

FORCED LABOUR IN SOLAR SUPPLY CHAINS

THE ISSUE THAT NO ONE'S TALKING ABOUT

In the last five years, the government of the People's Republic of China (PRC) has imposed a region-wide, ethnically targeted program of state-imposed forced labor upon the Uyghur community and other minoritized citizens of the Xinjiang Uyghur Autonomous Region (XUAR or Uyghur Region). This oppressive program has been documented in numerous academic and journalistic books, papers, and reports, and the consequences for global supply chains have been widely demonstrated.

The Uyghur Region produces between one third and one half of the world's solar-grade polysilicon. The Chinese government deliberately located production in the region over the last fifteen years, undercutting the price of the essential product, and leading to the shuttering of production in other parts of the world. When news of the human rights crisis emerged, the world was made aware of how reliant our renewable energy future was on that region. As early as October 2020, representatives of the solar energy industry recognized that the crisis in the Uyghur Region significantly affected solar supply chains. Less discussed by the industry was the fact that the Uyghur Region was also a hub of production for polysilicon's precursor material, metallurgical grade silicon (MGS). The PRC government had capitalised on the availability of cheap coal in the region to make it the epicentre of the world's solar industry.

We are noticing a lot of corporate businesses and conscious consumers requesting a high level of scrutiny and on XUAR supply chains. The world will almost completely rely on China for the supply of key building blocks for solar panel production through 2025. Based on manufacturing capacity under construction, China's share of global polysilicon, ingot and wafer production will soon reach almost 95%.

Today, China's Xinjiang province accounts for 40% of global polysilicon manufacturing. Moreover, one out of every seven panels produced worldwide is manufactured by a single facility. This level of concentration in any global supply chain would represent a considerable vulnerability; solar PV is no exception.

Businesses and consumers in Australia have very little awareness of this issue, moreover there is lack of political will to take strong action on this topic as cheaper price points continue to be the obsession of consumerism. We are already hearing that many Chinese suppliers are offering options for i) non- Xinjiang (clean/non-slave modules) and ii) Xinjiang (tainted/slave-module) source and charging premiums. This doesn't bode well for the industry because "Bifurcation" of the PV market will become more prevalent - "Non-Slave Modules" will be sold to western markets at higher premiums by the CT1s. This in turn will continue to fund "slave-modules" that can be sold into markets where human rights and supply chain concerns are not so much of a concern. Customers will need to assess whether they wish to be associated with such companies or practices in the future?

With SunPower from Maxeon you can be sure that we've taken the matter seriously and continue to be a leader in the field of supply chain sustainability and corporate governance.

To enhance your understanding of the Forced Labour Issue in China please refer to the links below:


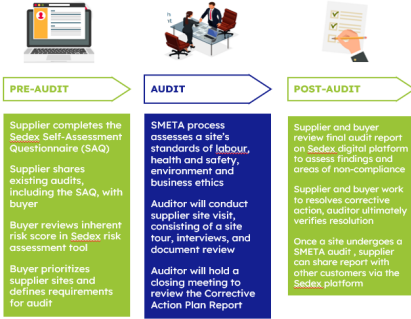
- Sheffield Hallam University and Helena Kennedy Centre for International Justice 2022, *In broad daylight: Uyghur forced labour and global solar supply chains*, by L T Murphy and N Elimä, May 2022, <https://www.shu.ac.uk/helena-kennedy-centre-international-justice/research-and-projects/all-projects/in-broad-daylight>
- The British Academy 2022, *'The Energy of Freedom'? Solar energy, modern slavery, and the just transition*, by James Cockayne, Edgar Rodríguez Huerta and Oana Burcu, July 2022 - <https://www.thebritishacademy.ac.uk/documents/4338/Just-transitions-energy-freedom1.pdf>
- Clean Energy Council 2022, *ADDRESSING MODERN SLAVERY IN THE CLEAN ENERGY SECTOR*, Norton Rose Fulbright - November 2022 <https://assets.cleanenergycouncil.org.au/documents/resources/reports/Addressing-Modern-Slavery-in-the-Clean-Energy-Sector.pdf>
- INSIDER 2022, *Forced Uyghur labor is being used in China's solar panel supply chain*, researchers say, Aaron Mok - December 2022, <https://www.businessinsider.com/forced-uyghur-labor-china-solar-panel-supply-chain-research-report-2022-11>
- ABC NEWS 2023, *How 'dark underbelly' and forced labour is helping to fuel Australia's love affair with cheap solar* - Daniel Mercer - May 2023, <https://www.abc.net.au/news/2023-05-17/the-dirty-secret-behind-australias-cheap-solar/102288954>
- The China Project 2023, *The world's solar panel industry is still powered by Uyghur forced labor*, Ruth Ingram - September 2023, <https://thechinaproject.com/2023/09/14/the-worlds-solar-panel-industry-is-still-powered-by-uyghur-forced-labor/>
- Sheffield Hallam University and Helena Kennedy Centre for International Justice 2022, *Over Exposed*, Alan Crawford, Laura T. Murphy - November 2023, <https://www.shu.ac.uk/helena-kennedy-centre-international-justice/research-and-projects/all-projects/over-exposed>

SUNPOWER METHODS TO COMBAT SLAVERY IN SUPPLY CHAIN

Independent validation of SunPower's supply chain

A. Who they are	B. What they do	C. SunPower's use / results
<p>Clean Energy Associates (CEA) - www.cea3.com - Clean Energy Associates (CEA) is a clean energy advisory company founded in 2008 with offices in Denver, USA and Shanghai, China. As a North American-owned solar PV, green hydrogen, and battery storage service provider, CEA has established itself as a trusted partner across the entire value chain.</p>	<p>The company boasts a team of more than 200 professionals, including more than 135 engineers, who provide the following services:</p> <ul style="list-style-type: none"> ● Supplier ranking and Market Intelligence ● Engineering and Design Services ● Supply Chain Management and Traceability ● Quality Control and Testing ● Manufacturing Strategy ● ESG <p>CEA serves the needs of Project Developers, Independent Power Producers, Engineering-Procurement and Construction firms, Financial Institutions, and Operations/Maintenance firms.</p>	<p>Clean Energy Associates (CEA) has performed a 'Chain of Custody' audit of Maxeon's China supply chain, which included an onsite audit of Maxeon's tracing and segregation process for raw materials that are used in our products, and found our policies and operational abilities to be 'best in class'.</p> <p>The Audit was commissioned and paid for by Total Energies and Maxeon when the SEIA Protocol was introduced in April 2021.</p> <p>U.S. Customs and Border Protection (CBP) released the WRO in June 2021 as a reaction to allegations of companies in the Xinjiang region using forced labor. Specifically, Hoshine makes industrial silicon that other Chinese polysilicon firms source to make solar-grade polysilicon. The WRO banned any solar panel product containing Hoshine materials from entering the United States. It's been estimated that around 80% of the world's polysilicon supply comes from China, with nearly half coming out of the Xinjiang province.</p> <p>The WRO was the precursor to Uyghur Forced Labor Prevention Act (UFLPA-June 2022), which subsequently banned solar modules from entering into the US that couldn't provide traceability of Polysilicon sourcing. So far the UFLPA has prevented over 12GW from entering the US market, it's been documented that some of these shipments have been redirected to countries that don't have stringent Modern Slavery Laws, including Australia.</p>

		<p>We continue to work with the CEA to ensure that our Supply Chains are not contaminated or commingled with any materials from the Xinjiang province.</p>
<p>SEDEX www.sedex.com - SEDEX, is a global membership organization, provides one of the world's leading online platforms for sharing responsible sourcing data on supply chains, used by tens of thousands of companies to manage their performance around labour rights, health and safety, the environment and business ethics. The SEDEX platform is designed for suppliers to share one audit with multiple customers, meeting multiple requirements and reducing duplication and audit fatigue. In order to use the platform, companies must register as a member to SEDEX and add their Sites of Employment in the system.</p>	<p>SMETA (SEDEX Members Ethical Trade Audit) is the most widely used format for social audits in the world, enabling businesses to assess their sites and suppliers to understand working conditions in their supply chain. SMETA assesses a site based on the organisation's compliance to labour, health and safety, environment and business ethics criteria. Reference is made to a framework of human rights standards, the Ethical Trading Initiative (ETI) Base Code, local law, as well as additional elements.</p> <p>For customers, this means:</p> <ul style="list-style-type: none"> • Responsible sourcing audits are performed in accordance with widely recognized methodology; • Audit data are uploaded on the SEDEX platform by the auditing body; • No need to undergo duplicate audits by multiple end-customers; • Information about responsible sourcing audits is available to customers in a safe and secure digital system 	<p>Maxeon has engaged an audit firm (ELEVATE) to audit supply chain operations and working conditions; we are committed to doing this annually; and eventually rolling this out across our other lower risk facilities outside of China.</p> <p>The audited results are uploaded on the Sedex platform. Maxeon is happy to connect with the end customers to ensure that they understand the benefits of SEDEX, and find us easily on the platform. Buyer membership fee's are nominal in value, as most of the hard work is completed by the supplier. To find out more visit: https://www.sedex.com/become-a-member/buyer-membership/</p> <p>Once you've signed up to become a member please search for Maxeon Solar Technologies Ltd ZC417970810 to view our 3rd party audited reports.</p>

		<p>Social Supply Chain Audit Ethical and responsible sourcing</p>  <ul style="list-style-type: none"> • More than 60,000 member organisations from over 180 countries use Sedex's online platform to operate responsibly and sustainably, protect workers and ensure ethical sourcing. • Maxeon has engaged an audit firm to audit supply chain operations and working conditions. The audited results are uploaded on the Sedex platform. • All registered members of Sedex can request for a copy of the audit report from Sedex via the platform.  <p>PRE-AUDIT</p> <ul style="list-style-type: none"> Supplier completes the Sedex Self-Assessment Questionnaire (SAQ) Supplier shares existing audits, including the SAQ, with buyer Buyer reviews inherent risk score in Sedex risk assessment tool Buyer prioritizes supplier sites and defines requirements for audit <p>AUDIT</p> <ul style="list-style-type: none"> SMETA process assesses a site's standards of labour, health and safety, environment and business ethics Auditor will conduct supplier site visit, consisting of a site tour, interviews, and document review Auditor will hold a closing meeting to review the Corrective Action Plan Report <p>POST-AUDIT</p> <ul style="list-style-type: none"> Supplier and buyer review final audit report on Sedex digital platform to assess findings and areas of non-compliance Supplier and buyer work to resolve corrective action, auditor ultimately verifies resolution Once a site undergoes a SMETA audit, supplier can share report with other customers via the Sedex platform <p>SUNPOWER FROM MAXEON SOLAR TECHNOLOGIES</p> <p>© 2023 Maxeon Solar Technologies, Ltd. 11</p>
<p>MSCI - www.msci.com - MSCI Inc. is an American finance company headquartered in New York City. MSCI is a global provider of equity, fixed income, real estate indices, multi-asset portfolio analysis tools, ESG and climate products. It operates the MSCI World, MSCI All Country World Index (ACWI) and MSCI Emerging Markets Indices among others.</p>	<p>The MSCI ESG Ratings methodology evaluates companies across a range of ESG issues, including climate change, labor practices, corporate governance, and supply chain management. The ratings are based on both quantitative and qualitative data, and incorporate input from a variety of sources, including public data, regulatory filings, company disclosures, and news sources.</p> <p>MSCI ESG Ratings are designed to provide a comprehensive assessment of a company's ESG performance relative to its industry peers. The ratings range from AAA (highest rating) to CCC (lowest rating) and are updated on a quarterly basis. Investors and other stakeholders use MSCI ESG</p>	<p>Maxeon's MSCI rating increased from "A" to "AA" in April 2023. MSCI ESG Ratings are a tool that assesses a company's environmental, social, and governance (ESG) performance based on a variety of metrics.</p> <p>The ratings are produced by MSCI, a leading provider of investment decision support tools and services, and are widely used by investors, companies, and other stakeholders to evaluate ESG risks and opportunities.</p> <p>Overall, MSCI ESG Ratings are an important tool for assessing a company's ESG performance and for promoting greater transparency and accountability in the business world. Here's how we compare to competition as of the 27/04/2023.</p>

Ratings to evaluate ESG risks and opportunities, and to make more informed investment decisions. Companies can also use the ratings to identify areas for improvement and to benchmark their ESG performance against their peers.

MAXEON'S MSCI ESG SCORE

- MSCI is a leading provider of critical decision support tools and services for the global investment community
- MSCI ESG Ratings range from leader (AAA, AA), average (A, BBB, BB) to laggard (B, CCC)
- Maxeon received its first rating in Apr 2022 and improved its scoring to "AA" in 2023



Competitor Review	maxeon	First Solar	LONGi Solar	Trinasolar	Hanwha Solutions	JA SOLAR	solar edge
Rating (ESG Risk Level) ("Lowest", "Medium", "High", "Severe") (Lowest being the best)	AA*	AA	BBB	BB	BBB	B	BBB
ESG Laggard	None provided	• Human capital development	• Controversial sourcing	• Human capital development • Controversial sourcing	• Corporate Governance	• Corporate governance • Controversial sourcing • Water stress	None provided

120 Confidential | © 2021 Maxeon Solar Technologies, Ltd. *Scores are as of Apr 27, 2023, and is yet to be updated on MSCI website
 *Companies not rated/and/or listed by MSCI: Byundai Energy Solutions (not rated by both Sustainalytics & MSCI), REC Solar, Jinko Solar, Canadian, Sunpower, SunRun



How is SunPower different?

- We have been designing photovoltaic panels for more than 38 years. Today, we have over 5,000 employees and more than 48 million panels deployed around the world.
- Maxeon designs, manufactures and sells the most sustainable and longest-lasting solar panels to customers in more than 100 countries around the world.
- SunPower's China factory is located in Jiangsu 3700ks from the Xinjiang province where all the trouble is with labor camps and forced labour is being reported
- We audit our suppliers and our supplier's suppliers for adherence to corporate governance (working on the next level down now)
- There are ZERO cases of current human rights cases or non-compliance in our supply chain
- Our technology is protected with over 1,400 patents.
- Maxeon has been a pioneer in ethical sourcing and responsible manufacturing, including;
 - Joining the UN Global Compact in 2020
 - Reporting on Modern Slavery on annual basis
 - Being independently audit by Clean Energy Associates (CEA) & SEDEX
 - Achieving AA rating with MSCI
- We have a reliability proven by extensive testing and performance in the field
- MAXEON IBC Technology
 - Pure N-Type Silicon with Solid copper foundation
 - 40/40 Year warranty as standard for all roof top applications
 - Higher power out in extreme environments
- Unique patented Performance Series (Shingled Cell)
 - Panels are engineered for superior reliability with technology features proven through 7GW+ deployed worldwide:
 - Electrically conductive adhesive (ECA) to interconnect cells as opposed to metallic ribbons that present a long-term reliability challenge in real-world conditions (i.e. thermal cycling, corrosion from moisture).
 - In addition, an advanced encapsulant, smaller cells and a series of redundant connections also contribute to the reliability advantages of Performance panels.
 - 25/25 Year warranty as standard
- NASDAQ listed ([MAXN](#)) with Western Corporate Governance
- No Xinjiang metallurgical grade silicon (MGSi) or polysilicon used in our supply chain. Clean Energy Associates (CEA) has performed a 'Chain of Custody' audit of Maxeon's supply chain, which included an onsite audit of Maxeons tracing and segregation process for raw materials that are used in our products, and found our policies and operational abilities to be 'best in class'.
If you require additional information on this topic please let me know?

Governance

Maxon ([MAXN](#)) is headquartered in Singapore and NASDAQ listed, meaning that we have a Westernised approach to all corporate governance.

For a list of our common policies please refer to the links below

1. Maxon Solar Technologies - Modern Slavery Statement - [Link](#)
2. Maxon's Long Term Targets for ESG 2025/2030 - [Link](#)
3. Maxon Sustainability Report 2022 - [Link](#)
4. Maxon's Statement on Our Firm Commitment to Sustainability / Labour Rights - [Link](#)
5. Code of Ethics and Business Conduct Policy - [Link](#)
6. Corporate Governance Principles - [Link](#)
7. Global Anti-Corruption Compliance Policy - [Link](#)
8. Conflict Minerals Policy - [Link](#)
9. Global Human Rights Policy - [Link](#)
10. Sustainability Guidelines - [Link](#)
11. Circular Economy Policy - [Link](#)

A robust compliance program

Supply chain policies and governance documentation



Traceability

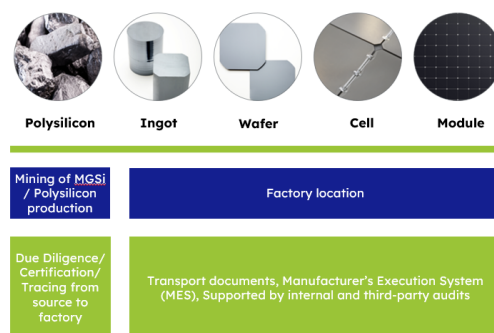
Maxon has been tracking materials through its supply chain for a long time, mainly so we can track and trace products for the purposes of quality control. The long-standing Manufacturer's Execution System (MES) tracks raw materials via PO's, transportation documentation and batch numbers across every step of the Journey from Polysilicon, Ingot, Wafers, Cells, Frames, Glass and Modules. Our MES was independently audited by Clean Energy Associates (CEA) in April 2021, to allow us to comply with the SEIA Protocol and the Uyghur Forced Labor Prevention Act ([UFLPA-June 2022](#)).

Traceability

In accordance with emerging regulations and best practices, identifying the source of raw materials incorporated in selected products:

1. Tracing such raw materials every step from the source through the factories where it is processed until it is delivered; and
2. Use of Manufacturer's Execution System (MES) tracing system as well as transportation documentation every step of the journey.

On the right is a sample of what tracing the MGS / Polysilicon in a solar module looks like, which is a key area of scrutiny in the solar industry



Aside from the Clean Energy Associates Audit of the supply chain that found no evidence of XUAR silicon, Maxon was further scrutinised by Dr Laura T. Murphy [The Overexposed Report](#) July 2023. The report offers the most detailed analysis of supply chain risk across all

of the top performing module manufacturers in the world, ranking exposure to XUAR Uyghur Region. Companies exposure is ranked from Very High to None. Initially Maxeon was given a High Risk rating like the rest of the industry.

Exposure	Company
HIGH	Canadian Solar
VERY HIGH	JA Solar—Southeast Asia/US
VERY HIGH	JA Solar—China
HIGH	Jinko Solar—Southeast Asia/US
HIGH	Jinko Solar—China
VERY HIGH	LONGi Solar—Southeast Asia
VERY HIGH	LONGi Solar—China
NONE (UNVERIFIED)	Maxeon 3/5/6 Module / Sunpower X/A-/M-Series
NONE (UNVERIFIED)	Maxeon / Sunpower Performance Series
NONE (UNVERIFIED)	Meyer Burger Technology
VERY HIGH	QCells
NONE (UNVERIFIED)	REC Group N-Peak and Alpha
VERY HIGH	REC Group TwinPeak 4
HIGH	Tongwei Solar
NONE (UNVERIFIED)	Trina Solar—Southeast Asia
VERY HIGH	Trina Solar—China

However after a period of extensive consultation Maxeon engaged directly with Dr Laura T. Murphy to reassess our supply chain partners via our Manufacturer’s Execution System (MES) tracing system and public disclosures.

In November 2023, [The Overexposed Report](#) was updated to show that we have no association with XUAR polysilicon.

“OVER-EXPOSED UPDATE: Based on substantive information submitted to Sheffield Hallam by Maxeon Solar Technologies, we updated our report with a reassessment of Maxeon modules, assessing the company’s exposure to the XUAR as NONE (unverified).

We appreciate Maxeon’s committed engagement with the research team and openness in sharing information about the company’s sourcing and its practices for tracing and monitoring its supply chain” - [Link to Post](#)

Maxeons supply chain maps can be found on our [website](#) and in the overexposed report, to date we are the only manufacturer to publish our supply chain publically:

Maxeon Solar Technologies

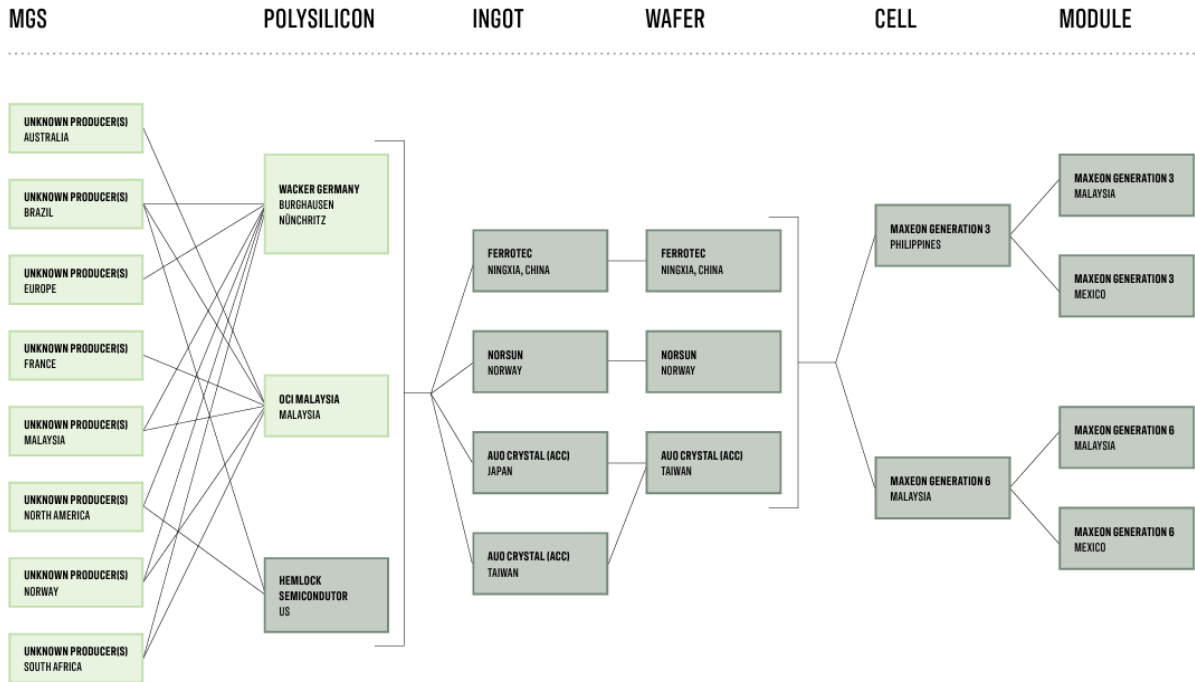
3 / 6 and SunPower Series X / M Series Supply Chain

Update November 2023

EXPOSURE KEY



Solid line = disclosed / known information (verified or unverified)
Dashed line = not disclosed but likely / possible



Maxeon Solar Technologies

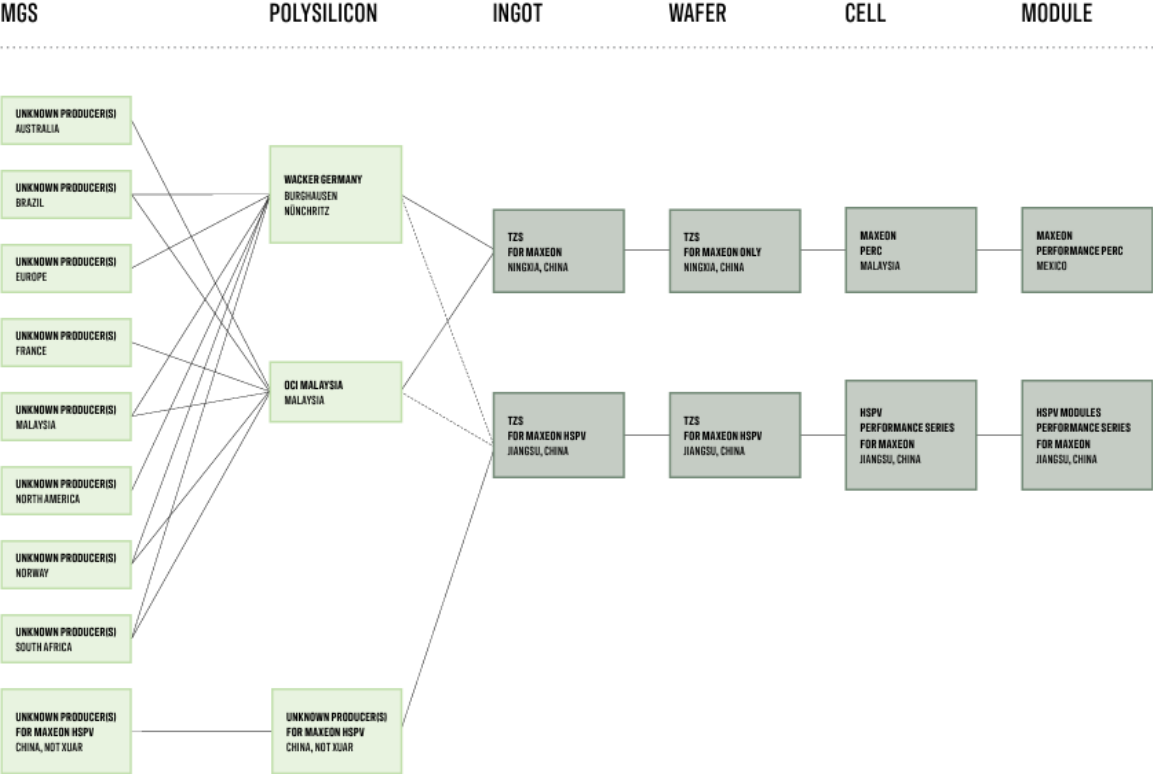
Performance Series Supply Chain – Maxeon and HSPV Produced

Update November 2023

EXPOSURE KEY



Solid line = disclosed / known information (verified or unverified)
 Dashed line = not disclosed but likely / possible



Maxeon Solar Technologies Listed Among the World's 100 Most Sustainable Companies by Corporate Knights

On the 19th January 2023 Maxeon was recognized as not only a trailblazer in solar innovation and channels, but also as global leader in Sustainability. We are honored to be included in the 19th annual Corporate Knights' 2023 Global 100 Index of the most sustainable corporations after just its second full year of operations. Maxeon earned a place in the top 1% of all global companies evaluated.

The Global 100 is an annual ranking by Canada-based international sustainable business research firm Corporate Knights, renowned for evaluating the corporate and environmental sustainability performance of the world's largest publicly listed companies. The ranking factors into 25 quantitative indicators, ranging from sustainability and natural resource management to employee management, financial metrics and supplier performance.

According to Corporate Knights, the main criteria that ensured the inclusion of Maxeon in the 2023 ranking were, among others, the company's total revenue generation from clean power and sustainable investments, sustainability of its supply chain, respect for human and labor rights at its factories, its circular economy practices and its female representation in the executive management team.

Only four Semiconductor Manufacturing Companies made it into the Top 100 including SunPower, First Solar, Xinyi Solar Holdings Ltd and Maxeon - [Read Full Report Here](#)

Other useful links

- [Blog Post - More Sustainable by Design - September 2020](#)
- [Blog Post - Protecting Human Rights Around the World - August 2021](#)
- [Blog Post - Building a World Class ESG Strategy - March 2023](#)
- [Blog Post - How Maxeon Walks The Talk On a Clean Solar Supply Chain - August 2023](#)
- <https://corp.maxeon.com/esg>

Future

- Maxeon will continue to report on Modern Slavery Risk on a Annual Basis
- Ecovadis Elite Rating (expected by end of Nov)
- By 2025 Maxeon proposes to allow for traceability of supply on blockchain such that information is available within 4 hrs
- Debating ESG Enhancements with the CEC
- Other publicly declared ESG Goals and Targets - <https://corp.maxeon.com/static-files/e2361288-1c86-43b5-8127-c19f46c01ad6>

