

Two Blues Solar – Ethical Sourcing Statement – 2023/24

Overview

As a solar investment, development and project management company with a focus on commercial and industrial solar projects in the UK and Europe, Two Blues Solar Ltd (TBS) is aware that the delivery of its activities, both in terms of supply chain and operations, has the potential to impact on a broad range of stakeholders in the UK and internationally. It has therefore taken steps to ensure that considerations around modern slavery and human trafficking are reflected in all stages of the lifecycle of its assets (solar PV, batteries, carports etc.) and throughout all of its operational areas.

TBS is committed to upholding the highest levels of ethical behaviour in its own operations and expects its partners (EPCs, suppliers, installation partners) to do the same. The use of slavery (such as forced labour and child labour) and human trafficking is entirely incompatible with the ethics and purpose of TBS as a business and TBS believes that every effort should be made to eliminate these practices from its supply chains.

Commitment Against Modern Slavery

TBS is committed to ensuring ethical trading practices, responsible sourcing, and making sure there is no modern slavery or human trafficking in its supply chains or in any part of the business. TBS' methodology is reflective of its commitment to acting ethically within all its partnerships and business relationships.

TBS has a zero-tolerance policy towards slavery and human trafficking and is dedicated to ensuring its own operations and business partners function within the same set of values. TBS undertakes due diligence with respect to each opportunity or project which progresses beyond its initial screening phase. This includes ensuring that suppliers and manufacturers comply with its Module Procurement Policy and Supplier Criteria (see below).

No investment or development opportunity will be progressed if there is an identified risk of modern slavery (such as forced labour or child labour) or human trafficking, including if these risks are associated with projected supply chains for the project.

Risk Identification and Mitigation

TBS works with its suppliers and partners to ensure modern slavery does not occur in the supply chain of its installations and that any risks are identified and mitigated. TBS also emphasises that this responsibility lies with suppliers themselves and their subcontractors, who may be using temporary and agency employees.

If TBS discovers that one of its suppliers is aware of modern slavery or human trafficking within its operations or supply chain, it will engage with the business to seek to remove such practices and, if necessary, terminate its obligations with that party. TBS is responsible for monitoring companies providing operational services to its portfolio of assets and ensuring these do not breach the principles of this Statement.

TBS is aware of modern slavery risks that have been highlighted within the solar sector regarding the procurement of solar modules, specifically in the Xinjiang Uyghur Autonomous Region ("XUAR") of China. TBS has therefore published a specific Module Procurement Policy to address these risks.

Module Procurement Policy & Supplier Criteria

Within the solar industry, concerns have been voiced regarding the potential use of forced labour within the solar supply chain, most notably in the XUAR in China. TBS has therefore composed a Module Procurement Policy & Supplier Criteria to mitigate the risk of the company supporting any such forced labour through its, or its

partners', procurement of solar modules for its projects, and to ensure that it promotes ethical procurement practices through the module supply chain.

TBS will work only with module and inverter component manufacturers which meet its Supplier Criteria, designed to ensure that exposure of the module component supply chain to the XUAR region is minimised.

Supplier criteria is as follows:

1. The manufacturer/supplier has a transparent policy which precludes the use of forced labour or modern slavery, and a code of conduct based on this policy which it enforces for its own suppliers
2. The manufacturer/supplier actively engages with its own supply chain to ensure adherence to the above
3. The manufacturer/supplier can trace the supply chain of its modules and components back to the supply of raw materials
4. The manufacturer/supplier can provide certificates of origin (or a similar traceability report) for module components to ensure supply chain traceability and to confirm that its suppliers are not located in the XUAR

Where suppliers or manufacturers fall short of these criteria, TBS will engage with the party to ensure adherence through improved behaviours or increased transparency. Where this cannot be assured or sufficient engagement is not received, TBS will terminate its relationship with the supplier and seek alternatives.

Application of the Statement

TBS is committed to the prevention of modern slavery and upholding the commitments laid out in this document. Its commitment and definition of modern slavery is guided by the principles outlined in the Modern Slavery Act 2015 within the UK and global initiatives such as the UN Guiding Principles on Business and Human Rights, the UN Global Compact, and the OECD Due Diligence Guidance for Responsible Business Conduct. It should be acknowledged, though, that beyond the suppliers dealt with directly by TBS, there is an extensive supply chain with few direct contractual relationships. There will therefore be limitations as to what TBS can enforce beyond its direct relationships.

TBS will nonetheless continue to look for opportunities to further minimise the risk of human trafficking and modern slavery, increase clarity of its operations and supply chain and respond promptly to new risks as they are identified. As part of this, TBS will continue to engage with industry led initiatives on human rights and the prevention of modern slavery, including by participating in relevant industry associations such as Solar Energy UK. TBS is also keeping up to date with the efforts of the Solar Stewardship Initiative to develop a Supply Chain Traceability Standard.

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Daniel Levene – Director
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