



# ESG Statement

Empowering a Sustainable Future through Innovation and Collaboration.

# ESG Statement

Sharp Energy Solutions Europe

*"Empowering a Sustainable Future through Innovation and Collaboration."*

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## 1. Introduction

At Sharp Energy Solutions Europe in line with Sharp Corporation, we firmly believe that conducting business operations ethically and responsibly is fundamental to our success. We are committed to strive for the standards in our operations, and we expect the same from our suppliers. This brochure outlines our dedication to sustainability, promoting human rights, fair labor practices, environmental stewardship, and combatting corruption.

We hold the expectation that our suppliers align with and actively pursue sustainable practices. This encompasses the strive to legal requirements and beyond, upholding human rights, protecting the environment, and ensuring visibility through a well-managed and transparent supply chain.

Together, we can create a better future for the society, employees, and the planet.

## 2. Sharp's compliance with European legislations

As a responsible organization, we prioritize compliance with all relevant European legislation to uphold ethical and responsible business practices. We understand the importance of adhering to regulations such as the Forced Labor ban, CSDDD (Corporate Sustainability Due Diligence Directive), and the CSRD (Corporate Sustainability Reporting Directive).

At Sharp Energy Solution Europe, we firmly believe that operating ethically and responsibly is not just a legal obligation but a moral imperative. Our supply chain for solar modules aligning with these requirements, promoting transparency, sustainability, and respect for human rights, is meaningful to us.

### 2.1. The Forced Labor Ban

The Forced Labor ban is a critical EU legislation aimed at eradicating forced labor practices across industries. We recognize the significance of this issue and have implemented stringent measures to prevent involvement with forced labor in our supply chain. We conduct thorough due diligence to ensure that our suppliers share our commitment to fair labor practices, and we actively engage in dialogue to promote awareness and accountability.<sup>1</sup>

### 2.2. Supply Chain Due Diligence

In line with the developments of the Corporate Sustainability Due Diligence Directive (CSDDD) and national developments such as the German Supply Chain Due Diligence Act, we understand the importance of thorough due diligence with suppliers. Although Sharp Energy Solutions/ Sharp Electronics GmbH is not in scope of these legal acts, we acknowledge the significance. Through

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<sup>1</sup> - [Sharp Supply Supply-Chain CSR Deployment Guidebook](#)  
- [Sharp Sustainability report 2023, Social Initiatives: Promoting Supply Chain CSR, slide 91](#)  
- [Sharp's Basic Purchasing Principles](#)

transparent supply chain management, we aim to showcase our progress in achieving these goals and contribute to the broader societal objective of creating a sustainable and equitable future.<sup>2,3</sup>

### **2.3. Corporate Sustainability Reporting Directive (CSRD)**

Lastly, the coming CSRD underpins our commitment to sustainability reporting. We recognize that transparency is vital for building trust and accountability. We diligently report on our environmental, social, and governance (ESG) performance, disclosing relevant information to stakeholders, within our Global Sustainability report and in future within the dedicated CSRD report. By doing so, we aim to foster a culture of continuous improvement and encourage responsible business practices throughout the industry.

At Sharp Energy Solution Europe, our dedication towards these European legislations extends beyond mere legal requirements. We strive to set an example in the energy sector, demonstrating that it is possible to operate ethically, responsibly, and sustainably. By working collaboratively with our business partners, we aim to create a positive impact and contribute to a greener and more equitable future for all.<sup>4</sup>

## **3. ESG Management and responsible Business Practice**

### **3.1. Sharp's Corporate Governance Framework**

Sharp is dedicated to strengthening its ESG management and responsible business practices. To ensure effective oversight and decision-making, Sharp has implemented measures such as appointing an outside director and operating an Audit and Supervisory Committee, thereby enhancing the supervisory function over the Board of Directors and increasing decision-making flexibility. The introduction of an executive officer system has further streamlined business execution by separating supervisory functions from decision-making functions, promoting nimble and efficient operations. To promote compliance awareness throughout the organization, Sharp has formulated the Sharp Group Charter of Corporate Behavior, providing action guidelines for directors, executives, and employees. The Board of Directors, comprising internal and outside directors, benefits from the advisory committees of the voluntary Nominating Committee and Compensation Committee, with more than half of the committee members being outside directors and each committee chairperson being an outside director. Additionally, the establishment of the Internal Control Committee as an advisory committee to the Board of Directors ensures the development and implementation of internal control policies, consolidation, and internal audits,

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<sup>2</sup> - [the Sharp Editorial Policy / Disclosure System, Sharp Sustainability report 2023, slide 2](#)  
- [Sharp environmental social data table](#)

<sup>3</sup> - [Sharp Supply Supply-Chain CSR Deployment Guidebook](#)  
- [Sharp Sustainability report 2023, Social Initiatives: Promoting Supply Chain CSR, slide 91](#)  
- [Sharp's basic concept, concrete policies, and requests to suppliers pertaining to procurement activities are set out in the Basic Purchasing Principles](#)

<sup>4</sup> - [Sharp Sustainability report 2023, Sharp Editorial Policy, Disclosure System, slide 2](#)  
- [Sharp environmental social data table](#)

providing recommendations and decision-making on related matters. These measures collectively contribute to a robust corporate governance framework at Sharp.<sup>5</sup>

### **3.2.Environment - The SHARP Eco Vision 2050**

Since 1992, Sharp has been committed to environmental responsibility, initially establishing its Environmental Policy with the goal of creating an environmentally conscious company. In 2019, Sharp formulated the SHARP Eco Vision 2050, a long-term environmental vision based on this policy. With a focus on the 1.5°C target set by the Paris Agreement, Sharp aims to achieve carbon neutrality in its business activities and promote clean energy products and services while reducing greenhouse gas emissions. To accelerate progress, Sharp is developing medium-term environmental goals with specific activities and quantitative targets. These include a 33% reduction in CO<sub>2</sub> emissions from business activities and indirect emissions by fiscal 2031 compared to fiscal 2018. Additionally, Sharp has announced the ambitious target of reducing CO<sub>2</sub> emissions by 60% by 2035, based on the SBT 1.5°C target. To ensure the reliability of its data on greenhouse gas emissions and environmental initiatives, Sharp undergoes independent third-party verification. The company follows globally recognized reporting standards such as the GRI Sustainability Reporting Standards, the Environmental Reporting Guidelines of the Ministry of the Environment in Japan and adheres to the principles of the United Nations Global Compact and ISO26000. With these objectives and reporting practices, Sharp is actively working towards achieving net-zero CO<sub>2</sub> emissions in its business activities and creating a clean energy future throughout its supply chain.<sup>6</sup>

### **3.3.Energy Efficiency and Emission Reduction Measures in Solar Factories**

In our Solar factories we pursue to utilize energy efficiently and take this as the primary approach to reducing greenhouse gas emissions. In order to continuously improve energy performance and lower carbon footprint, we have implemented various energy-saving as well as emission and waste reduction measures such as the air compressor frequency conversion transformation and air compressor heat recovery projects. Frequency conversion transformation of air compressors can ensure not only the effective controls of frequency conversion in air compressors but also real-time monitoring of pressure conditions in production systems, therefore saving energy while coping with systems' energy demands.<sup>7</sup>

### **3.4.Respect for Human Rights**

As a participant in the **United Nations Global Compact**, the Sharp Group promotes initiatives that conform to international principles about human rights and labor standards, such as those advocated in **International Labor Organization (ILO)** conventions.

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<sup>5</sup> - Sharp Sustainability report 2023, Sharp Corporate Governance, slide 119pp

<sup>6</sup> - <https://global.sharp/corporate/eco/environment/vision/>

- <https://www.sharp.de/umwelt/sharp-eco-vision-2050>

- Sharp Sustainability report, Environmental Initiatives: Environmental Vision, slide 31

<sup>7</sup> - Sharp Sustainability report 2023, Environmental Initiatives: Climate Change, slide 33 and Overview Environmental impact slide 71

- Sharp environmental social data table



The Sharp Group's fundamental policies with regard to human rights are embodied in the **Sharp Group Charter of Corporate Behavior** and the **Sharp Code of Conduct**. These stipulate that the Sharp Group respects fundamental human rights and individuality by eschewing practices that are discriminatory, or which infringe upon human rights, such as child labor or forced labor, and every effort is made to ensure that all Sharp employees are aware of and adhere to these policies.<sup>8</sup>

#### **Non-Discrimination:**

We embrace diversity and inclusivity. Discrimination based on race, color, religion, gender, sexual orientation, national origin, age, disability, or any other protected characteristic is strictly prohibited. We encourage our suppliers to adopt the same principles and create a workplace that celebrates diversity.

#### **Child Labor:**

Sharp Energy Solutions Europe vehemently opposes the exploitation of child labor. We require our suppliers to adhere to all applicable laws and regulations regarding the employment of children. Child labor should never be used, and suppliers must provide a safe and nurturing environment for all young individuals.

#### **Forced or Compulsory Labor:**

We firmly stand against any form of forced or compulsory labor. Suppliers must ensure that all employment is voluntary, and no individual is subjected to physical, mental, or financial coercion. Every employee should have the freedom to terminate their employment within legal boundaries.

#### **Minimum Wage and Benefits:**

We believe in fair compensation for work rendered. Suppliers must provide employees with wages and benefits that meet or exceed the legal minimum standards in their respective countries. Adequate living standards, including access to healthcare and social security, should also be prioritized.

#### **Working Hours:**

Sharp Energy Solutions Europe promotes a healthy work-life balance. Suppliers should establish reasonable working hours that comply with local laws and regulations. Employees must be granted sufficient rest periods and time off to ensure their well-being and productivity.

#### **Occupational Health and Safety:**

The safety and well-being of our employees are paramount. We expect our suppliers to prioritize occupational health and safety, providing a secure working environment that complies with relevant laws and regulations. Regular risk assessments, safety training, and protective equipment should be implemented to minimize workplace hazards.

#### **Freedom of Association and the Right to Collective Bargaining:**

We support the rights of employees to freely associate, join unions, and engage in collective bargaining. Suppliers must respect and uphold these rights, fostering an environment that

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<sup>8</sup> - [Sharp sustainability report 2023, Management: Material Issues, slide 11, and Social Initiatives: Efforts Related to Human Rights, slide 75 and Sharp Group Charter of Corporate Behavior, slide 8 and Social Initiatives: Promoting Supply Chain CSR, slide 91pp and Social Initiatives: Efforts Related to Human Rights, slide 75pp](#)  
- [The Sharp Conduct and Code of Conduct](#)  
- [The Sharp Group Charter of Corporate Behavior and the Sharp Code of Conduct](#)

encourages open communication, constructive dialogue, and fair negotiations between employees and management.

### **Rights of Indigenous People:**

We recognize and respect the rights of indigenous peoples. Suppliers should engage in meaningful consultations and obtain free, prior, and informed consent from indigenous communities when their rights or lands are affected by business activities. Indigenous cultures, heritage, and traditional knowledge should be respected and protected.

## **4. Supply Chain Management**

### **4.1. Supply Chain CSR Policy and Systems Content of Sharp Supply-Chain CSR Deployment Guidebook.**

The Sharp Group Charter of Corporate Behavior and the Sharp Code of Conduct were formulated as the group's basic CSR policies and have been thoroughly engrained into all employees. In December 2021, Sharp joined the RBA (Responsible Business Alliance), an alliance of companies that pursue social responsibility across the global supply chain. The RBA's vision and mission are shared throughout the entire Sharp Group. To disseminate these policies throughout the supply chain, the Sustainability Committee, which is chaired by the president of Sharp, set supply-chain CSR deployment as a key initiative. At committee meetings, members from relevant head office departments such as CSR, environment, and HR, along with business units and subsidiaries, share their policies and measures. The committee also monitors and manages progress on supply chain CSR-related measures.<sup>9</sup>

### **4.2. Sharp Supply-Chain CSR Deployment Guidebook**

To help suppliers understand and put into action CSR philosophy as stated in Sharp's Basic Purchasing Principles, in fiscal 2007 the company formulated and distributed its own Sharp Supply-Chain CSR Deployment Guidebook. The Basic Products Purchase Agreement also includes articles on CSR initiatives, based on the guidebook, that suppliers are requested to follow. In fiscal 2015, Sharp fully revised the content of its guidebook to conform to the RBA Code of Conduct. Since then, it has revised the guidebook as needed in line with revisions to the RBA Code of Conduct. In this way, Sharp strives to comply with the increasingly sophisticated international standards for CSR.<sup>10</sup>

### **4.3. Promoting CSR Awareness and Conducting Risk Assessment at Suppliers**

Sharp periodically carries out supply-chain CSR surveys to confirm how well suppliers are carrying out CSR based on the Sharp Supply-Chain CSR Deployment Guidebook and to identify, assess, and reduce CSR risk in the supply chain.

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<sup>9</sup> RBA: Sharp sustainability report 2023, "Message from the President & CEO", slide 7; "Management: Sustainability Management", slide 8; "Identifying Material Issues", slide 11; "Risk Evaluation in Line with International Standards", slide 12; Social Initiatives: Promoting Supply Chain CSR, slide 75pp

SER: Sharp sustainability report 2023, "Management: Sustainability Management", slide 12, 13, "Environmental Initiatives: Environmental Management", slide 63, "Social Initiatives: Promoting Supply Chain", slide 75; "Social Initiatives: Promoting Supply Chain", Slide 91pp

<sup>10</sup> [Sharp Supply Chain Deployment Guidebook](#)

[Basic Product Purchase Agreement](#)

[Sharp sustainability report 2023, Risk Evaluation in Line with International Standards, Slide 12](#)



## 5. Anti-corruption

Sharp Energy Solutions Europe maintains a zero-tolerance policy towards corruption.

The Sharp Group Charter of Corporate Behavior and the Sharp Code of Conduct contain provisions that strictly prohibit any form of corrupt behavior, such as extortion or direct or indirect bribes of money, goods, or services. The Group Charter and Code of Conduct also stipulate that donations must be handled in a proper manner. Systems and Rules for Preventing Bribery in March 2015, Sharp instituted the Rules for Prohibition of Bribery (hereinafter “the Rules”), which govern both executives and employees, with a view to preventing corrupt practices such as bribery. Under the Rules, Sharp is working to clarify and strengthen an internal checking system and prevent any act of bribery. Particular attention is paid to the employment of third parties such as agents and consultants, providing or exchanging gifts or entertainment to government employees, and participation in associations, with defined issues for relevant departments to confirm. Sharp sets up a consulting department for providing internal approval for each issue above. In order to further augment this checking system and clarify the targets for checking, a partial revision of the relevant rules was undertaken in August 2018. The Rules define “facilitation payments” and clearly state that they are considered a form of bribery and are prohibited in principle. Global Response In order to ascertain the risk of bribery and corruption among overseas affiliates and institute a more effective checking system, in fiscal 2020 and 2021 Sharp investigated and analyzed risks at affiliates in Southeast Asia, Oceania, and the Middle East. Based on these results, the company proceeded to update its internal rules of anti-bribery and incorporate bribery risk management processes utilized at Sharp in Japan into operations at overseas affiliates.

Suppliers must conduct their business affairs with integrity, transparency, and in compliance with all applicable anti-corruption laws. Bribes, kickbacks, and other illicit practices are strictly prohibited.<sup>11</sup>

## 6. Conflict Minerals

Sharp Energy Solutions Europe is dedicated to responsible mineral sourcing. To carry out responsible mineral’s procurement, Sharp integrated into its management a **five-step framework for risk-based due diligence recommended in the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas**.

We expect our suppliers to ensure that the minerals used in their products are sourced from socially and environmentally responsible supply chains. Suppliers should refrain from using conflict minerals, which are sourced from regions associated with human rights abuses, armed conflict, or environmental degradation.

By adhering to these principles, suppliers can contribute to a responsible and sustainable supply chain that aligns with our values and commitment to corporate social responsibility.<sup>12</sup>

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<sup>11</sup> [Sharp sustainability report 2023, Preventing Corruption in All Forms and Dealing Properly with Donations, slide 125](#)  
[Preventing Corruption in All Forms and Dealing Properly with Donations](#)

<sup>12</sup> [Sharp sustainability report 2023, Social Initiatives: Promoting Supply Chain CSR, slide 91p](#)  
[Social Procurement, slide 97p](#)

## 7. Key Achievements<sup>13</sup>

### 7.1. EcoVadis Silver and Gold Scores

Sharp has received EcoVadis Gold and Silver scores, reflecting our high sustainability management quality. EcoVadis assesses a wide range of non-financial management systems, including sustainability impacts, ensuring ongoing monitoring and improvement. These positive results allow customers to understand Sharp's commitment to sustainability and anticipate the growing demand for sustainability performance assessment among business partners.

### 7.2. Improved MSCI ESG Rating

Sharp has improved its MSCI ESG Rating from "BBB" to "AA" due to its ESG initiatives and information disclosure, placing them two ranks higher than their previous rating. Sharp has implemented a "Management Emphasizing on ESG" policy, focusing on healthcare, carbon neutrality, people-based management, and global innovation. Sharp has announced the execution of "Management Emphasizing on ESG" as a management policy and is in the process of strengthening efforts to grow into a true global company that contributes to healthcare, carbon neutrality, and people-based management.

### 7.3. FTSE4Good Index Series Listing

Being listed on the FTSE4Good Index Series for the thirteenth time is a testament to our unwavering commitment to corporate social responsibility and sustainability. As investors increasingly prioritize Environmental, Social, and Governance (ESG) considerations, we are proud to be part of a global movement that values responsible business practices. With FTSE Russell's continued innovation in ESG indexing, we are confident that our collective efforts towards creating a better world will continue to yield positive results for years to come.

### 7.4. ISO Standards

Sharp attaches great importance to environmental and resource protection, actively advances greening of business premise, takes part in environmental activities, and advocates the environmental philosophy of "Green Production, Green Office" by following ISO 14001 standards: 2015 "Green office Management".

To ensure compliance with environmental management standards in all production processes, we adhere to ISO14001 environmental certification standards, covering everything from design to production, from the ingot stage to the manufacture of the PV modules.<sup>14</sup>

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<sup>13</sup> [Sharp sustainability report 2023, Third-party Evaluations / ESG Indexes, slide 14, 135](#)

<sup>14</sup> [Sharp sustainability report 2023 "Management: Material Issues", slide 11p; "Environmental Initiatives: Environmental Management", slide 64pp](#)  
[SEG ISO certificate 14001](#)

## 8. Conclusion

At Sharp Energy Solutions Europe, we strive to lead by example in promoting ethical and responsible business practices. We prioritize upholding human rights, ensuring fair labor practices, protecting the environment, and combating corruption. Together with our suppliers, we can create a positive impact on the lives of employees, indigenous peoples, and the communities in which we operate.

We prioritize compliance with European legislation, maintain a transparent supply chain, source sustainably, and continually improve our practices. By choosing Sharp as your panel supplier, you can be assured of our commitment to ethical and sustainable business operations.

We require our suppliers to integrate these principles into their daily operations, continuously improve their performance, and foster a culture of sustainability. By working together, we can achieve a future that is socially inclusive, environmentally conscious, and economically sustainable.

Join us on this journey towards a better world. Let us collaborate to shape a future where business success goes hand in hand with social progress and environmental stewardship. Together, we can make a lasting difference.

For more information on our ESG initiatives, please visit our related websites or contact us directly.

<https://global.sharp/corporate/eco/>

<https://www.sharp.eu/sustainability>

## 9. Key Messages at a glance

### 9.1. Committed to compliance

Sharp Energy Solutions Europe continuously works to comply with all relevant European legislations, including the future Forced Labor ban, CSDDD and CSRD. We take our responsibility to operate ethically and responsibly very seriously, and we have taken steps to ensure that our supply chain for solar modules meets these requirements. Sharp Energy Solutions Europe is actively addressing new and future legal requirements, particularly in the area of supply chain due diligence and sustainability reporting.

### 9.2. Transparent supply chain

We believe that transparency is key to ensuring that our supply chain is free from forced labor and unethical practices. That's why we work closely with our suppliers to make certain that they meet our strict ethical standards, and we are committed to providing our customers with full visibility into our supply chain.

### 9.3. Sustainable sourcing

At Sharp Energy Solution Europe, we believe that sustainability is at the heart of everything we do. That's why we are committed to sourcing components from sustainable and responsible sources, and we work hard to ensure that our solar modules have a minimal impact on the environment.

### 9.4. Continual improvement

We know that the fight against forced labor and other unethical practices is an ongoing battle, and we are committed to continually improving our processes and supply chain to meet the latest standards and best practices. We believe that by working together with our suppliers and customers, we can make a real difference in creating a more ethical and sustainable world.

### **9.5. Customer assurance**

When you choose Sharp Energy Solution Europe as your panel supplier, you can be confident that you are choosing a supplier who is committed to ethical and sustainable practices. We have taken steps to ensure that our supply chain meets the highest standards, and we are committed to providing our customers with the assurance they need to make informed and ethical purchasing decisions.

## 10. Message from the President

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*Dear Readers,*

*On behalf of Sharp Energy Solutions Europe, I would like to extend my gratitude for taking the time to explore our ESG statement.*

*We believe that together, we can make a meaningful impact on our planet and society. Through our dedicated ESG initiatives, we strive to create innovative solutions that harness the power of renewable energy and drive positive change in our world.*

*Your support and engagement play a crucial role in achieving our goals.*

*I invite you to stay connected with us and actively participate in our sustainability efforts.*

*Thank you once again for your interest, dedication, and commitment to a sustainable future.*

*Together, let us continue to pave the way towards a greener and fairer tomorrow.*

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Peter Thiele

President of Sharp Energy Solutions Europe