

# PREFACE TO SUSTAINABILITY REPORT 2009

## DEAR Q-CELLS SE CUSTOMERS, SHAREHOLDERS, EMPLOYEES, FRIENDS, AND PARTNERS,

As one of the largest photovoltaics companies worldwide, we have undertaken to develop solar energy over time into the most important source of energy and thus make a significant contribution to a liveable future.

We view this endeavor as taking our share of responsibility and making our contribution to supplying the world with sustainable energy and combating climate change. It is particularly essential for companies in our sector to integrate sustainable business activities into daily work processes and procedures on a permanent basis to ensure a viable future. We aim to promote production of clean, safe, low-priced solar electricity and orientate our day-to-day activity accordingly from a financial, ecological and social perspective. This means that not only our products, but also our investments, manufacturing processes, and working conditions must meet sustainability requirements.

It was also our desire to fulfil this objective in 2009. That is why we have expanded our integrated and certified environment and quality management system. We use this system to analyze, evaluate and communicate the insight we have gained into qualitative, environmental and safety-relevant aspects. A large number of our plans and projects show that we consistently achieve our recognized potential for improvement. Our customers, partners, and employees benefit from our integrated approach to management, since it enables us to continually improve our company's quality capability, competitiveness, products, and services. Photovoltaics are inconceivable without sustainability – it is a main concern in a sector where the

principle objective is to provide a source of sustainable energy. Photovoltaics are environmentally friendly, create added value on a regional level and are an effective lever to ensure that sustainable development is also achieved on an international level.

At Q-Cells, this is evident in commercial and ecological business and production processes, in the employment of over 2,500 employees worldwide and in our wide-ranging commitment to training new blood for the solar industry. For photovoltaics, sustainability is both a challenge and an opportunity to which we respond in order to shoulder our responsibility with regard to the environment, our employees and society at large. We invite you to learn about our commitment and gain greater insight into our company over the following pages

Dr. Nedim Cen

CEO at Q-Cells SE

**ECONOMIC PERFORMANCE**

		2008 reported	2009 reported	Reason for omission
EC 1	Directly generated and distributed economic value	•	•	Consolidated Financial Statement p.92
EC 2	Financial implications of climate change	—	—	
EC 3	Coverage of company's benefit plan obligations	•	•	Consolidated Financial Statement p.92
EC 4	Financial assistance received from government	•	•	Consolidated Financial Statement p.94
EC 5	Entry-level salaries in comparison to local minimum wage			
EC 6	Contracting of locally-based suppliers	—	—	
EC 7	Local hiring of personnel	—	—	
EC 8	Investment in infrastructure and services which are primarily provided for public benefit	—	—	
EC 9	Indirect economic impacts			

KEY TO 3.12  
GRI INDEX

- Reported in full
- Reported in part  
The performance indicators which are dealt with and those which are not are specified in the definition of the report scope.
- Not reported
- n.s. Not specified  
Data not available (Approx.)  
Estimation insign. insignificant
- n.a. Not applicable

Reason for omission type 1:  
This type of performance indicator is insignificant or not applicable. An explanation is given as to why it is insignificant with regard to tests and the approach to the materiality principle. An explanation is also given regarding why it is insignificant in relation to business processes and why company activities have no impact on the area in question.

Reason for omission type 2:  
Information is not available on the performance indicators concerned. Data collection barriers and plans on improvements are described. The time frame for implementing improvements is explained in detail and specified in the sections on the following pages (short, medium and long-term).

Reason for omission type 3:  
Information on the performance indicators is restricted (protected). The extent to which the data cannot be reported is specified, i.e. whether collecting and publishing data is prohibited by law or whether the performance indicator contains confidential commercial information.

KEY TO 3.11  
CHANGES TO SCOPE OF REPORT

- Core indicators
- Additional indicators

- AR Annual report
- SR Sustainability report
- GAR Group annual report
- CGR Corporate governance report

## ENVIRONMENT

		Reported 2008	Reported 2009		Reason for omission
EN 1	Materials used	•	•	AR / SR p.50	
EN 2	Recycling material	•	•	Table EN / AR / SR p.54	
EN 3	Direct primary energy consumption	•	•	AR / SR p.52	
EN 4	Indirect primary energy consumption		n.a.		
EN 5	Energy saving				
EN 6	Initiatives to provide energy efficiency and renewable energies				
EN 7	Initiatives for reducing indirect energy consumption and the reductions achieved	•	•	Table EN / AR / SR p.54	
EN 8	Total water intake	•	•	AR / SR p.50	
EN 9	Impacts of water consumption	•	•	Table EN / AR / SR p.54	
EN 10	Recycled and reused water	n.s.	n.s.	Table EN / AR / SR p.54	Type 2
EN 11	Land in or adjacent to protected areas or areas with high biodiversity	n.a.	n.a.	Table EN / AR / SR p.54	
EN 12	Impacts on biodiversity		n.a.	Table EN / AR / SR p.54	
EN 13	Protected or restored natural habitats		n.a.	Table EN / AR / SR p.54	
EN 14	Strategies for protecting biodiversity		n.a.	Table EN / AR / SR p.54	
EN 15	Number of species on the red list of the IUCN and on national lists which have their natural habitat in areas affected by the organization's activities, by level of extinction risk.		n.a.	Table EN / AR / SR p.54	
EN 16	Total direct and indirect greenhouse gas emissions by weight (process-related CO <sub>2</sub> )	•	•	Table EN / AR / SR p.54	
EN 17	Other relevant greenhouse gas emissions by weight		•	Table EN / AR / SR p.54	
EN 18	Initiatives for reducing greenhouse gas emissions and reductions achieved	•	•	Table EN / AR / SR p.54	
EN 19	Emissions of ozone-depleting substances by weight		insign.	Table EN / AR / SR p.54	Type 1
EN 20	NO <sub>x</sub> , SO <sub>x</sub> and other significant air emissions by type and weight		n.s.	Table EN / AR / SR p.55	Type 2
EN 21	Total water discharge by quality and destination	•	•	Table EN / AR / SR p.55	
EN 22	Total weight of waste by type and disposal method		•	Table EN / AR / SR p.55	
EN 23	Total number and volume of significant spills		insign.	Table EN / AR / SR p.55	Type 1
EN 24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III and VIII and percentage of transported waste shipped internationally.		n.a.	Table EN / AR / SR p.55	
EN 25	Impacts of water discharge		n.a.	Table EN / AR / SR p.55	
EN 26	Initiatives to mitigate environmental impacts	•	•	Table EN / AR / SR p.55	
EN 27	Packaging material		—		
EN 28	Sanctions due to environmental offenses	•	•	Table EN / AR / SR p.55	
EN 29	Environmental impacts of transport	•	•	Table EN / AR / SR p.55	
EN 30	Environmental expenditures	•	•	Table EN / AR / SR p.55	

## SOCIAL

		Reported 2008	Reported 2009		Reason for omission
LA 1	Total workforce by employment type, employment contract and region		◦	Table LA / AR / SR p.57	Type 2
LA 2	Employee turnover		•	Table LA / AR / SR p.57	
LA 3	Benefits provided to full-time employees				
LA 4	Employees covered by collective bargaining agreements		•	Table LA / AR / SR p.57	
LA 5	Notice period(s) regarding significant operational changes		•	Table LA / AR / SR p.57	
LA 6	Employees represented on worker committees				
LA 7	Injuries, occupational diseases, lost days, absenteeism and fatalities		•	Table LA / AR / SR p.57	
LA 8	Counseling and training regarding serious illnesses		—		
LA 9	Health and safety topics covered in agreements with trade unions				
LA 10	Training and further education for employees		◦	Table LA / AR / SR p.57	Type 2
LA 11	Program for skills management and lifelong learning				
LA 12	Performance appraisal and development planning of staff				
LA 13	Structure of governing bodies		n.s.	Table LA / AR / SR p.57	Type 2
LA 14	Ratio of basic salary of men to women		◦	Table LA / AR / SR p.57	Type 2

## HUMAN RIGHTS

		Reported 2008	Reported 2009		Reason for omission
HR 1	Investment agreements		n.a.	Table HR / AR / SR p.58	
HR 2	Screening of suppliers and contractors on human rights		—		
HR 3	Training on human rights				
HR 4	Incidents of discrimination		insign.	Table HR / AR / SR p.58	Type 1
HR 5	Freedom of association and collective bargaining		•	Table HR / AR / SR p.58	
HR 6	Child labor		•	Table HR / AR / SR p.58	
HR 7	Forced and compulsory labor		•	Table HR / AR / SR p.58	
HR 8	Training of security staff				
HR 9	Violation of rights of indigenous peoples				

**SOCIETY**

		Reported 2008	Reported 2009		Reason for omission
SO 1	Impacts on communities				
SO 2	Risks of corruption		n.s.	Table SO / AR / SR p.59	Type 1
SO 3	Training on anti-corruption policy		n.s.	Table SO / AR / SR p.59	Type 1
SO 4	Incidents of corruption and action taken in response		n.s.	Table SO / AR / SR p.59	Type 1
SO 5	Lobbying	•	•	Table SO / AR / SR p.59	
SO 6	Donations to parties, politicians and related institutions				
SO 7	Legal actions for anti-competitive behavior	•	•	Table SO / AR / SR p.59	
SO 8	Sanctions for non-compliance with statutory regulations	•	•	Table SO / AR / SR p.59	

**PRODUCT RESPONSIBILITY**

		Reported 2008	Reported 2009		Reason for omission
PR 1	Impacts on customer health and safety	•	•	Table PR / AR / SR p.56	
PR 2	Non-compliance with health and safety standards	•	•	Table PR / AR / SR p.56	
PR 3	Product information	•	•	Table PR / AR / SR p.56	
PR 4	Non-compliance with standards regarding product labeling		•	Table PR / AR / SR p.59	
PR 5	Customer satisfaction table	•	•	Table PR / AR / SR p.56	
PR 6	Standards relating to advertising		•	Table PR / AR / SR p.56	
PR 7	Non-compliance with marketing standards				
PR 8	Breaches of customer privacy and loss of customer data				
PR 9	Sanctions for non-compliance with product and service-related requirements	•	•	Table PR / AR / SR p.56	

# Q-CELLS STRATEGY

## 1.1 – 1.2

### 1.1 STATEMENT FROM THE MOST SENIOR DECISION MAKER

See Preface p.1

### 1.2 KEY IMPACTS, RISKS, AND OPPORTUNITIES

[Link AR / Group Annual Report / Risk Report p. 76](#)

# Q-CELLS PROFILE

## 2.1 – 2.10

### 2.1 NAME OF ORGANIZATION

[Link to AR / SR](#)

### 2.2 BRANDS, PRODUCT, SERVICES

[Link AR / Group Annual Report p. 65](#)

### 2.3 ORGANIZATIONAL STRUCTURE (INCLUDING MAIN DEPARTMENTS AND PLANT LOCATIONS)

[Link AR / Group Annual Report p. 65](#)

### 2.4 LOCATION OF THE ORGANIZATION'S HEADQUARTERS

[Link to AR / GAR p.65 / Group appendix p.98](#)

### 2.5 COUNTRIES WHERE GROUP OPERATES

[http://www.q-cells.com/de/unternehmen/qcells\\_se/gesellschaften/standorte/index.html](http://www.q-cells.com/de/unternehmen/qcells_se/gesellschaften/standorte/index.html)

### 2.6 OWNERSHIP STRUCTURE AND LEGAL FORM

[Link AR / CGR p.14 / GAR p.65 / Q-Cells stock p.61](#)

### 2.7 MARKETS

[Link to AR / GAR p.66 and p.85 / Group appendix p.154](#)

### 2.8 SIZE OF ORGANIZATION

[Link AR / GAR p.75](#)

### 2.9 SIGNIFICANT CHANGES IN SIZE, STRUCTURE OR OWNERSHIP

[Link AR / GAR p.65 / CGR p.14 / Q-Cells stock p.61](#)

### 2.10 AWARDS RECEIVED

[http://www.q-cells.com/de/unternehmen/corporate\\_responsibility/gesellschaftliche\\_verantwortung/auszeichnungen/index.html](http://www.q-cells.com/de/unternehmen/corporate_responsibility/gesellschaftliche_verantwortung/auszeichnungen/index.html)

# Q-CELLS

# REPORT PARAMETERS

## 3.1 – 3.13

### 3.1 REPORTING PERIOD

[http://www.q-cells.com/de/unternehmen/corporate\\_responsibility/nachhaltigkeitsbericht/index.html](http://www.q-cells.com/de/unternehmen/corporate_responsibility/nachhaltigkeitsbericht/index.html)

### 3.2 PUBLICATION OF THE MOST RECENT PREVIOUS REPORT, IF AVAILABLE

[http://www.q-cells.com/de/unternehmen/corporate\\_responsibility/nachhaltigkeitsbericht/index.html](http://www.q-cells.com/de/unternehmen/corporate_responsibility/nachhaltigkeitsbericht/index.html)

### 3.3 REPORTING CYCLING (ANNUAL, BIENNIAL)

[http://www.q-cells.com/de/unternehmen/corporate\\_responsibility/nachhaltigkeitsbericht/index.html](http://www.q-cells.com/de/unternehmen/corporate_responsibility/nachhaltigkeitsbericht/index.html)

### 3.4 CONTACT POINT FOR QUESTIONS REGARDING THE REPORT AND ITS CONTENT

[Link AR / Company details p.191](#)

### 3.5 PROCESS FOR DEFINING THE REPORT CONTENT

#### Materiality

The information in a report should essentially cover topics and indicators that reflect economic, environmental, and social impacts. Publication serves the interests of our stakeholders, as topics and indicators which are included substantially influence the way that stakeholders make assessments and decisions. We started to use the GRI index when compiling our last report. We have significantly expanded the content in this report, although we have mainly limited ourselves to describing core indicators. A consistent approach to materiality has not yet been established. Concerns, information, and findings were influential in communicating with our stakeholders with regard to impacts for the company and have already been identified and evaluated in our sustainability management system. Since we started conducting a customer audit and reconceptualized supplier assessment in 2010, a better basis is now in place to provide a more focused approach to determining materiality, particularly for our stakeholders: customers and suppliers.

#### Priorities

The core indicators have been incorporated as far as possible and have either been reported in full or in part, depending on the data available. If not reported or only reported in part, reasons for omission type 1, 2 or 3 are specified in accordance with the key to the GRI Index. We are fully committed to improving subsequent sustainability reports on a continuous basis, to placing even greater emphasis on priorities and to increasing report transparency.

#### Stakeholders

According to our information, the key stakeholders to which this report applies are not only investors (stakeholders) institutional investors, analysts), but also our customers, suppliers and Q-Cells SE employees.

### 3.6 REPORT BOUNDARY

[http://www.q-cells.com/de/unternehmen/corporate\\_responsibility/nachhaltigkeitsbericht/index.html](http://www.q-cells.com/de/unternehmen/corporate_responsibility/nachhaltigkeitsbericht/index.html)

### 3.7 LIMITATIONS TO THE BOUNDARY OF THE REPORT

[http://www.q-cells.com/de/unternehmen/corporate\\_responsibility/nachhaltigkeitsbericht/index.html](http://www.q-cells.com/de/unternehmen/corporate_responsibility/nachhaltigkeitsbericht/index.html)

### 3.8 JOINT VENTURES, SUBSIDIARIES, LEASED FACILITIES, AND OUTSOURCING

As the group is currently undergoing structural changes, comparison cannot be guaranteed with regard to reporting for next year. As a result, joint ventures and subsidiaries are not taken into account.

### 3.9 DATA MEASUREMENT

GRI indicator protocols have been used for reporting. Information regarding media, waste and consumption of raw materials has been compiled from SAP data and results from environmental and waste databases have also been added with their respective meter readings and invoices. Information on employees has been compiled to some extent from HR statistics and SAP databases. Product and performance indicators are derived from the company's controlling reports.

Accident and failure data has been compiled according to the GRI indicator protocol and by using an accident database. We are currently unable to report media and employee structures to the required level of detail. A significant improvement is expected for data collection in 2011 once the planned meter installation is finally complete and a process control system is put into operation in 2010. A system enhancement for SAP is being tested which will provide the information required for LA 10, 13 and 14 according to the GRI protocol (reason for omission type 2).

### **3.10 RE-PRESENTATION OF INFORMATION FROM PREVIOUS REPORTS**

There were no relevant changes for this current edition of the report.

### **3.11 CHANGES IN SCOPE OF REPORT, REPORT BOUNDARIES OR METHODS OF MEASUREMENT**

See tables regarding change to scope of report and GRI Index p.2 – 5

### **3.12 GRI INDEX**

See tables regarding change to scope of report and GRI Index p.2 – 5

### **3.13 EXTERNAL ASSURANCE**

An external review of report contents is intended for future reports.

# CORPORATE GOVERNANCE

## 4.1 – 4.10

### 4.1 ORGANIZATION'S GOVERNANCE STRUCTURE

Sustainability is integrated to an optimum degree at Q-Cells. Gerhard Rauter, Chairman for Production and Technology, is responsible for strategic planning and implementation of sustainability aspects. His work is supported by the Head of Quality Management, who also acts as environmental management coordinator and who promotes sustainability matters across the whole organization with the aid of integrated management instruments. He has also delegated tasks in the Environment Health and Safety and Human Resources Departments, and is supported by organized structure of representatives.

[Link AR / CGR p.14 and following pages](#)

### 4.2 INDICATION OF WHETHER THE CHAIR OF THE HIGHEST GOVERNANCE BODY IS ALSO AN EXECUTIVE OFFICER

[Link AR / CGR p.14 and following pages](#)

### 4.3 INFORMATION REGARDING ORGANIZATIONS WITHOUT SUPERVISORY BOARD

Not applicable

### 4.4 MECHANISMS FOR PROVIDING RECOMMENDATIONS OR DIRECTION TO THE HIGHEST GOVERNANCE BODY

As a general rule, the Chief Operations Officer represents the interests of the executive board as a whole. However, all executive members are involved in defining key milestones in sustainability development. This involves, amongst other things, corporate policy and management review. Involvement and agreement are required from all board members in this respect. Decisions on involving or informing major and minority shareholders on sustainability topics are included both within this framework and the works council. They are also an integral part of the annual general meeting, where executive members respond to questions from these stakeholder groups.

[Link AR / SR p.51](#)

[Link AR / CGR p.14 and following pages](#)

### 4.5 LINKAGE BETWEEN COMPENSATION FOR MEMBERS OF THE HIGHEST GOVERNANCE BODY, SENIOR MANAGERS, MEMBERS OF THE EXECUTIVE BOARD, AND CORPORATE MANAGEMENT

[Link AR / CGR p.16 and following pages](#)

### 4.6 PROCESSES IN PLACE FOR THE HIGHEST GOVERNANCE BODY TO ENSURE CONFLICTS OF INTEREST ARE AVOIDED

[Link to AR / Preface p.10 / CGR p.14 and following pages](#)

### 4.7 QUALIFICATIONS AND EXPERTISE OF MEMBERS OF THE HIGHEST GOVERNANCE BODY WITH REGARD TO SUSTAINABILITY ISSUES

**Dr. Nedim Cen** took over as CEO of Q-Cells SE in March 2010. Prior to his appointment, he had been Chief Financial Officer since 2009. He is Managing Director at Alvarez & Marsal and brings with him almost two decades of experience in management consultancy, investment banking and company operations management. Before Dr. Nedim Cen joined Q-Cells, he was CFO of the KION Group, where he was responsible for successful spinning off KION from Linde AG as well as for introducing group-wide cash management. During his time at Credit Suisse, he served as Managing Director and Head of Mergers & Acquisitions and Strategic Advisory for German-speaking countries: Germany, Austria and Switzerland. Prior to this, Dr. Nedim Cen was Managing Director for the Dresdner Bank, where he was in charge of industrial clients in Germany. He started in strategic management consulting at Goldman Sachs in Frankfurt after working for McKinsey & Company.

Austrian-born **Gerhard Rauter** has been a member of the executive board at Q-Cells SE since 2007. He heads the Operations and Technology Division and is thus responsible for core operations, the production and development of crystalline solar cells and thin-film panels. Mr Rauter has represented the interests of Q-Cells SE on the executive board at SEMI since 2010. Prior to joining the Q-Cells executive board, he had been Vice President and Managing Director of Infineon Technologies Dresden GmbH & CO since 2006. Between 2006 and 2008, Mr Rauter was member of the supervisory board at Süß MicroTec AG and a member on the board of trustees at the University of West Saxony in Zwickau between 2004 to 2006.

**Dr. Marko Schulz** was appointed Head of the Marketing and Sales Division on the executive board at Q-Cells in April 2009. In this post, he is responsible for market development, solar cells and thin-film panels, solar power systems and overall marketing. His area of responsibility also includes sales organizations outside Germany as well as Q-Cells Clean Sourcing GmbH and the Q-Cells International GmbH, for which Dr. Schulz has also been acting Managing Director since 2007. After completing his education, this business and MBA graduate was awarded a doctorate at the Technical University of Berlin. Prior to joining Q-Cells, he worked in the sales and marketing department at Kao K.K. in Japan. He also worked on financing European energy projects at BASF SE before switching to McKinsey & Company. As a consultant, he was involved in projects in the areas of energy and the public sector in Europe and the US and became a partner in the company in 2001.

#### 4.8 MISSION STATEMENTS, CODE OF CONDUCT AND PRINCIPLES

Q-Cells SE's mission statement on sustainability summarizes the principles of our sustainable conduct. For us, this involves reducing environmental impact at every stage of our products' life cycle, from production through to recycling. We want to conserve resources and increase product efficiency by enhancing our production processes from a technical and technological perspective. We see ourselves as citizens of the world who assume responsibility on a local level and feel bound by the principles of sustainability and fairness. We take our environment and our employee motivation and well-being very seriously. In doing so, we create long-term perspectives for our partners and our employees. We act fairly, transparently and sustainably. As an international company, we place particular emphasis on presence and proximity to customers. This mission statement reflects our day-to-day operations from an economic, ecological and social perspective. It is applied across the group, where it is implemented using our management instruments and exemplified by activities at management level.

#### 4.9 PROCEDURES OF THE HIGHEST GOVERNANCE BODY FOR OVERSEEING SUSTAINABILITY PERFORMANCE

Q-Cells has promoted sustainability in recent years through an integrated, certified environment and quality management system. Q-Cells has built up an internal organization to enhance, monitor and control this management system. It is overseen by a quality and environmental management coordinator, who has direct access to the executive board. Strategies, objectives, rules and instruments have been developed, including risk management, a complex audit system for internal audits, a workplace committee (EHS steering committee), and a comprehensive further education program for employees.

[http://www.q-cells.com/de/unternehmen/corporate\\_responsibility/integriertes\\_management/index.html](http://www.q-cells.com/de/unternehmen/corporate_responsibility/integriertes_management/index.html)

[Link to GR / Risk report](#)

[http://www.q-cells.com/de/unternehmen/corporate\\_responsibility/gesellschaftliche\\_verantwortung/index.html](http://www.q-cells.com/de/unternehmen/corporate_responsibility/gesellschaftliche_verantwortung/index.html)

#### 4.10 PROCEDURES OF THE HIGHEST GOVERNANCE BODY TO EVALUATE SUSTAINABILITY PERFORMANCE

The results of sustainability projects and measures are evaluated on a monthly basis and reported to the executive board. Sustainability topics are also included in the executive board's annual management review. This evaluates recent development in the management system and impacts on company activities, gives an outlook on upcoming changes, and devises measures which need to be taken.

# INITIATIVES AND Q-CELLS' CONTRIBUTIONS

## 4.11 – 4.13

### 4.11 PRECAUTIONARY APPROACH

A precautionary approach is anchored in our integrated management system, in risk management and in sustainability management. By choice, we are, of course, also involved in the Carbon Disclosure Project (CDP) and in the Global Reporting Initiative (GRI).

### 4.12 EXTERNAL AGREEMENTS, PRINCIPLES OR INITIATIVES

Together with other leading German silicon solar cell manufacturers, Q-Cells is currently drawing up a technology roadmap for C-Si photovoltaics. The aim of this roadmap is to inform suppliers and customers about key findings from long-term research into optimization of

materials, processes and products and to create a basis for constructive dialog regarding necessary improvements and standards. It is intended to contain details of requirements for promoting C-Si solar cell manufacture and to identify technological barriers.

### 4.13 MEMBERSHIPS OF ASSOCIATIONS AND ORGANIZATIONS

[http://www.q-cells.com/de/unternehmen/corporate\\_responsibility/gesellschaftliche\\_verantwortung/mitgliedschaften/index.html](http://www.q-cells.com/de/unternehmen/corporate_responsibility/gesellschaftliche_verantwortung/mitgliedschaften/index.html)

### 4.12 EXTERNAL AGREEMENTS, PRINCIPLES OR INITIATIVES

External agreements/principles/initiatives	Period	Founded by/ including	Motivation
Application of ISO standard 9001	since 2005	ISO	Voluntary
Application of ISO standard 14001	since 2007	ISO	Voluntary
Saxony-Anhalt Environmental Alliance	since 2006	Country and economy	Voluntary
Carbon Disclosure Project (CDP)	since 2006	Institutional investors	Voluntary
PV Cycle	Since 2008	Manufacturers of cells and panels	Voluntary
Participation in Technology Roadmap for Crystalline Silicon PV initiative	since 2009	FAB Manager of cell and panel manufacturers	Voluntary

# Q-CELLS DIALOG WITH STAKEHOLDERS

## 4.14 – 4.17

### 4.14 STAKEHOLDER GROUPS

The stakeholder groups which are integrated in the decision-making processes at Q-Cells include Q-Cells SE employees, customers and suppliers. Both shareholders and investors are considered as stakeholders, as are analysts and banks. Our stakeholders also include our partnership universities, municipalities and local authorities, non-governmental organizations, and the general public. An overview of all stakeholders has not yet been compiled (reason for omission type 2), but will be compiled for the reporting year 2010.

### 4.15 SELECTION OF STAKEHOLDERS

The Q-Cells' Code of Conduct became an integral part of contracts with our suppliers in 2008. This code of conduct defines the principles and requirements within the group concerning the suppliers of goods and services with regard to their responsibility towards people and the environment. Checking compliance with these principles will be an inherent part of our suppliers' audits in the future (reason for omission type 2). We intend to carry out a current stakeholder group analysis in 2010 and publish it in the next report.

### 4.16 STAKEHOLDER ENGAGEMENT

No employee attitude survey was carried out during the reporting period. However, employee requirements and wishes were channeled and processed when the works council was founded in 2009. Q-Cells has had a supplier evaluation system since 2005, established according to specific criteria. It is used to ensure permanent dialog with our business partners and enable us to jointly identify strengths and development potential. As our customers are able to influence our activities, customer audits are welcome at any time. A customer survey is also conducted and evaluated internally once a year. We work very closely with universities and institutional partners to bring about improvement on a permanent basis.

Partner universities and research institutes who work intensively together with us on new and improved products thus form another key stakeholder group. We take part in an exchange of ideas regarding social issues on a regular basis thanks to membership of associations, working groups and interest groups. Intensive cooperation with authorities, municipalities and non-governmental organizations identifies the requirements of stakeholder groups which can be directly integrated into decision making processes.

#### 4.16 STAKEHOLDER ENGAGEMENT

Key stakeholders	Instruments
Employees	Direct contact, employee surveys, work councils, company newspaper Q-Rier
Customers (wholesale, panel fitters, also end customers)	Direct contact, annual customer survey
Suppliers	Direct contact, supplier surveys
Shareholders (stock owners, investors)	Direct contact, feedback after roadshows, company news
Banks and creditors	Direct contact
Residents / local population	Direct contact in the event of expressed concerns or complaints, direct involvement in respective Q-Cells projects (e.g. nursery schools)
<b>Other stakeholders</b>	
Analysts, banks	Direct contact, feedback after roadshows, investor days, company news
State governments, communities, municipalities, authorities	Direct contact, interviews
Non-governmental organizations (NGOs)	Networks, discussion forums
Works council, employee associations	Direct contact in negotiations
Professional associations, industrial trade groups	Direct contact on networks
Competitors	Market research, informal talks
Press	Interviews, press reports
Interested members of the public	Reports, company news

#### 4.17 KEY TOPICS AND CONCERNS RAISED BY STAKEHOLDERS

Questions and suggestions from stakeholders	Topic	Type
IZT - Institute for Future Studies and Technology Assessment	Material flows and potential today and in the near future - Possibilities regarding material efficiency and resource conservation	Interview
OBB Supreme Building Authorities in the Bavarian Ministry of Internal Affairs	Disposal of photovoltaic panels	Oral question
oekom Corporate Rating - Rating agency which analyzes corporate responsibility	Sustainability performance	Invitation to comment
Photon	Environmental protection and health and safety at work	Enquiry
CDP	Energy and emission data	Survey
State Statistical Office in Halle	Data on energy, emission, and raw materials and supplies	Survey
Silicon Valley Toxic Coalition	EHS, emissions and energy data	Survey and on-site presentation
KLD company profile of Q-Cells	EHS, emission data, environmental policy	Survey

# MANAGEMENT APPROACH

## EC / EN / LA / HR / SO / PR

Sustainable economic activity is firmly integrated into Q-Cells SE's processes and operations. The central driving force behind our operations is the desire to promote the production of clean, safe, low-cost solar electricity worldwide. This objective is the benchmark for our day-to-day business operations from an economic, ecological and social perspective. To ensure that this requirement for sustainable activity is met, Q-Cells has developed an integrated, certified environment and quality management system in recent years, which is also designed to include health and safety management requirements.

### EC Economic (EC) – Economic indicators

The economic sustainability of the growth in photovoltaics is ranked as the most important indicator. For Q-Cells, this is the basis and starting point for commitment to environmental and social engagement, which may involve the creation of jobs in a future industry, the associated social benefits, the expansion and establishment of added value in the region or the reduction of electricity prices. It is our contribution to sustainable energy supply.

[Link AR / GAR p.64](#)

### EN Environment (EN) - Ecological Performance Indicators

We have used the synergies achieved from combining standards ISO 14001 and 9001 in a certified integrated management system since 2007, thus promoting continual improvement at all levels of the company. This system implements a regular, systematic review of all internal processes, products and services with regard to environmental aspects. The materials used are procured through a materials management system, which also manages transportation, logistics and recycling of packaging material. The environmental impacts caused by such activities have already been identified and measures for optimization derived. Energy, water, effluents, waste, emissions and water pollution control are fully integrated into the environmental control system, which performs tasks such as monitoring and control. Biodiversity does not play a role at the Thalheim site, but it is always analyzed as part of a project check during the planning stage for major projects. We ensure consistent compliance with statutory regulations

through a schedule of legal provisions updated on a yearly basis as well as compulsory training for all our executives. These measures are complemented by an approvals management system which implements requirements and ancillary provisions. Implementation of legal requirements and compliance with laws is monitored both internally and by means of compliance audits. We are already able to mitigate the environmental impacts of our products through cooperation with the European Photovoltaic Recycling Association's PV CYCLE initiative.

[http://www.q-cells.com/de/unternehmen/corporate\\_responsibility/gesellschaftliche\\_verantwortung/index.html](http://www.q-cells.com/de/unternehmen/corporate_responsibility/gesellschaftliche_verantwortung/index.html)

### LA Labor Practices and Decent Work (LA)

Q-Cells strives to achieve an optimum working environment from the outset. Valuable social benefits and a variety of training and further education opportunities are offered as part of our program. Trainees, working students and students completing their studies are present in our company in varying numbers and we are also in permanent contact with universities and technical colleges. The Q-Cells training center offers training for ten sector-related professions. Q-Cells has established for its workforce a wide-ranging program consisting of training courses, tuition, consultancy services, occupational health checkups, an integration management program and health promotion campaigns. A training program based on individual needs identified during staff appraisals and the current needs of the company ensures that all employees maximize their skills and receive optimal training.

A further positive boost for employee-employer relations was provided in 2009 when a works council was set up in place of an employees' representation group. The new works council is integrated in all relevant decision-making processes and committees, which are highly effective in representing employees' interests.

Q-Cells currently has no negotiated wage agreement. A job grading system is being developed which will also contain salary bands to enable comparisons with regard to diversity and equal opportunities.

#### **HR Human Rights (HR)**

Investment and procurement criteria regarding human rights have not played a role for Q-Cells as yet. Likewise, there are no known cases of discrimination. Compliance with recognized conventions is assured thanks to the involvement of lawyers on both a national and international level. Freedom of association and the right to collective bargaining are universally permitted and are now overseen by the new works council. We take these issues into account when developing new business activities and selecting suppliers and partners in accordance with our code of conduct. At no time have there been business activities involving a considerable risk of child labor, or forced and compulsory labor.

#### **S0 Society (S0)**

The issues of corruption and compliance with legislation are governed in guidelines applied across the group. The obligation to comply with legislation is consigned to all managers with consignment established in writing. Our code of conduct not only establishes the basic principles for our activities, but also the requirements we impose on our suppliers, service providers and their subcontractors. Q-Cells is synonymous with fair competition. As a consequence, activities and contracts are designed to ensure compliance with this goal, which is also assured from a legal perspective.

#### **PR Product Responsibility (PR)**

Product responsibility requirements are brought together and overseen under Product Management. This also includes the labeling of our products to international legal standards. Annual training in legal issues for managers builds on their expertise in their respective fields of activity. An established supplier audit system and the code of conduct already denote progress in this respect. These instruments ensure that we also require our partners to commit to international standards and rules of conduct with regard to sustainability. We are also guided by these requirements in systematically designed customer audits.

**ECONOMIC (EC) ECONOMIC INDICATORS**

Aspect ID number	Explanation	2009
EC 1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and authorities (taxes)	
	a) Sales / earnings	Consolidated Financial Statement p.90 (1)
	b) Other company expenditures	Consolidated Financial Statement p.90 (4)
	c) Salaries and wages + social benefits	Consolidated Financial Statement p.90 (6)
	d) Payments to capital providers and authorities	Consolidated Financial Statement p.92 / 93, cash flow statement
	e) Payments to public authorities (taxes)	Consolidated Financial Statement p.92
	f) Investments in communities	
EC 3	Coverage of company's benefit plan obligations	Consolidated Financial Statement p. 90, 6b Other company expenses p.143, further training 7.7
EC 4	Financial assistance received from government (e. g. subsidies)	Consolidated Financial Statement p. 94, cash flow statement

**ENVIRONMENT (EN) / ECOLOGICAL PERFORMANCE INDICATORS**

Aspect ID number	Explanation	2009
<b>Materials</b> EN 2	Proportion of recycling material to total materials used	7.2 % (related to packaging material)
<b>Energy</b> EN 7	Initiatives for reducing indirect energy consumption and the reductions achieved	Supplying Q-Cells with green electricity. This reduces indirect emissions as a result of electricity consumption by 100 % (excluding control energy).
<b>Water</b> EN 9	Sources of water which are particularly affected by water extraction	Public water supply system Water comes from subterranean waters under the Elbe flood plain and the Düben Heath and from the Rappbode dam in the Harz mountains.
EN 10	Percentage and total volume of water recycled and reused	No information
<b>Biodiversity</b> EN 11	Location and size of land in or adjacent to protected areas. Location and size of land in areas with high biodiversity value outside or adjacent to protected areas. Take into account land which the reporting organization owns, leases or manages in such areas.	No designated commercial or industrial areas.
EN 12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Not applicable No direct or indirect impacts.
EN 13	Protected or restored natural habitats	Not applicable
EN 14	Strategies, current actions and future plans for managing impacts on biodiversity	Not applicable
EN 15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	Not applicable No locations where protected species are present.
<b>Emissions, effluents and waste</b> EN 16	Total direct and indirect greenhouse gas emissions by weight (process related CO <sub>2</sub> ).	Reduced from 41,876.7 t in 2008 to 5,203 t in 2009 A steady increase in CO <sub>2</sub> emissions was recorded in recent years due to the company's rapid growth. However, all our needs have been covered by green electricity since 2009. This has enabled us to achieve an 88 % reduction in CO <sub>2</sub> emissions compared to the previous year.
EN 17	Other relevant greenhouse gas emissions by weight	Company vehicle fleet: 4 t Rental vehicles: 187.66 t Business trips by plane: 1,185 t Total emissions: 1,376.804 t This corresponds to a reduction of 28%.
EN 18	Initiatives to reduce greenhouse gas emissions and reductions achieved	The overall electricity needs are covered by "green electricity", meaning 89,589.312 kWh are generated free of emissions. Reduction in emissions based on suppositions that: Average emission during electricity generation in Germany: 550 g / kWh This means that 49,274.12 t CO <sub>2</sub> are saved on 89,589.312 kWh.
EN 19	Emissions of ozone-depleting substances by weight	No information The relevant substances have been identified. They are used in closed systems which feature a leak detection system. There has been no measurement of volumes to date.

Aspect ID number	Explanation	2009
EN 20	NOx, SOx and other significant air emissions by type and weight.	No information Emissions lie within limits all year round. Compliance with limits is checked. Volume produced by cargo has yet to be calculated.
EN 21	Total water discharge by quality and destination.	Indirect discharge into 588,604 m <sup>3</sup> public wastewater management sewer
EN 22	Total weight of waste by type and disposal method	Total waste: 27,112 t Consisting of: Hazardous waste: 86 % Non-hazardous waste: 14 % Recycled waste: 23 % Removed waste: 77 %
EN 23	Total number and volume of significant spills	No information Improvement planned by installing air flow meter in 2010
EN 24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III and VIII and percentage of transported waste shipped internationally.	Not applicable
EN 25	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	Not applicable
<b>Products and services</b> EN 26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation	Cooperation with the European Photovoltaic Recycling Association initiative PV CYCLE. – The efficiency of our product has risen by 0.3 %, an increase which enhances its environmental performance – 33 % reduction in packaging material: the same number of products can now be packed with 33 % less packaging material.
<b>Compliance with statutory regulations</b> EN 28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	No fines or sanctions have been imposed. There have also been no formal complaints or legal proceedings in relation to non-compliance with statutory regulations regarding the environment.
<b>Transport</b> EN 29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations and transporting members of the workforce.	See EN 17
<b>Overall</b> EN 30	Total environmental protection expenditures and investments by type	3 x planting / compensatory measures Energy management Dust protection 7 x exhaust air purification system Wastewater purification system Waste management plan Meter system Total cost: 907,570.57 euros

## PRODUCT RESPONSIBILITY (PR)

Aspect ID number	Explanation	2009
<b>Customer health and safety</b> PR 1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Our products are tested with regard to health and safety aspects in long-term endurance studies and extreme conditions tests during product development (IEC61215, IEC61730). All product-related changes to processes are approved by a technical process change review board, which takes health and safety aspects into account. Product recycling after use is assured thanks to cooperation with the PV CYCLE initiative and the introduction of a Europe-wide return and recycling system.
PR 2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	No incidents
<b>Product and service labeling</b> PR 3	Type of product and service information required by legal procedures, and percentage of significant products and services subject to such information requirements.	Product information is provided on data sheets and in customer correspondence. Our products are not currently subject to RoHS or WEEE regulations. They have been tested and certified in accordance with the European REACH directive and the US UL standard.
PR 4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	No incidents
PR 5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Q-Cells carries out customer satisfaction surveys on a yearly basis, the findings of which are used to make continual improvements to products and services. Results have revealed a continual increase in customer satisfaction over recent years.
<b>Marketing communications</b> PR 6	Programs for adherence to laws, standards and voluntary codes related to marketing communications, including advertising, promotion and sponsorship.	Q-Cells has agreed to a CoC (code of conduct) which also specifies standards regarding tender procedures (Code of Conduct, July 2008).
<b>Compliance with statutory regulations</b> PR 9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	No fines have been imposed.

**LABOR PRACTICES AND DECENT WORK (LA)**

Aspect ID number	Explanation	2009
<b>Employment</b> LA 1	Total workforce by employment type, employment contract and region (here total workforce at end of 2009).	1,713 The information required under the GRI protocol has been provided as far as possible. Missing data can only be provided if further programs are installed.
LA 2	Total number and rate of employee turnover by age group, gender and region (here percentage of employees who have left the company, percentage of total workforce).	16.7% The information required under the GRI protocol has been provided in full. Main reasons: outsourcing, temporary contracts expiring, re-location within the group to subsidiaries: Calyxo, Solibro, Q-Cells International; also Sontor before 2009.
<b>Labor-management relations</b> LA 4	Percentage of employees covered by collective bargaining agreements	Reporting period since 2009 only; no works council prior to 2009
	Number of employees covered by collective bargaining agreements	1,699
	Percentage of employees not executives or authorized representatives	99.2%
LA 5	Minimum notice period(s) regarding significant operational changes, including whether such a notice period is specified in collective agreements.	Reporting period since 2009 only; no works council prior to 2009
	Time limit for notifying employees of significant changes	Usually 14 days
	Are notification periods specified in the collective agreement?	Notification periods are not currently specified in the collective agreement. Notification periods based on German Works Constitution Act (BetrVG), Sections 90, 92, 106, 111.
<b>Occupational health and safety</b> LA 7	Rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities by region.	Injuries = all accidents with days lost Injuries: 31 Fatalities: 0 Occupational diseases: 0 The number of injuries has thus fallen 32% compared with the previous year. All information has been provided according to GRI protocol requirements. The following instruments are used to provide data: Excel-based accident database, internal group reporting, formal notifications to employers' liability insurance association, trade supervisory office
<b>Training and education</b> LA 10	Average hours of training or education per year per employee by employee category	Data is already recorded in SAP to some extent; however, it is not yet possible to make evaluations based on employment categories (reason for omission type 2), but we aim to make such evaluations possible in the mid-term. We are, however, already documenting our expenditure on training for each employee.
<b>Diversity and equal opportunities.</b> LA 13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority groups and other indicators of diversity.	No information Cannot be calculated at the moment (reason for omission type 2) – Improvement for 2010: SAP will include this calculation option.
LA 14	Ratio of basic salary of men to women by employee category.	Ratio cannot be displayed (reason for omission type 2), because Q-Cells does not have an in-house rate. Improvement for 2010: a job grading system is currently being developed which will also contain salary bands to enable comparisons.

## HUMAN RIGHTS (HR)

Aspect ID number	Explanation	2009
<b>Investment and acquisition practices</b> HR 1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Not applicable
<b>Non-discrimination</b> HR 4	Total number of incidents of discrimination and actions taken.	There are no known incidents and no documentation available on such matters.
<b>Freedom of association and right to collective bargaining</b> HR 5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk and actions taken to support these rights.	The works council has only existed since 2009. Freedom of association is guaranteed at all times.
<b>Child labor</b> HR 6	Operations identified as having significant risk for incidents of child labor and measures taken to contribute to the elimination of child labor.	We take these issues into account when developing new business activities and selecting suppliers and partners in accordance with our code of conduct. At no time have there been business activities involving a considerable risk of child labor, or forced and compulsory labor.
<b>Forced and compulsory labor</b> HR 7	Operations identified as having significant risk for incidents of forced or compulsory labor and measures taken to contribute to the elimination of forced or compulsory labor.	

## SOCIETY (SO)

Aspect ID number	Explanation	2009
<b>Corruption</b> SO 2	Percentage and total number of business units analyzed for risks related to corruption.	No information
SO 3	Percentage of employees trained in the organization's anti-corruption policies and procedures.	Reason type 1: there is no data or information available, since there have not been any known cases of corruption to date. Corruption risks have not been studied and, consequently, no relevant measures have been taken to combat corruption either.
SO 4	Actions taken in response to incidents of corruption.	
<b>Public policy</b> SO 5	Public policy positions and participation in public policy development and lobbying.	Q-Cells is a member of German and European trade associations such as the German Solar Industry Association (BSW-Solar) and the European Photovoltaic Industry Association (EPIA). Q-Cells participates in public policy development through these organizations and through direct dialog with political representatives and decision makers on a regional and national level.
<b>Anti-competitive behavior</b> SO 7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	No legal action taken
<b>Compliance with the law</b> SO 8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	No fines have been imposed for non-compliance. Q-Cells takes a proactive approach in working with all relevant authorities. All undertakings subject to approval from the authorities are prepared and implemented in close agreement with the respective authority. An overview of legal requirements imposed on the company has been recorded in the schedule of legal provisions, including a detailed description of responsibilities. This ensures optimal compliance with statutory regulations.