200 patents and have approximately 365 patent applications pending worldwide in areas ranging from solar cell fabrication to sun tracking technology for power plants.

In 2007, SunPower was awarded approximately $24 million from the US Department of Energy (DOE) as part of the Solar America Initiative to implement improvements across the solar value chain. With the DOE's 3-year matching funds, we delivered a series of new technology ranging from higher efficiency solar panels to our T5 rooftop system to new panel manufacturing equipment. The funding spurred us to launch solar panel manufacturing in California to meet the expected growth in demand in the United States.

Safety and Reliability
Our solar panels are backed by a 25-year performance warranty and other system parts generally carry up to a 10-year warranty. Our products also go through rigorous testing and certification efforts including:

- ISO 9001: 2008 Certification: SunPower's Quality Management System is certified for design, manufacture, and delivery/installation, and for utility-scale power plant customers.
- UL Certification: SunPower panel products for sale in the United States and Canada are certified under the UL 1703 standard.
- IEC / EN Certifications: SunPower panel products are certified by TÜV Rheinland to comply with IEC standards for photovoltaic design and safety (61215 ed.2 and 61730).
- Others: CSA Certification (CSA International certification for Canada and US); N&R Energy facility (Korea certification); Japan Electrical Safety & Environment Technology Laboratories (JET) PV module certification; and China General Golden Sun Certification (CGC).

Key Product Lines
Solar Panels Includes SunPower E20 Series solar panels with record efficiencies of 20 percent or greater
Inverters Includes a line of SunPower branded inverters manufactured by third parties
Roof-Mounted Products Includes a variety of mounting systems for residential and commercial rooftops
Ground-Mounted Tracker Systems Includes SunPower's fixed tilt and patented Tracker products
Fully Integrated Systems Sold through our Utility and Power Plants Segment, this includes our Oasis Power Plant, the industry's first modular solar power block
Fixed Tilt and Tracker Systems for Parking Structures Includes solar power systems for parking structures

Embedding Sustainability from Poly to Panel

We believe that our products and services are only as good as our network of suppliers, dealers, installers and partners. As SunPower grows, ensuring the highest social and environmental performance across our value chain is integral to our own success. This broad view of our footprint helps us manage risks, realize greater efficiencies, and develop even more sustainable products. That is why it is critical that any individual or company that works with us, or on our behalf, upholds our business values and standards.

SunPower relies on a number of third-party suppliers, including our joint venture partners for certain raw materials and components such as polysilicon, inverters and components. In 2010, 45 suppliers across seven countries and three continents accounted for approximately 85 percent of our direct material spend.

In 2010 we set out a number of important steps that we will take in the next two years to improve transparency in our supply chain, increase standards across the solar industry, and identify opportunities for improving the sustainability performance of our suppliers. These steps are all part of our vision to be sustainable from "poly to panel." In particular, we have developed five priorities for our supply chain sustainability program.

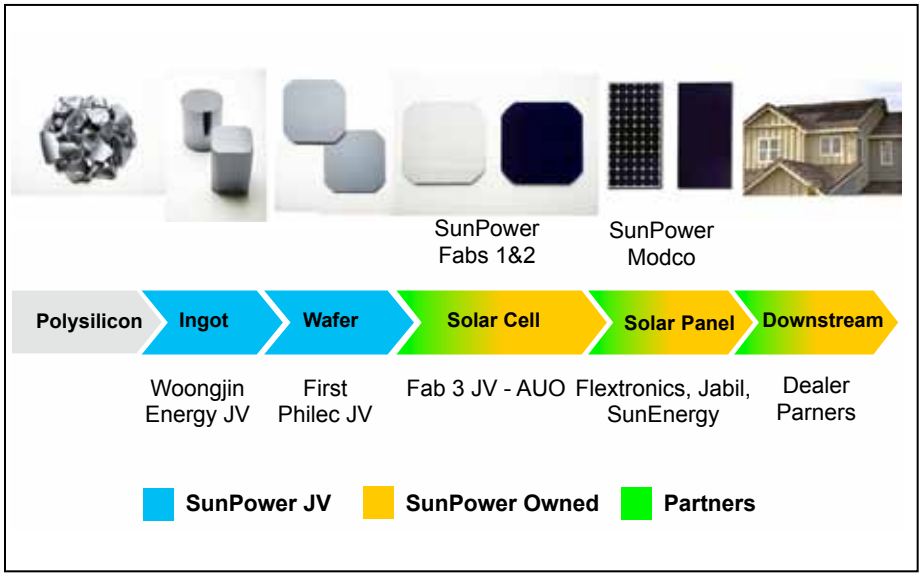
1. Establish a SunPower and Industry-Wide Supplier Code of Conduct
An important part of ensuring sustainable manufacturing practices is establishing a Supplier Code of Conduct that outlines key expectations for SunPower suppliers, encompassing both environmental and social criteria. In addition, while SunPower is embedding sustainability into our own supply chain, more significant change will come through an industry-wide effort to develop a sustainable supply chain framework. This is why we are working closely with SEIA to establish an industry-wide supply chain Code of Conduct. The Code is being designed to align with core international standards, such as the UN Global Compact, and will cover five key areas:

1. Health and safety
2. Labor
3. Ethics
4. Environment
5. Management systems

We plan to roll out SunPower's Supplier Code of Conduct in 2012, along with a program to manage supplier adherence to the Code.

2. Establish a "Poly to Panel" LEED-Certified Value Chain
We are working with our manufacturing facilities and with our manufacturing partners to create a LEED certified poly-to-panel value chain. In the Philippines, we have been applying our skills and knowledge from our own manufacturing facilities to help our joint venture partner, First Philec Solar Corporation, obtain LEED certification at one of its wafer manufacturing plants by 2012. In Korea, our joint venture ingot manufacturer, Woongjin Energy Co., Ltd., has already been LEED certified at one of its ingot and wafering plants. In addition, we have worked with other suppliers to achieve ISO 14001 environmental management system certifications.

Figure 7: SunPower Value Chain



3. Strengthen Our Sustainability Criteria in the Evaluation of Suppliers
Sustainability is already part of our criteria for evaluating suppliers, along with price, quality and other performance factors. As part of our efforts to understand and manage the lifecycle of our products, we will start requesting information on water and energy use from our suppliers. This data will help us target opportunities for further supplier reductions in energy, material and water use.

4. Engage Suppliers in Managing Emerging Issues Related to the Materials in Our Products
In 2010 the US Securities and Exchange Commission announced a requirement for companies to report on their use of tin, tantalum, tungsten and gold from conflict zones in and around the Democratic Republic of the Congo (DRC). This requirement highlights the importance of expanding our own information on the source of materials that are often two to three levels upstream in the supply chain. As part of our response to these requirements, we are working with major suppliers to identify the country and/or mine of origin for materials identified as "conflict minerals." If we conclude that any of these minerals are being sourced from the DRC or neighboring countries, we will investigate alternate supply routes and/or strategies for ensuring conflict-free status.

5. Support Supplier Diversity
We are proactively reaching out to minority, women, small, and veteran-owned enterprises to support local economic development in communities around the world.

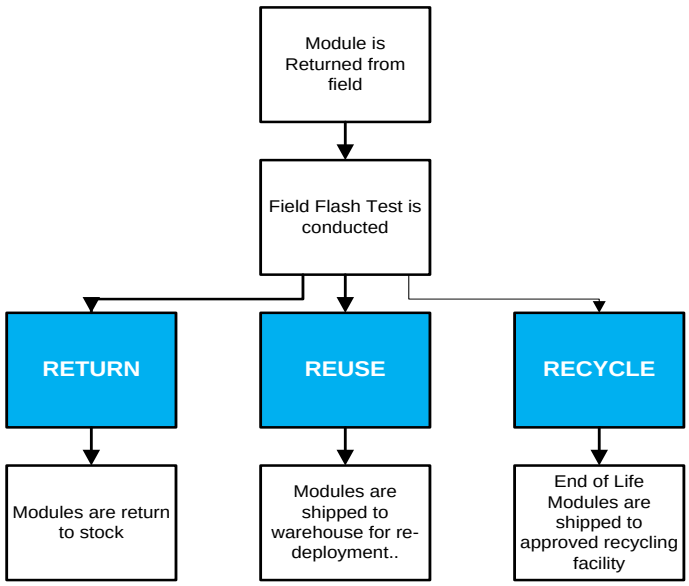
Giving New Life to Our Products

SunPower's solar power systems are made for long life use—they are designed to generate electricity over a period typically exceeding 25 years and may operate well beyond their guaranteed performance term. Eventually, however, we know that they will be retired or replaced. As a result, SunPower designs and manufactures solar panels that can be easily and safely recycled or reused in alternative applications. SunPower panels do not contain hazardous materials (such as cadmium or gallium), nor do we use galvanized metal or lead solder. We adhere to the strictest standards of environmental and safety management, and place a strong emphasis on managing hazardous substances in our products.

Return, Reuse and Recycle
This year we made significant strides in establishing a panel reuse and recycling system and we expect the system to be fully operational in 2011. Under our 25-year warranty, SunPower takes back products at no cost to customers and finds new applications for these through our Return and Reuse Program or via our recycling network. Our Return and Reuse Program refers to the management of those panels that safely generate power but are ineligible for customer sale due to cosmetic defects or for not meeting particular specifications. Rather than recycling these panels and losing their power output, we are redeploying them on SunPower and partner facilities. For example, panels in this program are currently generating power at our Fabs 1 and 2 in the Philippines, as well as our joint venture's Fab 3 in Malaysia.

In Europe, we are engaging in an industry-wide PV panel take-back and recycling program through PV Cycle, an industry group that is working to make the PV industry "double green" by providing clean and renewable energy to address climate change, and ensuring that the solutions to climate change today don't pose a waste management issue for future generations.

Figure 8: SunPower Return, Reuse, Recycle Program



We are also learning from approaches taken by the electronics industry to manage the end of life of electronic goods, while accounting for important differences between the industries, including longer lifespan and larger size of many solar products, as well as differences in the technical skills needed to de-install panels. In addition to the products themselves, we are working to ensure the transport and storage logistics are in place to accommodate end-of-life management, particularly as industry growth expands product volumes.

Because of SunPower's 25-year warranty, and the fact that higher production volume began in 2005, we expect the vast majority of our end-of-life solar panels to begin the recycling process after 2030. For the relatively few panels that are broken during transportation or installation, or returned under warranty, we are working with recyclers in the EU and the US and expanding this network of qualified recyclers. The sophistication of recycling systems and associated regulation varies by country and region, thereby reinforcing the need for the industry to collaborate through initiatives such as PV Cycle.

Making More with Less: Energy, Water, Waste and Land

Managing and Mitigating Our Environmental Impacts

Walking the Talk on Energy and Emissions

Conserving a Precious Resource

Managing Waste and Chemicals

Thinking “Outside the Box”

Minimizing Our Footprint

Making More with Less: Water, Waste, Energy and Land

We are proud of the high quality and efficient products we manufacture and deliver. At the same time, we recognize that our operations can have significant impacts on the environment and we are committed to responsible management of these impacts. With escalating concerns surrounding climate change and ever increasing demands on limited natural resources, our responsibility has never been greater.

Managing and Mitigating our Environmental Impacts

Successful management of our environmental impacts requires organizational systems that establish goals, measure progress and ensure accountability for performance and results. In all of our operations, the goal is to furnish SunPower's leaders and specialists with the necessary policies, procedures and auditing programs to achieve results well beyond minimum regulatory thresholds. Our headquarters, regional and facility-level environmental directors and managers communicate regularly on important challenges and successes, and share lessons learned from best practices.

AUO SunPower Fab 3 in Malaysia

As evidence of our determination to manage to the highest level of environmental standards, we are pursuing ISO 14001 certification for our research and development center and production facilities worldwide. In January 2011 we achieved this milestone for our five key facilities: our two solar cell fabrication plants in the Philippines, our panel manufacturing plant in the Philippines, our systems manufacturing and research and development facility in Richmond, California, and our new corporate headquarters in San Jose, California.

Our founders focused on elegant design for the most efficient solar cells, panels and systems. We are extending this focus on design to our facilities, and are applying for LEED Gold certification for our new corporate headquarters in San Jose, and LEED Gold and Platinum for our new manufacturing plant and administrative offices for our joint venture Fab 3 in Malaysia. The facilities include energy-efficient lighting designs, low water and HVAC requirements, water runoff and retention efforts, and our own solar products. Going forward, we plan to build all new facilities to achieve LEED certification standards.

greenteam

Engaged employees are our greatest assets and play essential roles in the success of our sustainability activities. Launched in Richmond, California, the *greenteam* seeks to channel employee ideas and actions toward improving the environmental impacts of our operations. The team is sponsored by the Environmental, Health, Safety & Sustainability department and team members can include initiatives as part of their quarterly performance reviews. The team has generated over 90 ideas and initiatives for reducing SunPower's

Figure 9: Energy Use (MWh)/MW Produced

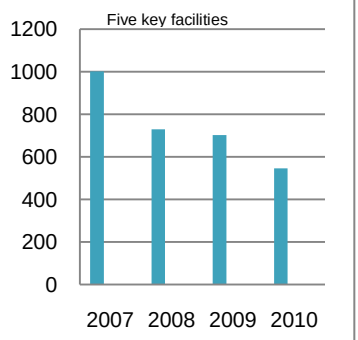


Figure 10: CO2e (Metric Tons)/MW Produced

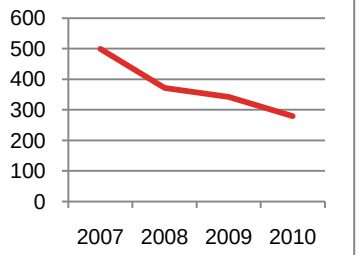
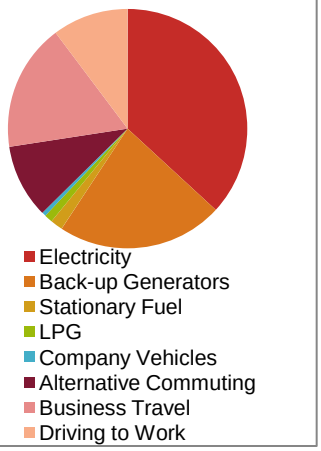


Figure 11: CO2e (Metric Tons) by Source



environmental impact, ranging from a car share system for employees and a Kill-a-Watt energy reduction campaign to a monthly eco-education series. The *greenteam* also pursued Green Business Certification for our Richmond facility, which was achieved in early 2011.

Walking the Talk on Energy and Emissions

Managing our GHG emissions is an important part of SunPower's environmental objectives and we report on emissions through the Carbon Disclosure Project. We strongly support government and private sector efforts to address climate change and we have set a goal to reduce GHG emissions by 50 percent in 2016 from 2007 levels on a carbon intensity basis measured per megawatt (MW) deployed.

Energy consumption and greenhouse gas (GHG) emissions are closely linked and we are working hard to ensure that our factories and offices are maximizing energy efficiency and conservation. From 2007 to 2010, SunPower's annual energy usage rose from 100,000 MWh to 309,000 MWh, but at a slower rate than our increase in production resulting in a decline in energy intensity of each unit produced (see Figure 5). Electricity purchased from the grid made up 97 percent of total energy consumed in 2007 and 88 percent in 2010, with diesel fuel for back-up generators accounting for the difference. We intend to increase the use of renewable energy resources at all of our facilities, including SunPower solar installations at our manufacturing and office locations.

In 2007, SunPower's total GHG emissions were calculated to be 49,980 metric tons CO2 equivalent (CO2e.) In 2010, our increased production of solar cells resulted in 158,182 metric tons of CO2e for our Scope 1, 2 and 3 emissions. Over the same period, the CO2e intensity of production fell 45 percent as measured by emissions per MW of solar capacity produced.

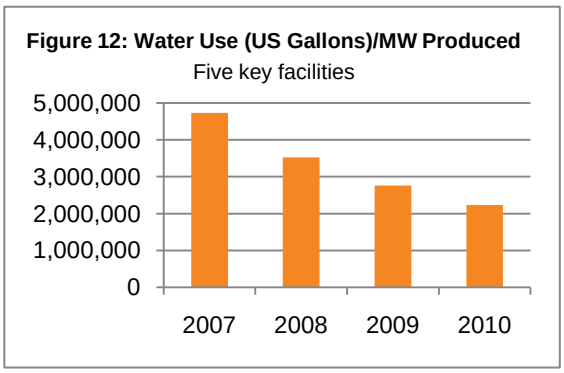
To achieve these improvements, we had more than 20 projects ongoing in 2010 intended to reduce our carbon footprint. These range from efforts to change employee behavior to significant investments in energy efficiency and physical infrastructure. Projects include HVAC optimization, lighting changes, regulating energy supply to tools, solar park installation, alternative commute options, chlorofluorocarbons (CFC) refrigerant conversion, and temperature reductions in the manufacturing process. To encourage participation and initiative, SunPower offers recognition and financial incentives to employees and executives for the management of sustainability projects.

Conserving a Precious Resource

Protecting water resources is an important priority for governments and the business sector on a regional, national and global basis. As a manufacturer that uses water in various stages of production, we have a responsibility to conserve, reuse and recycle as much water as possible, and to continue to find ways to return clean water to the ecosystem.

SunPower continuously works on reducing water requirements to preserve and protect the environment. Our manufacturing facilities invest in both process and facility reductions. As an example, by changing the types of rinses, flow speeds and fill rates for solar cell bath rinses, we continue to reduce the amount of water needed for the processing of our solar cells. Other efforts include the installation of rainwater catch basins to capture water run-off for use in our facilities (for cooling towers and make-up water), as well as the introduction of the GE High Efficiency Reverse Osmosis (HERO™) ultra-pure water systems at Fab 2 and

Fab 3. This helps us save over 450 million gallons of fresh water each year relative to conventional water treatment systems. Additionally, SunPower recycles a portion of the water emitted from our factories, and is striving to increase the amount of recycling done at our manufacturing facilities.



These efforts have helped us reduce our total water consumption per MW of solar capacity produced nearly in half. SunPower's company-wide total water consumption has increased over the past four years as a result of increased production levels in our Asia-based facilities. From 172 million gallons in 2007, consumption rose to nearly 1 billion gallons in 2010. Almost all of this increase is attributable to the ramp of output at both Fab 2 and our solar panel manufacturing facility in the Philippines. These two facilities alone account for over 95 percent of SunPower's total water usage, and thus are also the focus of our efforts to reduce, recycle and reuse water. To drive these water conservation measures, we have established a goal of reducing water consumption across all our facilities annually by the equivalent of 5 percent per MW produced.

Managing Waste and Chemicals

Waste Not…
Our products have the potential to put the world on a path toward exploiting an energy resource that is both clean and abundant, but in doing so we must responsibly manage the nonhazardous and hazardous waste created in the manufacturing process.

Some of our waste streams require careful disposal, and our handling processes and management procedures exceed the requirements of applicable regulations for managing hazardous materials. Over 90 percent of the hazardous waste generated in our system is produced by Fabs 1 and 2 in the Philippines. In each of these facilities our goal is to reduce by 10 percent annually the intensity of hazardous waste generated as a function of MW produced.

In terms of volume, the three largest hazardous wastes are solvents, solder paste syringes, and oil and filters. As our processing of wafers and other products and materials has risen significantly over the past three years, so too has our generation of hazardous wastes. It rose from 5.2 tons per MW produced in 2008 to 6.7 tons in 2010 as our Fab 2 facility ramped up production. The increase in waste per MW in 2010, however, is largely attributed to an operational issue in the wastewater treatment system, and we expect our work on this issue will cause the 2011 ratio to decline significantly.

Responsible Chemical Handling
Our chemicals management programs ensure documented processes and procedures are followed for the handling, storage and disposal of chemicals such as corrosives, acids and bases in order to prevent exposure to employees and the environment. Toxic gases are monitored via gas monitoring equipment, potential gas releases are exhausted via air abatement systems, and chemical, medical and fire emergencies are managed by a trained Emergency Response Team. These programs are supported by employee training and evaluated for

compliance through internal and external auditing activities. Activities are also evaluated using industrial hygiene best-known practices to ensure potential hazards are mitigated.

Thinking “Outside the Box”

Our products are extremely reliable; they are built, tested and guaranteed to withstand severe weather, but they can be damaged if twisted, punctured or crushed. As a result, we have designed packaging solutions that successfully prevent damage and protect our products during transport and handling. Over the last year, we have devised two major approaches for reducing the amount of packaging material used and discarded in the shipping process.

The first is Eckpack, which are plastic corner pieces used to support our solar panels when they are stacked for shipping. Instead of using large amounts of packaging material for protection, the panel frames fit into the corner pieces and are then laid on top of one another. This system has helped us reduce the amount of packaging material used and offers excellent protection for our panels.

The second packaging innovation is in the trial stage and involves the use of reusable plastic boxes (instead of cardboard containers) to ship components of our products. Because component shipments involve very high volumes of material, we expect this innovation will not only save considerable amounts of shipping material, thus reducing waste, but also significantly reduce our shipping costs as well as the damage rate on delivered components.

Minimizing Our Footprint

At SunPower we are dedicated to working with all relevant stakeholders to assess potential impacts of a particular project siting and to design installations that minimize potential environmental degradation. It is important to note that the high efficiency of our solar panels means that we produce more power for our customer per unit area and thus require less land to generate the same amount of power as a conventional system.

For ground-mounted power plants, we have established an approach that minimizes disturbances to communities and natural resources. Our “Light-on-Land” approach seeks to:

- Locate on previously disturbed land, such as marginal agricultural land, rangeland or brownfield sites with an emphasis on compatible dual uses
- Reduce negative impacts, such as remediation of pre-existing hazardous materials, restoration of native habitat
- Consider land management practices that enhance the environment while contributing to the success of the solar field
- Respect natural contours and drainage, use low-impact access and construction techniques, minimize fencing and security structures, and reduce visual impacts of the array fields, buildings and security system
- Improve the ecology of the site by supporting native vegetation or continued agricultural use
- Monitor for impacts on an ongoing basis
- Ensure that a site can be restored to its original state (or better) at the end of its useful life

Like any large-scale industrial project, solar installations need to be carefully planned. This process begins with a land assessment and includes site audits to evaluate the physical, environmental and social conditions in the proposed

project area. Results of these assessments are incorporated into a detailed landscape analysis that is discussed with local site planning staff.

Community engagement is critical throughout the process and involves a variety of activities, including conducting open houses, offering information about SunPower and the proposed project, and attending public events to answer questions and share information. Community engagement often results in improvements to the design of a proposed project that benefits both the local community and SunPower. An example of mutual benefits emerging from our community engagement activities is SunPower's Chicago City Solar project. Working with the local utility and the city, we ended up crushing and reusing onsite concrete and recycling over 450 tons of other waste, resulting in the diversion of 93 percent of all waste away from landfills and return of this brownfield site to productive use.

At other sites, such as the 30 MWac San Luis Valley Solar Ranch in Colorado, SunPower's diligent siting efforts with extensive community outreach enabled us to advance projects in areas where other developers experienced community resistance. We have also applied this approach to the 250 MWac California Solar Valley Ranch project in San Luis Obispo County, where we worked with local, state and federal agencies and surrounding communities to develop a conservation strategy aimed at mitigating impacts on sensitive biological resources and promoting long term conservation in the surrounding region.

Fostering the Next Generation of Green Leaders

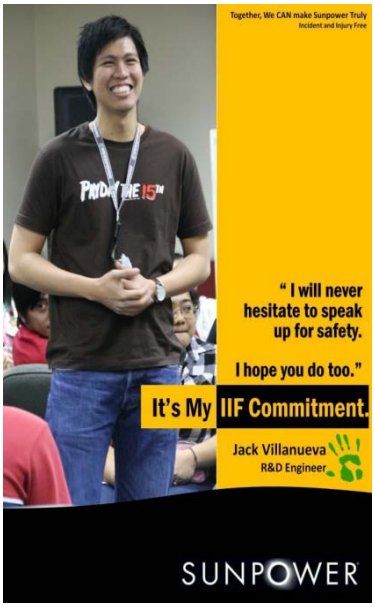
Practicing Safety First

Developing the Thinkers, Engineers and Innovators of Today for Tomorrow

Fostering the Next Generation of Green Leaders

By the end of 2010, SunPower had approximately 5,150 employees around the world. Three-quarters of all employees are in manufacturing and approximately 5 percent are in research and development. We believe that the health, safety and job satisfaction of our employees are critical determinants in the success of our business, and our human resource policies are designed to promote recruitment and retention. While SunPower has grown rapidly in recent years, we have preserved our unique culture and corporate values. We provide competitive benefits and compensation as well as leading-edge training and development.

Practicing Safety First



SunPower is committed to ensuring that our employees have a safe and healthy work environment by operating a "safety first" culture that starts with our executive team. Our Environmental, Health and Safety committee sets policies and ensures the consistency and comprehensiveness of the safety program across all of our activities.

There are multiple aspects of our effort to ensure that employees have a safe working environment. At the front end of the process, equipment in our factories must meet leading safety standards that are embodied in our safety design specifications. The Equipment Risk Management Program applies to both current production equipment and to all new purchases, with the aim of preventing employee accidents that can result from poorly designed equipment. Each manufacturing facility has safety supervisors and requires training for all employees as well as specialized training for jobs and tasks considered to be high risk. SunPower has a comprehensive Injury and Illness Prevention Program (IIPP) and works with local consultants and industry experts to develop site-specific safety plans where extraordinary safety hazards exist. In the Philippines, all contractors must undergo a two-part training that discusses the minimum safety expectations and programs of SunPower. Proper attire such as hard hats, safety glasses, work shoes, lab coats and other standardized safety wear are required at all SunPower manufacturing operations, research facilities and field installations.

We have also implemented a comprehensive safety inspection program for field installations, research and development labs, and the cell manufacturing operations of our facilities, specifically at high-risk sites. Completion of these safety inspections are then reviewed by a safety representative and the results are shared with management to ensure adequate focus and attention. And finally, we have taken steps to lessen the number of ergonomic-related injuries throughout our operations by having a trained specialist analyze various job tasks and by providing online training courses for employees.

We track several key performance indicators for safety on a plant, region and company-wide basis, and the two most significant are Injury Rate and Lost Workday Case Rate. These rates are computed in accordance with Occupational Safety and Health Administration (OSHA) protocols and are used to monitor trends in safety performance. Workplace-related fatalities are also recorded and over the past five years there have been no employee fatal accidents in SunPower facilities or field installation projects.

Our performance is shown in the table below, and we are proud of the fact that on a company-wide basis the percentage of both types of incidents recorded is less than or equal to that established in our company goals. With respect to the

workplace injury rate, our performance of 0.32 per 100 employees compares very favorably with that of the 3.6 average for US industrial companies in general. From 2008 to 2010 the annual average number of injuries was 18 and lost workday cases were eight. Over the same period, the number of hours worked in the entire company rose from 10.6 million to 14.3 million.

A significant proportion of our employees are based in Asia and involved in manufacturing processes, and thus the strong performance we've recorded in those operations is particularly gratifying. With respect to results in North America for both injuries and lost workdays, we have determined that ergonomic problems account for many of the incidents, and we've taken steps (including that noted above) to evaluate and identify causes and to make educational resources available to employees. In order to continue to drive improved results in safety and health, we have tightened the allowable incident rate for both indicator categories.

Figure 13: SunPower Workforce Safety Data

	Injury Rate				Lost Workday Case Rate			
	2008	**2009**	**2010**	**2011**	**2008**	**2009**	**2010**	**2011**
North America	1.05	0.80	0.98	N.A.	0.0	0.40	0.33	N.A.
Asia	0.25	0.32	0.28	N.A.	0.17	0.13	0.07	N.A.
European Union	0.0	0.0	0.0	N.A.	0.0	0.0	0.0	N.A.
Company	0.32	0.22	0.32	N.A.	0.15	0.14	0.08	N.A.
Company Goal	***N.A.***	***0.72***	***0.72***	***0.57***	***N.A.***	***0.19***	***0.19***	***0.15***

In terms of compliance with government safety and health regulations, SunPower has received one citation over the past three years from OSHA which has been resolved.

Developing the Thinkers, Engineers and Innovators of Today for Tomorrow

Training and Development

The solar industry is at the cutting edge of new technology and is global in scope. These two characteristics alone place a premium on having highly competent management and an exceptionally skilled workforce. As our business is set to expand rapidly in the years ahead, we are determined to develop our employees by providing training and learning opportunities that will help them to excel in their current positions and prepare for future roles and responsibilities. We also anticipate that our development programs will provide a competitive advantage in attracting new employees to SunPower, from skilled technicians and manufacturing experts to those with a successful track record in research, development, marketing and sales.

Our training programs involve a mix of classroom, online and on-the-job activities, and employees can also take advantage of a mentoring system and group learning opportunities. Although our program is fairly new, we are proud to offer more than 20 course offerings covering a variety of topic areas. In addition, training and development takes place through job rotations and participation in cross-functional and cross-geographical teams, as well as attendance at external events like conferences and seminars.

To date, our employee development program is most advanced in the United States, but we intend to offer a full range of training and learning opportunities to

SunPower Women's Network

What does it take to become a leader? How can women do so in industries where the majority of top executives are male? And when any employee—male or female—makes it to the highest ranks, is it really possible to balance both personal and professional lives?

These are some of the questions discussed at the first SunPower Women's Network session as part of the *It's Your Career* program launched in 2009. This panel discussion was opened by comments from the CEO and featured senior-level female executives providing perspectives on their career paths and the difficult challenge of balancing work and personal life in a company as entrepreneurial as SunPower.

all SunPower employees around the world. This year we issued a comprehensive guide for professional and leadership development in the United States, and we offer classroom courses (in-person or via WebEx) including topics such as: *Building Business Acumen: Gaining Insight into What It Takes to Run a Business* and *Career Coaching for Managers* to *Decision Mojo: The Art and Science of Decision-Making* and *My Career at SunPower*. Online courses cover a variety of business topics such as project management and personal improvement themes that include, among others, interpersonal communication and emotional intelligence.

Employee Engagement and Satisfaction

A critical aspect of our success today and in the future is inspiring the commitment of our employees to the achievement of shared business and sustainability objectives. As part of our efforts to improve engagement and satisfaction, we conduct a survey of all employees every 18 months. We use the results to identify key priority areas for greater emphasis or investment and to create concrete action plans for further enhancing employee engagement. The latest was completed in early 2011 and had a participation rate of 94 percent.

We are now planning new initiatives to address the survey results as well as devising ways to bolster our programs in those areas where our performance is already strong. Enhancing employee engagement will continue to be a primary focus of our people management efforts.

Diversity

We believe that a diverse and engaged workforce is a powerful competitive advantage in today's marketplace. We continue to work hard to attract and retain a workforce that reflects the communities in which we live and work. In the Philippines where we have our manufacturing facilities, nearly 40 percent of our total workforce is female and more than 40 percent of managers are women.

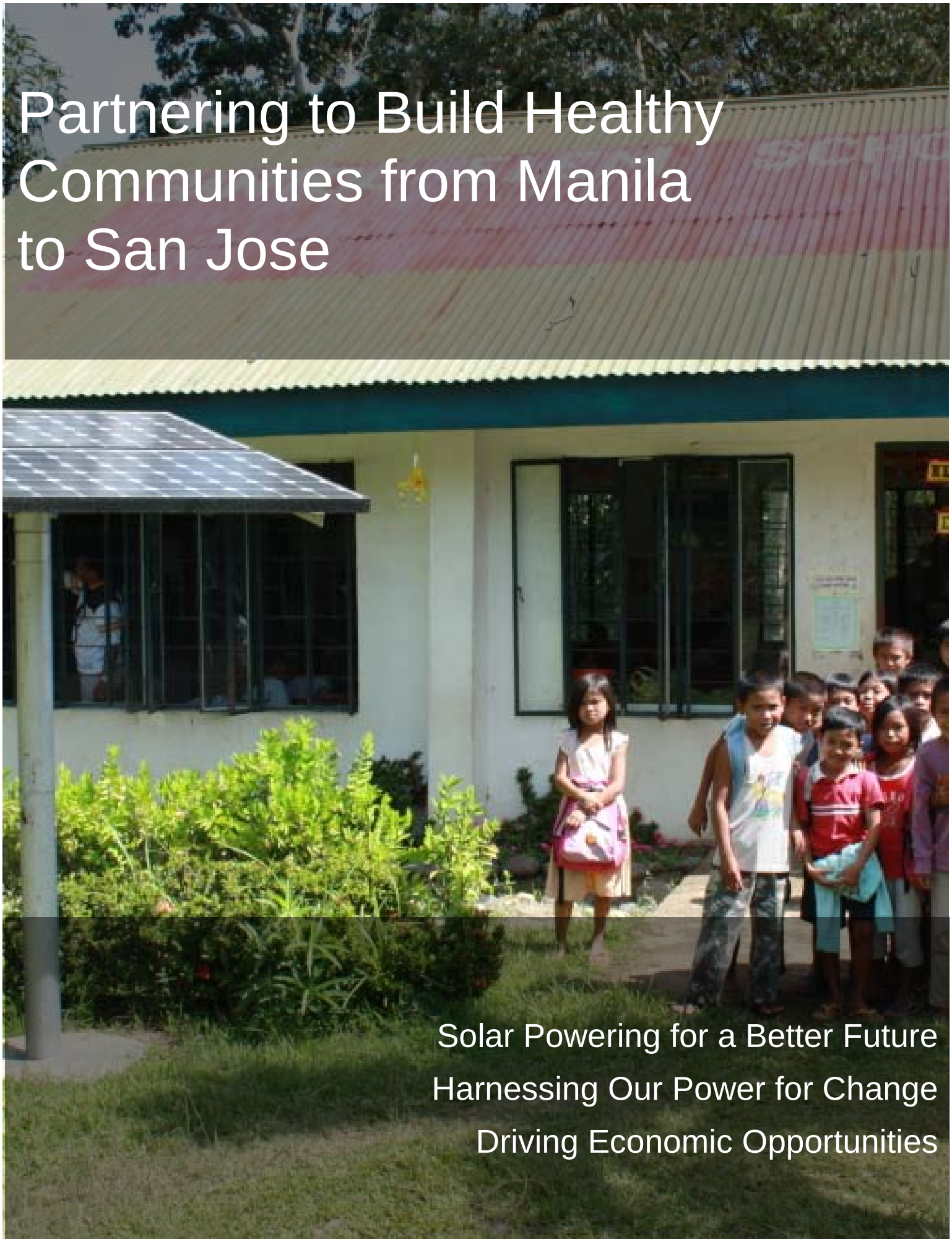
Employee Benefits

We benchmark our compensation and benefits package against leading companies to ensure that we remain competitive in a field where the battle for qualified personnel is intense. To attract and retain employees, we understand the necessity of providing a comprehensive and affordable medical plan, programs to improve employee and family health, a meaningful savings and retirement plan, and a confidential program that offers advice and support for employees dealing with difficult issues. It is also our belief that performance incentives help attract, motivate and retain employees, and therefore we use them as appropriate in certain positions.

Union Relations

We fully comply with all laws and regulations relating to freedom of association and collective bargaining. A relatively small proportion of our total global workforce is covered by collective bargaining agreements in France, Italy and Spain. None of our employees is represented by labor unions.

Partnering to Build Healthy Communities from Manila to San Jose



Solar Powering for a Better Future

Harnessing Our Power for Change

Driving Economic Opportunities

SunPower Foundation Partners

GRID Alternatives

Black Rock Solar – Free the Sun

Winrock International – Putting Ideas to Work

Solar Aid

The Ocean Foundation

Solar Electric Light Fund

Vote Solar Initiative

100 People Under the Sun

Waterkeeper Alliance

Partnering to Build Healthy Communities from Manila to San Jose

SunPower and the communities where we work and live are inextricably linked. From our work and through volunteer projects, we use our skills, resources and relationships to build healthy and clean-powered communities around the world. This is the basis for SunPower's citizenship strategy: We use our key strengths to support communities through philanthropic contributions, employee volunteerism and local economic development.

Solar Power for a Better Future

In 2009, we established the SunPower Foundation, the first organization of its kind entirely funded by a solar power company. The Foundation is dedicated to empowering, inspiring and motivating a new generation of solar leaders in communities around the world. By the end of 2010, the Foundation has established 24 partners who are pursuing a wide variety of projects to fulfill its mission through education, awareness and participation in community solar energy projects and programs. In addition to our partner projects, we have also made a number of product and cash donations to community organizations such as local food banks and non-profits working to improve local access to energy.

One of our landmark collaborations is with the 100 People Foundation on 100 People Under the Sun, a program to advance global solar energy education that has reached 470 schools in over 50 countries. The program includes lesson plans to identify and discuss the ways people use energy every day, as well as to investigate the use of solar energy in their own communities and share "Sun Stories" about people who are taking inspiring and innovative actions to harness the sun's energy. Examples include a micro-solar panel that powers a radio station in Africa and a solar farm that powers an entire town in Spain.

If the world were made up of 100 people, 24 would have no access to electricity.

In the Philippines, SunPower is also supporting one of the largest electrification projects in the world as part of the Alliance for Mindanao Off-grid Renewable Energy (AMORE). This project is dedicated to energizing remote, off-grid and mostly conflict-affected rural communities in Mindanao using standalone renewable energy systems such as solar PV and micro-hydro technology. SunPower joined the AMORE effort in 2004, and supported solarizing 119 schools through 2010 in addition to providing technical assistance and training in partnership with program staff. In addition to school solarization, AMORE I-II phases provided energy access to 13,014 households, and improved access to safe water in 155 barangays. AMORE III, the third phase of the AMORE program, is a $10-million public-private sector collaboration between the Foundation, the U.S. Agency for International Development, the Philippine Department of Energy, and Winrock International. The multi-year program aims to "solarize" 150 schools and 10,000 homes. The table below captures the AMORE targets over the next four years. In year one, the program has met its target for schools electrified and exceeded its target for the number of school children reached with 4,365 school children benefiting from AMORE.

Solar = Food: SunPower and the Second Harvest Food Bank

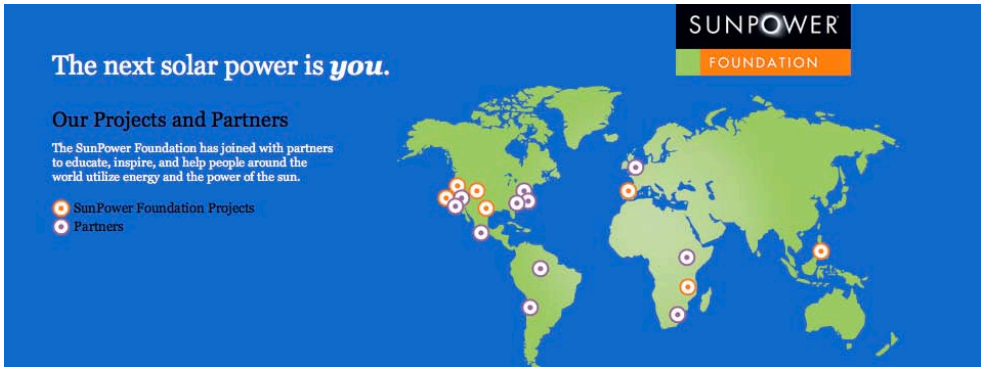
When SunPower teamed up with Cypress Semiconductor Corporation to donate a 322 kW rooftop solar system to the Second Harvest Food Bank, we knew that there was potential to impact many lives; but we have been impressed by the scale of impact. The Second Harvest Food Bank feeds an average of 247,000 people per month through a network of 326 partner non-profit agencies operating at more than 700 food distribution sites in Santa Clara and San Mateo counties in California. The SunPower system is valued at $1.1 million and will save the food bank nearly $3 million over the 25-year life of the system—translating into approximately 6 million meals for the local community. As Kathy Jackson, CEO of the Second Harvest Food Bank explains, “Every cost (including electricity) at Second Harvest Food Bank boils down to meals provided.”

In addition to this donation, SunPower volunteers have contributed time and money to feed underserved communities through the Food Bank and encouraged the wider circle of SunPower friends and family to donate using tools such as Facebook to get the word out.

Figure 14: AMORE III Targets

	Program Life	2010	2011	2012	2013
No. of schools to be electrified	150	20	45	60	25
No. of school children to benefit	35,000	2,000	10,499	16,668	5,833

The Philippines is made up of over 7,000 islands and nearly 40 percent of the population lives under the poverty line, which means that off-grid solar solutions offer a promising option to meet the country’s energy needs. With SunPower’s large employee presence in the region, we believe we have a vital role to play in helping communities meet their energy needs and raising living standards in the country.



We estimate that the Foundation has contributed finances, solar systems and panels, and employee time to support over 10,000 households, schools, and community projects worldwide. Looking ahead, we plan to build a robust system of metrics for tracking the performance of our Foundation projects and our social, economic and environmental contribution to communities. We also plan to expand and replicate many of the Foundation’s successful programs to other geographies.

Harnessing Our Power for Change

Employee volunteerism is ingrained in SunPower’s culture of giving and its mantra: “Solar Power is People Powered.” Fifty-four percent of employees volunteered their time in 2010. We aspire to engage every employee in community improvement and volunteerism, contributing their skills, time and resources to projects they care about.

Volunteerism is a core part of being a member of the SunPower family and offers an opportunity for teams across offices to work together for common benefit. Through the SunPower Foundation and its partners, employees can support community-based solar power initiatives around the world. One of our long-standing volunteer opportunities in California is with GRID Alternatives, a San Francisco-based non-profit organization that aims to empower low-income communities in California by providing renewable energy and energy-efficient services, equipment and training. By applying their knowledge and expertise to install SunPower panels in low-income communities throughout California, our volunteers played a key role in helping GRID Alternatives reach 1 MW of solar power installed in 2010. We are always in search of new volunteer ideas and encourage our employees and families to identify and explore new opportunities to "plug in" and make a difference.

Driving Economic Opportunities

In the United States, more than 6,000 people are indirectly employed at over 400 independent SunPower dealers in 300 cities across 41 states.

One of the most important ways we support communities is by continuing to grow and expand economic opportunities locally. With many people still feeling the effects of the economic downturn, the solar industry has managed to maintain strong growth rates—an average 35-percent increase in MW deployed per year since 1998. NREL estimates that approximately 50 jobs are created per MW of installed capacity in the US, although over time rising labor productivity will reduce this number. PV project development, construction, and related services represent approximately 25% of these jobs, the PV manufacturing and supply chain approximately 52%, and the remaining 23% from indirect or supporting jobs.

The solar industry currently employs over 93,000 Americans across all 50 states, and is projected to support over half a million American jobs by 2016. Globally, if the industry grows as projected, it could employ 4.64 million people by 2030. Public policies aimed at kick-starting "green jobs" have played an important role in these growth stories. President Obama recognized the potential of the industry to boost the US economy in early 2010 when he unveiled a program to provide $2.3 billion in tax credits for the clean energy manufacturing sector, a move aimed at creating 17,000 jobs.

SunPower is doing its part to drive economic growth and development through the direct and indirect jobs that we generate across our value chain. In the United States, SunPower employs approximately 1,100 people in four states, including more than 100 at our Silicon Valley solar panel manufacturing facility with our

partner, Flextronics. Through our network of more than 400 independent dealer partners, we indirectly account for more than 6,000 jobs in at least 300 cities across 41 states. We also have 26 parts suppliers manufacturing and/or headquartered in 35 cities across 19 states and more than 570 large-scale commercial installations in 25 states.

With our growing manufacturing presence in the Philippines, we are helping the country become a manufacturing hub for solar energy production in the region. In addition to the direct employment of over 4,100 people, we have helped generate thousands of jobs throughout the value chain and supported the creation of national targets and other policy incentives to boost renewable energy installations in the region.

Key Performance Indicators

	2008	2009	2010
Our Products			
Solar Production			
Solar capacity produced (MW)	237	390	565
Innovation			
R&D as % of Revenue (GAAP)	1.5%	2.08%	2.20%
Our Operations			
Energy Use (five key facilities)			
Total energy use (MWh)	172,791	274,208	308,624
Total energy use per MW solar capacity produced	729	703	546
Emissions (all facilities)			
Total GHG emissions (metric tons CO2)	88,028	133,427	158,182
Total GHG emissions per MW solar capacity produced	371	342	280
Water Use (five key facilities)			
Total water use (US million gallons)	836	1,076	1,260
Total water use (US MM gallons) per MW solar capacity produced	3.5	2.8	2.2
Waste Generation (three facilities in Philippines)			
Total non-hazardous waste generated (tons)	219	428	633
Total non-hazardous waste generated per MW solar capacity produced	0.9	1.1	1.1
Total hazardous waste generated (tons)	1,138	1,912	3,877
Total hazardous waste generated per MW solar capacity produced	4.8	4.9	6.9
Environmental Management			
ISO 14001 certified manufacturing facilities (#)	0	0	5
LEED certified facilities (#)	0	0	3 pending
Our People			
Injury Rate (per 100 employees)			
Global	0.32	0.22	0.32
Lost Work Day Case Rate (per 100 employees)			
Global	0.15	0.14	0.08
Our Communities			
Volunteerism (*estimate)			
Global workforce engaged in volunteer activities (%)	NA	30%*	54%
SunPower Foundation			
Total contribution value through SunPower Foundation (US$)	NA	$924,000	$821,000
SunPower Foundation partner organizations (#)	NA	2	24

Definition of Unit of Power: When referring to our facilities' manufacturing capacity, the units of electricity are expressed in kilowatts ("KW"), megawatts ("MW") and gigawatts ("GW") as direct current ("dc"). When referring to our solar power plants, these units are expressed as alternating current ("ac").

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