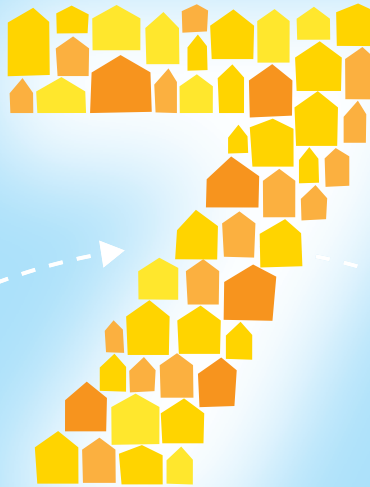


Annual Benefit Report 2018



the change we seek.

Celebrating



trips around
the sun!

31,488
tons of CO₂
offset by
SunCommon solar

33
megawatts
solar capacity
added

120
jobs

created for
Vermonters

\$107
million

in savings
for Vermont
families

\$133
million

invested in creating
a brighter, healthier
tomorrow

5000
families

have gone solar
with SunCommon

carbon emissions
saved by solar
equivalent to planting
200,000
trees



Join us in building Vermont's clean energy future.



SolarCommunities, Inc. (DBA SunCommon)

2018 Annual Benefit Report

Table of Contents

Notes from the co-founders	3
2018 highlights	5
Business at a glance	7
Caring for our planet	11
Caring for our people	17
Directors and advisors	25
B Corp certification	back cover

2018 Benefit Statement

It is my opinion that SunCommon has acted in accordance with its general public benefit purpose in all material respects during 2018 and that the Directors and Officers acted in accordance with the Vermont Benefit Corporations Act. The 2018 Benefit Report gives evidence to the work that SunCommon has done in 2018 to support the triple bottom line of people, planet and profit.

Katie Langrock
SunCommon Benefit Director

Notes from the co-founders

SunCommon starts from the belief that everyone has the right to a healthy environment and brighter future — and renewable energy is where it starts. Energy from the sun can power our lives and build vibrant communities. Our mission is to tear down barriers to clean energy and use our business as a force for good.

In accordance with Vermont law, this report provides details regarding SunComon's standing as a Benefit Corporation and our efforts to positively impact our society and environment. With this report, we seek to disclose our achievements and opportunities for improvement.

Chartered as Vermont's ninth Benefit Corporation and certified as a B Corp, SunCommon attends to the triple bottom line of People, Planet and Profit. Driven by our mission to dramatically increase the adoption of clean energy, we assess our success not only by our financial returns, but also by our ability to do right by our employees, the communities in which we operate and the habitats that sustain life on our beautiful planet.

Among the joys of running a company is the ability to apply our values to every business decision we make. This report chronicles those from 2018.

We won't always get it right the first time, but we are committed to operating this beautiful business to benefit our people and our planet.

Duane and James,

Handwritten signatures of Duane and James in black ink.

2018 highlights



January

Launched Employee Engagement Teams (Bteam, Inclusioners, JoyGang)

February

Energized our first low-income CSA



March

Unwound Rochester partnership

April

Solarized The Alchemist brewery



May

Acquired Hudson Solar

June

6th annual Summer Solstice Celebration

Jeff Irish joins Board of Directors



July

SunCommonized NY facility & fleet

August

Raised \$1M in Series C



September

1st Annual Operating Plan process driven by staff



November

Named among Vermont's Best Places to Work

December

Beth Peters joins Executive Team

Built 1st two CSAs in NY

Oracle's Netsuite ERP goes live without a hitch



Solar Canopy at Vermont Artisan Coffee
Waterbury Center, VT

Business at a glance

SunCommon is building the infrastructure to repower our economy with renewable energy that is cleaner, safer and less expensive than the carbon-based fuels that are disrupting Earth's climate.

Across Segments. SunCommon's bread-and-butter remains Residential solar as we're the market-leader in Vermont. But we operate across the various consumer segments of Residential, Community and Commercial, which is innovative in that we benefit from:

- delighted homeowners who refer us to their employers for commercial projects.
- delighted homeowners who learn their sites are unsuitable but can join a Community Solar Array (CSA), creating a solar solution for everyone, while driving down our Cost of Customer Acquisition.
- delighted commercial solar owners who celebrate their achievement with their customers and employees, generating more Residential adoption.

This segment portfolio approach increases volume (compared to limiting ourselves to any single segment), cross-pollinates among them and offers us the ability to accentuate a segment that is hot in order to balance a downturn in another. Our Vermont Residential volume was down 7% compared to 2017, due to regulatory changes that made solar less advantageous, yet we were able to ramp up our Commercial segment, 7% over the previous year (with some marquis projects like The Alchemist Brewery, Bove's, Champlain College and Vermont Soap). And we built 2 CSAs in New York. This segment portfolio mix is important to our success, allowing us to smooth out inevitable business fluctuations.

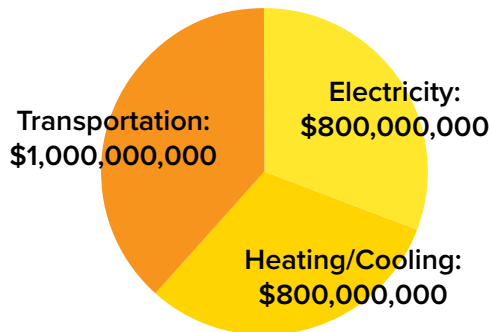
Product mix. Solar power is where we start, and it serves as an attractive

gateway to clean energy. About a quarter of our Residential installations also include Solar Home Heating & Cooling (the fancy term is cold-climate, air source heat pumps). Two-thirds of Vermonters heat their homes with fuel oil or propane — the dirtiest and most expensive fuels. When we provide them solar powered climate control for their homes, we can save them thousands of dollars each year. Our territory is also subject to frequent storm-related power outages, so back-up power is desirable. We believe battery storage technology is now ripe, and chose to offer the Tesla PowerWall. With an e-mail test to some legacy customers, we quickly sold 100 units for \$1 million — proving the market demand for this new product. And we began offering electric vehicle charging stations in 2018.

These ancillary products displace that much more carbon fuels and add to our revenue volume. They require more power to run, so customers order more solar panels, supporting our margins since we're already mobilizing to their installation site and adding more panels is a simple add-on to the order. But most importantly, we're accelerating the use of clean energy to repower the energy economy. This diagram shows Vermont's energy use.

Vermonters alone spend about \$2.6 billion every year on energy, split nearly in thirds among Electricity (which comes mostly from dams and nuclear), Transportation (gasoline and diesel) and Buildings (fuel oil, propane, methane). The latter two categories are the dirtiest and most expensive fuels, and since we don't produce fossil fuels here that money leaves our state to far-off lands. This represents the environmental opportunity: to dramatically replace the burning of carbon- fuels in the open atmosphere with clean energy produced by the sun. And this represents

VERMONT'S ANNUAL ENERGY EXPENSES \$2,600,000,000



a business opportunity unparalleled in our lifetimes: to build the infrastructure needed to repower our region, increase resiliency from the effects of climate change and generate energy independence.

For Greater Impact: Develop a SunCommon Home approach that offers initial buyers a suite of clean energy products that's easy and affordable, and offers our 5,000 legacy customers opportunities to add-on these products with more solar.

Expanding beyond our borders.

Geographic expansion serves to increase volume while mitigating market risk. Feeling that we may have figured some things out, we feel obliged to spread our business innovations. So in 2017, we began a partnership with Sustainable Energy Developments (SED) in Rochester, New York. We came to know SED through Amicus Solar, the national membership co-operative of 58 solar companies originally formed as a bulk purchasing club to give us all volume pricing on solar panels and such. It grew into a collaborative network for sharing innovations and best practices. SED had a history of building multi-megawatt projects, located in the Empire State that enacted attractive Community Solar regulatory framework. But SED had focused on B2B, so lacked acumen in

marketing and sales to homeowners — which is SunCommon's specialty.

Seeking to merge, bringing the best we both had to offer, SED rebranded as SunCommon in 2017. Over the subsequent 18 months, we installed our combined Residential and Community program — increasing Lead volume 3x and Sales 2x there, including selling New York's largest CSA. Significantly, we showed that SunCommon's innovative go-to-market approach was not confined to any peculiarities of our native Vermont, but could thrive in a very different market like Rochester — urban, multi-cultural, rust belt. Alas, our Rochester partners discovered they really sought to focus on large-scale Commercial projects and to remain independent. So in 2018, we unwound the partnership, resulting in SED un-branding from SunCommon and compensating us \$750k for our marketing and sales efforts there.

That experience caught the eye of Jeff Irish, another fellow Amicus member and founder of Hudson Solar. A professional engineer and 15-year General Electric executive, he built the Hudson Valley's premiere solar business — benefiting from the market expansion there when the big national solar players arrived. Yet the nationals' business models largely failed — either over-extended across too many disparate states, or offering a one-size fits-all approach, or relying on unsustainable lease financing. Their departure in 2017 left a vacuum, that Jeff was eager to fill. Yet his significant expertise is in engineering, operations and business strategy — not in marketing and sales. So he contacted SunCommon, known in the industry for just that.

While unwinding from Rochester in early 2018, we conducted due diligence on Hudson Solar, the Hudson Valley market and New York's regulatory atmosphere — concluding on acquisition. In May, we closed on a cashless, stock transfer that provided Jeff with 17.5% of SunCommon's equity using previously issued Common Shares.

Sensing that Mergers & Acquisitions typically are scary to employees, we sought to turn that on its head by bathing our new colleagues in love.

- The Rhinebeck crew bused up to Waterbury, where they were greeted in the parking lot with music, balloons, hugs and assigned buddies to welcome them into SunCommon. Rhinebeck and Waterbury folks met over lunch bunched by their mutual Teams. The new SunCommoners joined our AllCompany meeting — for personal reflections, open-book financials and business updates. Then they took in a day of SunCommon OnBoarding — to understand our history, business model and BCorp values.
- The attractive SunCommon benefit package was extended to employees in Rhinebeck — to predictably positive reaction.
- We applied the SunCommon joyful office interior aesthetic of open design, nurturing colors and meeting spaces to the Rhinebeck facility — with the work proudly done by employees there.
- The Rhinebeck vehicle fleet was wrapped in SunCommon graphics.
- And we gathered employees, customers and community partners to celebrate the merger with SunCommon.

It's ironic that many Mergers & Acquisitions result in ruining the attributes that were attractive in the deal. We sought not just to avoid that trap, but show that this combination is of benefit to employees in Rhinebeck. It worked.

Good thing, as the business opportunity in the Hudson Valley is delicious. There are 5 times as many residents there as in Vermont, yet only half the solar penetration. The reputation Jeff built is solid — among his 1,500 legacy customers as well as with local officials. He and his people have mastered the challenging local permitting environment,

which proved a barrier to the nationals. The merger and subsequent re-branding to SunCommon went well. The ramp-up went slower than we imagined and delayed the revenues we forecast to cover the expenses of expansion. By October, lead generation began setting records going back years — showing our model works. And we built 2 CSAs (only New York state's 13th and 14th), yet discovered the longer than New York lead-times to build and connect-to-the-grid — again delaying revenue recognition from the sale of memberships in the CSAs.

For Greater Impact: Dial-in marketing & selling. Applying lessons-learned in post-merger will be key to our building out this program in Rhinebeck, and further across the Hudson Valley.

Increase profitability. While SunCommon has been on a steep growth path, we haven't prioritized profit to date. Yet more money in the saddle bags would afford greater flexibility to run our business, to invest in new programs or product lines, to provide more support for our employees, to ride out the dips in the solar coaster. The admonition "No Margin, No Mission" makes clear that financial sustainability is key to achieving our purpose as a market-solution to climate change. So our 2019 Annual Operating Plan includes a priority to increase our profitability.

Financial Stability. Knowing that mergers and acquisitions can strain not just the people involved but also the Balance Sheet and cash flow, SunCommon raised an additional \$1M of capital from mission aligned investors, mainly from our local communities in Vermont and New York. We also deepened our relationship with our banking partner, Citizens Bank, to ensure that we would have the working capital to fund our continued growth in both locations.



TV audience hears about our Puerto Rico disaster relief trailer from Brian Wilcox.

Planet

Our very existence. SunCommon's core business is good for the Planet, as a market-solution to climate change. The solar arrays we build produce pollution-free electricity, especially on hot summer days when the grid strains under the air conditioning load and triggers "peaker plants" to meet demand spikes with the dirtiest fuels. Our Solar Home Heating & Cooling systems replace fuel oil and propane, the dirtiest HVAC fuels. Home energy storage allows our customers to store their solar energy for use at night or during power outages. And our customers' Electric Vehicle charging stations, powered by their SunCommon solar systems, replace polluting gasoline or diesel fuels with clean energy. Every product we sell benefits our Planet by reducing climate-altering carbon pollution. This is the mission of our business.

Community and Mission support. In 2018 SunCommon contributed more than \$45,000 in cash to mission aligned and community organizations or projects, including Vermont Businesses for Social Responsibility, Renewable Energy Vermont, Vermont Council on Rural

Development and ReVitalizing Waterbury. In addition, SunCommon and our team donated more than \$30,000 worth of time, material and financial support to mission aligned projects. These projects included, among others, the design and installation of solar on a Habitat for Humanity model energy home in Rutland, Vermont, the construction of solar powered emergency relief trailers for hurricane ravaged communities in Puerto Rico, and 11,000 meals donated to the Vermont Food Bank.

Supply Chain. SunCommon is a construction business, building clean energy systems for our customers. As such, we buy a lot of stuff. Emblematic of our core principles as a values-led business, we've always sought to purchase intentionally — from exemplary suppliers, as local as possible, folks who belong to our socially responsible organizations like B Corp and Vermont Businesses for Social Responsibility. But like many of our activities that stem simply from how we roll — we can add more rigor, measure more closely and manage to even greater impact.

	RESIDENTIAL SOLAR		COMMERCIAL SOLAR		COMMUNITY SOLAR		HEAT PUMPS
Year	Number of Projects	kW	Number of Projects	kW	Number of Projects	kW	Number of Projects
2018	670	5,256	16	2,149	1	209	112
2017	807	5,633	16	2,006	1	144	124
2016	502	3,521	8	874	5	1,043	101
2015	550	3,559	-	-	12	2,450	163
2014	482	3,069	-	-	7	1,420	137
2013	461	2,705	-	-	1	171	-
2012	146	818	-	-	-	-	-
TOTALS	3,618	24,561	40	5,029	27	5,437	637

2018 includes Rhinebeck post-merger

For greater impact: We'll create a formal, written supplier code of conduct that specifically holds SunCommon's vendors accountable for social and environmental and drives procurement across all our inputs: solar equipment, office supplies, food, cleaning supplies, electronics as well as service providers. Preferences will be given to businesses owned by women, people of color and/or other under-represented populations; members of B Corp and socially responsible business groups; and/or are sited locally. This policy will include a program to urge our vendors to complete the B Corp assessment for themselves and get on this important commitment to sustainability, and track our progress improving the practices of our supply chain.

BUSINESS	SUNCOMMON PURCHASES	PURPOSE	DISTINCTIVE ATTRIBUTES
SunPower Corporation	\$4,560,910	solar panels	ISO 9001:2015
BayWa r.e. Solar Systems LLC	\$ 1,553,131	solar panels and electric supplies	ISO 2015:2008
Cigna Healthcare	\$ 1,210,557	employee healthcare	
Green Mountain Electric Supply	\$ 1,207,833	electric supplies	
VSECU (Vermont State Employees Credit Union)	\$ 1,114,846	customer financing	member-owned, Global Alliance for Banking on Values
E & S Electric Company, LLC	\$855,942	subcontract installation	
Amicus — REC Americas, LLC	\$684,098	solar equipment	member-owned co-operative, B Corp
Tesla Energy	\$632,714	batteries	
Social K - MG Trust	\$518,296	employee 401k	B Corp
GoliathTechVT	\$503,831	subcontract installation	
Excel Plumbing and Heating, Inc.	\$432,156	heat pumps, subcontract installation	
Sunpreme	\$362,110	solar panels	ISO 9001
Vermont Energy Contracting & Supply	\$361,336	heat pumps, subcontract installation	
Ayer Electric, Inc.	\$341,913	subcontract installation	
Malone Properties	\$327,207	landlord	
Salesforce.com, Inc.	\$323,936	customer relation management IT	
Natosi Solar LLC	\$260,269	subcontract installation	
Liberty Mutual Insurance	\$249,882	business insurance	
Peck Electric	\$234,029	subcontract installation	
CED Greentech East	\$230,339	electric supplies	
RBI Solar	\$212,480	subcontract installation	
Sunmodo	\$171,822	solar equipment	
Aireko Energy Solutions, LLC	\$164,191	subcontract installation	

Facilities. Both of SunCommon's facilities are net energy positive, meaning they create more energy than they use. The combined office and warehouse buildings in Waterbury, Vermont and Rhinebeck, New York lack a furnace of any kind. To burn fossil fuels there, we'd need to pour them on the ground and light them. Instead, the buildings are powered by onsite solar arrays — which also drive the heating and cooling. Following the merger, the Rhinebeck facility was rebranded and renovated to convey SunCommon interior design which emphasizes employee access to natural light, open office configuration to promote collaboration, sufficient meeting areas and a joyful color palette. Procurement for the Waterbury facility prioritized environmentally-friendly cleaning supplies, recycled paper goods, fresh food from local producers, elimination of single-use serving wear, and composting all kitchen food scraps

and discarded paper. The Rhinebeck facility moved toward those standards.

For greater impact:

More space. The Rhinebeck facility accommodated 15 employees at the time of merger; that doubled by year's end. Additional or alternative space will be needed as we continue to build out operations there.

Fewer polluting vehicles. The Waterbury facility feels full but not yet overcrowded. The parking lot, on the other hand, is often packed. We'll embark on a coherent transportation management program, to reduce our carbon pollution by reducing the number of vehicles driven to and parked at work.



Newly rebranded Rhinebeck HQ

Fleet. SunCommon maintains a fleet of 60 vehicles — operated by marketers, salespeople, service technicians, warehouse crew and installers. About half of these vehicles are sedans — historically high-mileage Toyota Prii. As their leases expire, they're replaced with Chevrolet Bolt electric cars which are powered by our onsite solar panels for clean and inexpensive fuel. The rest are trucks, SUVs and vans — all of which burn gas or diesel.

For Greater Impact: Fewer business trips. As we eagerly await the introduction of electric commercial vehicles, we will seek to further improve the management of our fleet to minimize the thousands of trips SunCommon makes annually to build the clean energy infrastructure we seek.





“SunCommon did a really fine job for us. I really feel like we’re giving back. We have 7 Children, 17 Grandchildren. We want that to be a bit of a legacy. We raised our children to appreciate gardens, open land, and nature — I don’t want to see that all disappear in my lifetime. That was a big reason for putting the panels on.”

Nick Andrews, South Burlington, VT

“Being a restaurant owner, we don’t like change but this is something that we need to do. We need to reduce our carbon footprint out there and solar is huge. We have this wonderful resource at our fingertips and we just need to capture it, maximize it, and use it to the best of our ability. There is so much savings out there, people just need to call SunCommon and find out how much their going to save and how it’s going to be better for the environment and the overall picture in the end. ”

Mark Bove, Milton, VT





Rhinebeck employees visit Waterbury to join SunCommon.



Duane, Jeff and James introduce SunCommon to the Hudson Valley.

Caring for our people

More folks. SunCommon began 2018 with 93 employees in Waterbury, and ended the year with 121 in Waterbury and 35 in Rhinebeck. That 68% increase in personnel stretched our recruiting, employee relations, training and maintaining our beloved culture. By definition, those rising numbers change the nature of the workplace.

For Greater Impact: Nurture our culture. The challenges of sustaining culture during steep growth is a cliché in business, and here we are. Many more employees, from differing backgrounds, in increasingly complex roles, across 2 sites — all that requires rigorous attention to how we manage and care for our employees. Since a business is ultimately just a bunch of people, we dedicate significant focus to the successful culture which got us this far and will help us meet our mission.

	Male	Female	Other	Total
Managers	13	10	0	23
Non-Managers	95	39	1	135

Executive Leadership. We expanded the SunCommon Executive Team in 2018, from 4 to 6. It had been the two co-presidents Duane and James, CFO Chach Curtis and VP of Marketing & Sales Tom Berry.

Jeff Irish joined mid-year after the merger with Hudson Solar which he founded — bringing his Harvard MBA and GE executive experience to our ranks. He drove our first-ever Strategic Planning process, to develop a 3-year vision for the company (build out segments and product lines, expand geographically, improve profitability). And we created an Annual Operating Plan process engaging our managers for the first time in rolling up their Team plans into a coordinated blueprint and forecast for the coming year. The subsequent buy-in, ownership and accountability by those managers is driving their Teams to deliver on forecasts. This is an important milestone in the history of the business, moving beyond a couple of co-founders delivering the plan to others to implement, to a more mature and collaborative approach that draws the expertise and passion of our people into a plan they're excited to execute.

And at the end of 2018, we brought back Beth Peters as Vice President of HR (that's Happiness Resources). She had served as our first HR professional when we hit 40 employees, operating as a part-time consultant to help build people structures to serve our growing business. Beth now brings over three decades of HR leadership from her stints at Green Mountain Power, Vermont Teddy Bear, and VPR, including 9 years working with 50 different companies as a consultant in the various disciplines of HR — including leadership team development, executive coaching and strategic planning. With our growing organizational complexities, geographic expansion, need to develop sophisticated programs in leadership training, diversity, safety and compensation — we felt the need for Executive leadership in HR. So Beth is back, ramping up to full-time and serving on the Executive Team.

For Greater Impact: Increase diversity. Our Executive Team, while highly-functioning and deeply committed, is not so diverse. As none of these folks is planning on being replaced any time soon, we acknowledge this disparity and commit to drive focus on diversity in every other aspect of the business.

Management. The sheer number of employees coupled with the increasing complexity of the business across segments, products lines and geography has caused us to focus on management. Our annual employee survey confirmed what we believed, that employees yearn for effective management support. And in our fast-growth history, we promoted many employees who lacked management expertise into supervisory roles. So we assigned an employee with deep experience to the role of Talent Development Manager, to roll out a sustained program of training, coaching and performance evaluation that has shown marked improvement. We continue to increase our focus on, and commitment to actively supporting professional growth among employees.

Warehouse/Installers. One of the things we got right early in SunCommon's history was outsourcing the building of the solar arrays we sold. However, it has been with great joy that we have been able to bring that work in house. Performing our own warehouse and installation services has allowed us to invest more in the development of the people who work on our projects, has increased our quality, accelerated innovation, decreased our cost structure and improved our customer experience

We moved into our new Waterbury facility in 2016 and launched our own warehouse onsite — beginning to bring Operations inside. A year later, our scale suggested that we begin building our own installation capacity by hiring great

managers, crew leads and tradespeople. By the end of 2018, SunCommon crews were installing 80% of all our jobs — improving the quality and customer experience through employees of our own beautiful business. It's a delight to hear the beeping forklifts wrangling inventory, witness the tractor-trailers delivering product, feel the enthusiasm of the install crews coming in early mornings and heading home at day's end. SunCommon in Vermont is now a full-service builder of clean energy solutions. Our Rhinebeck facility, headed by professional engineer Jeff Irish, mastered Operations from the get-go.

Diversity & Inclusion. The initial focus on diversity for our Vermont workforce has been on gender equity. Our co-founder Duane was among the founding members of the Business Peer Exchange, a project of the Vermont Women's Fund to help caring companies build greater gender equity. He joined the Male Champions of Change, using the voices of male business leaders to model inclusion for other men.

#MeToo and #TimesUp have laid bare the pain that too many women experience in their workplaces. Within SunCommon in 2018, we held trainings for all employees on implicit bias and respect in the workplace. Our managers, 57% male, received separate training on inclusion as supervisors. Discussion cards from Change the Story were used to begin Team meetings and posted throughout the office to spark difficult discussions. And we stopped asking employment candidates about their salary history, to prevent unwittingly perpetuating the under-payment of women. Our benefits are family-friendly, and our offices have dedicated lactation areas. Such visible efforts — as well as our culture of caring for each other — contributed to an open, respectful and caring environment. The other presenting opportunity has been gender concentration by Team. All the business literature points to the benefits of diverse teams with additional



types of experience, outlook, emotional intelligence and abilities to relate to the spectrum of customers. Our first class of solar installers hired was all male, reflecting the applicant pool we received. These are great guys and solid employees, who would benefit from the inclusion of folks not like them. So the challenge was changing the pool to include women candidates. We ran the job descriptions through a language filter to remove biased terms that dissuade female applicants. We included photos and imagery of women, so diverse applicants could literally see themselves in our work. We added recruiting outreach to publications and sites frequented by women. Our Vermont operation ended 2018 with 3 women installers, novel for the solar industry and a step in the right direction — with lots more to go.

For Greater Impact: Develop and implement a company-wide Diversity & Inclusion Plan to ensure that all SunCommon employees feel welcome at work, recruits from the breadth of available candidates and increases the diversity of those who work here.

For Greater Impact: Violence in the workplace is rare but devastating whenever it happens, and the potential concerns many employees. SunCommon will develop a Security in the Workplace plan — to provide training and protections for our beloved employees working in offices, warehouses and out in the field.



RunCommon at the annual Vermont Corporate Cup.



Inclusioneers guide gender equity conversation at Waterbury offsite.

Employee engagement teams

Like many small businesses, in SunCommon's early years, every employee knew everything and had a hand in every aspect of the business. As we grew, additional structures and communication channels were needed. For 2018, we launched opportunities for employees to engage beyond their specific work teams to benefit the entire business — through Employee Engagement Teams.

The Inclusioneers is a mission-based group of SunCommon employees working to ensure SunCommon is a respectful and inclusive place to work for individuals of all genders, races and ethnicities, class backgrounds, orientations, and abilities — and to hold space for equity and environmental justice in the clean energy revolution. Their focus surrounds cultivating partnerships with businesses with like values, identifying paths to increase underrepresented applicants through marketing and recruitment efforts and creating internal support systems. This Team also supports HR in efforts to increase awareness internally and externally of our commitment to gender diversity.

In its inaugural year of 2018, the Inclusioneers' focus was improving gender equity at SunCommon — by updating inclusive hiring practices, auditing all job descriptions for inclusive language, restructuring installation trial day evaluation rubric, amending interview questions, reviewing and adjusting interview process to include female installers/diverse hiring panel, increasing the number of female applicants in operations hiring pool, increasing the number of women hired in non-traditional roles, reviewing current survey data to identify trends and gaps for a Cultural Competency Survey and beginning the creation of the Diversity & Inclusion education plan.

The BTeam works on sustainability within the business. The BTeam believes in

using our business as a force for good to improve the company's social & environmental impacts as informed by our triple bottom line. It focuses on three impact areas: Environment, Community, and Governance/Workers — maintaining and improving company accountability towards the highest B Corp standards in these areas. BTeam activities are communicated internally and externally as appropriate through SunCommon social media channels to engage with our constituents.

BTeam projects in 2018 leapt from our prior year's B Impact Assessment (BIA) that showed ways to improve our impact, especially tracking our carbon footprint and identifying the need to reduce this pollution. This Team also supports learning opportunities for employees through Vermont Businesses for Social Responsibility (VBSR) monthly Get-Togethers and annual spring conference and the New England B Corp Leadership Development (NEBLD) annual conference.

The JoyGang is intentional about infusing the business with joy — through random acts of kindness, celebrating birthdays and anniversaries and producing events like Prom Day, Halloween, hosted breakfasts and food centric events to convene our employees over food.

JoyGang is also responsible for the annual AllStaff day, and the annual Holiday Employee Family Party. Both events encourage deep engagement with their colleagues, have high participation and earned strong feedback on content, venue and activities.

On a smaller scale, an example of Joy Gang random acts of kindness would be sending out a cooler of iced tea to our beloved installers on an especially hot summer day — to show some love to our colleagues and ease the boundaries between folks who work in the field and those in the office.

Compensation. SunCommon codified our compensation philosophy in 2018:

“SunCommon is committed to caring for our beloved employees – by providing fulfilling work toward our purpose, a joyful environment of collaboration and a compensation package that meets the needs of our people and their families.

Our employee benefits package is uncommonly generous, at a cost few other companies are willing to bear. Our budget for cash compensation is therefore set to be low-mid range in comparison. The resulting combination of benefits and pay typically meets or exceeds total compensation comparisons in our sector.

This culture of caring means that SunCommon is an ‘employer of choice’ — able to recruit and retain excellent employees.”

Pay is fair for the roles folks have. Full-time employees earn more than the \$15/hour minimum proposed in federal and state legislation. And employees have the opportunity to earn more through a share of the profit when we achieve our Business Plan objectives. For 2018, we met our profit target for 2 of the quarters so the typical employee received another 5% of total pay for those periods.

Indeed, SunCommon’s benefits package is exemplary. Supporters of universal healthcare policy, we act as a Single Payer by providing 100% of the health insurance premiums for our employees and their families while paying their deductibles as well.

“My wife and I had wanted to start a family, but held off because of the huge costs of birthing a baby. Then I came to work at SunCommon where the medical and parental leave benefits helped make the decision for us to bring our child into this world very easy.”

Luke Cady, Supply Chain & ERP

SunCommon pays for dental insurance for employees and their families. New

moms and dads can take 4 weeks of paid time to be with their new tykes, in addition to the time moms get from the Short-Term Disability Insurance that we provide all employees. Employees also get Long-Term Disability Insurance, which is especially important to our tradespeople. We match up to 4% of their pay toward a fossil-free retirement plan. And after we discovered that a bunch of our employees were not participating in this 401k program because of straining college student debt, we began in 2018 to offer that same match toward paying down their loans. Folks work hard on the solar coaster, so they earn 10 paid Holidays and begin with 3 weeks of paid time off.

This benefits package was happily extended to the new SunCommon employees brought in after the merger with Hudson Solar.

For Greater Impact: Attain gender pay equity. In 2019, we’ll conduct a Gender Pay Review to identify disparities, disclose them publicly and produce the plan to remedy them.

Employees and family members

Transparency. About a third of SunCommon employees work outside the office — as community organizers, canvassers, site evaluators, sales, service technicians, warehouse delivery and installers. So we bring everyone together each month for AllHands meetings at both of our Waterbury and Rhinebeck sites. We begin each gathering with Personal Reflections, allowing folks to share what’s going in their lives that they’d want colleagues to know. We then get on about the business update — reporting open-book financials — so folks know what’s going on in their business and see their role in our performance. We share news on products, programs and

policies. And we celebrate achievements by our beautiful business.

For Greater Impact: Accelerate manager training, to ensure SunCommon employees are best supported in their roles and as humans. Recognize the differing approaches and needs of employees working in the office and out of the office, to promote a unified SunCommon culture.

This is hard and complicated work, so SunCommon employees deserve support to do their best. Each employee receives an annual performance evaluation (in addition to real-time, year-round feedback) that focuses on their strengths and areas of growth, with a personal plan to develop their skills and interests.

From the 2018 annual survey — employee satisfaction by the numbers:

93%
are very satisfied with SunCommon as their employer

93%
feel that their job provides them with a sense of meaning and purpose

92%
would recommend working at SunCommon to a friend



Lucas Comstock, Jake O'Connor, Michael Thronson and Tom Murphy celebrate their solar canopy installation.



Co-president, James Moore with Governor Phil Scott and Keri Bradley at the launch of the Hunger Mountain Coop Solar Canopy in Montpelier.

Directors and Advisors

SunCommon is governed by a six-member Board of Directors and supported by an additional 3-member Board of Advisors. We convene them together for quarterly in-person meetings with other intervening engagements as useful. The role of the Board of Directors is to approve SunCommon's business plan and budget, and to set the compensation of the Company's Co-Presidents.

Directors:



Duane Peterson, Co-President — Duane is a social entrepreneur with an eclectic 35-year career in socially responsible business, campaign management, government service and community involvement. He chose Vermont, moving his family here in 1996 to work at Ben&Jerry's as Chief of Stuff for 12 years tasked with executing Ben Cohen's creative vision. He and James managed the successful campaign to retire the Vermont Yankee nuclear reactor. Committed to sharing what he's learned — he serves on the Board of Vermont Businesses for Social Responsibility (VBSR) and Vermont Public Interest Research Group (VPIRG) and is a member of the national Social Venture Circle.



James Moore, Co-President — James has dedicated his professional career to helping create a clean energy future. He worked in Washington State, Connecticut, Florida, New Jersey, Washington D.C., New Hampshire and New Mexico before moving to Vermont in 2004. James directed VPIRG's Clean Energy Program and co-directed, with Duane, the successful VPIRG Energy project.



Jeff Irish, Vice President and General Manager in Rhinebeck — Jeff founded and for 15 years operated Hudson Solar, the premiere solar business in New York's Hudson Valley. Prior to that, he held executive positions at General Electric over 15 years. He's a Professional Engineer with an MBA from Harvard. Jeff is a recognized authority on New York renewable energy regulatory & compliance. Following our 2018 acquisition of Hudson Solar, Jeff joined SunCommon's Board of Directors and Executive Team. Duane, James and Jeff combined own 64% of SunCommon shares and elect 4 of the 6 Board members.



Katie Langrock, Benefit Director — Katie is the Chief Operating Officer at Vermont Teddy Bear. Before that, she was an early employee at Staples, opening its #19 store. SunCommon benefits from Katie's deep experience in growth phase business development, operations, supply chain and customer service. As the Company's Designated Benefit Director, Ms. Langrock is legally required to offer her opinion as to whether SunCommon provided a public benefit during the year covered by this annual report (see inset to Table of Contents). As an Independent Director, Ms. Langrock was granted stock options totaling .5% of the then outstanding shares in 2014, vested over 4 years.



Marianne Barton — Marianne is an attorney with 4 decades of experience in clean energy and environmental conservation. She is a partner at Catalyst Clean Energy Finance which has created \$130 million in project finance, including a \$35 million finance facility for SunCommon's innovative Community Solar program. Among other things, Marianne was an entrepreneur and adjunct faculty member at Marlboro College MBA program and the Vermont Law School. As an Independent Director, Ms. Barton was granted stock options totaling 1.0% of the then outstanding shares in 2015, vested over 4 years.

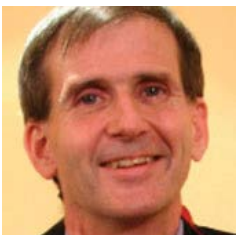


TJ Whalen — TJ is a Managing Partner at Fresh Tracks Capital, Vermont's premiere venture capital firm and significant investor in SunCommon. TJ joined our Board in 2015 when he was Chief of Strategy at Green Mountain Coffee Roasters/Keurig after a 12-year career there including heading Marketing & Sales. Its market cap was \$170 million when he began, and \$14 billion at his departure. He brings expertise in strategy, growth phase business management and capitalization. As an Independent Director, Mr. Whalen was granted stock options totaling 1.0% of the then outstanding shares in 2015, vested over 4 years.

Advisors:



Ben Cohen — Ben co-founded Ben&Jerry's and pioneered its values-led business practices. His innovative marketing engaged the company on progressive issues and campaigns that produced meaningful change while building the iconic brand based on meaning. Ben was central to the creation of the national networks Businesses for Social Responsibility and Social Venture Network. Ben chairs the Stamp Stampede to rid our democracy from the influence of special interest money in politics.



Cairn Cross — Cairn is a co-founder of Fresh Tracks Capital and serves as a Managing Director of its Funds. Cross serves on the boards of FreshTracks portfolio companies Vermont Teddy Bear, NEHP, and NativeEnergy. Cairn was formerly the Chair of the Board for the EatingWell Media Group which was sold to Meredith Corporation in 2011. Cairn spent the 1990s in strategic and financial consultancy to Vermont banks and growth businesses such as Otter Creek Industries, Green Mountain Coffee Roasters, and Merchants Bank, Howard Bank and Vermont National Bank.



Matthew Rubin — Mathew is the President of Spruce Mountain Design and developer and operator of renewable energy projects, including the Winooski One Hydroelectric Project. Matt is an outspoken practitioner of environmental sustainability from food production to electric generation, and consults on hydro projects in New England and globally. He was a founding member of Vermont Businesses for Social Responsibility (VBSR) and serves on the boards of Renewable Energy Vermont the Vermont Independent Power Producers Association and VTDigger.



Suncommon



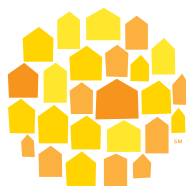
Business as a force for good.

SunCommon believes that joining a community of companies where all are striving to do better can widen our outreach and impact.

As a certified B Corp, SunCommon's business practices are assessed by an independent third-party. So far, 40,000 businesses have taken this assessment to gather a standardized review of five categories of business activities regarding their customers, community, employees, governance and environment. Only about 1 in 20 businesses who complete the assessment earn B Corp certification. The average score of businesses completing the assessment is 51; a passing score to receive certification is 80; the median for all certified B Corps is 95, SunCommon earned a 104 — joining just 2,400 certified B Corps across the planet. We're due for re-certification in 2020, using the assessment tool to identify ways to increase our positive impact.

In addition, SunCommon is organized as a Benefit Corporation, requiring our Directors to consider the business impact on People, Planet and Profit — and prohibiting shareholders from litigating should they feel we prioritized other stakeholders over their financial returns. There are 4,750 Benefit Corporations.

Put those together, and SunCommon is among only 216 businesses globally that are both Benefit Corporations and certified B Corps.



suncommon®