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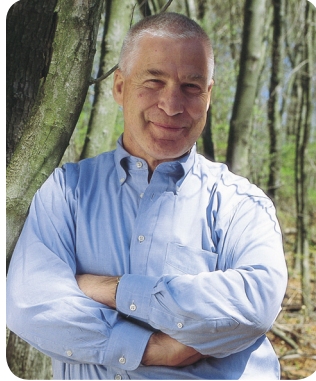
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# our organization & our strategy



## To The Plug Power Community:

I have been asked on several occasions why Plug Power wants to publish a sustainability report, or even champion a sustainability initiative at all. Plug Power is not a profitable company yet, so the line of questioning goes. Aren't there better uses for our limited resources? My response is a definitive No. In short, the answer lies in our ability to link sustainability with the financial well-being—in addition to the environmental and social health—of the company.

Viewed from a macroeconomic perspective, the environmental degradation that occurs as a result of economic activity traditionally has been labeled an externality, as opposed to a direct cost of production. Therefore these costs are not borne by the producer and passed onto the consumer...directly.

As a result, none of us really have been paying the “fair” market price for what we consume. Essentially we have borrowed resources against promise of future payment. That note is coming due. **These costs have compounded and the results are clear and disheartening: Air and water pollution. Desertification of arable land. Resource scarcity. Global climate change.**

In an attempt to offset these harsh realities, we (as a society) tend to enact environmental regulations and implement market-based incentives, which at their most basic level, are an attempt to reallocate the so-called externalities back to the costs of production. Or put more simply, it is an attempt to pay off our debt. As our environmental problems become more pronounced, our environmental regulations and laws become more numerous, stringent and costly.

But to date, regulations have merely scratched the surface, treating symptoms (or what comes out of the end of the pipe) without tackling causes of our problems. **For Plug Power, and alternative energy in general, success entails a somewhat radical rethinking of our energy systems and infrastructure.**

Sustainability at Plug Power is more than an attempt at environmental and social consciousness (although it is that too). It is a strategy to mitigate the increasing costs of our current system of energy use, resource scarcity and waste generation for competitive advantage. Leveraging sustainability at an organizational level helps build efficiencies into the operation now that are driving down costs. In my opinion, our investment in this initiative will be viewed as a prudent business decision in the future.

This report details our environmental initiatives, such as product lifecycle management, wiser use of water and energy resources and reduced waste generation. **It also illustrates our belief that it is people who build a company and companies must benefit people.** To that end, we have an established program in our environmental health and safety division to reach beyond what is merely required by law. And we take seriously our mandate to be a learning organization that develops our employees in order to maximize their personal and professional potential. You will also read about our socially conscious employee-driven community outreach initiatives that ground Plug Power and our employees as an integral member of a larger community.



Sustainability at Plug also means recognizing that we are an alternative energy company that sees itself as part of the solution to our well-publicized energy problems. We want to change the system by transforming the way energy is harnessed and distributed. As such, **we are an important building block for our customers' sustainability initiatives. Quite simply, sustainability is why we exist.**

But **sustainability also means that we must become a profitable company if we are going to pursue all of these laudable goals.** Over the next three to five years we must control costs and stabilize the company to ensure that we will be around well into the future.

Currently there are no fuel cell companies that have gained the kind of market traction that makes profitability imminent. In part, this has to do with a lack of a hydrogen infrastructure to support fuel cell technology. But it is also the case that the technologies that we are trying to replace in the near term, lead-acid batteries and in some cases diesel generators, are entrenched. For our technology to achieve success, the economics around batteries and internal combustion engines must be re-thought. Fuel cells are a disruptive technology. Markets have been slow to react to their promise.

We do see progress. Our customers for both motive and backup power have experienced the economic and operational value as well as the environmental benefits our products and services offer. Often the economic, operational and environmental benefits are intertwined, as is the case with eliminating the costs and time associated with safe handling, cleanup and disposal of lead-acid batteries.

This linkage is succinctly expressed by the distilled version of our sustainability credo—**People, Planet, Profit. Not hierarchical, this concept only works as a system, where each piece is interrelated and supportive of the other two.**

Any attempt at corporate responsibility must include transparent and genuine communication that details what we do well, what we must do better and how we plan to sustain the former and address the latter. **Only through honesty, integrity and sincerity can we expect to legitimize our efforts to our stakeholder groups**—employees, customers, investors, government and community partners, and suppliers.

This report will have been issued the day I retire from Plug Power. I am deeply gratified that the sustainability initiative has taken root. And I thank the group here at Plug that has embraced these ideas and developed the programs that support our sustainability initiative. My wish is that wherever you find yourself in the future that some element of this journey we have taken together forever remains part of your being. As my last official communication with the Plug Power community, I can think of no worthier subject to address.

Thank you,



Roger Saillant



# about Plug Power

Plug Power Inc. (NASDAQ: PLUG) develops, manufactures, integrates and services proprietary fuel cell solutions, which provide clean, reliable on-site energy for customers throughout the world.

The company has gained early commercial traction in the backup power market for telecommunications, utility and uninterruptible power applications, and in the motive power market for the material handling industry. Since its inception in 1997, Plug Power has worked mainly to commercialize fuel cells built on a platform-based systems architecture using Proton Exchange Membrane (PEM) and related fuel-processing and system-management technologies. Operating at relatively low temperatures (60-160°C) with high power density, PEM fuel cells can vary their output quickly to meet shifts in power demand, and they are well suited for applications requiring quick startup.

Plug Power was first to market with commercially viable fuel cell products. It has installed more than 750 fuel cells for primary, backup and motive power applications throughout the world. As an established leader in the emerging hydrogen fuel cell industry, Plug Power also maintains a large portfolio of intellectual property with 350 patents issued or pending worldwide. The company is headquartered in Latham, New York. It also has offices in Richmond, British Columbia; Apeldoorn, The Netherlands; and Washington, D.C. Plug Power employs 390 people.

The Latham facility houses executive, sales and administrative offices as well as research laboratories and a 50,000 square-foot manufacturing facility with dedicated production and production test facilities based on lean manufacturing principles. Additional research, sales and customer support activities are carried out in Apeldoorn. The Richmond, BC office is the headquarters for Plug Power's motive power unit.

Plug Power's current form 10-K is available at [www.plugpower.com/investors/SEC.htm](http://www.plugpower.com/investors/SEC.htm)



# product commercialization

Plug Power today focuses on two commercial product lines:



GenCore®

**GenCore®** backup power solutions for telecommunications, broadband, utility and uninterruptible power supply applications.

**GenDrive™** fuel cell power units and hydrogen refueling technology for lift-truck fleets used in high-throughput warehouse, distribution and manufacturing facilities.

Plug Power has made significant headway into the \$1.9 billion global market for backup power for the telecommunications industry. GenCore fuel cells have proven to be a cleaner and more economical alternative to current technologies, lead-acid batteries and diesel generators, for telecommunications companies seeking cleaner, more reliable energy with lower life-cycle costs. Our GenCore product offers:

- A cleaner and healthier alternative for electricity production.
- Efficient, constant power production.
- A reliable and responsive solution.
- Increased energy diversity and security.



GenDrive™

Likewise, the \$1.5 billion motive-power market for electric lift trucks holds great promise for hydrogen fuel cells. Plug Power has already engaged some of North America's largest material handling operators such as Wal-Mart and Sysco. Initial beta-testing and follow-up trials have shown that GenDrive offers several advantages over incumbent technologies:

- Increased productivity.
- Reduced operational costs.
- Reduced need for space now devoted to battery rooms.
- Elimination of all emissions.
- A seamless transition from lead-acid batteries to fuel cells and hydrogen refueling.

A separate Plug Power business unit works to develop the next generation of continuous power products and advanced concepts. Within this division, a third product line, **GenSys®**, targets off-grid prime power applications that can benefit from lower costs of maintenance and fuel and longer life than internal combustion engines.



In addition, Plug Power participates in several long-range initiatives with great potential to contribute to an emerging hydrogen economy. These include:

- A partnership with Honda to develop a home fueling station.
- An unprecedented transatlantic alliance, funded by the U.S. Department of Energy and European Union, to develop and demonstrate high-temperature combined heat and power PEM fuel cell systems.
- Research and development of solid oxide fuel cell systems that are expected to provide a low-cost, high-efficiency alternative to PEM systems in certain markets.

Plug Power's product overview page is at:  
[www.plugpower.com/products/overview.cfm](http://www.plugpower.com/products/overview.cfm)

It has taken longer than we expected to move from early commercialization of fuel cells to their broad-scale adoption—and profitability. Nonetheless, we remain convinced that market forces and environmental realities are requiring all of us to reconsider the way we produce and use energy. Fuel cells represent a disruptive technology. We envision a hydrogen economy based on distributed energy production with a mosaic of complimentary alternative energy sources. We see emerging technologies taking us there.

It won't happen overnight, for Plug Power or our society. But the companies that prepare and lead the way will profit the most as the energy transformation occurs. Our products will become increasingly important in moving society towards a more sustainable and diversified energy supply. And our commitment to sustainability will get us there faster—because our social and environmental impacts are key indicators of our company's success.

Plug Power is powered by passionate individuals who all want to transform the energy industry in ways that enhance three bottom lines: people, planet and profits. Our commitment to sustainability reflects these values. Our ongoing efforts to integrate our social and environmental benefits into our business will lead to new business opportunities and new challenges. Our innovative employees are empowered to find creative solutions.

Ours is not yet a profitable company. But we are optimistic about fulfilling the promise of a company that is poised for robust growth and profitability in tomorrow's energy landscape. We are committed to evaluating and adapting our business practices and processes to more deliberately reflect our social and environmental bottom lines.

As a company that provides clean, reliable energy solutions, we help drive sustainable practices for our customers.

That's why a focus on sustainability is critical to our success. Sustainability at Plug Power means we must respect **people, planet and profit**. And it requires us to act as a global steward for our generation and future generations.

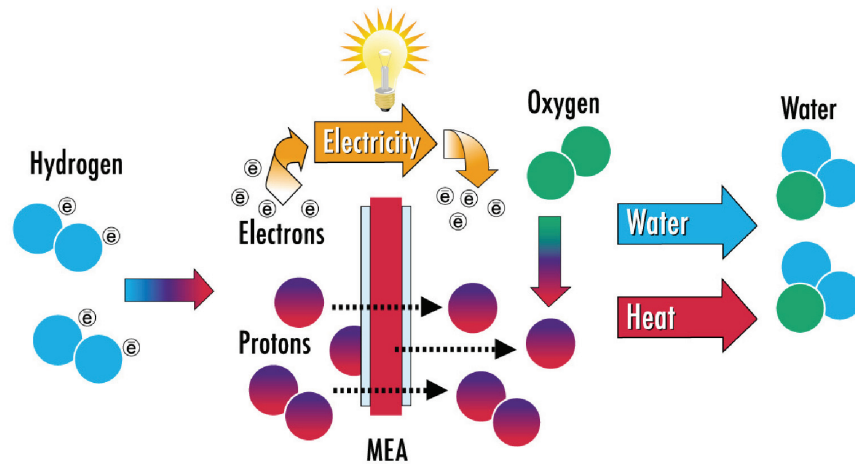
# PEM fuel cell process

A fuel cell is an electrochemical energy conversion device which converts chemical energy from a fuel directly into electricity and heat.

When operated on hydrogen, the fuel cell produces this energy with clean water as the only by-product. Unlike a battery, which is limited to the stored energy within, a fuel cell is capable of generating power as long as fuel is supplied.

A single fuel cell consists of an electrolyte sandwiched between two electrodes, the anode and the cathode. In the proton exchange membrane (PEM) fuel cells that Plug Power develops, hydrogen gas flows through the channels of the fuel cell plate to the MEA. The MEA, or membrane electrode assembly, is the heart

of the fuel cell. There, a catalyst causes the hydrogen molecules to separate into protons and electrons. The MEA only allows the protons to pass through it while the negatively charged electrons follow an external circuit to the cathode. This flow of electrons produces electricity. On the other side of the fuel cell, oxygen gas is drawn into the channels to the cathode. When the electrons return from generating electricity, they react with the oxygen and the hydrogen protons to form water. This reaction generates heat that can be captured and used outside of the fuel cell.



Hydrogen is split into protons and electrons at the MEA. Protons move through the MEA to combine with oxygen from the air. Electrons pass around the MEA to generate electrical power.

Electricity is generated via an electrochemical process versus traditional combustion.

The outputs from the fuel cell are electricity, water and heat.

Refer to our website for supplemental information:  
[www.plugpower.com/technology/works.cfm](http://www.plugpower.com/technology/works.cfm)





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# report profile

This sustainability report, **Plug Power's first**, will focus on the operation of our 37-acre Latham headquarters in 2006 and 2007, and on our GenCore product.



## Scope

When we began this process, GenCore was our only commercial product line. We have since acquired and integrated Cellex Power Products, Inc. and General Hydrogen Corporation in 2007, and with them our GenDrive product line. We considered restarting from scratch our sustainability reporting processes. But that would have set us back at least a year and required more time and effort than we can reasonably spare. So we decided to forge ahead according to our original plan.

This approach will ensure the deliberate and thoughtful development of the procedures and processes needed to expand reporting in the years ahead. We plan to issue a sustainability report every two years, with annual updates on significant progress or changes. In the years ahead, we will determine how best to migrate the sustainability strategy throughout the company. We plan to include other major facilities and products in the next report, which is expected to cover 2008 and 2009 activities.

## Global Reporting Initiative

We relied on the Global Reporting Initiative (GRI) G3 guidelines to decide what to put in this report and how to measure our performance. We plan to rely more on its principles and indicators in each subsequent report. This report reflects certain environmental, social and economic indicators outlined in GRI that are material and significant for our first report. More information about GRI is available at [www.globalreporting.org](http://www.globalreporting.org). The GRI indicators included in this report are referenced in our GRI Indicators Index which can be found at [www.plugpower.com/documents/GRI\\_Indicator\\_Index.pdf](http://www.plugpower.com/documents/GRI_Indicator_Index.pdf).

Please send any questions or comments about this report to [media@plugpower.com](mailto:media@plugpower.com).

# Defining Report Content and Stakeholder Engagement

Plug Power is the first fuel cell company to become a member of Ceres, a national network of investors, environmental organizations and other public interest groups. Ceres works with companies and investors to integrate sustainability into capital markets for the health of the planet and its people. It is recognized for its ability to broker direct, honest engagement between stakeholders and corporations. Additional information regarding Ceres is available at [www.ceres.org](http://www.ceres.org).

We identified and engaged key external stakeholders early in the development of our sustainability strategy based on their expertise in environmental and energy fields and their familiarity with corporate social responsibility and sustainability. These leaders in social responsibility and sustainability made many key contributions:

- They provided many specific comments on our sustainability objectives.
- They emphasized the importance of developing the economic case for sustainability inside and outside of Plug Power.
- They encouraged us to use GRI guidelines in our first sustainability report.
- They emphasized the catalytic role that Ceres could play for us.

These conversations were invaluable as we began to shape our strategy. We are grateful for their wise guidance.

To develop this report, we reviewed the GRI G3 guidelines to determine materiality, prioritize topics and decide which performance indicators apply in this first year of reporting. An internal sustainability team vetted the report outline and scope.

We then engaged a team of external stakeholders, led by Ceres, to review an outline and draft of the report. The Ceres stakeholder team consists of an independent group of individuals drawn primarily from the Ceres coalition as well as a few additional local stakeholders. These individuals represent a range of constituencies, and they are experts in environmental, social and governance issues. In reviewing a draft of this report, the team considered whether we adequately captured our sustainability performance and key impacts, including goals, targets, systems, data and initiatives.

Throughout this review process, the Ceres stakeholder team provided extensive feedback to the company, which we considered in preparing this report. For example, the Ceres team:

- influenced our decision to issue a web-based report instead of a printed report.
- emphasized the importance of sharing information about fuel cell technology and of being candid about the challenges in market adoption.
- provided valuable suggestions about issues to consider for our future sustainability strategy and future reports, including supply-chain issues, ecosystem impacts, and annual and longer-term goals.

This report is better as a result of the involvement of Ceres and the stakeholder team. We thank them for their participation and constructive suggestions.



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organizational commitment  
to sustainability

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section 3  
sustainability 2007

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# organizational commitment to sustainability

Plug Power's **commitment to sustainability** is supported by its board of directors, president and CEO, senior management team and employees.



In 2007, the senior management team developed a common goal to support the sustainability initiative, which included making certain their organizations provided the resources needed to move the sustainability initiative forward and generate this report.

We developed a streamlined process to manage our sustainability strategy. Our sustainability Design Team includes:

- Two senior management members who provide oversight and guidance, and who keep the board and senior management team informed of progress.
- Two members of the extended leadership team who co-lead the Sustainability Working Group, a cross-functional team of respected Plug Power employees who are committed to the company's sustainability strategy and generally hold influence with their colleagues. Early in the process, these individuals developed a definition of sustainability at Plug Power to ensure that there is a shared understanding of, and broad support for, the sustainability process. This working group meets at least quarterly to assess progress against objectives and to adjust strategy or tactics. This group also works to cultivate the support of their peers for this process.
- A consultant who advises the team on the scope, breadth and appropriate depth of the strategy.

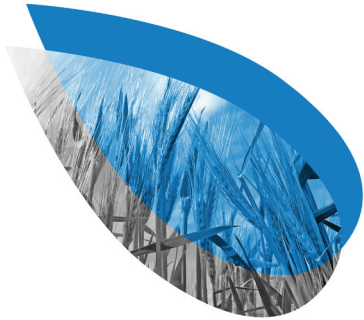
In addition to the Design Team, six other teams work on each sustainability objective detailed in the next section of this report.

We regularly update the entire Plug Power community on the sustainability strategy and remind employees of their important role helping this strategy succeed. About 15 percent of our Latham employees actively help execute our sustainability strategy.



# taking a leadership role

With leadership comes the responsibility to teach and learn from others.



As a leader in the fuel cell industry and its strongest voice on issues related to sustainability, Plug Power must actively participate in organizations and forums that broadly promote the business case for sustainability. In addition to our membership in Ceres, we participate in nearly a dozen such organizations, such as the Sustainable Energy Coalition (SEC), the Business Council for Sustainable Energy (BCSE), the Alliance for Clean Energy New York and the Society for Organizational Learning (SoL) Sustainability Consortium. These activities enrich our company and deepen our understanding of the business case for sustainability. They also provide leadership and growth opportunities for our employees.

As a participant in the dynamic energy market, we actively engage policy makers in shaping public policies, laws and regulations that affect our business. We have worked with public officials at the federal, state and international level who are at the forefront of establishing market-based incentives, including tax credits that further the development, commercialization and use of fuel cell products. We encourage the federal government to lead by urging the procurement of fuel cells for government operations. In addition, we have forged relationships with public officials who are actively addressing issues of sustainability, energy independence and global climate change.

We are collaborating with another fuel cell industry leader, Ballard Power Systems, on climate change issues. Recently, we co-sponsored research on the potential of fuel cell products to significantly reduce greenhouse gas emissions. Our white paper on this topic, "*Addressing Climate Change with Fuel Cell Technologies*," is available at [www.plugpower.com/documents/GreenHouseGasEmissions.pdf](http://www.plugpower.com/documents/GreenHouseGasEmissions.pdf). We are monitoring various climate change legislative proposals and policies. And we urge policy makers to include fuel cells in any comprehensive package of clean technologies that is embraced in pursuit of a more secure and sustainable energy future.



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# our approach to sustainability

Our commitment to sustainability is deeply rooted in our products, mission, core values and people.

We have engaged even more employees by forming additional teams that contribute to each sustainability objective. Each team is focused on the strategy and implementation of one of the sustainability objectives.

The following sections of the report describe our efforts in each objective area.

The GRI Performance Indicators included in this report are referenced in our GRI Indicators Index which can be found at [www.plugpower.com/documents/GRI\\_Indicator\\_Index.pdf](http://www.plugpower.com/documents/GRI_Indicator_Index.pdf).

Our Scorecard on Sustainability (section 5) summarizes our key performance indicators and targets. Refer to the sections on each sustainability objective for more details on the data and targets.



As a company that provides clean, reliable energy solutions, we help drive sustainable practices for our customers. That's why a focus on sustainability is critical to our success.

## SUSTAINABILITY

at Plug Power means we must respect people, planet and profit. And it requires us to act as a global steward for our generation and future generations.

The formal kick-off of our sustainability strategy in 2006 was the natural next step in Plug Power's commitment to corporate responsibility.

In 2006, we formed the Sustainability Working Group (SWG) which brought together 25 dedicated employee stakeholders from across our major functional areas of the company. The SWG members collaborated to develop a shared definition of what sustainability means at Plug Power and to establish six sustainability objectives:

— **Product Development**

Integrate sustainability concepts and life-cycle management into product design.

— **Enabling the Whole Organization**

Integrate a strategy to improve employee retention and satisfaction, strengthen culture and enable everyone in the organization to practice sustainability principles in and out of the work place.

— **Environmental Footprint**

Strive to reduce the environmental footprint of our activities and operations.

— **Community**

Strengthen our communities through our philanthropic and educational initiatives, community outreach and external stakeholder relationships, and strive to integrate sustainability into these efforts.

— **Beyond Compliance**

Continuously improve our environmental, health and safety (EHS) program to reach beyond regulatory requirements.

— **Transparency**

Establish measurements that reflect our commitment to sustainability and report our progress.



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section 5

sustainability 2007

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our scorecard on sustainability



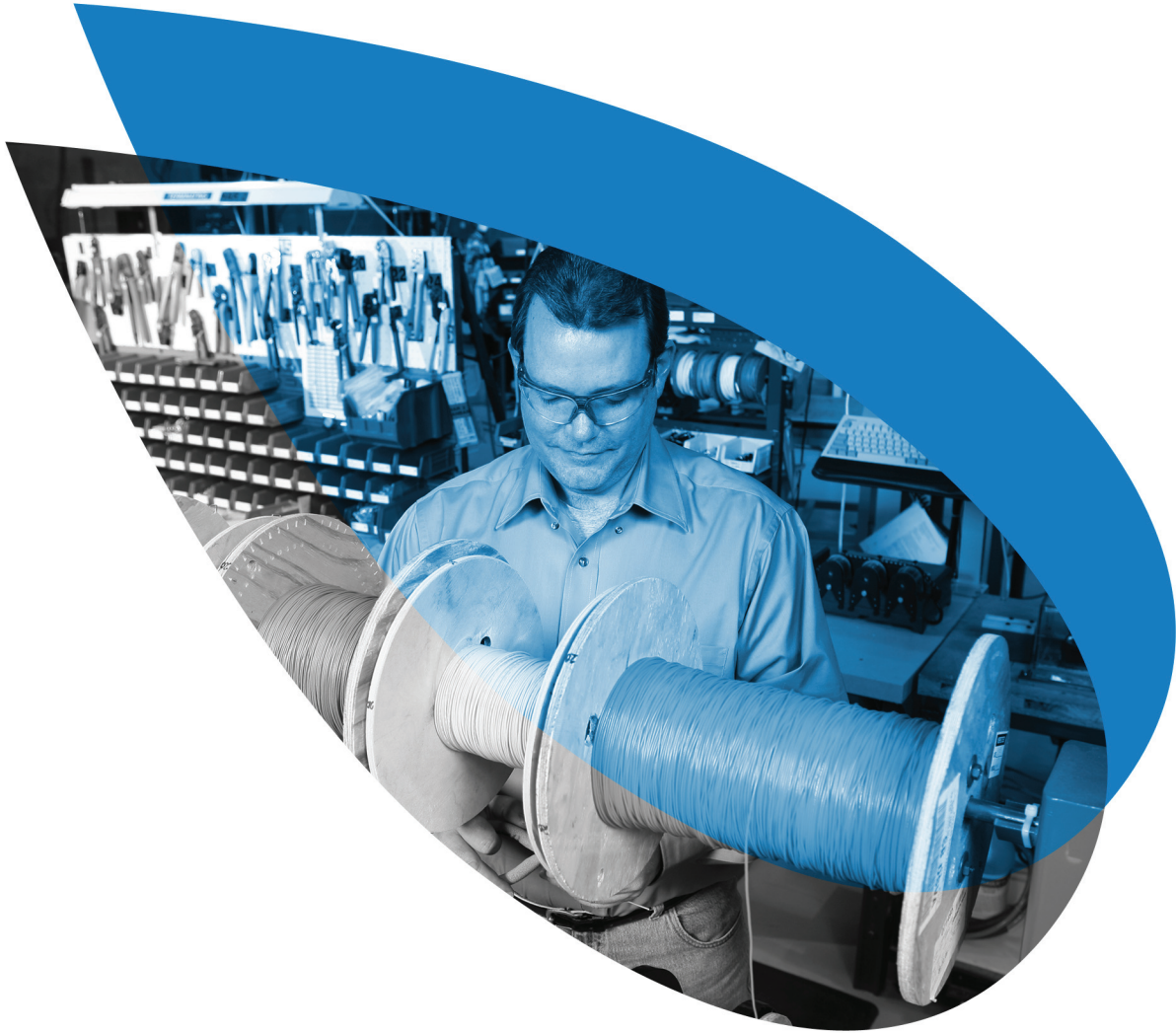
## our scorecard on sustainability

Category	Indicator	2006	2007	2008 Target
Employees	Recordable injuries	2	0	0
	Recordable injury rate	0.7	0	0
	Employee participation on safety teams	12% (Latham)	17% (Latham)	17% (globally)
	Percentage of employees receiving annual and mid-year performance reviews	95%	98%	100%
	Average hours of training per year per employee by employee category	Unavailable	26	26
Community	Employee volunteer hours	300 (Flagship)	570 (Flagship)	1,000 (all Community Outreach Programs)
	\$ donated to community from Benefit Barbecue Program	\$9,770	\$10,918	\$10,000
	Community Outreach Programs			Incorporate sustainability criteria into planning and selection processes for our Community Outreach programs
Environment	Electricity Usage (kWh)	4,464,800	4,184,313	Conduct internal energy audit and complete reduction projects Reduce energy usage by 10-15%
	Natural Gas Usage (therms)	99,903	110,542	
	Total Indirect CO <sub>2</sub> Emissions (tons)	3,627	3,499	Purchase 100% Renewable Energy Credits
	Facility Operating Practices	Switched to unbleached, recycled content products Reduced chemical lawn treatments and incorporated organic treatments		Identify additional strategies to reduce environmental footprint of facility Analyze employee commuter patterns and environmental impact
	Water Usage (mgal)	1.92	0.847	Investigate reduction opportunities
	Solid Waste sent for Recycling (tons)	50.0	35.1	Investigate reduction opportunities
	Solid Waste sent to Landfill (tons)	66.0	66.5	
	Hazardous Waste Generation (tons)	5.4	1.4	
Product Development		Formed Product Development Team and established vision	Develop training and tools for sustainable design Integrate emissions requirements into our product design process Develop an End-of-Life Guide for the GenCore product	

NOTE: Refer to Beyond Compliance, Community Outreach, Enabling the Organization, Environmental Footprint and Product Development sections for more details on these data and targets.







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# product development

Our vision is to integrate sustainability concepts and life-cycle management into the development of our products.



Our ultimate goal is to design truly sustainable products. We believe that this work will negate the impact we have on the environment, reduce operating costs and improve our ability to meet business objectives.

We recognize climate change as one of the most significant global challenges we are likely to face for generations to come. Years of excessive greenhouse gas production may affect us in ways we cannot yet determine. Given the global nature of climate change, we all share the responsibility of developing or supporting new methods for generating and using energy that will curb or offset greenhouse gas emissions. Hydrogen and fuel cell products are integral parts of a comprehensive, sustainable energy and climate mitigation strategy to achieve the needed reduction in emissions.

## A Cleaner and Healthier Alternative

Our GenCore and GenDrive products use hydrogen as the fuel source; therefore they do not emit harmful air pollutants that contribute to global warming (carbon dioxide), acid rain (nitrogen oxide and sulfur dioxide), haze (particulate matter) or ozone (volatile organic compounds and nitrogen oxide). Their only products are electricity and water. Hydrogen is a carbon-free fuel; when it is produced using renewable energy, the end result can be carbon neutral. Hydrogen fuel and fuel cell technology can help cut emissions of greenhouse gases and many toxic pollutants.

## Efficient, Constant Power Production

The electrochemical conversion employed by fuel cells is more efficient and provides more energy compared to combustion. Additionally, power is produced at the point of use, so fuel cells lose no efficiency to the transmission of electricity. Fuel cells, in general, are 50 to 60 percent efficient and can be more than 80 percent efficient when waste heat is captured and used for electricity. In contrast, central station power generation units are reportedly only 35 to 40 percent efficient. Efficiency degrades even more as electricity is transmitted over high-voltage lines and through a labyrinthine network of central-station plants and local systems with lower voltage lines, substations, and transformers used to distribute the power to end users. Unlike lead-acid batteries, which experience voltage decay as the battery dissipates and require downtime for recharging, fuel cells can provide continuous, uninterrupted, high-quality power for as long as the fuel is supplied.



## Reliable and Responsive

Fuel cells have no moving parts and use no combustion. As a result, they are more reliable than traditional internal-combustion engines. Fuel cells can be responsive to electrical load requirements. In situations where faster response times are required, complementary technologies can be used. This is a key fuel cell advantage: Fuel cells don't compete with other alternative energy technologies. Instead, they complement them—providing the right best-in-class solution for the right commercial applications.

## Increasing Our Energy Diversity and Ensuring Our Energy Security

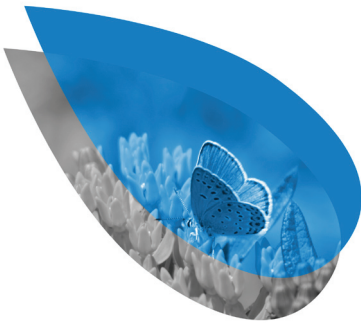
Using hydrogen as an energy source for fuel cells opens a path to increasing energy diversity and security through the use of domestic fossil fuels and renewable resources. Hydrogen, as the most abundant element in the universe, can be produced the world over. It can enable any country to develop sustainable energy sources to meet its specific requirements. Fuel cells generate energy and heat without traditional electrical infrastructure. And besides being environmentally friendly and scalable, fuel cells can operate in a wide range of applications in an even wider range of locations. Fuel cells are perfectly suited for hybridization with other technologies, and they can help deliver a mosaic approach to our national energy and transportation systems.

## Our Approach to Sustainable Product Development

As detailed above, fuel cell technology offers significant sustainable environmental benefits. To drive towards our ultimate goal of designing truly sustainable products, we plan to integrate sustainability concepts and life-cycle management into all product-development activities.

In 2007, we formed a product development team to identify initiatives that will help us achieve this vision. This was a difficult process that took longer than originally envisioned. We pulled together a cross-functional team to include all the critical voices within the company that affect product development. It took time to establish a clear leader for this group, as we needed someone who was passionate about sustainability and had enough knowledge and internal leverage to drive this effort.

This team invested many hours **defining our vision** of sustainable product development, understanding our current reality and discussing the steps needed to move us closer to our vision.



This collaborative process yielded a truly shared vision of our future. The team identified three areas within product development and a vision for each area:

### Design

- Our design processes will account for full life-cycle impact.
- Our products will contain no hazardous material.

### Operations

- Our products are highly reliable, available and efficient.
- Our products will produce no harmful emissions during operation.

### End of Life

- We are the industry leader in product stewardship.
- There will be no waste from our products at end of life.
- Initiatives were developed within each area for 2007 and 2008:

**Design:** We have developed a materials selection guide for our engineers and designers. In 2008, we expect to further integrate sustainable concepts into this guide. In 2008, we also plan to complete and roll out a new training plan and tools for sustainable design concepts.

**Operations:** We will integrate emissions requirements and emissions profiles into our internal development processes. This ensures that emissions produced during product operations are considered during the product design phase.

**End of Life:** We offered a product take-back program for our first generation product. Based on this experience, we plan to develop an End-of-Life Guide for the GenCore product in 2008, which will make possible the recovery of critical components and proper recycling of materials from the system. We have analyzed the percentage of recyclable content in our GenCore product. This product is 90 percent recyclable. We are still considering a formal take-back program as the number of GenCore units in the field increases.

We have a long way to go to realize our vision. But we are committed to life-cycle management for our products. We believe taking this path requires patience, innovation and creativity. We will learn a great deal through our efforts, and this knowledge will enhance the design and manufacture of our future products.





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# environmental footprint

Our vision is to reduce the **environmental footprint** of our activities and operations.



This offers both inherent ecological benefits and potential competitive advantages, including lower operating costs, better management of our facilities, improved ability to meet business objectives, and positive effects on our employees.

We initiated efforts to reduce our environmental footprint in 2006 by forming a cross-functional Environmental Footprint Team. This team is led by our facilities manager, who has successfully linked the daily operations of our facility with our sustainability strategy.

After identifying specific initiatives for 2006 and 2007, we first developed a flow diagram to characterize our current environmental footprint. This input-output diagram proved challenging. We gathered data on all aspects of our operations, from bulk gas used in product testing to napkins used in our cafeteria. We found that the critical components of our environmental footprint are energy use, indirect emissions from energy usage, water use, waste generation and general facility operating practices. We have successfully completed our flow diagram for 2006 and 2007 and developed a process for gathering and maintaining the relevant data going forward.

## Energy Use

Our Latham facility uses electricity mainly to power cooling, ventilation, lighting and product testing systems. Natural gas is used for heating and some product testing.

Energy Used	2006	2007	2008 Goals
Electricity (kWh)	4,464,800	4,184,313	Conduct internal energy audit and complete reduction projects
Natural Gas (therms)	99,903	110,542	Reduce energy usage by 10-15% Purchase 100% Renewable Energy Credits

We generate approximately 37,000 kWh of electricity at our Latham facility each year using our own fuel cell systems.



This GenCore is used to generate electricity to power the telephone system at our Latham facility in the event of a grid power failure.

Some of it powers equipment in blackout or grid-loss conditions; some of it is transferred to the electric grid:

— **Backup Power for Telephone Usage:**

A GenCore generates electricity to power the telephone system in the event of a grid power failure. This unit produces approximately 24 kWh of electrical energy annually.

— **Primary Power for the Lobby and Select Lighting:**

A fuel cell system located outside of our facility is set up to generate power for our main lobby, company sign and several lights within the building. Installed as a demonstration model, this system is an early generation GenSys product. In the future, the site will be used to showcase next-generation products. This system can generate an estimated 14,200 kWh per year.

— **Photovoltaic (PV) Solar Panel:** A solar panel on the roof of our facility can generate electricity that is inverted and transferred to the grid. We purchased this panel using grants from New York State Energy Research and Development Authority (NYSERDA) and the National Institute of Standards & Technology (NIST) that were given to develop and demonstrate a high-temperature fuel cell system working in parallel with a PV array. The fuel cell generates heat and electricity, and the PV array generates electricity to cover peaks or down time. This unit was commissioned in July 2006 and has generated approximately 2,000 kWh through 2007.

— **Reliability Fleet:** Fuel cell systems are installed in

a fleet array to provide on-site reliability testing.

The number of systems deployed varies slightly throughout the year based on testing needs.

We estimate that six systems supply about 16,900 kWh annually.

We are proud to showcase our products and generate some electricity on-site. But the amount of energy produced on-site pales in comparison to the electricity our facility operations consume. In fact, electricity generated on-site represents less than 1 percent of our total electrical energy consumed.

The energy-intensive nature of our product testing makes it challenging for us to cut our electricity use. In 2008, we will conduct an internal energy audit to better understand opportunities to reduce energy consumption and increase efficiency. We hope to reduce our energy use by 10-15 percent in 2008 by improving the energy efficiency of our lighting, building insulation and lab operations.

We have reduced our water use by 72 percent over the past three years.

### Facility Emissions

The primary emissions from our Latham facility are indirect emissions stemming from energy use.

#### Indirect CO<sub>2</sub> Emissions (short tons)

Energy Source	2006	2007
Electricity	3,043	2,852
Natural Gas	584	647
<b>Total tons emitted</b>	<b>3,627</b>	<b>3,499</b>

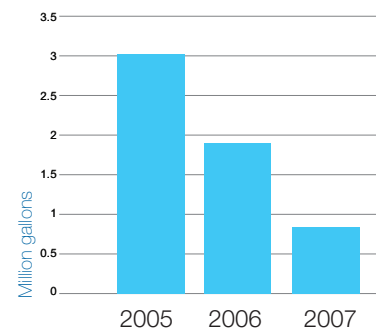
Using less energy, and using it more efficiently, will also cut our indirect emissions. Even with conservation measures, we cannot completely eliminate the footprint of our energy use. Therefore, we will offset 100 percent of our indirect emissions from electricity consumption by buying Green e-certified renewable energy credits (RECs) beginning in 2008. This decision will support the market for RECs derived from new renewable generation resources. We have chosen to pursue this method of offsetting our indirect emissions to support the development of new renewable generation capacity nationwide.

### Water Usage

Our Latham facility draws water from the municipal Latham Water District, whose raw water sources are a blend of the Mohawk River, Stony Creek Reservoir, and five wells at the water treatment plant. We discharge our wastewater to the Town of Colonie municipal wastewater treatment plant. We also have storm water discharge from our site.

We have reduced our water use by 72 percent over the past three years. In 2006, we achieved this by upgrading equipment to make possible closed-loop cooling instead of municipal water cooling for part of our fuel cell testing. Our 2007 reduction in water use stems from better management of irrigation water used at the facility.

#### Water Usage



In 2008, we will continue our careful management of irrigation water. We will also evaluate additional opportunities for water reduction, including installation of low-flow fixtures.



## Waste Generation

In 2006, we wrote a comprehensive Recycling and Waste Management Program for all solid waste, hazardous waste, and recyclables generated on-site. This lets our employees easily identify recycling opportunities for spent materials and ensures compliance with all federal, state and local regulations.

Waste Type	2006 (tons)	2007 (tons)
Solid Waste sent for Recycling	50.0	35.1
Solid Waste sent to Landfill	66.0	66.5
Hazardous Waste Generation	5.4	1.4

We emphasize recycling or reuse options before discarding material. We have programs set up to recycle office paper, co-mingled waste (glass, metal, plastic), cardboard, cooking grease, scrap metal, circuit boards, batteries, light bulbs and other mercury containing equipment. We donate all money generated by refundable containers to local charitable organizations.

Most of our hazardous waste is generated from research and development activities. All hazardous waste is managed in compliance with federal and state waste regulations and shipped to a licensed treatment, storage and disposal facility. In 2007, we generated less hazardous waste due to decreased activity on one of our developmental programs.

By implementing a recycling program, we have reduced the solid waste going to the landfill. In 2006, we recycled over 40 percent of our waste. In 2007, we recycled over 30 percent of our waste. In 2007, we decommissioned fewer fuel cell systems compared to 2006, which resulted in less scrap metal being recycled.

Many opportunities to reduce landfill waste remain. We can recycle more and we can simply produce less waste. In 2008, we plan to study our on-site cafeteria waste streams, paper usage and process for managing obsolete material.

# facility operating practices

We have incorporated sustainability considerations into facility operating decisions. Some of our successes include:



- Switching to unbleached, recycled-content hand towels and refillable containers of foam soap.
- Reducing chemical lawn treatments by incorporating organic pesticides and planting native vegetation.
- Using biodegradable paper products at large on-site events.
- Using reusable containers instead of cardboard boxes in office moves.
- Reusing office furniture and purchasing refurbished and used furniture from a locally owned company.
- Working with our supply-chain partners to implement returnable packaging options where possible.

We have made significant progress in two years, but we can further reduce our environmental footprint. In 2008, we plan to reduce our energy use by 10-15 percent and buy renewable energy credits to offset our greenhouse gas emissions. A big challenge in our immediate future will involve applying our environmental footprint analysis to our other facilities and identifying additional cost-effective strategies for shrinking our environmental footprint in Latham. And to further lessen our environmental impact, we will investigate the viability of providing our employees incentives to carpool, take mass transit, and use zero-emission vehicles.





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beyond compliance

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# beyond compliance

We envision continuous improvements to our **environmental, health and safety (EHS) program** that take it beyond regulatory requirements.



We believe this will improve employee satisfaction and morale, reduce risk to our business and the fuel cell industry, and helps us meet business objectives.

Our 2006 and 2007 initiatives focused on critical components of going beyond compliance: employee participation, hazard prevention, education and training, management involvement and continuous improvement.

## Employee Participation

The EHS Program involves employees in many ways through mandatory and voluntary activities such as

- Quarterly safety and housekeeping inspections
- Monthly EHS topic discussions
- Our hazard recognition program.

In addition to these departmental activities, we encourage our employees to participate on one of five safety teams to help us continuously improve the EHS program. These safety teams focus on emergency response, electrical safety, investigation of safety events, evaluations of new equipment, and continuous improvement of our EHS program. More than 17 percent of Latham employees actively participate on one of these safety teams. That's up from 12 percent participation at the start of 2006.

Safety is also integral to our performance management process. All employees, including managers, are assessed annually on their safety involvement and performance. This demonstrates our strong commitment to a safe working environment and encourages active involvement in our EHS program.

Rigorous safety training gives employees knowledge and understanding of workplace hazards.



## Hazard Prevention

We track all “safety events”—injuries and near misses. We analyze every event to pinpoint both a cause and corrective measures to make sure it doesn’t happen again. In addition, we have an employee developed hazard recognition program to reward employees for reporting and containing safety-related hazards before they produce an accident or a near miss.

We also offer a comprehensive wellness program for our employees designed to promote active, healthy lifestyles. This program offers free health screenings, discounted flu shots, a monthly on-site massage program, on-site recreational facilities and exercise classes, access to a licensed physical therapist and educational information on various wellness topics.

## Education and Training

Education and training are key parts of our EHS program. Rigorous safety training gives employees knowledge and understanding of workplace hazards. We engage employees in developing and delivering safety training, which results in practical, accurate, job-specific education. We use a comprehensive training matrix and Web-based learning to make sure we meet both regulatory requirements and our own standards. Besides job-specific safety training, we offer personal-development training on many topics, including sustainability, wellness, and free on-site CPR/AED certification training for employees and family members.

## Management Involvement

At all levels, our management team is committed to employee health and safety. Each year, we identify facility-wide safety goals—and then share with all employees. In addition, all managers regularly discuss safety with their employees by providing monthly safety training, investigating safety events in their areas, conducting self-inspections, and enforcing proper work practices at all times.

Our 2007 facility-wide goal of zero OSHA-recordable injuries was part of our corporate objectives. Our progress is reported regularly through our internal Web site, monthly EHS topics, and quarterly all-employee communication sessions.

# continuous improvement

Continuous evaluation of our EHS Program leads to significant progress towards our vision of **going beyond** compliance.

We have benchmarked ourselves against OSHA's voluntary protection program (VPP), which recognizes workplaces with excellent safety and health management systems and promotes them as model workplaces. We have used the VPP framework to assess ourselves and prioritize initiatives to improve our program.

Our performance in environmental health and safety reflects our commitment to continuous improvement. We have had no spills, monetary fines for non-compliance or significant non-compliance findings. Annual regulatory hazardous waste inspections in 2006 and 2007 produced only minor non-compliance findings. These issues were addressed immediately at the time of the inspection.

Our workforce safety data reflects our commitment to safety that our employees embrace. We historically have fewer injuries than our industry sector averages. But we have set our facility goal at zero OSHA-recordable injuries. We are proud to have achieved this goal in 2007.

Manufacturing, research and development, and field service activities all pose risks for a variety of injuries. As a result, our constant challenge is to reach our goal of zero OSHA-recordable injuries. Keeping our employees involved in the EHS program sustains their commitment to our safety culture. In 2008, our major goal is to integrate best practices globally, covering all Plug Power facilities and operations. We will strive to maintain employee involvement on safety teams at 17 percent of the employee population, taking into account our new locations.

## Workforce Safety Data

Safety Metric	2005	2006	2007	2008 Goal
Number of OSHA Recordable Injuries	5	2	0	0
Recordable Injury Frequency*	1.7	0.7	0	0
Number of Lost Time Accidents	2	0	0	0
Lost Time Accident Frequency*	0.7	0	0	0

\*Recordable Injury and Lost Time Accident frequencies have been calculated by taking the total number of recordable injuries or lost time accidents, dividing that sum by hours worked by all employees, then multiplied by 200,000. The 200,000 multiplier represents the number of hours 100 employees, working 40 hours per week for 50 weeks per year, would work. This is the OSHA standard for calculating frequency rates.



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# enabling the organization

We envision strengthening our culture to help employees practice sustainability principles in and out of the workplace.



This directly helps our business in many ways. It improves employee retention and satisfaction. It enhances employee development by accelerating personal and professional growth. It helps us attract and recruit potential employees. And it improves our ability to meet our business objectives.

In 2001, we initiated learning for sustainability, a course that teaches employees about systems thinking, sustainability, communication techniques and personal mastery. This initial training led to employee-driven, grass roots efforts that evolved into an established program of professional development, increased training, and employee benefits.

Last year, senior management developed shared objectives aligned with the company's business strategy. One of those objectives focused on "Our People and Our Culture" and supported the sustainability strategy.

## Professional Development

Recognizing that managers' success helps improve employee satisfaction, we initiated a manager development curriculum in 2007. The curriculum focuses on building vital skills such as coaching, supporting employee development, and leading by example. We intend to integrate sustainability concepts into this curriculum as well. The curriculum includes two important elements that relate to the company's objectives: coaching for improved performance and a behavioral assessment tool used to improve personal mastery. Both of these initiatives were completed by 100 percent of our managers. We hope to extend the opportunity for improved personal mastery to all employees in 2008.

We also acknowledge and support professional development outside of the workplace. Our employees are encouraged to join and become active members of professional societies. Through board and committee participation and other meaningful interaction with external peer groups, our employees develop leadership skills through diverse learning opportunities. These activities also provide forums where the Plug Power story can be shared with a wider audience.

## Communication

An internal communications framework connects individual contributions to corporate strategies and objectives. This framework includes regular employee communications, CEO communications, staff meetings, 1:1 meetings between employees and managers and two formal performance review opportunities.

## Performance Management

Performance reviews link business objectives and employee objectives, and then measure what was accomplished and how. Managers are expected to engage employees to define expectations, assess progress and create personal accountability for the company's success. All employees are evaluated on how they do their job as it relates to our values, including teamwork, safety, communication and sustainability. This process focuses direction, fosters dialogue and encourages employee development. In 2007, 98 percent of our employees received mid-year and annual performance evaluations and career development reviews.

# employee orientation

To increase understanding of company culture and values, all new employees participate in an **orientation program** that includes learning for sustainability.



## Compensation and Benefits

We strive to be an employer of choice. By integrating best practices into our compensation administration, we intend to remain competitive in the global marketplace. One example of this is our ratio of lowest wage to New York State's minimum wage. Our lowest wage is 1.8 times the required state minimum wage.

We are committed to offering employees outstanding benefits, including competitive health and dental plans, flexible spending accounts, comprehensive life insurance and disability coverage. Additional benefits include a competitive vacation and holiday package, a stock-purchase plan, a 401(k) retirement savings plan, educational assistance, employee discount offers, an employee referral program, and volunteer time. We also offer a comprehensive wellness program for employees designed to promote active, healthy lifestyles. Program benefits include free health screenings, discounted flu shots, a monthly on-site massage program, on-site recreational facilities and exercise classes, access to a licensed physical therapist and educational information on various wellness topics.

Our 401(k) investment committee meets quarterly with an independent plan advisor to continuously review and improve our plan and its investment options. Plug Power provides a dollar-for-dollar matching contribution of the first 5 percent of employees' annual base compensation. Currently, 85 percent of employees participate in the 401(k) savings plan. In 2007, we increased the socially responsible investing options in our portfolio to reflect our values. This plan provides diversified investment options including two socially responsible funds.

# Diversity in our Workplace

We actively promote equal-opportunity employment and advancement based solely on an individual's qualifications. We seek to maintain a healthy, safe and productive workplace free from discrimination or harassment based on race, color, religion, gender, sexual orientation, age, national origin, or disability. We believe in this equitable, sound business practice, and we recognize the injustices of job discrimination.

## Summary of Employee Statistics:

	2006	2007
Female	21%	22%
Male	79%	78%
Under 30	16%	17%
30-50 years old	63%	61%
Over 50 years old	21%	22%
American Indian or Alaska Native	0.5%	0.3%
Asian	8.0%	7.7%
Black or African American	1.6%	1.6%
Hispanic or Latino	1.3%	1.9%
Native Hawaiian or Other Pacific Islander	0%	0.3%
White	88.6%	88.4%
Employees in Management positions	22%	25%
Regular full time employees	89%	93%

## In 2008, our major goals include:

- Continuing active performance management to meet strategic objectives.
- Developing our future leaders through a succession planning program.
- Continuing to develop our global employee and management teams with fiscally responsible programs.
- Continuing the structured feedback programs for employees with the goal of 100 percent completion for both our annual and mid-year review process.

We strive to align our development programs with the company's strategic goals and the individual's development needs. And we support career development while integrating sustainability into our daily practices. To support our product development objectives, training and tools for sustainable design will become essential elements of our life-cycle management initiatives. As we expand our development programs globally, we plan to maintain training hours per employee at 2007 levels, while remaining fiscally responsible in our methods and programs.



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community outreach

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# community outreach

Our vision is to **strengthen our communities** through philanthropic and educational initiatives, community outreach and external stakeholder relationships.

Our social responsibility is as varied as the people who work with us and the people we serve. We strive to improve the quality of life and economic vibrancy of the places where our employees live and work. We believe that this work directly benefits society, provides leadership development opportunities for our employees, and improves employee satisfaction and morale.

Our community-outreach initiatives include a flagship program, the benefit barbecue program, and educational outreach activities, as well as our

commitment to enabling employees to participate in other volunteer and philanthropic activities. In 2007, we implemented a program to enable employees to volunteer up to 12 hours of company time a year to the flagship and benefit barbecue programs. If all 300 employees volunteered 12 hours annually, we would be giving our communities 3,600 hours.



before



after

Members of our manufacturing team improved the landscaping at a Unity House residence. The team was able to uncover the hidden beauty of the property and create a space that allows residents to relax, recreate, and enjoy the outdoors.



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# partnering with the community

Over \$20,000 was raised in 2006 and 2007 for 10 different organizations throughout our community.



## Flagship Program

Plug Power's flagship program, which is chosen entirely by employees, channels our efforts to a single charitable organization to provide a meaningful and lasting contribution to the community. A cross-functional community-outreach team of employees chooses one organization that we partner with for 18 months. We support the flagship organization by giving financial contributions and volunteer service.

Our 2006-2007 flagship program partner was Unity House, based in Troy, New York. Unity House is dedicated to enhancing the quality of life for people living in poverty, adults with mental illness, victims of domestic violence, children with developmental delays and their families, people living with HIV/AIDS and others in need. Over 2006 and 2007, Plug Power employees gave an estimated 870 hours to Unity House. This shows the meaningful and lasting impact that a focused philanthropic effort can make in our community.



Our supply chain team redesigned a basement at a Unity House residence. Using donations of materials from local stores, this group initiated a complete transformation of the space into a welcoming recreational and activity room.

## Benefit Barbecue Program

For several years, Plug Power employees have organized benefit barbecues to create awareness and raise money for various causes. This program began as a grass roots effort by employees to raise money for charity, have fun, enjoy each other's company, and create a true sense of community. Our first benefit BBQ, in April of 2003, attracted 61 people and raised \$556 for the Regional Food Bank. In June of 2007, our benefit BBQ for the American Cancer Society raised more than \$2,400 and had 286 attendees.

Benefit BBQs are organized entirely by employees. The organizations considered are nominated by our employees, and the final selections are made by our Community Outreach Team. We invite the organization to participate and provide information at the event. The employee who has nominated a selected organization becomes the project manager for the event, and a team is formed to handle the logistics and fundraising. We have found that the benefit BBQs also provide valuable leadership development and team building opportunities for our employees.



Much creativity has gone into the coordination of our benefit BBQ fundraising events. In April 2006 we held a tricycle race to raise money for the Albany Pine Bush Preserve Commission.

# educational outreach

A sustainable future depends on our commitment and our ability to educate and engage future generations.



As such, our employees are involved in many educational outreach activities throughout the year, including the national Future City Competition and Take Your Child to Work Day. Such events help educate the next generation of leaders about the importance of technology and sustainability.

Our employees' children can spend an educational day at Plug Power every April in conjunction with the national Take Your Sons and Daughters to Work program. We invite kids ages 7 to 13 to participate in the program, which has a sustainability-based theme each year. In 2007, participants took tours of our facility and learned about different aspects of fuel cell technology, participated in a learning exercise about the environment, spent time with their mom or dad to learn about their work day, and entered a writing contest and decorated t-shirts based on the theme "How am I a part of nature?" Our employees coordinate the event, and a large group of volunteers work with the children to ensure a successful and educational day.



We have provided the Future City Competition with financial and volunteer support since it was started in the Capital District in 2001. This is a hands-on education program for 7th and 8th grade students to learn how to apply math, science, engineering and technology.

## Enabling our Employees to be Active in the Community

We encourage employees to participate in their communities and to communicate their involvement to others at work. Many of our employees have participated in charity walks and runs, sold candy or raffle tickets to raise money, and coordinated bowl-a-thons.

Employees have an opportunity to participate in our adopt-a-highway program during their lunch breaks. We joined this program in 2006 and have committed to keeping our local community litter-free by adopting a stretch of highway near our Latham facility.

We support the American Red Cross by holding three blood drives on site each year so employees can donate blood during work hours. Throughout 2006 and 2007, we collected more than 250 pints of blood, which can help over 750 local patients in need. During Hurricane Katrina relief efforts, Plug Power sent three employees to train and volunteer with the Red Cross as part of the disaster recovery efforts. We have also helped employees volunteer at the local Red Cross chapter to provide administrative and technical support for their information technology systems.

# our challenges and future plans

In 2008, we hope to raise at least \$10,000 through benefit barbecues.



Our employees' children have an opportunity to spend an educational day at our Latham facility, where they learn about fuel cell technology and participate in sustainability-themed activities.

We look forward to choosing a new organization for our 2008-2009 flagship program. We have an opportunity to add sustainability criteria into the planning and selection processes for this program.

We have not tracked employees' volunteer hours given to community outreach programs. We will improve this process in 2008. Our goal is to achieve 1,000 employee-volunteer hours in 2008, including our flagship program, benefit BBQ planning activities, educational outreach and additional community outreach activities.

We will encourage employees to use all 12 hours of company time they are given for volunteer work as part of our community outreach programs.

We have begun integrating sustainability into some of our community outreach activities. For example:

- We used low volatile organic compound (VOC) paints for remodeling projects.
- We used biodegradable paper products at our benefit BBQs.
- We donated recycled-content gift wrap for our community holiday project.

However, we have much more work to do to integrate sustainability into our projects and events. Our benefit BBQs need to incorporate additional green-event concepts to further reduce the environmental impact of these events. We will work to make the connection between sustainability and the organizations we support stronger and more transparent.



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transparency



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# transparency

We are proud of our journey on the path towards sustainability.



Our vision of transparency is to create awareness of our sustainability efforts among our key stakeholders, to ensure that we are accountable, and to make our sustainability commitment relevant and meaningful to all employees so they are motivated to integrate sustainability into their work. The Sustainability Design Team has led our transparency efforts by engaging stakeholders, providing regular communication opportunities with employees, working with the Sustainability Working Group and its subgroups and dedicating resources to develop our first sustainability report.

Our primary challenges are maintaining momentum for the sustainability strategy with limited resources and making sustainability relevant to every employee every day. Like other companies, Plug Power faces the challenge of ensuring that sustainability is properly embedded into all company processes and practices. Until such integration is far enough along, the sustainability efforts may be viewed as added work that is disconnected from the business strategy. We have been fortunate to engage employees that are passionate about our sustainability activities and committed to our strategy. We must continually teach our employees to ensure that they embrace the nexus between sustainability and business success.

We plan to establish short-term initiatives to sustain progress in 2008 and 2009, establish goals for the next reporting period, and determine the best way to engage the sustainability working group and other sustainability teams.

We are proud of our journey on the path towards sustainability. We have learned a great deal as we've developed our strategy and completed this report. We have laid out many successes throughout the report. But we are always trying to stretch, to grow, to push ourselves to do more. We are both anxious and excited about the path ahead.





## Plug Power Inc. Safe Harbor Statement



This communication contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including but not limited to our 2008 milestones and statements regarding our growth plans. We believe that it is important to communicate our future expectations to our investors. However, there may be events in the future that we are not able to accurately predict or control and that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements, including, without limitation, the risk that the anticipated synergies of the Cellex Power Products, Inc. and General Hydrogen Corp. (now amalgamated as Plug Power Canada Inc.) acquisitions are not realized; the risk that unit orders will not ship, be installed and/or convert to revenue, in whole or in part; Plug Power's ability to develop commercially viable on-site energy products; the cost and timing of developing Plug Power's on-site energy products; market acceptance of Plug Power's on-site energy products; Plug Power's ability to manufacture on-site energy products on a large-scale commercial basis; competitive factors, such as price competition and competition from other traditional and alternative energy companies; the cost and availability of components and parts for Plug Power's on-site energy products; Plug Power's ability to establish relationships with third parties with respect to product development, manufacturing, distribution and servicing and the supply of key product components;

Plug Power's ability to protect its Intellectual Property; Plug Power's ability to lower the cost of its on-site energy products and demonstrate their reliability; the cost of complying with current and future governmental regulations; the impact of deregulation and restructuring of the electric utility industry on demand for Plug Power's on-site energy products; and other risks and uncertainties discussed under "Item IA—Risk Factors" in Plug Power's annual report on Form 10-K for the fiscal year ended December 31, 2007, filed with the Securities and Exchange Commission ("SEC") on March 17, 2008, and the reports Plug Power files from time to time with the SEC. Plug Power does not intend to and undertakes no duty to update the information contained in this press release.

Photos on pages 6.3 and 7.4 courtesy of The Albany Pine Bush. Photo credit: Kirstin Breisch.