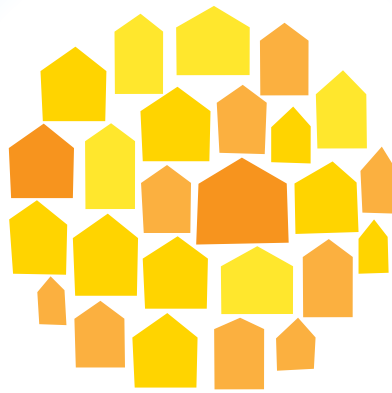


# 2012 Annual Benefit Report



**suncommon**



# Timeline

2013

**December 31, 2012**

First year ends with 50% residential market share statewide

**November, 2012**

Our first profitable month

**October 1, 2012**

Expand into Addison County

**June 26, 2012**

Customer signs up for SunCommon's 100th solar system

**June 20, 2012**

First annual SunCommon Summer Solstice Celebration

**March 8, 2012**

Vermont's governor participates in media launch to open SunCommon's doors for business in Chittenden County, Washington County, and Stowe

**Early March, 2012**

First SunCommon customer goes solar

**February 1, 2012**

Hired up, the inaugural 16 employees move into The Energy Mill's net-zero office space and begin to build our company

2012

**December 19, 2011**

SolarCommunities, Inc (DBA SunCommon) incorporates, as Vermont's ninth Benefit Corporation – a full-service solar solution with marketing, sales, design, financing, procurement, permitting and installation

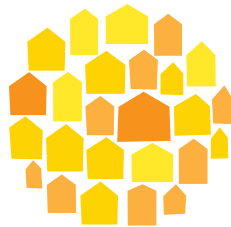
2011

**2010**

VPIRG Energy pilots community organizing approach to marketing solar

2010





**suncommon**

SolarCommunities, Inc. (D.B.A. SunCommon)

## 2012 Annual Benefit Report

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### Introduction

SunCommon believes that everyone has the right to a healthy environment and safer world. Our mission is to tear down the barriers that have made renewable energy inaccessible. We intend to repower our communities one home, one school, and one business at a time. We make going solar easy and affordable so that all Vermonters can together create a healthy environment and safer world.

Chartered as Vermont's ninth Benefit Corporation, SunCommon attends to the triple bottom line of people, planet, and profit. Driven by our mission to dramatically increase solar in the state, we gauge our success not only by the profit we make, but also by our ability to do right by our workers, the communities in which we operate, and the habitats that sustains us.

In accordance with Vermont law, this report provides details regarding SunCommon's standing as a Benefit Corporation and the progress that we've made to positively impact society and the environment. Specifically, this report discloses:

- **Overview** of the company including required information regarding our directors and officers;
- **SunCommon's goals** for creating a public benefit and the obstacles and outcomes associated with those goals;
- **Specific actions** we will take to improve our social and environmental impact; and
- **Shareholder-approved goals** for achieving public benefits in the next year.



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## About the Company

### HISTORY

SolarCommunities, Inc. (D.B.A. SunCommon) is the outgrowth of a successful pilot program that operated within the Vermont Public Interest Research Group (VPIRG), the state's largest consumer and environmental advocacy organization. Recognizing that its members yearned for their own sources of sustainable energy, the non-profit piloted the VPIRG Energy program as a community organizing approach to marketing solar. VPIRG Energy was created to make it easy and affordable for Vermonters to go solar. The project created a volume of consumers interested in solar in specific communities to create efficiencies that dramatically reduced the cost. In just one year, that effort helped more than 300 Vermont families get on the road to solar.

VPIRG's Board of Trustees believed from the beginning that the scale required to meet the demand for solar would require a scale inappropriate for the non-profit and that a separate entity would be needed. To avoid conflicts of interest with the new entity's partners, including utilities whose policies VPIRG needs to be free to confront, VPIRG chose to entirely separate from the new entity that would become SunCommon. Hence, SunCommon was born at the end of 2011 as an independent Benefit Corporation.

### PHILOSOPHY OF BUSINESS

SunCommon is Vermont's ninth Benefit Corporation with a legal charter that directs us to attend to the triple bottom line of people, planet and profit. Typically, businesses in America are actually required by law to maximize shareholder profit. Benefit Corporations put their investors, employees, neighbors and all stakeholders on notice that while we intend to make a profit so that we can invest in the business and grow, we also will do right by our workers, the communities in which we operate, and the habitats that sustain us.

We compensate our workers well and offer generous employee benefits. Our offices are in an intentionally designed space that burns no fossil fuel but generates all the sustainable energy we need on site, in a building constructed largely from local and reused materials. And we've secured a fleet of high-mileage hybrid and electric vehicles to minimize our transportation-related footprint.

Among the joys of running a company is the ability to apply our personal values to every business decision we make. We won't always get it right the first time, but we are committed to operating this business to benefit our people and our planet.





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## Overview of Company Structure

### DIRECTORS AND OFFICERS

SunCommon is governed by a three-member Board of Directors comprised of Duane Peterson (co-president), James Moore (co-president), and the yet-to-be-elected Benefit Director. 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. At the end of 2012, SunCommon was still in the process of recruiting a Benefit Director. Once recruited, the candidate for Benefit Director stands for election by the company's preferred stock shareholders.

SunCommon's three-member Board of Directors is currently comprised of:

**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 most recently co-directed the successful VPIRG Energy project, SunCommon's predecessor — after serving as Chief of Stuff at Ben & Jerry's for 12 years tasked with executing Ben Cohen's creative vision. Committed to advancing values-led business models, he's a member of the national Social Venture Network and the Vermont Venture Network.

**James Moore, Co-President** – James has dedicated his professional career to helping create a clean energy future. With deep experience in energy policy, clean energy technology and government relations, James is in charge of solar design, sales, and government relations at SunCommon. 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.

As Co-Presidents of the company, Mr. Peterson and Mr. Moore each own 40% of the shares of SunCommon in common stock. Twenty investors hold preferred shares totaling 20% of the company's equity.

**Benefit Director** – As mentioned above, the company is still in the process of recruiting a Benefit Director to round out the Board of Directors. SunCommon's goal is to complete the recruitment and elections process by mid 2013.

## BOARD OF ADVISORS

In addition to the Board of Directors, SunCommon benefits from a dynamic Board of Advisors who provide advice and guidance on the company's strategic vision. This Board of Advisors includes:

**Ben Cohen** – Ben co-founded Ben & Jerry's and pioneered its values-led business practices. His innovative marketing engaged that 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.

**Cairn Cross** – Cairn is a co-founder of Fresh Tracks Capital and serves as a Managing Director of the Fund. 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. He is a member manager of Snow Farm Vineyard, LLC, Vermont's first grape wine producer located on Grand Isle. Cairn spent the 1990s in strategic and financial consultancy to Vermont banks and growth businesses such as Collector Online, Otter Creek Industries, Green Mountain Coffee Roasters, and the Merchants Bank and various senior positions at the Howard Bank and Vermont National Bank. He has served as Co-Chair of the Vermont Investors' Forum, an annual "venture fair" for Vermont companies, and on the Boards of Opportunities Credit Union and Vermont Community Loan Fund.

**Matt Ewing** – Matt has worked at the intersection of technology and social change for the last decade. He recently co-founded Rewire, a cleantech software firm that specializes in helping companies turn their customers into evangelists for clean energy. Rewire also managed the Sierra Club's successful Solar Homes Campaign in California, a partnership between the Sierra Club and leading solar home companies. Prior to Rewire, he was the founding director of New Media Ventures (NMV), a network of progressive angel investors that closed \$1m in startup deals. Previously, Matt spent 5 years at MoveOn.org, ultimately serving as National Field Director where he developed the organization's innovative online-to-offline national grassroots organizing model and the successful 2006 and 2008 Get-Out-The-Vote campaigns. Matt also serves on the board of GreenCorps, the national training institute for community organizers.

**Mathew 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. A leading proponent of renewable sources of electricity and supporter of efforts to mitigate the effects of business operations on our natural and social environment, Matt 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 the Vermont Public Interest Research Group.



## Our First Year – Summary of Successes and Challenges

SunCommon's inaugural year in the solar business was a dynamic one, filled with great success and our share of challenges as well. Starting with the good, SunCommon has made significant strides in our mission to make solar available to all Vermonters. We made our easy and affordable solar program available in Chittenden County, Washington County, and Stowe to start, and then opened up Addison County. Our ability to make solar affordable was wildly popular with Vermonters who have wanted to go solar, but for whom the price had been out of reach. Over the course of our inaugural year, SunCommon installed 169 systems, helping Vermont families repower their homes using renewable energy.

Due to the widespread popularity of our offering, SunCommon earned a significant share of the residential solar market:

- Based on the state permits approved for residential solar in our target counties since SunCommon launched, we achieved 60% market share;
- Based on state rebates paid during the calendar year to residential solar customers, SunCommon had 32% of the statewide total – even though we installed in just three counties and only for part of the year; and
- Compared to SunCommon's 105 rebated installations, our nearest competitor had just 29 such installations or 9% of the statewide total. Vermont's remaining 47 solar installers averaged 4 installations each during 2012.

Although we achieved many successes in our first year in the solar business, SunCommon also experienced several challenges along the way. After the media launch announcing that SunCommon had opened our doors, we were inundated with customers from across the state who were interested in going solar. This larger than anticipated bulge strained our limited staff and taxed our ability to provide the excellent customer service that we strive to deliver.

SunCommon also endured supplier-related challenges. At the start of the year, SunCommon's sole provider of solar panels and solar lease, SunPower, experienced supply chain and financing interruptions that made it difficult for us to fulfill orders and get systems installed and running in a timely fashion. Many of our customers who were eager to go solar during the sunny months of summer were forced to wait while these unanticipated delays were resolved.



And lastly, SunCommon experienced the typical growing pains of a young, start-up company. Being new to the solar business naturally presented a learning curve. The initial processes that we developed for our operations related to sales, supply, and installation had to be adjusted.

Despite the trials, SunCommon's determined and innovative staff rose to each occasion. We fine-tuned our processes to streamline operations and better serve our customers. We sought out and partnered with a second panel manufacturer – Aleo Solar – to diversify our product offering and shield against our sole-source vulnerabilities. And to keep up with the immediate and growing demand for solar, SunCommon expanded our staff of 16 full-time employees to 24 by the year's end.

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## Public Benefit Goals and Outcome

As a Benefit Corporation, SunCommon measures our success by our ability to create tangible public benefits. While there is certainly overlap between our bottom line and our desire to do good, this section details our goals from a public benefit perspective.

### **INCREASE THE USE OF CLEAN AND RENEWABLE ENERGY IN VERMONT**

Reliance on fossil fuels has had devastating impacts on the environment and threatens the ability of our planet to sustain us. The need to move beyond these dirty sources of energy and actively embrace sustainable practices is the driving force behind SunCommon's mission.

We understand that the switch to renewable energy must be made and that homeowners, businesses and towns can help lead the way. This is why SunCommon is dedicated to making the transition to solar power easy and affordable. We believe that everyone has the right to a healthy environment and safer world and we're working to tear down the barriers that have made renewable energy inaccessible. We intend to repower our communities one home, one school, and one business at a time so that all Vermonters can together create a healthy environment and safer world.

SunCommon is well on its way to achieving this goal as our first year in business has resulted in a dramatic increase of solar power in the state. For so long, going solar was simply beyond the financial reach of most Vermont homeowners. Traditionally, the huge upfront costs of solar meant that only those homeowners with the available wealth and tax appetite could choose to power their homes with clean energy from the sun.





Today, SunCommon's innovative financing options have made solar not just a viable alternative, but a cost-effective one that can actually save the average Vermonter money. We have eliminated the huge upfront costs of going solar and have replaced them with a monthly payment that is similar or even less than what Vermonters are currently paying their utility for electricity. In addition, we take on the complicated paperwork associated with applying for permits and the state's renewable energy incentive, eliminating yet another barrier for homeowners.

As a result of our easy and affordable program, solar installations across Vermont have increased dramatically in the year since SunCommon opened its doors. As mentioned above, we installed 169 solar systems in 2012. In total, these systems make up just under 1 megawatt of solar power in Vermont. In addition, SunCommon's strong sales pipeline includes approximately 93 systems poised for installation in early 2013.

### **Obstacles**

While the public benefit we achieved in our first year of operation was by most measures an overwhelming success, SunCommon did experience some anticipated challenges regarding the statewide demand for our offering. Not surprisingly, Vermonters from across the state have been excited to learn about our affordable solar program. We've received calls from eager homeowners from the tip of the Northeast Kingdom to the far reaches of southern Vermont.

However, SunCommon's ability to offer an affordable, no-money down solar program is based on the volume and efficiencies we create by concentrating our efforts community-by-community. Doing this allows our evaluators to do multiple home visits in a single day without crisscrossing the state. Similarly, our installers can focus their efforts in a concentrated geographic area that results in increased efficiencies. By the end of 2012, we were operating in Chittenden County, Washington County, Addison County, and Stowe. As a result, we had to ask enthusiastic homeowners living outside of these areas to wait until we expand our offering to their community.

Although this outcome was anticipated, SunCommon has a deep desire to give all homeowners in Vermont access to affordable solar power. We are, therefore, eagerly making plans for the continued expansion of our solar program and are anxious to work with Vermonters from across the state.



### Goals for 2013

- **Continue to make solar affordable for average Vermonters** – Our ability to continue to make solar accessible will demand both increased efficiencies in our operations and ongoing financing options for the homeowner. In 2013, SunCommon will continue to fine-tune our operations and streamline our process so that our costs can remain low and affordable. We will also work to ensure that our customers continue to have a range of dependable and favorable financing options that serve their best economic interests.
- **Judiciously expand our offerings to other parts of the state** – As mentioned above, SunCommon is anxious to expand our offerings to the rest of Vermont. However, in order to maintain our efficiencies and keep our costs low, we must be judicious when considering where to go next. In early 2013, SunCommon will open up our services to Franklin and Grand Isle Counties then beyond.

### PROVIDE QUALITY GREEN JOBS

As a benefit corporation, SunCommon understands that corporate profit is not the only gauge of success. Far too many companies today abide by a profit-maximizing ethos that places employee well-being and morale at the bottom of their priorities. We believe that employees are the heart and soul of what we do and deserve to be honored appropriately.

Since incorporating just a year ago, SunCommon has hired twenty-four employees who work out of our headquarters in Waterbury Center. Although we're still a young and growing company, we have made it a priority to pay our employees well and to offer generous benefits including health insurance, dental insurance, a 401(k) match, and paid vacation and sick time. We also continue to invest in the professional development of our staff by providing relevant training and other opportunities for their continued career growth. To this end, SunCommon applied for and will receive a state grant to allocate towards professional development opportunities for our employees.

In addition to our twenty-four employees, SunCommon's operations have resulted in the creation of another thirty jobs by our subcontracted installers including Peck Electric and its union workforce. And the significant business that we give to local vendors – including but not limited to graphic designers, office equipment suppliers, print shops, attorneys, accountants, insurers, vehicle dealers and credit unions – is no doubt having an impact on their ability to keep and hire staff as well.

## Goals for 2013

- **Expand installation capacity** – As SunCommon expands to new territories and attracts more customers, we will inevitably have to increase our capacity to install solar systems. In 2013, SunCommon will work with our existing installer as well as potentially seek out an additional installer to increase capacity to meet the needs of our growing company. Doing so will lead to new green jobs in Vermont.
- **Conduct an anonymous worker satisfaction survey** – We care deeply about our staff and want to foster a positive work environment in which employees are not just satisfied, but are genuinely happy. To this end, we will conduct an anonymous survey that gauges staff sentiment toward SunCommon. The results of this survey will be used to further improve management, policies, and other employee-happiness-related efforts at SunCommon.
- **Put in place a professional development program** – As mentioned above, SunCommon will put in place a formal professional development program that will not only provide our staff with the training they need to better do their jobs, but that aids in their broader career growth as well. We have budgeted approximately a thousand dollars per employee to be used for professional development purposes in 2013.

## DEVELOP POLICIES AND PRACTICES THAT REFLECT OUR COMMITMENT TO PLANET AND PEOPLE

SunCommon is deeply committed to our triple bottom line of people, planet, and profit. We are ever mindful that the decisions we make and the products we sell have tangible impacts on the environment and our communities. We endeavor to limit those impacts whenever possible and do all we can to leave the world better than we found it.

Our goal for the first year of the company's operation was to create a foundation for a long-term sustainability program and establish a set of policies and practices that will guide our commitment to our social and ecological values. Below is a brief summary of the progress SunCommon has made in this regard.

- **Crafted a sustainability vision** – Our sustainability vision describes the principles that will guide SunCommon's growth and expansion. This document is a tool that we will use to develop more specific strategies, goals, and policies in the future to ensure that we continue to honor our workers, customers, communities, and environment.
- **Developed a sustainable purchasing policy** – Ensuring that the vendors we work with and the products we purchase reflect our commitment to both planet and people is an important part of our mission. This procurement policy outlines the factors that SunCommon and our staff members must consider when choosing vendors and making purchases.
- **Developed a policy to reduce our transportation-related footprint** – Transportation is one of the largest contributors of greenhouse gas emissions in the United States – second only to electricity.<sup>1</sup> In an effort to reduce SunCommon's transportation-related footprint, this document identifies opportunities to reduce work-related travel and offers incentives to encourage employee participation.

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1. <http://www.epa.gov/climatechange/ghgemissions/sources/transportation.html>

- **Developed an environmental health and safety policy** – SunCommon is committed to providing a safe and healthy work environment for all employees. This document articulates SunCommon’s policies and protocols regarding workplace injury and illness prevention.
- **Conducted an anonymous benefit survey** – SunCommon offers a generous traditional benefits package for our employees including 100% premium coverage for each employee and a family member. In an effort to determine if the benefits offered by SunCommon meet the needs of our employees, we conducted an anonymous survey to determine employee satisfaction as well as to gather feedback on any additional benefits that employees would like to see offered. These results will be used to determine future decisions regarding SunCommon’s benefits package.
- **Acquired certification as a B Corporation** – Current corporate law makes it difficult for businesses to take into consideration other factors beyond profit including any environmental or social concerns associated with the company’s actions. In addition, there is a lack of transparent standards that makes it difficult to tell the difference between a “values-led” business and just “green-washing.” B Corporation performance standards enable consumers to support businesses that align with their values. Like LEED is for buildings and organic is for food, B Corporation certification for a business tells consumers that rigorous standards have been met and that we’re actually walking the walk.

In June, SunCommon became Vermont’s ninth certified B Corporation, joining over 530 values-led businesses from over 60 industries nationwide. In order to earn this certification, SunCommon underwent a thorough assessment administered by BLab, the independent third-party that created the stringent B Corporation certification criteria. The assessment took a 360-degree view of our business examining everything from employee benefits to wage gaps to in-house energy sources. Only companies that score an 80 or higher on the assessment receive certification. SunCommon scored 103 and has already begun looking at ways to further improve our score (see Appendix A for SunCommon’s B Corporation assessment).

## **Obstacles**

While SunCommon has made good headway in creating a strong foundation for a long-term sustainability program, there have been challenges that have prevented us from acting on all of our planned initiatives. As a start-up company in our first year of operation, there was much to learn regarding our business model, suppliers, customer base, and internal processes. Refining our day-to-day operations has required a concentrated focus that has limited our ability to dedicate staff time to long-term sustainability planning. As a result, several initiatives that we had hoped to complete in year one were necessarily moved to our second year agenda.

In addition, we have found recruitment for our Benefit Director to be challenging. We ended 2012 continuing our search for this position and are eager to find a candidate whose qualifications meet the needs of the company. SunCommon has recently hired a human resources consultant to help lead the search for a Benefit Director, with the hopes of filling the position by mid 2013.



## Goals for 2013

- **Execute the policies developed in 2012** – Now that we have developed our sustainability vision, purchasing guidelines, and other related policies we have to effectively execute them. This includes reviewing them with SunCommon employees and taking steps to gather staff buy-in, feedback, and compliance.
- **Continue to put in place basic social and environmental policies that will further lay the foundation for our long-term sustainability program** – This includes the development of a waste and recycling policy as well as a community service policy.
  - **Waste and Recycling Policy** – SunCommon’s commitment to limiting our environmental impact includes reducing and reusing our office supplies and other materials whenever possible, and disposing of hazardous and non-hazardous waste in a safe and responsible manner. This policy will describe the steps that SunCommon and our staff members will take to honor the hierarchy of “reduce, reuse, and recycle.”
  - **Community Service Policy** – We believe in the importance and value of community service and want to encourage our employees to be active and engaged citizens. This policy will identify the ways in which SunCommon will support community service among our staff.
- **Understand and identify the potential environmental and social pitfalls of the solar industry** – In striving for continued improvement and to leave the world better than we found it, it is important to acknowledge all of the social and environmental impacts associated with the solar industry today. SunCommon will do research to this effect and will use the results of that research to identify opportunities for improvement and inform the development of our future sustainability efforts.
- **Examine the strengths and weaknesses of our suppliers and identify ways that we can improve together** – As a values-led business, SunCommon wants to support like-minded businesses that walk the walk when it comes to their social and environmental practices. We believe that we have an opportunity to influence the suppliers that we purchase from on a regular basis and we will, therefore, examine the environmental and social records of our suppliers and use that data to identify potential opportunities for improvement.
- **Identify key metrics by which to annually assess our social and environmental performance** – Our goal is to conduct an annual assessment of SunCommon’s social and environmental performance. In order to do this meaningfully, we must first determine the metrics by which we will gauge our accomplishments and shortcomings from year to year. We will review third-party standards as well as annual reports from other respected benefit corporations to determine the key metrics that we will measure our performance against.
- **Recruit a Benefit Director** – SunCommon will conclude our recruitment and election for a benefit director. The Benefit Director will serve on our Board of Directors and will offer guidance on the development of SunCommon’s sustainability program and subsequent Benefit Reports.

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## Conclusion

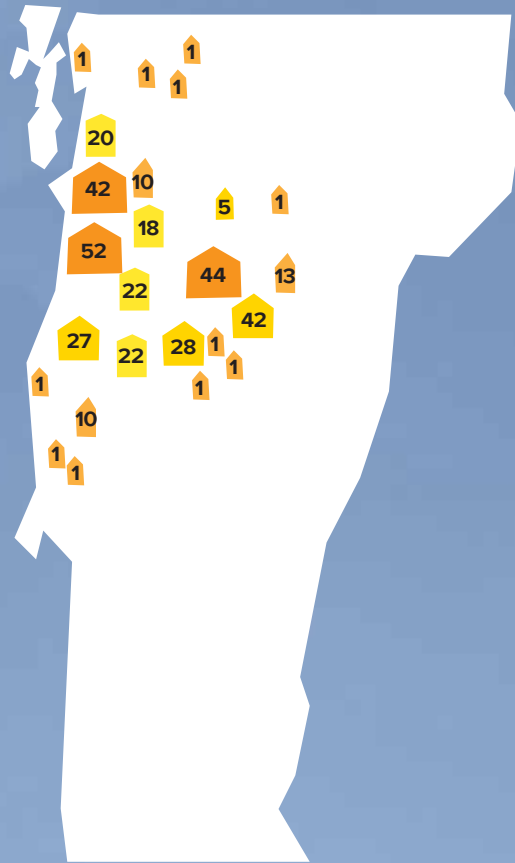
SunCommon is proud to be one of a handful of Benefit Corporations in Vermont. Our first year of operation has resulted in significant public benefit for residents and has dramatically increased renewable energy production in the state. With our financial success, we look forward to our continued growth as a Benefit Corporation as we strive to honor our environment, workers, and communities.

# SunCommon 2012 B Impact Report



	Company Score	Average Score*
<i>Overall B Score</i>	<b>103</b>	<b>80</b>
<i>Environment</i>	<b>41</b>	<b>9</b>
Environmental Products & Services (e.g. Renewable energy, recycling)	30	4
Environmental Practices	11	6
Land, Office, Plant	6	4
Energy, Water, Materials	4	2
Emissions, Water, Waste	<1	1
Suppliers & Transportation	N/A	N/A
<i>Workers</i>	<b>26</b>	<b>22</b>
Compensation, Benefits & Training	18	15
Worker Ownership	3	2
Work Environment	2	4
<i>Community</i>	<b>19</b>	<b>32</b>
Community Products & Services	0	15
Community Practices	19	15

## Map of systems sold by region



✦ Celebrating our 1st year! ✦

We believe that everyone  
has the right to solar



In the past year, SunCommon:

helped  
**248 families**  
go solar with  
no upfront cost

created  
**52 jobs** for  
Vermonters

saved the energy of  
**795 tons**  
of coal  
per year  
or  
**2,742 barrels**  
of oil  
per year

is saving families  
**3 Million**  
dollars



Note: This infographic reflects SunCommon's accomplishments from March 2012 through March 2013.



**suncommon**

Join Us

As we work to **repower** Vermont with 90% renewable  
[suncommon.com](http://suncommon.com)