

Introduction

This is the first Modern Slavery Statement ("Statement") for SMA Australia Pty Ltd ("SMA Australia") and is made pursuant to Section 13 of the Australian *Modern Slavery Act 2018* (Cth).

Our business and operations

SMA Australia (ABN 44 127 198 761) was established in August 2007 as a private company. SMA Australia is a wholly owned subsidiary of SMA Solar Technology AG ("SMA AG"). SMA Australia has no subsidiaries or controlled entities as defined under 50AA of the *Corporations Act 2001* (Cth).

SMA AG is a public company in Germany and a leading global specialist in photovoltaic system technology. SMA AG globally has more than 3,000 employees in 18 countries. SMA AG's innovative solutions for every type of photovoltaic application offer people and companies worldwide greater independence in meeting their energy needs. In collaboration with our partners and customers, we are helping people transition to a self-sufficient, decentralized and renewable energy supply.

As a leading global specialist in photovoltaic system technology, SMA AG is setting the standards today for the decentralized, digital and renewable energy supply of tomorrow. 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 market in Australia. SMA Australia currently has over four gigawatts of delivered capacity in Australia.

SMA AG and SMA Australia are deeply committed to ethical and legally compliant business practices. Since 2009, SMA AG has recognized the code of conduct of the German Association for Supply Chain Management, Procurement and Logistics and used this as the basis for its own guidance for its suppliers. The guidelines are based upon, among other things, the UN Global Compact, the conventions of the International Labor Organization and the United Nations Universal Declaration of Human Rights. In addition, in 2011 SMA AG made a declaration to the General Secretary of the United Nations to adopt the ten principles of the UN Global Compact as compulsory guidelines for its corporate governance.

Where we operate

SMA Australia's corporate head office is located in Sydney, with sales staff based in Brisbane and Melbourne. SMA Australia also has field service staff based all over Australia.



Our people

In FY2020, SMA Australia employed more than 80 people in a variety of technical, trade and professional roles.

The majority of our employees live in the communities where we operate, namely Sydney, Melbourne and Brisbane, 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.

Since 2007, we have worked to build a diverse and inclusive workplace at SMA Australia.

Our Workforce			
Sydney Office: 50	Queensland: 13	Victoria: 4	In the Field: 13
19% women			
Leadership roles filled by women 30%			
38% of staff from non-English Speaking Background			

Our supply chain

SMA Australia is the distributor of SMA AG products in Australia and New Zealand.

Vendor analysis

Vendor	FY2020 spend	
	\$ Value Orders	% Value



SMA AG	\$124M	74.70%
Other suppliers to SMA Australia	\$42M	25.30%
Total	\$166M	



As shown in the table above, SMA Australia's major supplier of products for on-sale and supply is SMA AG.

Of the other suppliers to SMA Australia, most are Australian entities. However, some items are sourced either directly or indirectly from overseas entities in:

- Europe;
- New Zealand; and
- China (such as small electronic components).

SMA Australia recognizes that while many of our 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.

Area	Main operations	Supply chain
 Corporate functions	<ul style="list-style-type: none"> • Sales and marketing • Logistics and supply chain • Financial services • Human resources and office management • Travel management 	<ul style="list-style-type: none"> • Office consumables and promotional merchandise • Technology (hardware, software and cloud services) • Utilities and professional services consultants who provide a service directly to the office • Uniforms and work attire (e.g. safety vests) • Office Services (cleaning, business maintenance and office management) • Training and recruitment • Non stationary equipment and consumables • Payroll provider • Third party logistics providers • Freight forwarders • Accommodation requirements • Events, hospitality and catering services and consumables (linen and cleaning services, food and other products) • SMA AG • Australian transformer specialist
 Utility	<ul style="list-style-type: none"> • Grid modeling and consulting support • Delivering inverters for the use in large scale PV Solar systems • Legal services • Providers and system integrators • On-site service 	<ul style="list-style-type: none"> • SMA AG • Software services provider • Grid modelling services provider • Engineering services provider • Legal services provider • Australian transformer specialist

 <p>Home and Business</p>	<ul style="list-style-type: none"> • Delivering inverters for the use in Residential and small scale PV Solar systems 	<ul style="list-style-type: none"> • Contact center services • SMA AG • SMA utilizes numerous local Australian businesses to provide installation of SMA products and well as warranty and repair work. • Third party logistics providers • Freight forwarders
 <p>Service</p>	<ul style="list-style-type: none"> • Onsite technical services and engineering services. • Operations & maintenance services • Tool calibration certification/support and maintenance 	<ul style="list-style-type: none"> • Maintenance requirements (motor vehicles, tools, fuel, maintenance, spare parts) • Contractors and sub-contractors who deliver services to our clients on our behalf • Various third-party local Australian electricians for ad-hoc site work • Third-party local metal workers to provide services on site after manufacturing • Tool and equipment suppliers • Australian transformer specialist • Car and truck hire companies • Electronics parts suppliers • Labor hire companies • Copper/iron/rubber providers

Risks of modern slavery

SMA AG makes up almost 75% of SMA Australia's spend and is the largest supplier of products that are then on-sold into the Australian market.

In order to ensure that SMA AG'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. The assessment of risks of human rights violations is carried out by the SMA AG procurement department in collaboration with compliance and sustainability experts. The work that has been done by SMA AG to assess its suppliers in terms of sustainability and human rights provides a very good foundation for visibility of the supply chain and a strong basis for evaluating the risks of modern slavery.

In 2017, SMA AG began to evaluate its direct suppliers' performance in terms of sustainability. Since 2018, this has been handled by an external company, EcoVadis. Supplier participation in the evaluation is voluntary. SMA AG plans to further develop its performance evaluation criteria to include guaranteed compliance with universal SMA AG standards such as respect for human rights, freedom of association, avoidance of child labor and forced labor, and to improve the environmental performance of product components.

We have engaged with SMA AG and are aware that it has undertaken a detailed program of understanding the country of origin of key suppliers and assessing human rights related risks. During the next reporting period, SMA Australia will engage with SMA AG in greater depth to better understand the risk of the product components SMA AG purchases, in order to have a more detailed view of the risks of modern slavery in the supply chain.

In relation to SMA Australia's Australian-based operations and procurement function, some of the key risks in our supply chain are:

- small electronic components from China;
- freight forwarders and logistics suppliers;
- uniforms;
- cleaning; and

- labor hire.

When assessing the modern slavery risks in our supply chain, SMA Australia referred 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.

Actions taken to address risks of modern slavery

SMA AG has a sophisticated and well-established set of policies and procedures in respect of sustainable and ethical supply. These policies apply to SMA Australia as a wholly owned subsidiary of SMA AG.

During the reporting period, SMA Australia obtained an external review of these policies and procedures which concluded that the policies and procedures provided an appropriate framework for identifying and addressing the risks of modern slavery as required under Australian law.

The SMA AG Business Partner Code of Conduct ("BP Code of Conduct") prescribes standards for sustainable activity and gives expression to what SMA AG expects of its suppliers and business partners with regard to social, ecological and ethical issues. SMA AG's suppliers and SMA Australia's suppliers, which contract under the General Terms and Condition of Purchase, are required to comply with the BP Code of Conduct. During the next reporting period, SMA Australia will review its supplier agreements, which do not utilize the General Terms and Conditions of Purchase, to ensure that those arrangements require compliance with BP Code of Conduct. The key features of the BP Code of Conduct are: bans on child labor, forced labor, and abuse and discrimination of employees; fighting against corruption; supporting fair working conditions; occupational health and safety; environmental protection; and quality and product safety.

During the next reporting period, SMA Australia will require all employees of SMA Australia to undertake a modern slavery training module, and provide new and existing suppliers of SMA Australia with a questionnaire, which will assist SMA Australia to assess the risks of modern slavery in our suppliers' supply chains.

SMA Australia will also review our contracts, which are entered into by SMA Australia to purchase goods and services, to ensure that they require our direct suppliers to take steps to identify, assess and address risks of modern slavery and to provide information to us about the risks of modern slavery in their supply chains and the actions they are taking to address those risks.

Raising concerns – whistleblower hotline

SMA AG has a whistleblower hotline called the Speak-Up Line which may be used to raise concerns about the legality of certain business transactions or conduct. The Speak-Up Line is a telephone and web-based whistleblower system hosted by an external service provider, offering employees and external parties a secure and anonymous channel of communication. Any reports made through the Speak-Up Line are forwarded exclusively to the SMA AG Compliance Team, where they will be handled confidentially and professionally.

During the next reporting period, SMA Australia will review how this whistleblower mechanism can be used by Australian based suppliers to raise concerns and will consider whether the mechanisms for receiving complaints and responding can be adapted to better respond to issues of modern slavery.

Assessing the effectiveness of our actions

During the next reporting period SMA Australia will undertake a number of actions to identify, assess and address the risks of modern slavery in its supply chain.

Once our mandatory modern slavery training is in place, SMA Australia will

measure the effectiveness of the training by monitoring the number of people who have completed the training and assessing the extent to which their knowledge has been improved through either a survey or an online quiz at the conclusion of the training.

SMA Australia will track and assess responses rates to our supplier questionnaire in terms of the proportion of responses and our engagement with suppliers identified as high risk.

Finally, SMA Australia will track the proportion of supply contracts that contain supplier compliance with the BP Code of Conduct include modern slavery clauses.

Approval

Approved by the Board on June 30, 2021

Signed by Michael Rutt, Director on June 30, 2021

