



SMA Solar Technology AG

Modern Slavery Statement 2021

This Statement is made in accordance with part II, section 14 of the Australian Modern Slavery Act 2018 (Cth) and part 6, section 54 of the UK Modern Slavery Act 2015. It covers the period 1 January 2021 to 31 December 2021. This statement is a joint statement for SMA Aktiengesellschaft (SMA AG) and its wholly owned subsidiaries SMA Australia Pty. Ltd. (SMA Australia) and SMA Solar UK Ltd. (SMA UK).

Our organization & business

SMA AG is a public company headquartered in Germany and listed on the Prime Standard of the Frankfurt Stock Exchange. With more than 3,500 employees in 20 countries around the world, SMA AG and its subsidiaries (SMA group) develop, produce, and sell systems and solutions for the efficient and sustainable generation, storage, and use of energy. These include PV and battery inverters, monitoring systems for PV systems, charging solutions for electric vehicles as well as intelligent energy management systems and digital services for future energy supply. Extensive services up to and including operation and maintenance services for photovoltaic power plants (O&M business) as well as medium-voltage technology and power supplies for hydrogen production round off the product range. With its products and services, the SMA group actively contributes to combating the global climate crisis.

SMA Australia was established in August 2007 as a private company. SMA Australia is a wholly owned subsidiary of SMA AG. The corporate head office is located in Sydney, with sales staff based in Brisbane and Melbourne and field service staff based all over Australia. SMA Australia has no subsidiaries or controlled entities as defined under 50AA of the Corporations Act 2001 (Cth). SMA Australia is responsible for the sales, marketing, promotion, distribution, and service of SMA AG branded power electronics equipment manufactured by SMA AG in the residential, commercial, and utility solar markets in Australia. SMA Australia currently has over four gigawatts of delivered capacity in Australia.

SMA UK was incorporated in November 2010 as a Private Limited company. SMA UK is a wholly owned subsidiary of SMA AG. SMA UK does not control any entities or any other subsidiaries. The head office of SMA UK is based in Milton Keynes. SMA UK is a sales agent on behalf of SMA AG in the UK and responsible for the sales, marketing, and service of the SMA product portfolio in the UK and Irish markets within the utility, commercial and residential sectors.



Our people

As of December 31, 2021, the SMA Group had 3,736 employees worldwide (SMA AG: 2,537; SMA Australia: 72; SMA UK: 17). The number includes temporary workers. The SMA Group uses temporary employees to absorb order fluctuations. Ever since the establishment of temporary work at the headquarters in Germany, temporary employees have received the same hourly wage as SMA Group employees performing similar duties.

The SMA Group is committed to diversity & equal opportunities. We see the diversity of our employees as an asset to our company. In joining the Diversity Charter in 2011, we undertook to create a work environment in which all employees have the same opportunities, regardless of gender, nationality, religion or ideology, disability, age, or sexual orientation.

Given the company's strong technology orientation, the proportion of male employees is comparatively high. On December 31, 2021, 75.3 percent of employees were male and 24.7 percent female (SMA AG: 23 percent; SMA Australia: 21 percent; SMA UK: 24 percent). In the SMA Group 17 percent of leadership roles were filled by women (SMA AG: 12 percent; SMA Australia: 24 percent; SMA UK: 0 percent).

SMA Australia employs people in a variety of technical, trade and professional roles in different regions of Australia. 66 percent of the staff have non-English speaking background. The majority of SMA Australia employees live in the communities where we operate, namely Sydney, Brisbane, and Melbourne, and we are committed to building lasting and positive relationships with key stakeholders in these communities. SMA Australia utilizes specialist recruitment companies and labor hire organizations when hiring technical contractors such as electricians and metalworkers to perform ad hoc work in regional and remote areas.

SMA UK employs people consisting of sales and service members, including field service staff located nationally in the UK. SMA UK only works with reputable employment agencies to source labor and always verifies the practices of any new agency it is using before accepting workers from that agency. SMA UK is fully committed to the elimination of unlawful and unfair discrimination and values the differences that a diverse workforce brings to the organization.

Our supply chain

The SMA Group sells its systems and solutions worldwide in countries with different requirements and regulations. The company's supplier base is also widely spread geographically. This results in challenges for different supply chains. Part of these supply chains are more than 2000 tier 1 suppliers located in the regions Europe, Asia, Australia, North and South America, Africa. In total, the SMA Group purchased goods worth more than € 600 million from these suppliers in 2021. In this context, the restrictions in connection with the worldwide corona crisis presented individual elements of the global supply chains with particular challenges.



SMA Australia is the distributor of SMA AG products in Australia and New Zealand. Therefore, SMA Australia's major supplier of products for on-sale and supply is SMA AG with a percentage of 93 percent. Of the 7 percent of other suppliers to SMA Australia, most are Australian entities. A small proportion is sourced from overseas entities in Europe, Mexico, and USA. Within this 7 percent of other suppliers, SMA Australia's supply chain include:

- General suppliers of goods and services for corporate functions including sales and marketing, event suppliers, property leasing, office suppliers and equipment, technology goods and services, training, and professional service providers (payroll, legal, tax)
- Supply and delivery of products are packaged with grid modelling, technical and engineering services, software and product integration and services of transformer specialists
- Servicing of products using contact center services, contracted service providers, tooling and equipment suppliers including vehicles and labor services and smaller part providers (e.g., electronic, copper, iron, rubber)
- Delivery of products through logistics and warehousing providers and freight forwarders

SMA Australia recognizes that while many of their suppliers are based in Australia, these suppliers may also source from sub-suppliers located either in Australia or overseas. We are taking steps to review our supply chain and to deepen our understanding of how our suppliers, and their suppliers, are taking steps to identify, assess and address risks of modern slavery.

At SMA UK, the only supplier for direct materials is SMA AG. In addition, SMA UK contracts local service providers (e.g., office cleaning, consultative services for legal and HR, recruitment) as well as sub-contractors to do on-site service on our behalf.

Our policies

The Managing Board enacted the SMA Business Principles in January 2012. These form the Code of Conduct of the SMA Group. They formulate our values and clear standards of conduct for all employees. The SMA Business Principles not only underline the Group's intention to fully implement and comply with all legal and regulatory requirements. We are also committed to acting ethically, sustainably and with integrity at all times, to fulfilling our corporate responsibility and to treating others with respect. The SMA Business Principles are publicly available on our corporate website www.sma-solar.com. We plan to update our business principles in 2022 and ensure that all requirements and international standards to which the SMA Group is committed today are addressed. When updating our business principles, we will also take appropriate account of the expectations of our stakeholders and assess the topic human rights carefully.



Since 2009, the SMA Group has recognized the Code of Conduct of the German Association Bundesverband Materialwirtschaft, Einkauf und Logistik e.V. in 2009 and made it the basis of its own guideline for suppliers (SMA Supplier Code of Conduct). In 2020, this code was revised with the participation of the relevant stakeholders and newly implemented under the name SMA Business Partner Code of Conduct. Our goal here is to establish general principles of fairness, integrity and corporate responsibility in business relationships, including the supply chain. The SMA Business Partner Code of Conduct formulates our standards and the expectations we have of our business partners.

In addition, the SMA Group is committed to the UN Global Compact. The principles of the Global Compact address the prohibition of child labor, forced labor, mistreatment and discrimination of employees, the fight against corruption, fair working conditions, health protection and occupational safety, environmental protection as well as quality and product safety. We report on our compliance with these requirements in our non-financial statement which is part of our Annual Financial Report 2021 and publicly available at www.sma-solar.com.

Risks of modern slavery

In order to ensure that SMA Group's high standards and values are being met as well as to identify, assess and mitigate supplier risks, SMA AG uses a special supply chain risk management software to monitor all direct suppliers. Direct suppliers are all suppliers who provide components for our production. With the risk tool we monitor not only quality and reliability risks, but also sustainability risks such as corruption risks, environmental risks, human rights risks, and regulatory risks. In 2021, there were no incidents involving violations of human rights and labor practices at our direct suppliers. Furthermore, no environmental incidents were identified. The assessment of risks of human rights violations is carried out by the SMA AG procurement department in collaboration with compliance and sustainability experts.

SMA AG has conducted a risk check following the recommendations of the SME Compass, which acts on behalf of the German Federal Ministry for Economic Cooperation and Development and with the help of the Cato Institute's Human Freedom Index. By considering these recommendations and tools, we conducted a country-specific risk analysis for human rights issues for our direct material A and B suppliers, who are responsible for almost 80 percent of our total purchasing volume. Most of these suppliers are located in Germany, China, Italy and Hungary. As a result, our general supplier risk analysis showed relevant risks for human rights related to certain countries and specifically to electronic components. We plan to conduct a comprehensive risk assessment to better understand and address these risks on an individual supplier level.

Since 2020, there has also been increased concern due to indications of human rights violations against the Uyghur ethnic group in the Xinjiang region in China. The SMA Group shares this concern. Consequently, in 2021, we carried



out a specific supplier analysis. As a result, we can confirm that we have no business relationships with suppliers based in this region. In addition, we have implemented a process element in our global supplier selection at SMA AG that ensures that no products from the region will be procured in the future.

At the SMA Group level we are working on a process to further improve due diligence processes. Further areas that we target for future due diligence include the SMA Group workplaces and SMA partners. By 2025, we aim to cover 100 percent of SMA Group subsidiaries by a human rights and labor due diligence process. The monitoring process will be defined in 2022 and include a process of consultation with SMA Group entities.

SMA Australia's modern slavery risk assessment of the supply chain refers to the Australian Federal Government's Guidelines for Reporting Entities and the 2018 Global Slavery Index. These sources identify products and services with a high risk of modern slavery. In relation to SMA Australia's Australian-based operations and procurement function, some of the key risks in our supply chain are freight forwarders and logistics suppliers, uniforms, cleaning, and labor hire.

In order to identify high-risk field service providers at SMA Australia, a self-report survey was conducted in 2021. Thus, in the first step, those service providers were selected to whom the most orders were placed. Our evaluation showed that there are no policies or procedures in place to address modern slavery. This is mainly due to the fact that most, if not all service providers are not subject to any regulations on human rights due diligence.

SMA Australia will also have its high-risk suppliers (freight forwarders and suppliers of logistics, uniforms, cleaning, and labor hire) complete the questionnaire in 2022. SMA will evaluate their responses to determine which of these suppliers are high-risk based upon their response to the questionnaire and define further actions to be undertaken based upon the self-report.

To make sure that the standards of our Business Partner Code of Conduct are met at SMA UK, there will be close collaboration with SMA AG to define a supply chain due diligence process. The process will include mapping the supply chain broadly to assess product or geographical risks of modern slavery and human trafficking, evaluating the modern slavery and human trafficking risks of new suppliers, and reviewing these aspects on a regular basis.

Actions taken and assessment of effectiveness

Business partner commitment to our policies

To ensure that our Business Partner Code of Conduct is recognized and adhered to by our business partners, we have made it part of our contracts. As part of the general terms and conditions, the Business Partner Code of Conduct is binding for every supplier of SMA AG. Suppliers of SMA AG also undertake to pass on this requirement in the supply chain, for example by not procuring goods or services whose production or provision is associated with human



trafficking, forced labor or child labor. The Business Partner Code of Conduct is publicly available on the company website www.sma-solar.com.

SMA AG is not listed on a U.S. stock exchange but expressly welcomes the Dodd-Frank Act Section 1502. SMA AG will not use conflict minerals (tin, tantalum, tungsten, and gold) originating from the DR Congo and neighboring countries. In case SMA's suppliers act as a union importer of the above-mentioned minerals or their ores, they confirm to fulfill any requirements of Regulation (EU) 2017/821 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas. By signing contracts with SMA AG, our suppliers ensure compliance with the requirements that SMA laid out in the SMA standard 01501. For more information you may also have a look at our Statement on Conflict Minerals at www.sma-solar.com.

To make sure that the SMA Business Partner Code of Conduct is also recognized and adhered by business partners of SMA Australia, we will review our supply contracts in 2022 to identify which contracts do not contain supplier compliance with the SMA Business Partner Code of Conduct or other relevant modern slavery clauses. To the extent the contracts do not have modern slavery clauses or require the supplier to comply with the Business Partner Code of Conduct, SMA Australia will endeavor to negotiate amendments to include the Business Partner Code of Conduct and a modern slavery provision in all high-risk contracts.

Supplier sustainability evaluation

Our supplier sustainability evaluation program monitors compliance with international human rights provisions, regulations, and suppliers' sustainability performance in the fields of labor & human rights, environment, ethics, and sustainable procurement. The program was initiated in 2017 and covers SMA AG's A and B suppliers which supply direct materials. The supplier sustainability program is carried out in collaboration with a business partner.

Our partner is a provider of corporate sustainability assessments used worldwide. Supported by a software application and expert teams, scorecards on environmental, social, and ethical activities as well as risks are mapped. In this way, sustainability performance is monitored and actions for improvement are initiated by using corrective actions applications. Our goal is to achieve an average sustainability performance rating of 55 percent in the possible overall evaluation across all evaluated suppliers by 2025. In addition, we plan to consider the sustainability performance of our suppliers when making procurement decisions from 2022.

The suppliers for whom an assessment has already been carried out show a largely positive picture and a continuous improvement of sustainability performance. In 2021 the sustainability performance of the suppliers assessed rose to 54.1 percent (2020: 49.6 percent). The number of suppliers assessed regarding sustainability aspects rose by 12



percent in 2021. As a result, we now cover 46.4 percent of all A and B suppliers for direct materials with our sustainability performance assessment. This corresponds to a share of 57.5 percent of our goods volume.

Whistleblower system

Whistleblower systems are mechanisms to avoid and reduce the possibility of violations. Because there are situations in which it may be difficult to speak openly about serious compliance violations, it is important that SMA offers a tool for anonymous reporting. For SMA, this is the Speak-Up Line to which employees, external partners, and other external parties of the SMA Group have access to in the event of suspected compliance violations. The whistleblower system is operated by an external provider. At the request of the whistleblowers, their anonymity will be preserved. The SMA Group guarantees all employees freedom from sanctions for reports made in good faith. Details of this, together with a full description of the procedure for reporting misconduct, can be found on the company website www.sma-solar.com. The SMA Speak-Up Line is accessible on the company website and employee intranet. The Line is communicated to business partners in the Business Partner Code of Conduct and corporate website and to employees through the company intranet and regular employee training. Functionality of the Line is tested as necessary. In addition, the SMA Compliance Helpline is available to answer questions about compliance. Concerns or indications of possible misconduct can also be reported here.

Training

The SMA Group's Business Principles are part of our regular employee trainings in the SMA Group. It is the goal to promote employee awareness of the importance of ethics and business principles that we are committed to and therefore necessary basic knowledge. We use web-based training formats. The frequency and scope of the training sessions depend on the function-specific risk situation of the participants. This training was completed by 2,435 employees in 2020, and by 2,692 employees in 2021 worldwide. After completing their first training, new employees actively commit to the SMA Business Principles and rules taught.

In 2021, SMA Australia set-up a specific modern slavery training. By the end of the year, 93 percent of SMA Australia employees have successfully completed the modern slavery training. The remaining 7 percent are scheduled to complete the training in 2022 as will new employees starting with SMA Australia in 2022. During this training, participants went through case studies and learning activities to reinforce practical ways to ensure they understand what modern slavery is and how to identify and report risks of modern slavery. At the end of this modern slavery course, the participants completed an online assessment. The training also included a declaration that everyone who becomes aware of misconduct, dishonesty or illegal activity will report it.

In 2022, SMA Australia will start to engage with the high-risk field service providers on this topic and ensure they educate themselves on the risk of modern slavery by requiring the high-risk field service providers to undertake a



modern slavery training. The effectiveness of this action will be measured based upon the number of participants who receive a passing score at the end of the training.

At SMA UK, we will setup a mandatory online training on the topic for staff. The training on modern slavery and human trafficking will be conducted annually and during the induction process as a result of recruitment.

SMA AG

This statement was approved by the board of directors of SMA AG.

08.09.2022

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Dr.-Ing. Jürgen Reinert, CEO

SMA Australia

This statement was approved by the principal governing body of SMA Australia by way of resolution on 26 June 2022.

08.09.2022

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Doris Spielthener, Managing Director

SMA UK

This statement was approved by the principal governing body of SMA UK.

08.09.2022

A handwritten signature in black ink, consisting of a large, stylized 'J' followed by a long horizontal line and a vertical stroke at the end.

Jan Van Laethem, Managing Director