



**CANADA MODERN SLAVERY ACT
REPORT 2024**

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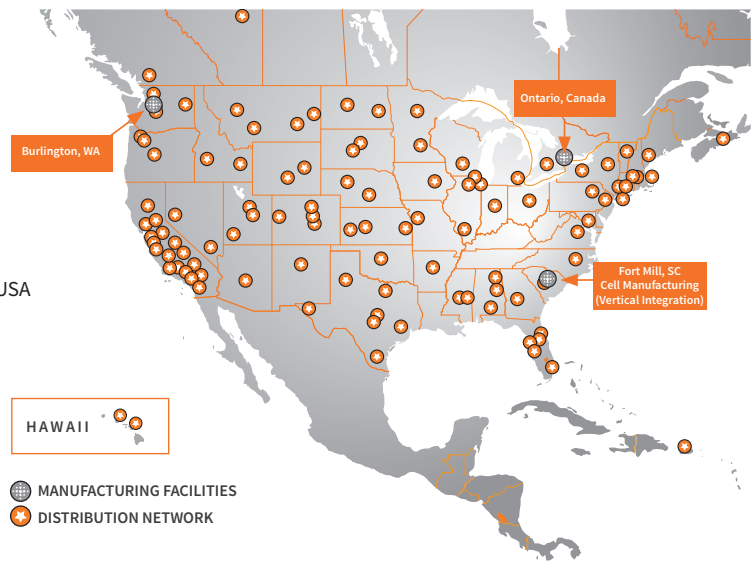
SILFAB STRUCTURE, ACTIVITIES, AND SUPPLY CHAINS

At Silfab Solar, our purpose is to make a difference in the world by reducing carbon emissions and improving access to clean energy with every module we make. Our vision is to become, in a sustainable manner, the largest photovoltaic (PV) supplier in North America and a leader in product and process technology. Sustainability has been embedded in our corporate purpose and values since the company's inception. Our North American-based facilities are focused on strong environmental and social responsibility as well as performance, backed by rigorous accountability and governance systems.

Silfab is headquartered in Mississauga, Ontario, with subsidiaries and other related entities in Washington State, and South Carolina, USA.

SILFAB SOLAR INC. COMPANY PROFILE

- 40+ Years of solar manufacturing experience
- Operating >1 GW of manufacturing facilities with over 750 employees
- Established North American brand with trusted, premium residential and commercial products manufactured in the USA
- Coast-to-coast distribution network delivers multiple lines of product annually
- ARC Financial and co-investors made significant investments in Silfab's growth in 2021 and 2023
- Growing solar panel manufacturing business to be vertically integrated with new 1GW US-based solar cell manufacturing facility



There are important concerns regarding social issues such as forced labour and child labour supply chains. Silfab is fully supportive of the Act in Canada and the Uyghur Forced Labour Protection Act (UFLPA) in the United States. Additionally, we are supportive of the work underway by many different industry stakeholders to ensure the solar sector adheres to the highest standards of labour and community practices. Our Vendor Code of Conduct (noted throughout this report) embodies Silfab’s values as they relate to these issues and demonstrates how we put our values to work.

Silfab Solar’s supply chain includes suppliers from all over the world, with a particular concentration in Asia and, more recently, North America. The solar sector is currently dominated by Chinese or Southeast Asian suppliers, and Silfab relies on these manufacturers for many of the goods that we procure. With the advent of industrial policies such as the Inflation Reduction Act in the US, which seek to ‘re-shore’ clean energy manufacturing in the US, Silfab is increasingly sourcing its input materials from US-based suppliers.

With regards to supply chain sustainability, Silfab Solar is of the view that no matter where we procure our input materials from, the clean energy revolution does not need to be achieved by ignoring social responsibility and human rights in manufacturing.

••• KEY LEGISLATION ON FORCED LABOUR GUIDING SILFAB SOLAR’S POLICIES

The Fighting Against Forced Labour and Child Labour in Supply Chains Act (the “Act”)

Silfab recognizes that the measures outlined in the Fighting Against Forced Labour and Child Labour in Supply Chains Act and the amendment to the Customs Tariff (the Act), aim to increase industry awareness and transparency and drive businesses to improve practices related to forced labour and child labour in supply chains. We are supportive of its objectives and will meet its requirements by publishing reports such as this one.

Uyghur Forced Labour Prevention Act (UFLPA)

The UFLPA has a particular focus on several types of goods, one of which is silicon used in solar panels and other electronics. UFLPA compliance requires that companies complete due diligence on high-risk materials entering the U.S. market, like cotton and polysilicon, to prove they are not sourced from the Xinjiang Uyghur Autonomous Region (XUAR) of China. Silfab has been actively assessing its supply chain for UFLPA compliance and working with suppliers directly to ensure they are not sourcing materials that are in contravention of the UFLPA. All suppliers to Silfab are required to be in compliance with the UFLPA. Since 2023, Silfab has been engaged with an expert third party, Assent, to provide greater transparency into our supply chain to further reduce our UFLPA risk.

Conflict Minerals

Conflict minerals are minerals sourced from conflict-affected locations that directly contribute to ongoing violence and forced labour in these regions. Currently, there are four types of minerals classified as conflict minerals: columbite-tantalite (the ore from which tantalum is extracted), cassiterite (the ore from which tin is extracted), wolframite (the ore from which tungsten is extracted), and gold. These are commonly known as the 3TGs. Although 3TGs and other minerals are mined in many conflict-affected regions around the world, regulations today primarily focus on the Democratic Republic of the Congo (DRC) and its adjoining countries. Silfab only ever uses a small amount of tin and none of the other materials, plus we regularly request documentation from suppliers of at-risk products proving that they are conflict mineral-free.

••• POLICIES AND DUE DILIGENCE PROCESSES IN RELATION TO FORCED LABOUR AND CHILD LABOUR

Silfab Solar employs numerous measures to ensure that imported goods are not produced wholly or in part with convict labour, forced labour, and/or indentured labour (including forced or indentured child labour). We require the following from our suppliers in this regard:

- Affidavits of no forced labour.
- Participation in our traceability audits and checks.
- Endorsement and signing of our vendor code of conduct, which stipulates no forced labour, and a willingness to meet with our supply chain team on site at their facilities.
- Answer surveys and provide evidence of company policies that restrict the use of forced labour. If a company does not update its information regularly through this process, Silfab engages with them and requires remedial action, which, if not provided, leads to that supplier being delisted from our approved vendor list.
- Participate in our Supplier Quality Management Program, which requires that a supplier provide detailed material information as well as forced labour-related disclosures.

As a North American company, Silfab Solar operates in accordance with strict federal, state, and provincial laws and policies and is guided by its company values, which are the foundation of its organization. Silfab employs significant supplier compliance requirements related to Health, Safety, and Environmental Sustainability, Labour and Human Rights, Business Ethics and Integrity, Intellectual Property, and Forced Labour and Child Labour. Silfab never uses forced or child labour in its own operations.

Vendors must ensure that all their employees are hired on their own free will and guarantee that all their operations are free from forced, bonded, compulsory, indentured, prison labour, or any other form of compulsory or child labour. Silfab does not tolerate the use of forced or child labour and expects the suppliers to abide by the international standards as defined by the International Labour Organization (ILO).

The Vendor Code of Conduct is applicable to all ‘Suppliers’ globally. ‘Supplier’ refers to suppliers, service providers, vendors, traders, agents, consultants, contractors, joint venture partners, third parties, including their employees, agents, and other representatives, who have a business relationship with and provide, sell, or seek to sell any kinds of goods or services to Silfab Solar Inc. or any of its subsidiaries (directly or indirectly) and affiliates or divisions. Vendors must provide their employees with a safe and healthy working environment and comply with all applicable laws and regulations regarding working conditions. Vendors must comply with all laws, regulations, ordinances, rules, product registrations, permits, licenses, approvals, and orders regarding the environment, health and safety, and the use of restricted substances in the countries in which they do business. Vendors must comply with all slavery and human trafficking laws. Suppliers must ensure they have taken steps to ensure their business operations are free from slavery and human trafficking practices, both internally and within their supply chains and other external business relationships.

The code embodies Silfab Solar’s commitment to internationally recognized standards, including the Core Conventions of the International Labour Organization, the United Nations’ Universal Declaration of Human Rights, prevalent industry standards, and all other relevant and applicable statutory requirements concerning Environment Protection, Minimum Wages, Child Labour, Anti-Bribery, Anti-Corruption, Health and Safety, whichever requirements impose the highest standards of conduct.

As a foundational element, Silfab has used the “Solar Supply Chain Traceability Protocol” set out by the Solar Energy Industries Association (SEIA), to develop internal supply chain traceability policies and procedures. The development of core vendor documentation requirements related to traceability and forced labour has been implemented by Silfab. Our efforts in this regard continue to deepen, and as a process evolution, Silfab is adding a supply chain sustainability platform through Assent, an expert third party in supply chain traceability and accountability.

Supplier’s Compliance Commitment

- Silfab Solar expects the vendors to adhere to all applicable laws and regulations and, in particular, comply with the code in letter and spirit. It is the vendor’s responsibility to read and understand the contents of the code and policy. As a condition of doing business with Silfab Solar, a vendor must comply with this code and agree to uphold such values during its business association with Silfab Solar.
- The vendor is required to maintain adequate documentation to demonstrate compliance with the principles of the code and allow access to check compliance upon request with reasonable notice.
- A vendor shall notify immediately regarding any known or suspected improper behaviour by anyone, including the vendor itself, relating to its dealings with Silfab Solar or any known or suspected improper behaviour by Silfab Solar employees.

Silfab Solar’s Vendor Code of Conduct requires suppliers to immediately report their findings of any violations of the law or the provisions of the Vendor Code of Conduct relative to their activities with Silfab Solar. Suppliers are required to fully cooperate and take all reasonable measures to investigate and remediate any non-compliance with the Vendor Code of Conduct. If non-compliance continues, Silfab Solar will terminate the contract and remove the supplier from the approved vendor list. If corrective action is not taken, the contract is terminated.

••• SILFAB SOLAR'S SUPPLY CHAIN RISKS AND PROCEDURES BEING TAKEN TO AVOID PRODUCTS MANUFACTURED WITH FORCED LABOUR OR CHILD LABOUR

There are several factors that contribute to the solar manufacturing sector's risk profile related to forced labour and child labour:

- Materials originating in China: many of the materials used in the manufacturing of a solar module are sourced from China, which has documented forced labour risks
- Global supply chains: the solar industry relies on goods not only from China but from around the world. This increases the risk that some part of the supply chain could be exposed to forced labour or child labour risks

Silfab is currently prioritizing reducing its exposure to the global supply chains, in part due to the forced labour risks, by becoming more vertically integrated solar manufacturer (making our own cells) and by sourcing more suppliers from North America.

••• Procedures in Place to Manage Forced Labour Risk

Silfab Solar has three supplier audit procedures established to support our efforts to avoid forced labour in supply chains. They are (1) External Traceability Procedure, (2) Supplier Quality Management Program, and (3) using a third-party traceability expert to survey suppliers for forced labour practices. Numerous Silfab Solar employees are involved in the implementation of these procedures; thus, they are trained on their requirements on a regular basis.

(1) External Traceability Procedure

Silfab Solar has an External Traceability procedure established and integrated into the company's ISO 9001 management system, which enables us to conduct periodic internal audits to check for forced labour in the company's supply chain. The scope of the procedure applies to the procurement of all Bill of Material components that will be used in Silfab Solar finished goods sold to customers. There are responsibilities laid out separately for Silfab's Director of Supply Chain, Sourcing Manager, Traceability and Standards Engineer, and Buyer.

(2) Supplier Quality Management Program

Silfab Solar has a Supplier Quality Management Program intended to provide, amongst many considerations, the company's ability to audit our suppliers to ensure they are adhering to the vendor code of conduct and providing the Act and UFLPA-adherence-related evidence through our third-party supply chain transparency partner.

The Supplier Quality Management Program assigns accountability to Silfab Solar for the overall deployment, management, execution, performance, and effectiveness of the Supplier Quality, Supplier Audit, and Supplier Corrective Action Request programs. It ensures that Silfab Solar is maintaining effective supplier-auditing capabilities by certified auditors, maintaining and managing the supplier quality audit schedule, ensuring overall management and reporting supplier quality scorecards to the Supplier Quality Steering Committee, standardizing and communicating key process indicators and targets to site teams, communicating any supplier nonconforming process, and collaborating with Sourcing Managers, Site Team, and Supplier Quality Steering Committee to maintain an effective Supplier Quality Program.

The Supplier Quality Site Team is responsible for the overall execution, performance, and effectiveness of the Supplier Quality Program at the site level, including:

- Maintaining standard operating procedures and work instructions for receiving, inspection, and traceability of supplier raw materials, components, and products in compliance with the corporate Supplier Quality Program.
- Maintaining standard operating procedures and work instructions for control, segregation, analysis, and disposition of supplier nonconforming material in compliance with the corporate Supplier Quality Program.
- Disposition of Supplier Nonconforming Material is performed through the Nonconformance Report process or as part of the Material Review Board process. The NCR and MRB processes are described in procedures SIL-QA-SOP-008 and SIL-QA-SOP-005, respectively.
- Documenting and communicating the analysis of supplier nonconforming material through supplier corrective action requests to the supplier as established in corporate policies and procedures.
- Tracking and following up on corrective action status.
- Ensuring the supplier has filled out and returned the SCAR sections within the timeframes based on the SCAR severity.
- Ensuring the supplier has agreed upon the nonconforming material cost and updating SQM, SM, and responsible buyer.

(3) Third-Party Supply Chain Expert Engagement with Suppliers

Silfab Solar has contracted with **Assent**, a third-party expert in supply chain transparency and related policies. Silfab uses the Assent platform to engage with suppliers on forced labour, have centralized access to all supplier responses and information, and enable strategic analysis of supply chain data to assess for forced labour risks. Silfab uses Assent to reduce risk in the following issue areas:

1. Compliance with the Act
2. Compliance with the UFLPA
3. Human Trafficking & Slavery
4. Climate impact
5. Compliance with title 3 of countering America's Adversaries through sanctions act
6. Compliance with US Federal Acquisition regulation.

Silfab uses this platform to ensure all stakeholders have the insights they need to better identify and mitigate forced labour and child labour risk and make informed decisions. Silfab, along with Assent’s team of regulatory subject matter experts and its Compliance Platform, manages all stages of regulatory compliance, from data acquisition to report declaration. Silfab uses Assent to ensure that we have up-to-date knowledge of regulations, so we are prepared to respond when our requirements change. All new vendors must complete the Assent survey prior to being provided with a PO.

1. Silfab Solar documents supporting the above information
2. Traceability Procedure
3. Customer Quality Management Procedure
4. Assent overview
5. Vendor Code of Conduct

Silfab Solar undertakes several procedures when vetting new suppliers or vendors for forced labour risks. The supplier is required to do the following:

- i. Sign Silfab’s Vendor Code of Conduct with explicit reference to the fact that no forced labour of any kind is acceptable.
- ii. For products at high risk of exposure to forced labour, provide Silfab with documentation showing their 2nd and 3rd tier suppliers that provide them the goods to manufacture.
- iii. Provide evidence of policies and procedures to avoid forced labour in the suppliers’ operations and own supply chain.
- iv. Submit responses to Assent’s forced labour survey. Those responses are then reviewed by both Assent experts as well as Silfab Solar’s Director of Sustainability and the supply chain team.
- v. Silfab Solar’s contracts with suppliers include terms that prohibit the use of forced labour.
- vi. In addition, Silfab Solar purchase orders explicitly require that the “seller certifies that materials sold to Silfab and its upstream supplier’s raw material inputs have not used forced labour.

Silfab Solar regularly reviews relevant forced labour documentation from relevant authorities, including:

- Public Safety Canada’s forced labour website.
- Canada Border Services Agency Memorandum D9-1-6 on Forced Labour.
- CBP’s Forced Labour webpage and its forced labour fact sheets in case of any updates or changes that need to be understood by the company. That review, includes the lists contained therein of active withhold release orders and findings (although Silfab Solar has not as of this time had any shipments held).
- The Department of Labour’s “List of Goods Produced by Child Labour or Forced Labour” in order to familiarize the company with at-risk country and commodity combinations.
- The International Labour Organization’s “Indicators of Forced Labour” booklet.
- CBP’s Informed Compliance Publication on Reasonable Care.

••• REMEDIATING FORCED LABOUR

Silfab has not identified any forced or child labour in its supply chain through the procedures listed above. As such, it has not taken any measures to date to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains.

••• ASSESSING EFFECTIVENESS IN ENSURING THAT FORCED LABOUR AND CHILD LABOUR ARE NOT BEING USED IN ITS BUSINESS AND SUPPLY CHAINS.

Silfab employs a number of assessment techniques to assess its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains. They include:

- Ensuring we are following all regulations in place in our countries of operation (Canada and the United States).
- Employing expert third parties who provide benchmarks and market comparisons against other companies, as well as regular forced labour and child labour information updates (news, regulatory, and research).
- Visit suppliers at their sites to corroborate that they have policies in place to ensure no forced labour or child labour takes place, and that those policies are being implemented.

THE ACT CONCURRENCE TABLE

REQUIREMENT	PAGE
<ul style="list-style-type: none"> • Reporting entity's information • Financial reporting year • Business number(s), if applicable • Identification of a joint report, if applicable • Identification of reporting obligations in other jurisdictions • Entity categorization according to the Act • Sector/industry • Location 	<p>1</p> <p>10</p> <p>N/A</p> <p>N/A</p> <p>N/A</p> <p>1</p> <p>1</p> <p>1</p>
Its structure, activities and supply chains	1
Its policies and its due diligence processes in relation to forced labour and child labour	3
The parts of its business and supply chains that carry a risk of forced labour or child labour being used and the steps it has taken to assess and manage that risk	5
Any measures taken to remediate any forced labour or child labour	8
Any measures taken to remediate the loss of income to the most vulnerable families that results from any measure taken to eliminate the use of forced labour or child labour in its activities and supply chains	8
The training provided to employees on forced labour and child labour	5
How the entity assesses its effectiveness in ensuring that forced labour and child labour are not being used in its business and supply chains.	8

APPROVAL AND ATTESTATION

The report is approved by Silfab Solar Inc.'s governing body (Board of Directors) and signed by the Chair of the Board, and the CEO for the fiscal year of 2023.

In accordance with the requirements of the 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.



Paolo Maccario

**PRESIDENT & CEO
SILFAB SOLAR INC.
MAY 31, 2024**



Jeremy Gackle

**MANAGING DIRECTOR, ARC FINANCIAL CORP.
CHAIR, SILFAB SOLAR INC.
MAY 31, 2024**



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