Triodos Investment Management

SUNPOWER CORPORATION

MEETING DATE	Thu, 17 May 2018 9:00 am	TYPE	AGM	ISSUE DATE	Wed, 16 May 2018
MEETING LOCATION	www.virtualshareholdermeeting.com/SPWR2018				
CURRENT INDICES	PIRC Global				
SECTOR	Semiconductors and related devices				

	PROPOSALS	ADVICE
1.01	**Elect Francois Badoual** Non-Executive Director. Not considered independent as he is a representative of Total S.A., the major shareholder. There is insufficient independent representation on the Board.	**Withhold**
1.02	**Elect Antoine Larenaudie** Non-Executive Director. Not considered independent as he is a representative of Total S.A., the major shareholder. There is insufficient independent representation on the Board.	**Withhold**
1.03	**Elect Pat Wood III** Non-Executive Director. Not considered independent owing to a tenure of over nine years. There is insufficient independent representation on the Board. He is chair of the Remuneration committee which is not fully independent which Triodos does not support.	**Withhold**
2	**Advisory Vote on Executive Compensation** The Company has submitted a proposal for shareholder ratification of its executive compensation policy and practices. The voting outcome for this resolution reflects the balance of opinion on the adequacy of disclosure, the balance of performance and reward and the terms of executive employment. There are two components to the annual bonus plan - the Executive Semi-Annual Incentive Bonus Plan and the Annual Executive Bonus Plan. The annual bonus metrics are annual revenue (33%), annual Adjusted Ebitda (33%), and annual free cash flow (33%), which are the metrics for the long-term incentive as well. The SunPower Corporate 2015 Omnibus Incentive Plan comprises stock options, stock appreciation rights, restricted shares, restricted share units, performance shares and other stock-based awards. No targets have been disclosed for either the bonus or long-term incentives. It is not considered best practice that performance metrics are duplicated across remuneration programmes as this arrangement can lead to double payouts for the same performance. Also, the CEO's stock award had a value of $2,973,600, representing 694% of his base salary which is considered excessive. Severance and change-in-control awards do not appear to be restricted to three times base salary plus target bonus. Accelerated vesting of outstanding awards occurs upon termination or by 'good reason' which is not considered best practice as good reason has not been defined in an appropriate manner. In addition, there is no clawback policy in place for either the annual bonus or the long-term incentive. The compensation rating is: EDE. Triodos opposes this resolution.	**Oppose**
3	**Appoint the Auditors** EY proposed. Non-audit fees represented 33.85% of audit fees during the year under review and 29.07% on a three-year aggregate basis. This level of non-audit fees raises some concerns about the independence of the statutory auditor.	**Oppose**

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 2 - Advisory Vote on Executive Compensation

Disclosure: E - There are two components to the annual bonus plan - the Executive Semi-Annual Incentive Bonus Plan and the Annual Executive Bonus Plan. The annual bonus metrics are annual revenue (33%), annual Adjusted Ebitda (33%), and annual free cash flow (33%), which are the metrics for the long-term incentive as well. The SunPower Corporate 2015 Omnibus Incentive Plan comprises stock options, stock appreciation rights, restricted shares, restricted share units, performance shares and other stock-based awards.
Balance: D - During 2017, long-term equity incentive awards were granted in the form of time based restricted stock units (50%) and performance-based restricted stock units (50%). Furthermore, no targets have been disclosed for either the bonus or long-term incentives. It is not considered best practice that performance metrics are duplicated across remuneration programmes as this arrangement can lead to double payouts for the same performance. Also, the CEO's stock award had a value of $2,973,600, representing 694% of his base salary which is considered excessive.
Contract: E - Severance and change-in-control awards do not appear to be restricted to three times base salary plus target bonus. Accelerated vesting of outstanding awards occurs upon termination or by 'good reason' which is not considered best practice as good reason has not been defined in an appropriate manner. In addition, there is no clawback policy in place for either the annual bonus or the long-term incentive.

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