



SMA Solar Technology AG

## **Joint Modern Slavery Statement 2023**

This statement is made in accordance with part II, section 13 of the Australian Modern Slavery Act 2018 (Cth), part 6, section 54 of the UK Modern Slavery Act 2015 and part 2, subparagraph 11(4)(b)(i) 2 of the Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act 2023. It covers the period 1 January 2023 to 31 December 2023. This statement is a joint statement for SMA Solar Technology AG (SMA AG) and its wholly owned subsidiaries SMA Australia Pty. Ltd. (SMA Australia), SMA Solar UK Ltd. (SMA UK), SMA Solar Technology America LLC (SMA America) and SMA Altenso GmbH (SMA Altenso). SMA AG and its subsidiaries are collectively referred to below as the "SMA Group".

### **Our commitment**

By signing the UN Global Compact in 2011, the Managing Board of SMA AG committed the SMA Group to the ten embedded principles covering human rights, labor standards, environmental protection and anti-corruption. In addition, the Managing Board of SMA AG has committed the SMA Group to the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights, the UN Universal Declaration of Human Rights and the core labor standards of the International Labour Organization (ILO) in 2022.

### **Our strategy**

The SMA Group pursues the strategic goal of holistic sustainability and thus endeavors to put sustainability into practice, not only in its own business area but also along the value chain. As part of its human rights strategy, the SMA Group continuously works to ensure compliance with human rights standards and to reduce negative environmental impacts. Our principles for respecting human rights and the environment as well as our risk management approach are described in the Policy Statement on Human Rights and Environmental Due Diligence. The Policy Statement and a detailed description of the prioritized risks can be found on our corporate [website](#).

To strategically integrate and advance sustainable thinking and action into the organization, the Managing Board of SMA AG has established a Sustainability Committee. The Sustainability Committee controls the implementation of the sustainability and human rights strategies and makes decisions on sustainability issues. The Managing Board has



appointed in writing a Human Rights Officer charged with overseeing the due diligence obligations. By monitoring the effectiveness of the risk management system, the success of the measures and actions and the continuous improvement of processes is ensured. As part of the Sustainability Committee, the Managing Board is kept regularly informed about the work of the Human Rights Officer.

## 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 4,300 employees in 20 countries around the world, SMA Group develops, produces, and sells 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 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 making a sustainable, secure and cost-effective energy supply a reality worldwide.

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 sect. 50AA of the Corporations Act 2001 (Cth). SMA Australia is responsible for the sales, marketing, promotion, distribution, and service of SMA branded power electronics equipment in the residential, commercial, and utility solar markets in Australia. Overall, SMA Australia has delivered over four gigawatts of inverter 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 residential, commercial, and utility sectors.

SMA America was established in 2000 and is a wholly owned subsidiary of SMA AG. SMA America has corporate headquarters in Rocklin, California with 261 sales staff and remote workers based all over the United States and Canada. SMA America is responsible for the sales, marketing, promotion, distribution, and services of SMA branded power electronics equipment in the residential, commercial, and large-scale utility solar markets in the United States, Canada, and Puerto Rico. Overall, SMA America has delivered over 25 gigawatts of inverter capacity in these regions.

SMA Altenso was established in 2014 as SMA Sunbelt Energy GmbH and is headquartered in Niestetal, Germany. The company's purpose is the sale of components and systems as well as project-related services for photovoltaic systems, solar hybrid systems, battery storage and hydrogen production systems. The focus lies increasingly on the system



integration of large battery storage systems to stabilize the grid frequency and to balance the fluctuating electricity feed-in from renewable energies, as well as on solutions for hydrogen production plants. SMA Altenso is a wholly owned subsidiary of SMA AG.

## Our people

As of December 31, 2023, the SMA Group had 4,377 employees worldwide (SMA AG: 2,933; SMA Australia: 87; SMA UK: 26; SMA America: 262; SMA Altenso: 64). The numbers include employees, trainees and learners. In addition, the SMA Group uses temporary workers to manage fluctuations in production demand. As of December 31, 2023, the SMA Group employed 658 temporary workers. Ever since the establishment of temporary work at the headquarters in Germany, temporary workers have received the same hourly wage as SMA Group employees performing similar duties.

Given the SMA Groups's strong technology orientation, the proportion of male employees is comparatively high. Based on the total number of employees excluding trainees, learners and temporary workers, as of December 31, 2023, 71.3% of employees were male and 28.7% female (SMA AG: 25.7% female; SMA Australia: 24.1% female; SMA UK: 26.9% female; SMA America: 26.5% female; SMA Altenso: 26.3% female). In the SMA Group, 20.7% of leadership roles were filled by women (SMA AG: 17.3%; SMA Australia: 23.8%; SMA UK: 0%; SMA America: 31.4%; SMA Altenso: 20.0%). As part of our sustainability strategy, we have set ourselves targets for increasing the proportion of women, which we report annually in detail in our non-financial statement which is part of our Annual Report. The Annual Report 2023 can be found on our corporate [website](#).

## Our supply chain

The SMA Group distributes its systems and solutions worldwide. The supply chains necessary for the business activities of the SMA Group result in a global supplier base. Part of these supply chains are 464 direct suppliers from 25 countries that provide direct material for production. The SMA Group purchased goods from these suppliers in the regions of Europe, North and South America and Asia-Pacific in 2023.

SMA Australia is the distributor of SMA AG products in Australia. Therefore, SMA Australia's sole supplier of products for on-sale and supply is SMA AG with a percentage of 91%. Of the 9% of other suppliers to SMA Australia, most are Australian entities. A small proportion is sourced from overseas entities in Europe, Mexico, and the USA. Within this 9% of other suppliers, SMA Australia's supply chain includes:

- 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 packaged with grid modelling, technical and engineering services, software and product integration and services. Servicing of products using contact center services, contracted service providers, tooling and equipment suppliers including vehicles and labor services, and smaller parts providers (e.g., electronic components, copper, iron, rubber)
- Delivery of products through logistics and warehousing providers and freight forwarders

At SMA UK, the only supplier for direct materials is SMA AG. In addition, SMA UK contracts local companies for services and indirect material. The following are amongst SMA UK's supply chain:

- Office administration support, including printing of media and postal and courier activities and legal and accounting services
- On-site services consisting of repair and installation of equipment, services to buildings and landscape activities
- Warehousing and support activities for transportation

SMA America serves as the exclusive distributor of SMA AG's product line across the United States, Canada, and Puerto Rico. Within its expansive network, SMA America collaborates with a diverse array of 164 indirect suppliers, predominantly sources from the United States (90%) and Canada (4%). The Company's supply chain encompasses various facets, including:

- General Suppliers: These partners provide essential goods and services for corporate operations, spanning sales and marketing support, event management, property leasing, office supplies, technology solutions, training programs, and professional services such as payroll, legal, and tax consultancy.
- Product Servicing Providers: This category includes contact center services, contracted service providers, tooling and equipment suppliers (including vehicles and labor services), and smaller parts providers.
- Product Delivery Logistics: SMA America collaborates with logistics and warehousing providers, as well as freight forwarders, to ensure efficient product delivery and distribution across its markets.

SMA Altenso's supply chain activities are centralized within the procurement department. The supply chain activities are dedicated to the supply of products for the two business units, Battery Energy Storage (BESS) and hydrogen projects (P2G; Power-to-Gas), where SMA Altenso mostly acts as a system integrator. SMA AG is the largest supplier for direct material. The supply chain also includes:

- Battery Energy Storage: For BESS projects, SMA Altenso purchases batteries either from China or South Korea from three global player companies, additional material is purchased from European suppliers.
- Power-to-Gas: In addition to SMA power converters, the materials comprise transformers from Italy or Turkey and switch gears from Germany, which are then assembled by a system integrator in Italy.
- Product Delivery Logistics: Material and products are delivered on-site via road transport or sea freight providers.



## Our policies

The Employee Code of Conduct forms a uniform framework throughout the company, which helps all employees to consistently make the right decisions in the interests of the SMA Group. It underlines the will of the SMA Group to fully comply with and implement all legal and regulatory requirements. In addition, it obligates all SMA employees to act ethically, with integrity and sustainably at all times, to assume corporate responsibility and to treat others with respect.

The Business Partner Code of Conduct formulates the SMA Group's expectations of business partners, such as suppliers. It is based on principles of fairness and integrity. In 2023, the Business Partner Code of Conduct was updated to ensure that the SMA Group's current expectations of its business partners are adequately reflected. A Sustainable Procurement Policy that provides an overview of all sustainability-related requirements that are relevant to procurement was also drawn up. It is intended to set out standards and the expectations of suppliers and other business partners with respect to the recognition of international values and principles, health protection, occupational safety and product quality, respect for human rights and fair labor practices, fair competition, protection of confidentiality, information and property, and environmental protection and responsible energy use. The documents can be found on the corporate [website](#).

## Risk management

Our risk management system is based on a process of risk analysis that covers our own business area and our direct suppliers. If there is substantiated knowledge of possible violations of human rights or environmental obligations by indirect suppliers, these are incorporated into the risk analysis. The risk analysis is updated on an annual and ad hoc basis. Substantiated knowledge of a possible violation of a human rights or environmental obligation by indirect suppliers will also result in the risk analysis being updated. Substantiated knowledge means we have actual evidence that an obligation has been violated. We use system-based processes, available risk information and knowledge gained in the course of our investigations to carry out the risk analysis.

### Risk identification

Risks concerning our own business area and direct suppliers are systematically identified with the help of external data sources. Risks in connection with products and services, the type of activity and country-specific risks are evaluated for all risk categories in our own business area. Similarly, country-specific risks and product group risks in connection with the economic activity of direct suppliers are identified for direct suppliers. We also use information obtained from the grievance mechanism and from monitoring press reports within the risk identification process for both our own business area and direct suppliers.



### Risk assessment

As part of risk assessment, the identified risks are evaluated and weighted considering the statutory appropriateness criteria for severity and probability of occurrence. The assessment of severity includes the factors of the degree and number of people affected and the factor of irreversibility. Detailed audit results, internal reports and completed questionnaires help substantiate the identified risks and enable assessment of these risks. This process step results in an actual risk disposition and an image of the negative implications for people and the environment.

### Risk prioritization

In the final step of the risk analysis, risks are prioritized based on the criteria of capacity for influence and contribution to causation. The results help us continually adapt our internal guidelines, actions and training measures to ensure compliance with our due diligence obligations. In 2023, the following risks were identified, prioritized and published on our company [website](#):

- Working conditions in the upstream value chain
- Occupational health & safety in the upstream value chain, our own operations and in the use phase & service activities
- Environmental protection along the entire value chain
- Diversity & equal opportunities in our own operations

In order to develop a uniform process for analyzing and assessing risks in the SMA Group's supply chain, a project in cooperation with SMA Australia and SMA UK was started in 2023 assessing their indirect procurement. The approach is grounded on the methodology of SMA AG.

No high risk suppliers were discovered at SMA UK. For SMA Australia, 6 (18.2%) high risk suppliers were identified. All of the high risk suppliers operate in the labor hire sector presenting a risk regarding "Freedom of association". These risks will be further evaluated and measures addressing these risks will be defined. By the end of 2024, the supplier risk management approach will be transferred to all SMA Group companies.

### Actions to address risks

#### Internal training

The global staff of the SMA Group participates annually in a mandatory online course covering the SMA Employee Code of Conduct. The goal of the course is to promote employee awareness of the importance of ethics and the business principles the SMA Group has committed to. In 2023, this course was completed by 3,021 employees (including trainees, learners and temporary workers). Additionally, a mandatory training program specifically for Commodity Managers in the Global Procurement department who purchase direct and indirect materials was started to explain the



due diligence process and create awareness for human rights and environmental risks in the supply chain. In 2023, 100% of the Commodity Managers in Global Procurement have completed the training. At SMA Australia, where risks were identified, a specific modern slavery training, including case studies on how to identify and report risks of modern slavery, was conducted as a preventive measure. It was successfully completed by 100% of SMA Australia employees by the end of 2023 and will continue to be provided to new employees throughout 2024.

#### Internal auditing

In 2022, all SMA Group companies with medium to very high risk were identified and audited against human rights standards. Another four companies were added in 2023. Thus, in total, 54.5% of all 22 Group companies with active business operations were covered by the due diligence process by the end of 2023. Based on the results, the audit team has defined improvement measures, the implementation of which is monitored with the help of an IT solution. In 2023, no legal violations of statutory labor regulations were identified at the sites of the SMA Group, and there were no relevant legally binding convictions in labor law.

#### Business partner commitment to our policies

To ensure that the Business Partner Code of Conduct is recognized and adhered to by the business partners of SMA AG, it was made binding for all suppliers as part of the general terms and conditions. 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. In order to contractually obligate the suppliers of direct material to comply with human rights and environmental due diligence obligations, additional human rights and environmental contractual clauses were formulated in addition to our Business Partner Code of Conduct. With SMA AG being the biggest supplier of direct material for the SMA Group companies, this action also covers their supply chains. As of December 31, 2023, nearly 50% of the suppliers addressed have recognized the supplementary contract clauses. The process for supplier's acknowledgment of the human rights and environmental contractual clauses and the Business Partner Code of Conduct will be expanded to suppliers of the SMA Group companies.

#### Supplier risk monitoring

To ensure that our expectations are being met by our suppliers, an additional supplier risk management software to monitor all suppliers for direct material is used. With the help of the software, sustainability risks such as corruption risks, human rights risks and regulatory risks are monitored. If there is reasonable knowledge of violations, corrective measures will be initiated in collaboration with the supplier. The SMA Group reserves the right to pause or terminate the business relationship if the violation is not corrected within a specified timeframe. In 2023, there were no substantiated incidents of violations in the supply chain.



### Supplier sustainability performance assessment

Since 2017, we have been continuously monitoring the sustainability performance of the suppliers of direct material to SMA AG through the supplier evaluation program. The self-assessment is carried out with the help of a specialized external software solution which enables us to analyze supplier sustainability risks such as labor and human rights, occupational health and safety, diversity and equal opportunities, living wages, corruption and bribery, quality and sustainable procurement. As of December 31, 2023, 81.8% of all A and B suppliers existing at that time were covered by the sustainability performance assessment, which represented a share of 81.8% of the direct material purchasing volume of SMA AG. The sustainability performance of our suppliers is incorporated into specific corporate decision-making processes. In addition, we plan to conduct risk-based supplier audits in the future.

### 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 to offer a tool for anonymous reporting of suspected compliance violations. The SMA Speak-Up Line is available to employees and external partners of SMA as well as other external parties. 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](#) and the employee intranet. Business partners are made aware of the Speak-Up Line through the Business Partner Code of Conduct and corporate website, and employees through the company intranet and regular employee trainings. Functionality of the system is tested as necessary.

### Assessment of effectiveness

In 2023, the Human Rights Working Group was established. The working group is comprised of representatives from various departments, including Sustainability, Global Strategic Procurement, Global Human Resources, Corporate Governance & Compliance, Health & Safety, Environment, Legal, Corporate Audit, Risk & Information Security, as well as members of the Works Council. The Human Rights Working Group monitors the implementation and effectiveness of the organization's human rights and environmental risk management system and the associated requirements. The effectiveness of its risk management system is monitored by using appropriate key indicators and through regular reviews of defined work packages. As chair of the Human Rights Working Group, the Human Rights Officer discusses challenges and regularly reports to the Managing Board on the group's work and progress.



## Approval and attestation

In accordance with the requirements of the Canadian Fighting Against Forced Labour and Child Labour in Supply Chains Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

### SMA Solar Technology AG

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

DocuSigned by:

Jürgen Reinert

D28181DF7469451  
I have the authority to bind SMA Solar Technology AG

Dr. Jürgen Reinert, CEO

### SMA Australia Pty. Ltd.

This statement was approved by the principal governing body of SMA Australia by way of resolution on 14 May 2024.

DocuSigned by:

Doris Spielhennner

F70BE460C80E4E7  
Doris Spielhennner, Managing Director

### SMA Solar UK Ltd.

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

DocuSigned by:

Johannes Eillebrecht

10798BC63CF344D  
Johannes Eillebrecht, Managing Director

### SMA America LLC

This statement was approved by SMA AG as the ultimate shareholder of SMA America.

DocuSigned by:

Jürgen Reinert

D28181DF7469451  
I have the authority to bind SMA America LLC as the ultimate shareholder

Dr. Jürgen Reinert, CEO

### SMA Altenso GmbH

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

DocuSigned by:

Burkhard Söhngen

C30E2260E9E9477  
I have the authority to bind SMA Altenso GmbH

Burkhard Söhngen, Managing Director