

## Sunman (Zhenjiang) Co., Ltd Modern Slavery Statement

### Introduction

This Modern Slavery Statement is made on behalf of Sunman (Zhenjiang) Co., Ltd for the 2024 Calendar Year.

Sunman (Zhenjiang) Co., Ltd (**'Sunman'**) is a part of the Sunman Energy Corporate Group (**'Sunman Group'**). Sunman is owned by Sunman (Hong Kong) Limited and its ultimate holding company is Sunman Energy Co., Ltd. Sunman (Zhenjiang) Co., Ltd owns and controls Sunman Energy EU GmbH.

This document applies to Sunman , which is the entity responsible for the manufacturing of the solar power panels.

### Our Business

Sunman is a private company. The Sunman Group was founded by a group of industry veterans passionate about delivering the future of Solar Energy. Through the research and development of composite materials, the Sunman Group has successfully commercialised the world's first glass-free, lightweight and flexible Panel – eArc. Replacing glass completely, eArc brings solar power to markets and applications scenarios that were previously impossible.

As the "Lightweight Solar Pioneer", the Sunman Group is committed to providing unique PV products and services that deliver superior value for all stakeholders. We aim to generate societal and environmental value by reducing our industry's environmental impact and conserve energy, and recognise the importance of staying attuned to changes within the global environment and society.

Modern slavery is never acceptable, and Sunman is committed to implementing and enforcing effective systems and controls to identify, address and, where appropriate, remedy modern slavery risks in its operations, supply chains and investments.

We understand that modern slavery can occur in many forms, such as forced labour, child labour, domestic servitude, sex trafficking, human trafficking and debt bondage, and that modern slavery occurs worldwide.

Conflict between competing interests of addressing modern slavery and affordability of renewable energy and the tension between pursuing green technology and addressing modern slavery is something that Sunman is aware of, and if required Sunman can source solar cells from outside of China.

In 2023, Sunman took the important step of pursuing and obtaining SA8000 certification. This is discussed further below, however the SA8000 Standard is the world's leading social certification program, and is based on the principles in the Universal Declaration of Human Rights and ILO conventions. It is a system that emphasises continuous improvement, and provides a framework for our organisation to conduct business in a way that is fair and decent for workers and allows us to demonstrate to our consumers and stakeholders that we take the issue of modern slavery seriously.

## **Our Structure, Operations and Supply Chain**

The Sunman Group is engaged in the development, design, manufacture, distribution, and sale of solar energy modules (panels). Sunman, who this statement covers, is the entity responsible for the manufacture, distribution and sale of the solar energy panels to clients, though is supported in this by other entities in the Sunman Group.

The Sunman Group has operations in China, South- East Asia, Australia and Europe, including:

- Manufacturing and research & development facilities in in Yangzhong, China operated by Sunman, which produce solar modules;
- Offices in Shanghai, China, Frankfurt, Germany, and Sydney, Australia for sales and engineering; and
- Sales employees located in Europe and across South-East Asia.

Our supply chains include:

- Services that contribute to its operations, such as the cleaning, catering or and security companies that service our offices and manufacturing plant;
- Professional services supplied to Sunman. These services providers are located in various jurisdictions and provide financial, accounting, legal, marketing and other professional services;
- Suppliers of solar cells required for the production of solar modules (panels) by Sunman for sale to our customers. This supply chain includes polysilicon, ingots and wafers, however as at the date of this statement Sunman does not source polysilicon or ingots directly.
- Suppliers of solar cells and frames, connectors and junction boxes;
- Suppliers of encapsulation materials;
- freight forwarders and transportation companies engaged to manage the importation and exportation of our products worldwide.

## **Risks of Modern Slavery in our Operations**

Our operations are located in Yangzhong, Zhenjiang in the Jiansu province in China, where we have a GW-scale lightweight PV module manufacturing facility on a 260-acre commercial park. The facility houses an R&D centre, along with vertically integrated composite material and module production lines.

In relation to our manufacturing operations, the audit conducted as part of the SA8000 process confirmed:

- That the lowest wage paid by Sunman is in excess of the minimum wage and the living wage in the region.
- Sunman does not engage any child or juvenile workers at our manufacturing facilities.
- Sunman employs 283 employees directly, engages 10 via a subcontracting arrangement, and only 3 staff are employed on a temporary basis. 51 employees are migrant workers.

Whilst there are risks in the supply chain in respect of solar cells, which are discussed below, the risk relates to labour involved in the raw inputs, rather than in relation to the manufacture of solar cells which our operations are involved in. As such, we do not consider our operations to be in an industry identified by the Global Slavery Index as being an industry with a high risk of modern slavery in China.

## Labour Risks

Sunman engages workers primarily as employees.

We acknowledge that China has been considered in reports to be at a higher geographic risk of modern slavery. The 2023 Global Slavery Index (GSI) estimates that 5.8 million people were living in modern slavery in China on any given day in 2021. Sunman addresses this risk through robust policies and procedures, and its commitment to the highest social standards, as evidenced by our work to become SA8000 certified, which is discussed below.

As our operations have been externally audited (including employee interviews) in 2023, we believe the risk that our operations could cause, contribute or be directly linked to modern slavery are relatively low, notwithstanding the geographic risk.

Our sales operations in Australia are conducted by Sunman, and employees directly engaged in Australia. We have assessed the risk of modern slavery in our operations in Australia to be low. We do acknowledge that modern slavery does occur in Australia, particularly in relation to vulnerable workers, immigrants and/or workers in low-skill positions or in casualised or insecure forms of work, such that there is also a risk of modern slavery in Australia, however our sales and engineering employees in Sydney are all skilled professionals, working in an office environment.

### Risks of Modern Slavery in our Supply Chains

Sunman is aware that there is a product specific risk of modern slavery in our supply chains. The risk arises out of the fact that 95% of solar modules rely on solar-grade polysilicon, and approximately 45% of the global supply of this input is produced in the Xinjiang Region in China. We are aware and address in this statement that NGOs have issued concerns that labour camps and forced relocation of workers occur in this region and are linked to the key raw material input of quartz, which creates a risk exposure in relation to the production of polysilicon in that region

The supply chain involves polysilicon, which is melted and shaped into ingots, which are sliced into wafers, which are in turn used to construct photovoltaic cells.

Sunman does not directly manufacture or handle polysilicon or ingots and we source product at the cell stage from trusted suppliers.



Our operations relate to the manufacture of solar modules, at the last stage of the process noted in the supply chain image above.

All our Tier One suppliers (being suppliers from whom we buy product directly) are required to go through a qualification process in order to become a supplier to Sunman. This is discussed below.

Notwithstanding the above, we have limited visibility and control over some of these supply chains and are taking steps to achieve increased supply chain visibility, by engaging in dialogue with Tier One suppliers. We also continuously look to identify supply chains unconnected to forced labour risks or those that are able to provide greater levels of transparency, which we can provide to our customers.

If required, we are able to source solar cells produced in Europe for manufacturing in our plant which come with greater clarity, transparency and guarantees regarding the supply chain and modern slavery. Such components do result in additional costs to consumers, however whilst we and the wider solar industry is taking steps to assess and address the risks in the supply chain, it is important to be able to offer our customers this option. There is a tension between being able to provide access to affordable solar panelling (with the resulting benefit of lowering carbon emissions from fossil fuels) with ensuring solar panelling is not made with inputs derived from or obtained through the use of forced labour.

Certifications for supply chains (particularly externally audited ones) can be costly to obtain, and rather than requiring the supply chain to bear the costs of those processes (which can exacerbate modern slavery risks by shifting the financial burden of regulatory compliance down the supply chain) we ask that customers pay these costs. Some customers are willing to do so, however where customers are looking for the lowest price, such costs may not be palatable.

Actions that Sunman has taken to address these risks are discussed below.

We have prioritised the risk review regarding solar cell production for this reporting period, as this supply chain carries the greatest risk of modern slavery and is of the greatest concern to our customers, however our policies and procedures apply to all suppliers.

We also engage freight forwarders and transportation companies to manage the exportation of products from China to clients. Due to the lengthy and complex nature of international transportation supply chains, there is a risk that modern slavery occurs in such supply chains which may not be easily assessed or addressed by Sunman.

#### **Actions Taken to Address Risks of Modern Slavery in the Reporting Period**

Sunman has had a Modern Slavery Policy in place since May 2021.

##### ***SA8000 Certification***

In the 2023 Calendar Year, Sunman took the important step of commencing the SA8000 certification process in relation to our manufacturing facilities located in Yangzhong. The SA8000 Standard provides a framework to conduct business in a way that is fair and decent for workers and to demonstrate adherence to the highest social standards.

Our certification was granted on 26 October 2023. The certification involved an audit conducted by an authorised independent third party, to provide assurances that the audits are undertaken impartially, competently, and effectively.

Noting the product risks discussed above, it was important that we demonstrate our commitment to fair work practices to our customers, and to other entities in our supply chain, as a first step in addressing modern slavery risks.

The process involved an audit into our practices and procedures regarding:

- Child Labor
- Forced or Compulsory Labor
- Health and Safety
- Freedom of Association & Right to Collective Bargaining
- Discrimination
- Disciplinary Practices

- Working Hours
- Remuneration
- Management Systems

The accreditation process involved an external audit of our main production facility, and interviews of our workers (including migrant workers) were conducted. During the process, non-conformities were identified, root cause analyses were conducted, corrective action (where necessary) was taken, and follow up audits arranged.

One such issue that was identified in the reporting period was employees working excess overtime. In the reporting period, systems and training have been implemented to ensure that employee hours of work are monitored more closely in real time, and a need for employment of additional staff has been identified and actioned. Gaps in work health and safety measures were identified and corrective action taken swiftly.

Whilst non-conformities are not ideal, the process demonstrates Sunman's commitment to its workers, and that demonstrates that we will take action as and when issues arise to ensure worker safety and wellbeing.

In addition to the abovementioned actions, during the reporting period Sunman has implemented Policies and Procedures to address modern slavery risks in our operations, including:

- Updated policy and management systems covering recruitment and employees which specifies that:
  - Recruiters are only to be engaged with the approval of the human resources department;
  - The human resource management centre is responsible for checking employee documents and reporting any abnormalities or suspicions regarding forced labour to management;
  - No ID documents are to be taken from employees (other than to carry out verification of identity);
  - No security deposits are payable by prospective employees, and it is prohibited to charge referral fees;
  - Security personnel are only to be appointed for safety purposes; and
  - Training will be conducted on procedures for prohibiting forced labour and prisoner workers every year.
- New control procedures to:
  - prohibit child labour in our operations, and set out guidelines for staff to carry out appropriate verifications and pre-employment checks to ensure child workers are not being engaged;
  - facilitate reporting breaches of the prohibition of child labour (including on an anonymous basis) and remediation processes including subsidization of tuition for any child workers that have been engaged in breach of the prohibition; and
  - codify and formalise the policies and procedures that apply to the engagement of juvenile workers (being those between the ages of 16 – 18). While Sunman generally does not engage workers under the age of 18, processes have been adopted to ensure that if juvenile workers are engaged in future, appropriate safeguards are in place.
- Updating existing and implementing new policies and procedures relating to our employees, including:

- Measures for the management of employee benefits;
- Implementation of new anti-discrimination, anti-harassment, and anti-coercion management provisions;
- Updating our employee attendance management system, from which we removed the practice of small fines to employees for lateness;
- Implementing an employee relationship management system which requires quarterly meetings between management and staff regarding employee satisfaction, and implementation of an anonymous “Employee Satisfaction Questionnaire” to be conducted yearly;
- Formation of a safety committee management system to formalise procedures regarding employee safety in the Research & Development team;
- Implementing a cleanliness and hygiene management system;
- Implementing a performance team management system to better implement the Code of Conduct for Social Responsibility.

### Supply Chain

Sunman is aware that there is a product specific risk of modern slavery in our supply chain, which is discussed above.

In the reporting period, we sourced solar cells from 6 suppliers in China. Our main supplier is Tongwei Solar, a company that was acknowledged by the *In Broad Daylight* report as being “the safest bet in the Chinese polysilicon market”, with raw materials sourced with no discernible links to forced labour. This supplier has also made public commitments to the elimination of modern slavery, including through implementation of a Human Rights Commitment and Policy. Another supplier of solar cells to Sunman has joined the United Nations Global Compact, and have public commitments to prohibit forced labour, and have a supplier code of conduct that prohibits child labour, involuntary labour, human trafficking, and slavery.

None of our Tier One suppliers are identified as having explicit links to forced labour or labour transfers in the *In Broad Daylight* report.

Sunman has limited visibility and control over some of our supply chains and are taking steps, including through working with our Tier One suppliers, to achieve increased supply chain visibility. In the solar market, we are a relatively small player and do not have the same commercial leverage as larger manufacturers in the market, however we will endeavour to continue to source inputs responsibly and provide alternative options for customers who seek or require a greater degree of supply chain visibility with certifications.

All our Tier One suppliers are internally audited by Sunman, prior to becoming Qualified Suppliers.

In relation to Supply Chain Management, Sunman has a process in place for approval of suppliers as a Qualified Supplier. In order to become a Qualified Supplier, the supplier demonstrate implementation of quality management, occupational health and safety, and social responsibility management systems. Qualified suppliers may also be subject to annual audits, including on-site inspections.

In the reporting year we conducted a site visit of a new supplier to provide them with qualified supplier status. This involved our carrying out an inspection of their site, and if there were any risks of sub-standard working conditions, poor workplace safety or forced labour. Audits for qualified suppliers include require examination of:

- the absence of forced labour and child labour;
- work health and safety;
- employees are remunerated in accordance with state regulations; and
- employee working hours and overtime are in accordance with state regulations.

Qualified suppliers are also required to sign and provide to Sunman a Supplier Social Responsibility Commitment Letter, which includes the following commitments by suppliers:

- (a) to strictly adhere to all applicable national laws and regulations, industry minimum requirements, mandatory provisions of the International Labor Organization and United Nations conventions, and any other higher requirements;
- (b) to respect the rights of all employees to freely form and join unions and engage in collective bargaining;
- (c) to not deduct wages for any disciplinary purposes;
- (d) that they will not engage in forced labour, demand "deposits" or retain identity documents upon employment;
- (e) that they will not engage in or support corporal punishment, mental or physical coercion, or verbal abuse;
- (f) that they will establish a sound management system to ensure the full implementation of the code of conduct for social responsibility.

In 2023, Sunman also implemented the following policies and procedures as part of our SA8000 accreditation process:

- (a) Social Responsibility System Risk Assessment Management Procedures;
- (b) Supplier management regulations;
- (c) Procedures requiring suppliers to have a set of "prohibition on the use of prisoners" documents;
- (d) Establishment of a corporate social responsibility management committee, who are responsible for identifying and assessing risks and supervise the operation of the systems set up to address those risks;
- (e) Updated our grievance management procedure.

#### **Assessment & Effectiveness of our Actions**

We can assess the effectiveness of the actions taken in the reporting period by considering the issues that were identified through the SA8000 audit, and the actions taken to remedy them.

As part of this process, we have also implemented additional reporting mechanisms for issues that might constitute modern slavery in our operations, which will allow for ongoing monitoring and assessment of operational risks.

The yearly Employee Satisfaction Questionnaire will allow for us to measure employee wellbeing and satisfaction, and allow us to identify and address potential issues within our operations.

We will monitor the effectiveness of these new policies over the next years, to ensure they are operating as intended, and benefiting Sunman and its employees. Effectiveness will be monitored and considered by checking ongoing compliance, and by the efforts of the corporate social responsibility management committee.

In relation to the effectiveness of our actions in respect of our supply chain, in the reporting period we did not receive any reports of modern slavery occurring in our supply chains, however we have identified a need for a reporting mechanism for concerns to be lodged with Sunman by workers or other persons who may observe concerning behaviour in our supply chains. This will allow us to have greater confidence in our supply chains, and the absence of reports of modern slavery.

In subsequent years, we will also be able to assess the effectiveness of our actions with respect to our supply chain by considering if our offerings to customers of 'clean' and certified supply chains is being taken up at an increased rate, and whether this has a subsequent impact on the wider market and leads to greater transparency as a matter of course.

### Our plans for future action

We are committed to implementing the following measures, and continuing to improve and build upon our efforts to combat modern slavery:

- Engagement with Tier One suppliers to facilitate greater transparency over opaque supply chains;
- Staff training on modern slavery;
- Continuing external audits and site visits of our manufacturing facility to monitor working conditions;
- Widening the accessibility of the Sunman Group's Modern Slavery Policy to cover reports from suppliers and their workers in relation to modern slavery concerns;
- Considering implementation of a whistleblowing policy which is accessible by participants in our supply chain to ensure we are receiving reports of concerns;
- Developing additional options for customers in relation to supply chains, and working with customers to achieve greater supply chain transparency in a cost-effective manner.

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Sunman (Zhenjiang) Co., Ltd

Date: 8th July 2024.

