



2010-11 Environmental Statement



solarcentury

intelligent generation™

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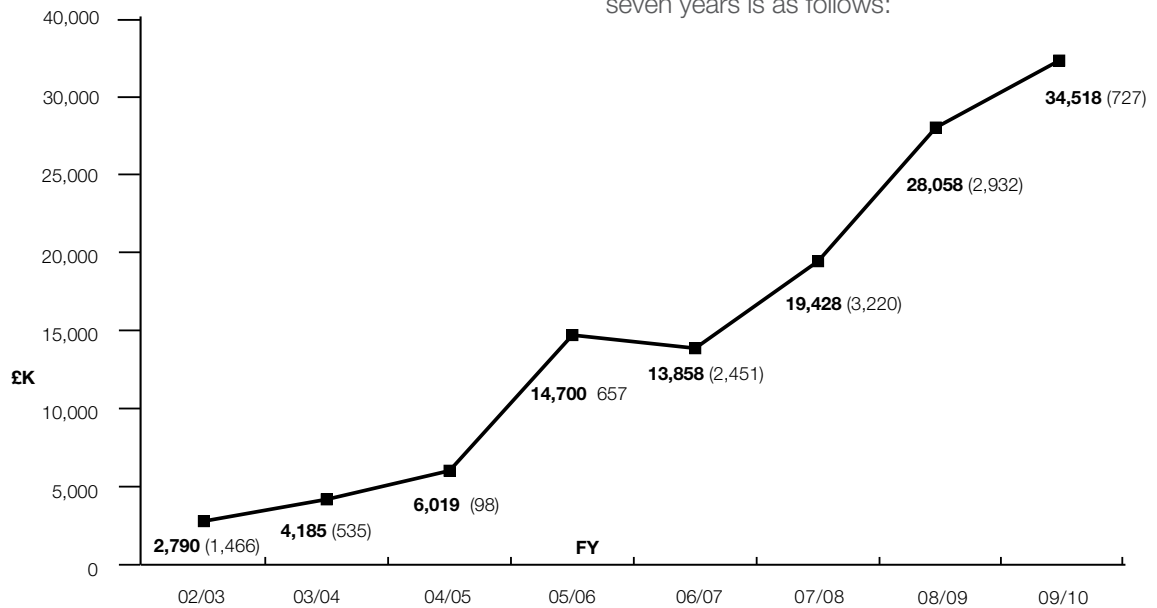


Introduction

Solarcentury provides solar technology for buildings across Europe and on both brown and green field sites. We work directly with architects, housing developers and engineers throughout Europe to deliver large scale renewable energy and carbon reduction projects.

For home owners and other micro-generators we have a network of recommended installers who install solar thermal and solar photovoltaic (PV) systems. We have helped more homes and businesses go solar than anyone else in the UK.

We now employ 115 people in the UK, France and Italy. Our turnover and operating profit for the last seven years is as follows:



Above, Fulston Manor School, Kent
Front page, Our Energy Roof product installed in Italy

Our Vision

Our vision is to make a big difference in the fight against climate change using construction-integrated solar solutions.

The sun bathes the earth in an incredible amount of energy - in a day, enough arrives to power the whole world for several years. Humanity can now effectively harness the power of the sun. The 21st century must be the solar century.

We envisage solar systems on the roof of every building, backed up by a family of renewables, supplying clean power and achieving deep cuts in emissions. As the global market for renewable energy grows, millions of jobs will be created in research, installation and manufacturing.

Walking Our Talk

Solarcentury operates according to ten working principles.

These principles inform and direct the environmental performance of our company and cover every aspect of our operations and guide our future development. At present our core principles are under review by senior management to ensure they continue to underline our changing business objectives. The revised principles will be adopted in 2011/12.

As a company that is founded on environmental objectives every aspect of our work seeks to reduce carbon dioxide emissions from the built environment.

The main body of this document is broken down into chapters, which report on our progress under each principle. This EMAS statement covers our UK based activities during the financial year April 2010 to March 2011.

Solarcentury working principles

Products: Our customers have a wide choice of the most effective and appropriate, cost effective and well engineered solar solutions from a company aiming for the most reliable sales and installation service.

Profitability: We pursue robust year on year growth and significant returns for our investors. Achieving our mission will be impossible without such profitability, and we believe that the sum of all our other business principles increases our chances of achieving it.

People: Our goal is to build an inspirational team who are themselves inspired by their mission, their work, their work conditions, and their personal development.

Environmental: We strive in company practice for the highest environmental goals. We actively seek suppliers who share these goals. We encourage our clients similarly. As a team, we aim to walk our talk.

Social: We will not tolerate social injustice. We respect all our colleagues, clients and partners, irrespective of race, gender, religion, sexuality, disability, or health status.

Participation: We are all involved in our adventure. Everyone has a voice. We give our leaders a mandate to act fast and effectively, but expect them to listen and respect the views of everyone.

Accountability: We aim to set clear targets, be fully accountable, and to operate with ethical codes of conduct.

Partnership: We cannot achieve our mission alone. We actively seek collaboration with those endeavouring to think in new ways. We will not do business with those opposing change.

Citizenship: We seek profits for a purpose, and will deploy resources to best achieve our mission in the wider community.

Passion: We are determined to succeed. We challenge the status quo that stands between us and our dream.

Statement from the Management

At Solarcentury, even though we are a small company, we have always set ourselves high environmental and social goals. We aim to be a positive influence on all those we meet and work with across all of our business activities.

We have continued to develop our CSR activities over the past year and are pleased to have successfully worked through EMAS audits where our aspirations are checked against the reality of day to day operations.

Our active membership of the UK Industry Task Force on Peak Oil and Energy Security has continued to develop and we engaged with the Department of Energy & Climate Change to seek to positively inform development of the UK feed-in tariff policy. We developed and free-issued a sophisticated modelling tool that showed how many jobs could be created, how much of the country's energy demand could be met and how much carbon could be saved by implementing an effective Feed-in-Tariff.

Environmental Policy

WE:

- Comply with all environmental legislation and other requirements to which we subscribe.
- Conduct activities in a manner that will prevent pollution and demonstrate our respect for the environment.
- Commit the company to the continual improvement of environmental performance and minimisation of environmental impacts in all areas of our activities.
- Manage an effective Environmental Management System to comply with ISO 14001:2004 and EMAS requirements.
- Provide environmental training for all employees, promoting individual and collective respect and responsibility for the environment.
- Maintain monitoring programmes to ensure compliance with our policy and objectives.
- Continually improve our performance and prevention of pollution.

The above policy elements provide the framework for setting and reviewing environmental objectives and targets and are grounded in our ten working principles.

This policy is periodically reviewed and made known to all existing and new employees, clients, suppliers, and subcontractors, is displayed throughout our working areas and can be viewed on our website www.solarcentury.com by the general public.



Derry Newman
CEO

Environmental Management

The Chairman and CEO lead the overall Corporate Social Responsibility strategy together, the Chairman in terms of overall co-ordination and outreach, and the CEO in terms of the operation and execution.

Environmental and other CSR issues are tabled in the monthly briefings run by the CEO.

Our CSR plan has seven different themes, with champions as follows:

- Purpose and Values (Jeremy Leggett - Chairman)
- Workforce (Julie Thomas - Head of HR)
- Marketplace (Susannah Wood - Head of Sales)
- Environment (Marie Sanchez - EMAS Environmental Manager)
- Community (Charlotte Webster - PR manager)
- Human Rights (John Faulks - Legal & Company Secretary)
- Guiding Principles (Jeremy Leggett- Chairman).

Corporate Social Responsibility is core to our organisation, therefore all employees have a responsibility to ensure we meet our commitments and objectives. Our Environmental Management System (EMS) is reviewed by management on a regular basis (6 monthly), with a view to continuously improving our performance against our targets set during the EMAS process to reduce our environmental impact. Our EMS is certified to ISO 14001:2004 and follows the Plan-Do-Check-Act model.

documentation and training new employees on the system and our objectives via the induction process. In each department that has been identified as having a significant impact on the environment, a key person has been identified to take the lead on monitoring, reporting and taking action to continuously improve our performance.

Almost all staff have received training in EMAS and our Environmental Management System, plus all new starters are required to run through an EMAS induction to familiarise themselves with the system and the requirements it places upon them.

The Facilities and Office Manager is responsible for co-ordinating the Environmental Management System,



SYHA's 'Power Roofs' programme

Progress against our Principles



Sunstation being installed in
West Marden, Hampshire, UK

Principle 1.

PRODUCTS:

Our mission is to increase the uptake of solar technology and particularly the amount installed on buildings. This allows otherwise redundant surfaces to be used to harness the energy of the sun and convert it directly into electricity without any noise or carbon emissions. To drive up the rate of adoption we design, develop, and manufacture our own 'building integrated' solar products. This allows us to offer our customers solutions which are:

- cost effective
- fit aesthetically and structurally with the built environment
- simple and safe to install using normal trade practices

Highlights of 2010

This has been another year in which we introduced new products alongside relentless improvements to our existing product line. Particular highlights are:

- the successful launch of our new universal PV slate. By the end of December, we had shipped 20,000 of our new 47W tile/slate laminates and had started production of the new injection moulded universal slate frame. The improved cost effectiveness of the slate will lead to greater adoption. In addition, the product is made without adhesives so is simple to disassemble, and the frame is wholly recyclable. Waste during the moulding process such as sprue is ground up and used for the next frame.
- shift of the assembly of our PV slate and our M187 roof integrated module to the Far East. To simplify our supply chain and to reduce cost, we now assemble two of our products entirely in China. This allows more competitive pricing and increased adoption. In addition, this approach reduces the carbon footprint in comparison with just shipping separate components. This is because a completed product is more robust and can be packed more densely in the same shipping container.

- development of new packaging. Much of our product packaging has been redesigned in the past year. By using a specialist packaging test facility we have been able to reduce the amount of packaging per product and also increase packaging density. The materials we use are recycled and recyclable in themselves.
- maintaining standards of our supplier evaluation. Our main suppliers in China have all been subjected to our normal supplier audit. One Chinese supplier went as far as translating our evaluation form into Chinese. Our main laminator is shifting the production of our products from one factory to another, and we have re-evaluated the supplier.
- Solarcentury has been awarded a Queens Award for Enterprise. The award has been given to us for outstanding business performance, corporate social responsibility and excellence in innovation for our 'C21e solar electric roof tile and slate'.

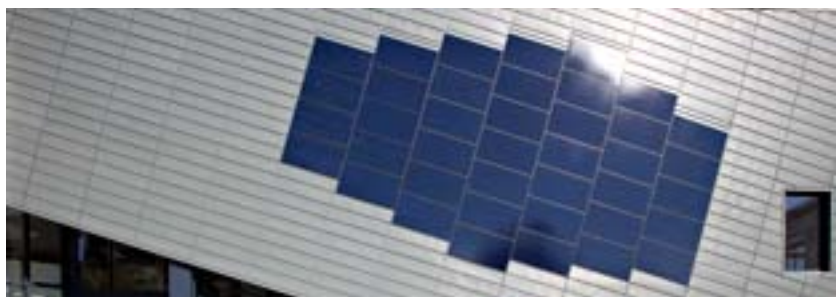
Formal product Life Cycle Assessment (LCA)

Where we are responsible for the design of a PV product we have engaged third party consultants to undertake LCAs to better understand the environmental impacts of those products over which we have more control. The solarcentury C21 roof tile has been audited by BRE's LCA team and a separate validation was undertaken by Bath University. We will soon be undertaking a full LCA on a solarcentury branded module which has been made to our specification as well as a review of the C21 roof tiles as we increase the variety of PV cells used in this product.

PV Cycle

We are members of PV Cycle. This is a trade initiative which seeks to ensure that financial resources as well as logistical and recycling facilities are in place to deal with the inevitable increase in modules which reach the end of their life. The membership have recently agreed a levy on sales of modules which is paid into a central fund such that system owners have effectively pre-paid for re-cycling. A network of national collection points are being developed and two PV specific re-cycling facilities have been set up in Germany.

Our Products



Principle 2.

PROFITABILITY:

We pursue robust year on year growth and significant returns for our investors. Achieving our mission will be impossible without such profitability.

Revenue grew 45% to £49.9m at March 31st, 2011 representing a CAGR of 38% over the past five years. UK sales rose 15% due to rapid growth in sales through installer channels following the April 2010 launch of the new UK feed-in-tariff (FIT). UK residential project sales to the new house building sector continued to benefit from building code and planning drivers but commercial project revenue fell as new FIT opportunities took time to develop after the previous UK grant scheme was phased out. Other European

revenue doubled to £24m due to exceptional growth in Italy from both large commercial projects and sales to installer channels. French revenue was flat following a revision of the Fit in December 2010. The UK was 52% of revenue and other European sales 48%.

Management continue to measure sales and growth in revenue from proprietary products as primary KPIs. Proprietary products are sold for use mainly in UK residential projects where revenue rose 22% YoY in 2010/11. The key non-financial performance indicators relate to the distribution of employees across the business which has remained stable compared to 2010/11.



Energyroof installed at Chadlington, Oxfordshire

Principle 3.

PEOPLE:

Our goal is to build an inspirational team who are themselves inspired by their mission, their work, work conditions, and personal development. Our team is currently made up of 115 people across three countries. We come from a broad range of backgrounds, but despite this diversity are united by a belief that solar energy is a key solution to solve the growing energy crisis.

In 2010, the UK introduced the feed-in-tariff which incentivised and grew the UK Solar Photovoltaic market significantly. As a result, 42 people joined our team last year.

At Solarcentury we pursue a fair and equitable employment policy. We run our "State of the Team" employee engagement questionnaire, which allows staff to anonymously rate every aspect of our company's performance.

At Solarcentury, line managers are responsible for individual teams, but employees are always encouraged to voice their ideas and opinions with the support of the executive directors. We hold a monthly team briefing and a quarterly review to communicate detailed business information with and encourage open feedback.

We have developed our intranet facility for staff to make it easier to share news, find company resources and information on company policies, staff management structures and contact information.

Training: We support professional qualifications training such as Open University Project Management Courses and Finance, Marketing and HR professional development. We ran a 3 day residential leadership programme for 20 managers in order to focus on how we would lead in such a rapidly evolving and expanding market.

We invested in 'The Energy Project' – a 3 day holistic programme aimed at improving personal performance in relation to expanding energy in 4 dimensions (physical, emotional, mental and spiritual).

Our Human Resources practices have been included in our Quality Management System (ISO9001).

Incentives, rewards and benefits: We have a number of variable pay schemes to incentivise and reward performance. For those not in a role where individual targets are appropriate, a profit share scheme has been introduced. Home working (where appropriate to the role) is encouraged.

In the UK, we run a flexible benefit scheme for employees, which provides an allowance for each individual to either take as additional salary, additional pension contributions, or they can purchase benefits from a selection such as gym membership, private medical insurance, personal health screens or additional holiday. We run a group personal pension plan for UK employees into which the company pays a contribution. In 2010, the company contribution was increased and we intend to increase it again in 2011.



The Solarcentury stand at Ecobuild 2011

Principle 4.

ENVIRONMENTAL:

We strive in company practice for the highest environmental goals. We actively seek suppliers who share these goals. We encourage our clients similarly. As a team, we aim to live life with minimal impact on our surroundings.

Now we are a larger company we recognise that we are making a bigger impact on the planet. This report looks at our total environmental impact in relation to our sales volumes, which we believe to be a more accurate way of describing the effects of our business.

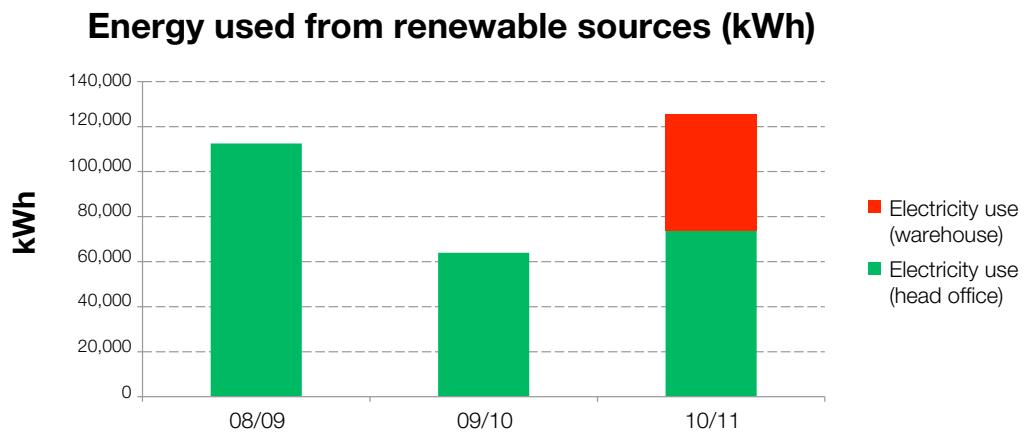
The main materials and energy flows created by Solarcentury are broken down in the following sections but can be largely summarised as the production of photovoltaic laminates, shipping of solar panels from abroad and the logistics and travel required to run our business and deliver solar installations.

The main material environmental impact of photovoltaics stem from the production of photovoltaic laminates over which we have little control. We do however put in place supplier conditions to ensure that we source these from scrupulous companies.

Energy - Electricity

This graph shows the electricity consumption at our head office in Waterloo and at our warehouse in Surrey for 2010, compared with previous years.

The graph shows the energy we purchase from Good Energy (a 100% renewable energy provider) which does not create carbon dioxide emissions.



Energy usage from IT equipment

During 2010 we upgraded the core IT systems at our London office, moving seven old servers to a virtual environment hosted on two new servers. Since go-live we have added seven further servers to the virtual environment, plus a NAS unit for archived data.

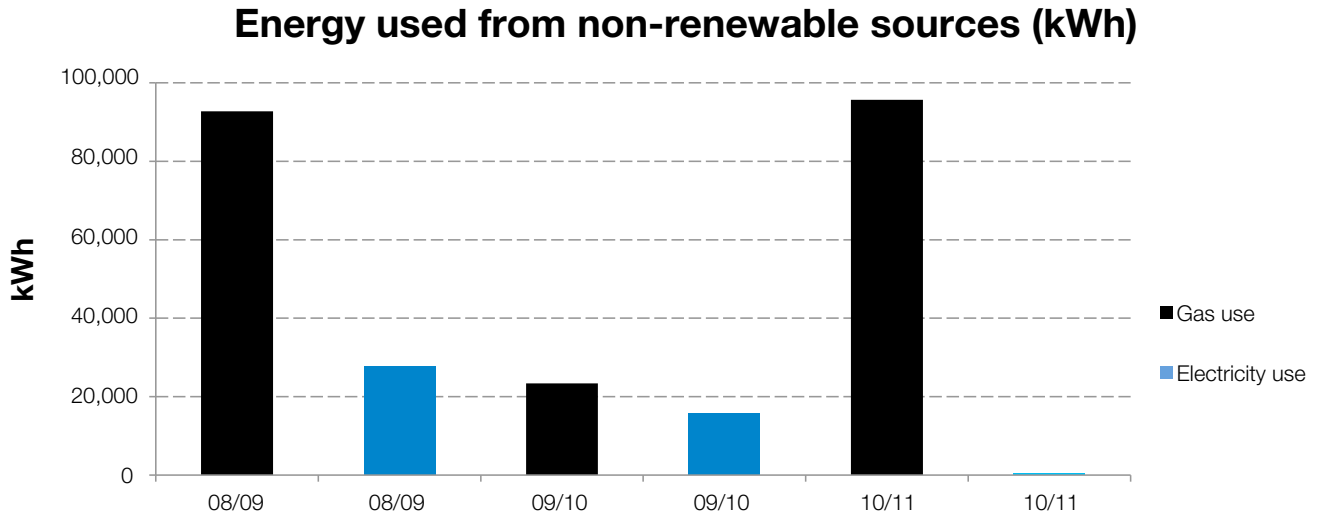
Despite doubling the number of active servers and boosting performance of all our systems, due to our use of virtualisation technology the overall energy consumption of our IT equipment has decreased from January 2010 levels. Furthermore, as we now have

less equipment generating less heat, we expect the total annual cooling requirements of our data room to reduce by over 50% for 2011. We shall continue to monitor the energy consumption of our IT and communications systems and aim to reduce it further, where possible.

Redundant server equipment will be donated to registered charities, re-used as spare parts or recycled/disposed as per WEEE regulations.

Energy – Heating

We only use gas for heating at our warehouse, the head office uses electricity. This graph shows the combined gas and electricity use (from non-renewable sources) at our warehouse since 2008/2009. During 2010/2011 our warehouse switched from a non-renewable electricity supplier to Good Energy, making gas now the only non-renewable energy source used at our sites.



In addition we continue to employ the following energy saving activities:

- Light bulbs have been removed from all excess lighting fixtures in the building, and CFL (Compact Fluorescent Lamp) bulbs are used wherever possible.
- All our computers use flat screens, which consume less energy than older monitors.
- We now issuing new staff with laptops rather than desktops, unless CAD/design workstation is absolutely necessary, which lowers our energy requirements.
- Use of ip-telephony and Virtual Private Networks allow employees to connect to the company network from home, reducing commuting.
- Where possible, both internal and external meetings are held by video or teleconference to reduce the need for national and international travel.
- All lights except the stair lights are turned off at night. We have to leave these on for health and safety.

Energy usage conclusion:

In comparison to last year our overall energy usage has increased. Our renewable energy usage has increased by 96.9 % which is largely due to our warehouse switching to Good Energy at the start of the year. This switch has lead to a 97.5% reduction in use of non-renewable electricity at our warehouse and we now source all our electricity from a 100% renewable energy supplier.

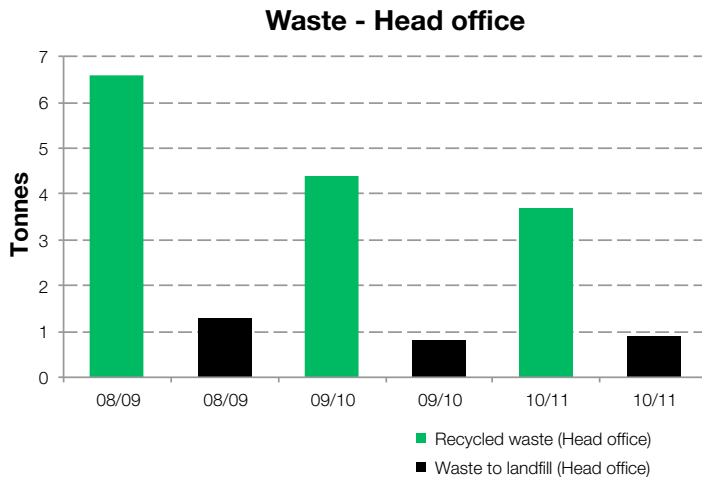
Non-renewable energy usage (gas) has increased significantly compared to last year. This increase can partly be explained by the acquisition of an extra warehouse unit in during the year therefore increasing the gas requirements for the warehouse as a whole, and high heating requirements during the winter months. Reducing gas usage at our warehouse is an area we will be focusing on during 2011/2012.

Waste

We try to cut down on waste wherever possible, and hope to mirror our practices in the UK across all territories. As the graph below shows, at our head office we recycle much more than we send to landfill. Our waste sent to landfill has been relatively constant and low. However, we do want to reduce the overall amount of waste we produce over the coming years. We are switching to Zero-to-landfill for our head office general waste and in 2011/2012 all of our non-

recyclable waste will be taken to an Energy-from-Waste plant to be used to produce electricity instead of being sent to landfill.

We are monitoring our warehouse packaging and waste more closely this year and the graph below shows that at present more waste is sent to landfill than is recycled at the warehouse.



We continue to employ the following waste saving activities:

- Recyclable waste from our London offices, including white paper, cardboard, plastics, cartons, cans, and glass, is separated for recycling by a local recycling firm.
- Organic waste is composted on site at our London office and fed into our compost bins and wormery.
- Tetra Pak cartons are sent back and recycled, and stretchy plastic (e.g magazine wrappers) are sent to a firm who recycle them into new magazine wrappers.
- Bulky waste, including wood, metal and cabling is separated and recycled where possible.
- No polystyrene or plastic cups are used in the company; glasses and mugs are provided.
- We actively focus on email and web based communication.

Waste conclusion

In comparison to 2009/2010 the total amount of waste produced from head office has decreased by 11.2%. The amount of waste (in weight) we recycled decreased by 15.5% however there has been a slight increase in the amount of waste sent to landfill, an increase of 11.5% compared to 2009/2010. This increase could be due to the greater number of office refurbishment activities that took place during this year.

At our warehouse more waste is sent to landfill than is recycled which can be attributed to the different operations and materials used here compared to at our head office. With our increase in the use of recyclable packaging and a more compact product packing system, we hope to see a decrease in the amount of waste sent to landfill over the years.

Packaging

This year we have measured in detail our consumption of product-related packaging. Photovoltaic modules and electrical inverters make up over 90% of the value of our sales and over 95% of the packaging materials we consume.

Much of our product packaging has been redesigned in the past year and we have used a specialist packaging test facility to reduce the amount of packaging per product and also increase packaging density. A new bespoke packaging design for our Sunstation product has enabled a switch from the use of plastic cling film to cardboard.

50% of the cardboard packaging we handle is related to our own brand products and the packaging is therefore of our own design (C21, M185 and M187 products). In January 2011 we introduced a radical change to M187 packaging, reducing the weight of cardboard by 37.5% per item from 2 kg to 1.25 kg. We are in the process of reviewing M185 and C21 packaging looking for similar efficiencies.

Changes in our supply chain have led to changes in types of packaging used. Changing our laminate supplier has led to a change to cardboard and corrugated cardboard being used as opposed to MDF and polystyrene.

Purchasing

Suppliers

As part of our supplier selection we thoroughly review the range of third party certification and factory inspections which have already been undertaken. A key part of this appraisal is our CSR Supplier Evaluation Form. This year we decided to focus on our Top 10 suppliers in order to cover 75% of our spend and we have now received completed Evaluation Forms from most of our key suppliers. We aim to focus on our next Top 10 suppliers and so on until we have complete responses from all our suppliers.

Our main Chinese module supplier holds ISO9000 (quality management), ISO 140001 (environmental standards) and ISO18000 (health and safety) accreditations. It also holds the SA8000 (social accountability) certificate which, among other criteria, demonstrates its commitment to fair pay, reasonable working hours and the avoidance of child labour (see www.sa-intl.org).

In addition to the Supplier Evaluation Form, an increasing number of our clients are asking for verifiable third party audits of the social and environmental credentials of our suppliers and we will be undertaking a Sedex Members Ethical Trade Audit (SMETA) of one of our key suppliers in the near future.

The Supplier Evaluation Form is a snapshot and taken at the beginning of a new supply relationship which helps guide our choices. We are now considering how best to formalise a process of ongoing review of key social and environmental factors and how best to drive improvements in partnership with our suppliers. One example of an “in-life” review was the decision to drop a supplier with emerging importance due to a change in company ownership such that the company became a subsidiary of a manufacturer of landmines.

We have recently engaged a Hong Kong partner, Sustainable Sourcing Limited, to be our extended on-site arm in our dealings with the Chinese manufacturing partner who produces our Solarcentury-branded modules and tiles. SSL are helping to ensure production quality and timeliness, but their core expertise is in the audit and promotion of environmental standards. SSL staff will be on site every week, so they will have full exposure to the real workings of the factory, and will be able to ensure that the excellent quality, environmental standards and working conditions which we have observed in our own visits to their factory are part of normal daily operations.

Factory inspections

Solarcentury buy PV modules from a variety of manufacturers based in the UK, US, China and Japan. Prior to approving a new module supplier solarcentury staff visit each factory and inspect the production lines and the staff facilities. Price, quality and product form are key determinants when choosing new suppliers but other factors are considered when inspecting factories including process quality, environmental standards, and working conditions.

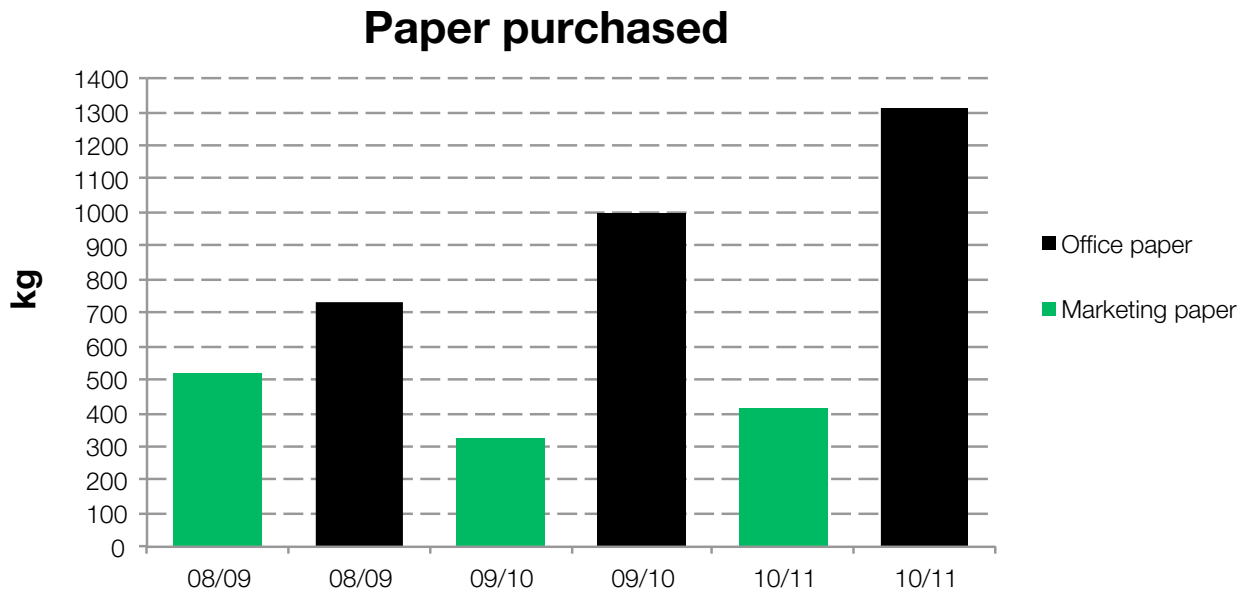
Within the last year we have visited the factory of our new cell supplier, and two new factories to which existing suppliers extended our production.

We have determined not to work with suppliers on the basis of factory inspections – examples of poor Health and Safety practices or aggressive management have informed the decision to reject certain suppliers.

Paper

This graph compares the amount of office paper and marketing paper purchased for 2010/2011, compared with previous years. We only purchase 100% recycled paper. The amount of paper purchased for office use has increased by 31.5%. This can be explained by the increase in the number of projects that we have completed, each of which requires a printed 'Operation & Maintenance' manual, and the release of our new universal PV slate, increasing the number of product manuals being printed.

The amount of paper purchased for marketing materials has increased by 27.8%. This can be explained by the setting up of our new Homes Team and the rapid expansion of our Installer Network leading to an increase in the amount of literature being printed, for example, brochures and datasheets. The increase in marketing paper can also be attributed to our greater involvement at the Ecobuild exhibition this year, where as well as having our own Solarcentury stand, we managed the 'SolarHub'.



We try to source environmentally friendly and fair trade products where possible:

- Paperback supply us with much of our office stationery which includes recycled paper and other stationery e.g. pens and pencils.
- Our marketing materials e.g. brochures and letter headed paper are printed on recycled paper, using waterless printing techniques by Seacourt and Park Lane Press.
- Unless a member of staff requires special arrangements, all office chairs are procured from Orange Box and are 97% recyclable.
- Our replacement carpets are carpet tiles from Interface which are manufactured from recycled materials and allow easy substitution of tiles.
- Office consumables, such as tea, coffee and soap, are bought from Suma and are organic and/or fair trade whenever possible.
- For our cleaning services we use "Green Your Office" at our head office who only use eco-friendly cleaning products, and "Complete Commercial Cleaning" at our warehouse who are active in 'Green Cleaning'.
- For our catering services we use local businesses in Waterloo therefore supporting the local community and eliminating delivery mileage.
- Other major goods and services are sourced from a range of international suppliers.
- We have signed up to 'Smart Green Business' to receive expert advice on how to improve our environmental performance, including site visits, performance evaluation, and feedback.

Transport

One of the main environmental impacts of our operations is from transportation. This is both business travel and freight of our goods.

Office Mileage

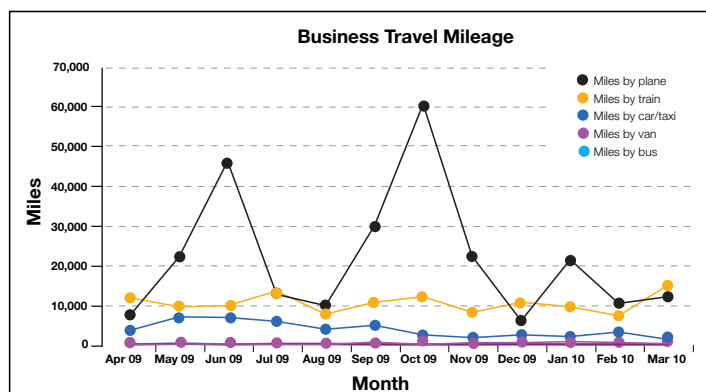
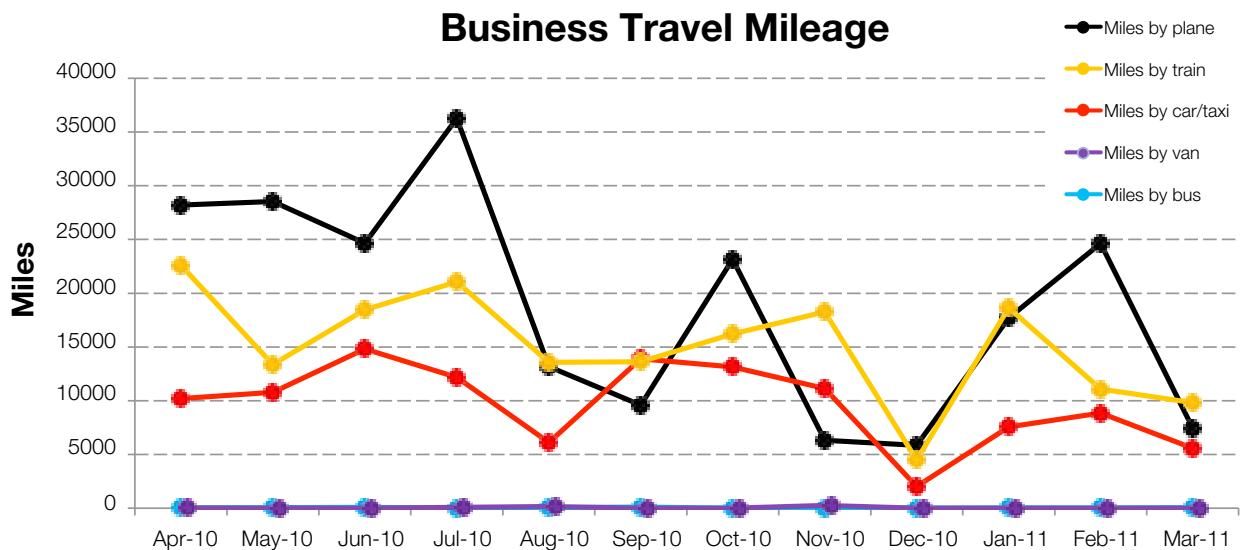
The graph below shows the business mileage for each type of vehicle in 2010/2011.

Staff travel is carefully monitored via a centralised booking system, which records the mode of transport and distance of each journey made. Other travel is monitored via staff expense claims, which do not get paid unless the staff member has detailed the mode of travel and distance of their journey for carbon accounting purposes.

The miles travelled over the year are trending downwards. Our total plane miles for 2010/2011 have decreased by 13.6% in comparison to 2009/2010 which is a significant achievement in light of our 44% increase in growth. This can be explained by the increased use of telecommunications instead of travel and tighter regulations on the frequency of long distance travel e.g. to our suppliers in China.

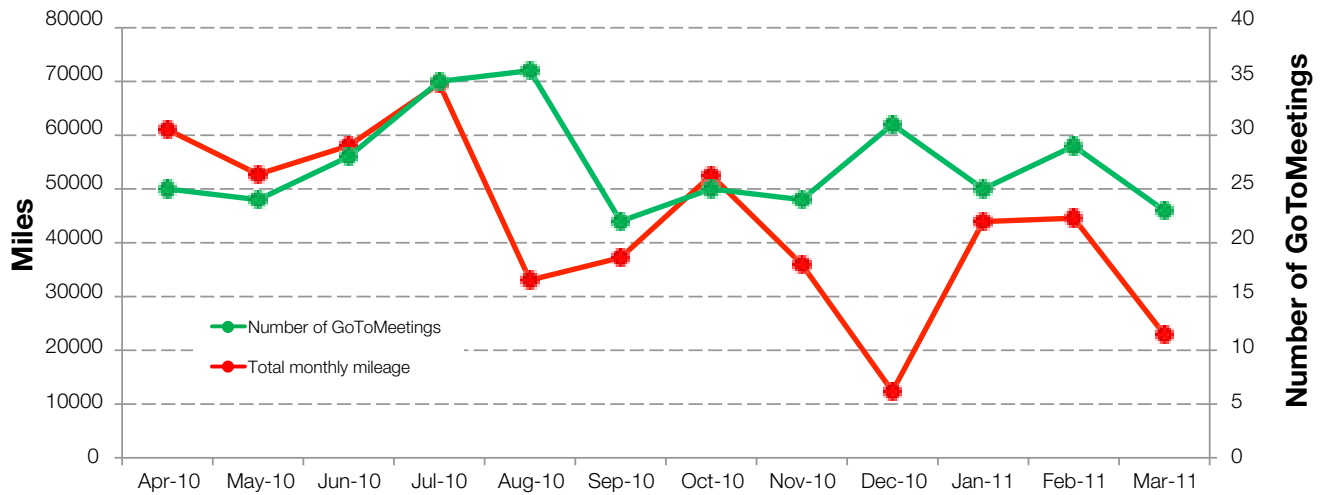
The distance travelled by bus has decreased by 46.6%.

The distance travelled by car, taxi, and train has increased in comparison to 2009/2010 which can partly be explained by the geographical expansion of our regional installer network therefore longer distance travel to meet clients. The overall increase in travel can be explained by the greater amount of business we have achieved over the reporting period and therefore the need for more travel. Company van mileage has increased this year due to the addition of 5 new vehicles to our van fleet for our PV installation team.



This year we have encouraged more online communications via company presentations and the revision of the company travel policy in order to reduce business travel mileage. We record the number of online communications held by our staff for both internal and external meetings and the graph below compares the number of online meetings held and the total business mileage for each month.

Online communications and mileage



The level of business travel varies over the year depending on the number of active projects and their location, both nationally and internationally. We can see however that there are two significant time periods where there is a high frequency of online meetings held and a reduction in business travel mileage. We will continue to record our use of online communications compared to our travel mileage in order to better track the correlation.

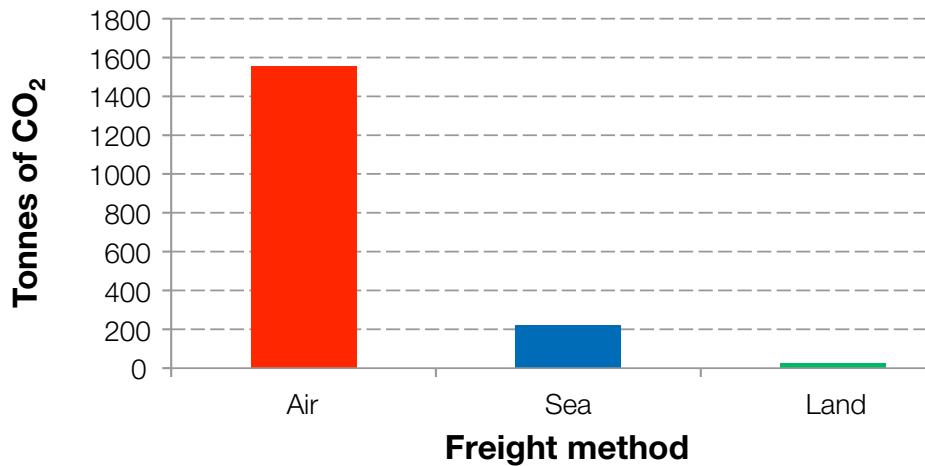
Additionally:

- Public transport is used whenever possible and is encouraged via the provision of Transport for London travel cards.
- Plane use is minimized.
- We do not own any company cars and car use is discouraged.
- Cycling is actively encouraged through a good mileage allowance, bike purchase loan and storage and washing facilities (many of our staff cycle).
- If taxis are required we use 'Green Tomato Cars' which use hybrid petrol-electric vehicles and are active in carbon offsetting projects.

Freight

This year we have measured our total inbound and outbound shipments in order to be able to calculate carbon dioxide emissions from the freight of our products. The graph below shows the breakdown of our freight by method.

CO₂ emissions from freight



This year we have generated a total of 1,802 tonnes of CO₂ in bringing goods into our warehouse and shipping them to our customers, 88% of this was by air (inbound), 11% by sea (inbound), and 1% by road (outbound). We work with suppliers who strive to optimise container-fill rates to reduce our sea freight costs and CO₂ emissions. We have put considerable effort in 2010 into increasing our volume per pallet – since many of our pallets cannot be double-stacked, achieving taller pallets improves truck fill and therefore reduces CO₂ emissions on our road freight, though at present we have no means of measuring the impact.

This year 88% of our freight CO₂ was by air. This was due to global shortages of key components which created a supply crisis in the PV industry and, with one of our suppliers being particularly badly affected,

we had to resort to high levels of air freight to meet contractual commitments to our European customers. From both an environmental and cost perspective such use of air freight is not sustainable. In 2011 we have adjusted our supplier mix, and the market is showing no signs of an imminent supply crunch, so we are targeting an 80% reduction in air freight volume for 2011/2012.

This year we have shifted the assembly of two of our main products (PV slate and our M187 roof integrated module) to the Far East which has enabled us to assemble two of our products entirely in China therefore reducing the carbon footprint in comparison with just shipping a PV laminate. This is because a completed product is more robust and can be packed more densely in the same shipping container.

Legal and other requirements

We have undertaken a comprehensive review of all the environmental legislation that applies to our business, and also undertake ongoing monitoring of legislation that may apply in the future. We have never had any legal or other action taken against the company for non-compliance with environmental legislation and have not been responsible for any environmental incidents or accidents that have led to environmental pollution.

We are periodically asked by clients to comply with other standards in relation to particular projects and these are logged by the project management and legal teams to ensure compliance.

Principle 5.

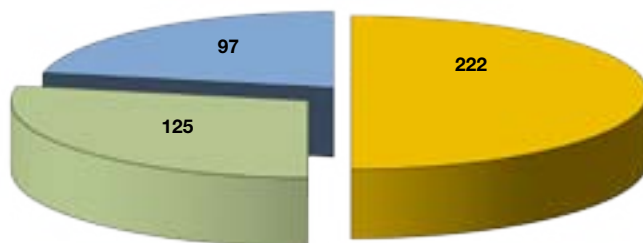
SOCIAL:

We will not tolerate social injustice. We respect all our colleagues, clients and partners, irrespective of race, gender, religion, sexuality, disability, or health status.

We now employ 35 female and 80 male members of staff from a range of backgrounds, including the following nationalities: Spanish, French, Italian, British, Australian, New Zealand, Lithuanian, Dutch, Czech, German, Hungarian and Polish.

Our Customer Service function helps us monitor our performance as a business and make improvements to the way we conduct our services. During 2010 a total of 222 Customer requests were received via Customer Services relating to an install. A total of 97 requests required a site visit to resolve.

Customer Service Requests 2010



- Total Customer Service requests 2010
- Issue resolved via Phone, Email
- Required technician to attend site to resolve

Required Site Visit To Resolve 2010



- Solarcentury - TechWorks
- Others



Huw Irranca-Davies MP Shadow Energy Minister and Seb Berry Head of Public Affairs at the Sharp stand at Ecobuild 2011

Principle 6.

PARTICIPATION:

We are all involved in our adventure. Everyone has a voice at Solarcentury. We give our leaders a mandate to act widely and effectively in the interests of the company, but expect them to listen and respect the views of everyone.

Solarcentury operates an open culture, sharing as much information as possible with all staff. As far as practical, all decisions are made at the lowest levels. Budgets are devolved to individual departments, and employees are empowered to manage their own time and workload.

At Solarcentury, line managers are responsible for individual teams, but employees are always encouraged to voice their ideas and opinions on all aspects of Solarcentury's performance.

We also run a quarterly review to communicate business decisions with all staff and encourage open feedback.

In 2010 we built on "We Support Solar" the campaign to protect the feed in tariff with the "Save our Solar" campaign to lobby against Feed-in tariff cuts proposed by the coalition Government. We received hundreds of stakeholder signatures on our open letter to Secretary of State Chris Huhne MP, and saw continued support from Friends of the Earth, Federation of Master Builders, National Federation of Roofing Contractors and many others see www.wesupportsolar.net

Principle 7.

ACCOUNTABILITY:

We aim to set clear targets, be fully accountable, and to operate with ethical codes of conduct.

CSR targets including EMAS are commented on above. We also have a good Health and Safety record, with H&S being the first item on the agenda in all management meetings. All accidents are officially recorded and any incidents are investigated by the relevant teams.

Number of legal non-compliances

We are fully compliant with all relevant legislation. Our in-house legal team is informed regularly on any changes to legislation or new legislation in the future that may effect us. Our in-house legal team carries out a legal compliance audit every year to ensure we are on track.

Number of audits/ spot checks

We have undergone four external audits by BSI and three internal audits covering both sites during the year.

Principle 8.

PARTNERSHIP:

We cannot achieve our mission alone. We actively seek collaboration with those endeavouring to think in new ways. We will not do business with those opposing change.

We have a focus on commercial partnerships to fund solar in schools through our 'Solar4Schools' programme. To date we have equipped over 250 schools in the UK with free solar photovoltaics in partnership with The Co-operative Group. We have also developed a new financing partnership with GE Capital, which aims to get solar into schools across the country with leasing model unique for schools, allowing schools to benefit from long income stream from local electricity generation. www.solar4schools.co.uk. We estimate that more than 200,000 pupils now benefit from solar energy in their schools. We also equip the schools with science lab kits and teacher lesson packs.

In 2010, Jeremy Leggett travelled to India with UK Prime Minister David Cameron, six government ministers and 28 other CEOs or chairmen, to discuss trade and business issues including bilateral solar collaboration.

We continued our work with the 'Industry Taskforce on Peak Oil and Energy Security' encouraging UK industry to collaborate and act on peak oil. Partnership with leading British companies including Virgin, SSE, Arup and Stagecoach is encouraging British Government to address the looming threat to our energy security. www.peakoiltaskforce.net

We provide training provision for the roofing community, to up-skill in to solar power, in conjunction with National Federation of Roofing Contractors and we support the skill build 'Young Roofer' awards. We are a continual Professional Development provider for the construction industry.



Solarcentury installation at Larmenier School, Hammersmith, London

Principle 9.

CITIZENSHIP:

We seek profits for a purpose and will deploy resources to best achieve our mission in the wider community.

At Solarcentury, we engage in dialogue with both central and local government to help shape the role solar can play in combating climate change and the growing energy crisis. We invest time in building alliances with other companies and NGO's.

- An estimated two billion people, one-quarter of the world's population, have no access to electricity (ref: www.solar-aid.org). To tackle this problem we started the new charity Solar-Aid. Members of the team volunteer for a range the charities, during 2010 we have given 27 staff days to several charities.
- Jeremy Leggett, has spoken to numerous Transition Towns about solar and is now Chairman of Brighton Energy Co-op BENCO.
- We are active in the local area, borough and city. Partnering with local environmental education charity 'Roots and Shoots' to provide education on climate change and renewable energy to the local community at annual education events.
- We were the winner of local ' Waterloo Quarter' community business 2010, raising nearly £500 for Hub athletic.
- 12 staff members volunteered for SolarAid fundraising at the Big Chill Festival 2010
- Senior engineers volunteered consultancy time to SolarAid
- Our Graphic Designer gave a careers talk at Mossbourne Community Academy, Hackney
- Our Chief Engineer gave a talk at Imperial College Solar Energy Network
- Worked with leadership consultancy IMPACT to inspire leaders of corporations on how to innovate.
- The main activity in the UK community has been our work on Solar4schools. We worked hard to win the Government's tender to supply standardised systems to schools and colleges throughout the UK and have now delivered 250 systems.



Solarcentury staff volunteering for a Roots and Shoots event



Solarcentury staff volunteering for Solar Aid at the big chill festival

Principle 10.

PASSION:

We are determined to succeed. We challenge the status quo that stands between us and our dream.

Our work and the decisions that we make are based on our collective passion for achieving best performance, whilst causing minimal environmental and social impact. Our Chairman, Jeremy Leggett, is a world renowned speaker on energy issues and climate change. Jeremy often speaks for the company in the media, but we actively seek opportunities for other media spokespeople, and we have sent several staff on media training courses.

Highlights of 2010

- The 'Solar-Rollers' cycle team raised £3,000 for SolarAid cycling the 160km cycle stage of the Tour of Britain. The team was made up of a cross section of Solarcentury staff from our Engineering, Product Development, Legal, Sales and Marketing teams.
- We established the campaign group 'We support Solar' for organisations and individuals to express their support for solar in the UK, and empower communities to generate their own electricity. This successful campaign resulted in the introduction of the 'Feed-in tariff' in 2010. www.wesupportsolar.net
- We were named in the 2010 Global Cleantech 100, which lists the world's top 100 clean technology companies. This is the third consecutive year the we have been included in the Global 100.
- We have been recommended by Ethical Consumer in their recent consumer guide: 'Solar PV panels and wind turbines', as a 'Best Buy', high in their 'Ethiscore' rating.



The Solarcentury 'Solar-Rollers' in their team kit

Comparison over time and analysis of trends and developments

Solarcentury aims to operate without damaging the environment, but we recognise that some activities which cause pollution are essential to the functioning of our business. We have completed more business in 2010/2011 than previous years and hence have created a bigger impact in general. The following table shows the CO₂ emissions from our office energy consumption and business travel in relation to our sales volumes for 2009/10 and 2010/11.

	Total for 09/10	Total per employee (115 employees)	Total CO ₂	Total CO ₂ per employee	Total for 10/11	Total per employee (115 employees)	Total CO ₂	Total CO ₂ per employee	Difference between 09/10 and 10/11
Elec (100% renewable)	64MWh	0.6MWh	0.0	0.0	126MWh	1.1MWh	0.0	0.0	96.9% increase
Elec (non-renewable)	16MWh	0.1MWh	6.7	0.1	0.4MWh	0.0MWh	0.2	0.0	97.5% reduction
Gas	23MWh	0.2MWh	4.3	0.0	96MWh	0.8MWh	17.7	0.2	317.4% increase
Total Energy Use (MWh)	103MWh	0.9MWh	11.0	0.1	222MWh	1.9MWh	17.9	0.2	115.5% increase
Plane:	261,118miles	2,271miles	75.7	0.7	225,551miles	1961miles	40.6	0.4	13.6% reduction
Car:	44,683miles	389miles	16.1	0.1	116,282miles	1011miles	39.5	0.3	160.2% increase
Train:	125,425miles	1,091miles	12.5	0.1	181,180miles	1575miles	18.1	0.2	44.5% increase
Other transport (company van, bus etc):	38,941miles	339miles	13.8	0.1	104,574miles	909miles	35.5	0.3	168.5% increase
Total CO ₂ (T)			129.1	1.1	Total CO ₂ (T)		151.6	1.3	17.4% increase
Total CO ₂ per MW of PV sold (T)			10.8		Total CO ₂ per MW of PV sold (T)		8.4		22.2 % Reduction

*estimated 12 Megawatts of PV sold in FY09/10 and 18 Megawatts in FY10/11

2010/11 Target Summary

- We have encouraged more online communications and have recorded the number of meetings booked using our most widely used online communication facility.
- We have altered the packaging design of several of our products which has led to the reduction in packaging used. Supply chain changes have led to the use of more easily recycled packaging.
- We have focused on our Top 10 suppliers in order to simplify our supplier evaluation process and focus on those with whom we spend the most.
- We have measured our total inbound and outbound shipments. Measurements have highlighted a high level of air freight use, which we aim to reduce significantly in the next year.
- This year our absolute carbon footprint has increased by 17.4% which can be explained by the 45% increase in business during the reporting period.
- Reporting in relation to our sales volumes, we have seen a net reduction of CO₂ of 22.2% therefore showing our commitment to the environment.

TOTAL Carbon dioxide emissions

Our main objective is to reduce CO₂ emissions from the built environment and we will be monitoring our own CO₂ output closely going forward. We have chosen to separate this into four levels in order to be able to compare ourselves with other companies and to be as transparent as possible about our reporting.

Our four levels of CO₂ emissions are:

1.	Office energy consumption - since some companies report just this, which in no way provides a useful figure of CO ₂ emissions caused by their activities.	<input checked="" type="checkbox"/>	We have achieved this level of reporting
2.	Office energy consumption + travel - still not an accurate picture of our total impact but many companies only go this far.	<input checked="" type="checkbox"/>	We have achieved this level of reporting
3.	Office energy consumption + travel + transportation of goods.	<input checked="" type="checkbox"/>	We have made progress on the measurements of our inbound and outbound freight of goods and have achieved this level of reporting
4.	Office energy consumption + travel + transportation of goods + manufacturing of products.	<input type="checkbox"/>	We have not achieved this level of reporting

Environmental programme

- main objectives

The objectives and targets below are based on what we see as our significant environmental impacts, as outlined in this document.

Objective 1.

To develop entirely 'cradle to cradle' products, which can be 100% recycled and have minimal environmental impacts during their production. (Note: we did not set any specific targets against this objective in 2010, however our achievements under this objective can be seen in the 'Products' section).

Objective 2.

To record and measure sufficient data in order to be able to report to level four of our CO₂ emissions hierarchy shown on previous page.

Objective 3.

To be fully accountable for our impacts on the environment and demonstrate year on year improvements.

Our targets for 2011 are as follows:

Waste:

To become Zero-to-landfill at our Head office.

Freight:

To reduce air freight usage by 80% on 2010 figures and further develop our freight reporting system.

Accreditation:

To extend our EMAS accreditation to our French office in order to be more accountable for our company wide environmental impact.

Measurement:

To case study the carbon footprint of our freight containers for our new tile/slate product.

Suppliers:

To engage a Sustainable Sourcing Auditor to measure the performance of our key supplier (Jiawei).

Conclusion

This statement has been validated by Richard Edmond and verified by Graeme Bruce of BSI. BSI is accredited for EMAS verification with the registration reference UK-V-0002.

The validation and verification was completed on 31st May 2011.



Economic aspects of environmental protection

Applying for EMAS accreditation has required adequate resources to enable the EMS to be implemented and controlled, including human resources, specialised skills, technology and funding. However, these costs are shaded by the benefits of having an effective EMS. In the long term we should see a reduction in our energy/waste/ travel bills. Also, we should see an increase in tender opportunities as many clients are expecting us to provide details of our environmental commitments.

Communication with target groups

We placed our EMAS statement on our web site, together with our CSR video, and have emailed our key clients, partners, investors and other stakeholders inviting them to watch / read and feedback via our web form.

The page on our website entitled 'Environmental Statement 2010' was viewed by 420 unique visitors during the reporting period.

Our deadline for the next environmental statement is in May 2012 and will be the responsibility of the EMAS team. Any comments or feedback on this report can be sent via the following address: enquiries@solarcentury.com

or

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Tel: 020 7803 0100
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More information about Solarcentury, our products and services is available on our website: www.solarcentury.com

Appendices

Our Environmental Management System (EMS)

Our objectives and targets are based on our significant environmental impact as a company. The criteria set for considering the significance of an environmental aspect have been defined within our Identification of Aspects Procedure. However when determining whether an impact is significant we will also consider our own 10 working principles, results of our Eco-Indicators as well as a minimum the following:-

- 1) Does it use significant resources? (energy/water/raw materials). Guidance as to what determines significance here is based on good practice controls currently in place.
- 2) Does it have an impact on ecological/landscape issues?
- 3) Does it produce large (in terms of organisational activities) amounts of waste materials?
- 4) Have we received/are we likely to receive complaints? Consideration is given to whether there is a likelihood of a complaint being received and whether there are processes to deal appropriately with such complaints.
- 5) Is it an important issue for our stakeholders (such as clients/main contractors)? Reviews of clients correspondence in the form of tender documentation and their views.
- 6) Is there a risk of legislative breaches? Review of Evaluation of Compliance audit is used to update the Aspects Register as necessary where there is a likelihood of breach of legislation.
- 7) Environmental Culture within the Organisation. Review of participation in terms of environmental suggestions, levels of environmental communication within the organisation for example environmental groups. The overall responsibility is led by the senior management team.

Our significant impacts

We have determined our significant negative impacts on the environment to be the following:
Energy Consumption, Waste, Purchasing, Paper use, Travel

Our positive environmental impacts are achieved from our products and installations. Our products are designed to provide carbon free energy, once installed.

Kilowatt peak (kWp) - definition

The peak power output of a solar photovoltaic energy system at maximum solar radiation under Standard Test Conditions (STC). A three kilowatt peak system will have shown to have generated three kilowatts of power under the Standard Test Conditions.