

Modern Slavery, Human Trafficking & Forced Labour Policy

Karnot's commitment to ensure that no part of its business or supply chain involves slavery, servitude, forced or compulsory labour, child labour, or human trafficking — and the practical steps it takes to enforce that commitment.

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Approved by	Stuart Edmund Cox, Managing Director
Applies to	All Karnot operations and every tier of Karnot's supply chain, including but not limited to manufacturing partners, freight forwarders, customs agents, installation sub-contractors, service technicians, professional service providers and consumables vendors.

1. Statement of commitment

Karnot Energy Solutions Inc. ("Karnot") considers slavery, servitude, forced or compulsory labour, child labour, debt bondage and human trafficking to be among the most serious violations of human dignity. Karnot has zero tolerance for any such practice in its own operations or in any tier of its supply chain, and will not knowingly engage with any counterparty that does not share this commitment.

Karnot supports United Nations Sustainable Development Goal 8.7 (eradicate forced labour, end modern slavery and human trafficking, and secure the prohibition and elimination of the worst forms of child labour by 2025) and pledges to play its part as a Philippines-based industrial company.

2. Legal framework

This Policy is designed to comply with, at minimum, the following:

- Republic Act No. 9208 — Anti-Trafficking in Persons Act of 2003 (Philippines), as expanded by Republic Act No. 10364 (Expanded Anti-Trafficking in Persons Act of 2012) and further amended by Republic Act No. 11862 (2022).
- Republic Act No. 9231 — Special Protection of Children Against Abuse, Exploitation and Discrimination Act, as amended; Philippine Labor Code provisions on minimum working age (Article 139) and prohibition of child labour.
- Republic Act No. 10911 — Anti-Age Discrimination in Employment Act.
- Republic Act No. 11058 — Occupational Safety and Health Standards Act.
- ILO Convention No. 29 (Forced Labour, 1930) and its 2014 Protocol; ILO Convention No. 105 (Abolition of Forced Labour, 1957); ILO Convention No. 138 (Minimum Age, 1973); ILO Convention No. 182 (Worst Forms of Child Labour, 1999) — all ratified by the Philippines.
- UK Modern Slavery Act 2015, particularly Section 54 (Transparency in Supply Chains).
- Australian Modern Slavery Act 2018 and California Transparency in Supply Chains Act.
- United Nations Guiding Principles on Business and Human Rights (the "Ruggie Framework").

3. Definitions

Modern slavery is an umbrella term that encompasses slavery, servitude, forced or compulsory labour and human trafficking.

Forced labour (ILO Convention 29, Art. 2) is all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.

Human trafficking (RA 10364) is the recruitment, transportation, transfer, harbouring or receipt of persons by means of threat, force, abduction, deception or abuse of power, for the purpose of exploitation — including sexual exploitation, forced labour, slavery, servitude or removal of organs.

Child labour means work that deprives a child of childhood, potential, and dignity, and is harmful to physical and mental development — including any employment of children below the minimum working age permitted by Philippine law (generally 15 years, with restrictions up to 18 years for hazardous work).

Debt bondage means a pledge of personal services as security for a debt, where the reasonably-valued services are not applied toward liquidation of the debt, or where the duration of services is not limited.

4. Prohibited practices

The following practices are prohibited at Karnot and in any tier of Karnot's supply chain. Counterparties shall not, in connection with any work performed for or with Karnot, directly or indirectly:

- Engage in, permit or condone any form of forced, bonded, indentured, prison or involuntary labour.
- Employ any person below the legal minimum age for the work concerned, and in no event below 15 years of age, in line with Philippine law and ILO C138.
- Engage any worker below 18 years of age in hazardous work, in line with Philippine Department of Labor and Employment Order 149-16.
- Restrict the freedom of workers to move, communicate, or leave employment at reasonable notice.
- Retain or take custody of any worker's identity document (passport, government ID, work permit), bank book, or salary, for any reason.
- Charge workers any recruitment, placement, training or processing fee (the "Employer Pays Principle"); reimburse any such fee already paid by the worker to a third party recruiter.
- Use deceptive recruitment practices including misrepresenting wages, contract terms, type of work, working conditions or place of work.
- Subject any worker to inhumane treatment, including corporal punishment, mental or physical coercion, sexual harassment or verbal abuse.
- Require working hours that exceed the maximum permitted by local law; deny statutory rest days, statutory holidays, statutory leave entitlements; or pay below the applicable legal minimum wage.

5. Supply chain due diligence

Karnot's supply chain extends from manufacturing partners to freight forwarders, customs agents, professional services, installation sub-contractors and consumables vendors. The Compliance Officer maintains a risk-based due diligence programme that:

- Identifies and maps Karnot's tier-1 suppliers and the goods or services each provides.
- Assigns each tier-1 supplier a risk rating based on sector, geography, workforce profile and the nature of the goods or services supplied.
- Subjects all higher-risk suppliers to enhanced due diligence including site visit where reasonably practicable, written confirmation of labour practices, and review of independent third-party audits (e.g., SMETA, RBA VAP, BSCI) where available.
- Requires every supplier, sub-contractor and service provider to sign the Karnot **Compliance Acknowledgement (KES-ACK-001)** before any work commences.
- Reviews and refreshes the risk register no less than annually.

6. Recruitment and employment within Karnot

Karnot directly recruits its own employees and does not use third-party labour agencies for substitutive labour. Every Karnot employee:

- Receives a written contract in a language they understand, before commencing work, specifying job, wage, hours, leave entitlements and notice period.
- Is paid no less than the applicable Philippine minimum wage and any statutory wage-board orders for the region in which they work.
- Retains possession of their own identity documents, bank books and personal property at all times.
- Is free to terminate employment with reasonable notice as per their contract and the Labor Code of the Philippines.
- Has access to grievance procedures under the Karnot Code of Business Conduct (KES-POL-003) and the Whistleblower and Speak-Up Policy (KES-POL-007).

7. Sub-contractor installation labour

Karnot's heat-pump installations are typically performed by accredited local sub-contractors. As the principal commissioning Karnot, the Company is responsible for ensuring that sub-contractor labour practices align with this Policy. Sub-contractors must:

- Provide written confirmation of compliance with Philippine labour law and this Policy via the **Compliance Acknowledgement (KES-ACK-001)**.
- Provide proof of valid government-mandated benefits enrolment (SSS, PhilHealth, Pag-IBIG) for all workers deployed to a Karnot site.
- Provide a roster of workers deployed to each Karnot site, including age verification for any worker under 21 years.
- Cooperate with reasonable monitoring and on-site spot-checks by Karnot personnel.

8. Reporting and remediation

Any actual or suspected breach — whether observed within Karnot's own operations or anywhere in its supply chain — must be reported promptly to info@karnot.com. Reports may be made anonymously. Karnot prohibits retaliation against any person who reports a concern in good faith.

Where breach is identified, Karnot will (a) take immediate steps to protect any affected individuals, including coordinating with the appropriate authorities under the Inter-Agency Council Against Trafficking (IACAT) where trafficking is suspected; (b) require the counterparty to remediate within an agreed timeframe; and (c) terminate the commercial relationship if remediation is refused or impossible.

9. Annual statement and review

Karnot publishes an annual modern-slavery statement, dated and signed by the Managing Director, summarising the steps taken in the preceding financial year to prevent slavery and human trafficking in its business and supply chain. The statement follows the format expected under Section 54 of the UK Modern Slavery Act 2015 even where Karnot does not yet meet the statutory turnover threshold, in order to support customers and investors who are subject to that requirement.

This Policy is reviewed annually by the Managing Director, with the next review due no later than May 2027.

APPROVAL

This policy is approved by the undersigned for and on behalf of Karnot Energy Solutions Inc., with effect from 11 May 2026, and will be reviewed not later than 11 May 2027.

Stuart Edmund Cox
Managing Director
Karnot Energy Solutions Inc.
Date: 11 May 2026