European Solar Manufacturing Council AISBL
146 rue Royale | 1000 Brussels – Belgium

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Contact for inquiries:
holm@esmc.solar

ESMC does not recommend participation in the Solar Stewardship Initiative

As breaches in human rights and the use of forced labour are prevalent in parts of the global solar PV supply chain, ESMC is committed to do everything in its power to combat forced labour. ESMC's members have asked whether they should participate in ESG standard systems particularly in the newly established Solar Stewardship Initiative (SSI). This topic was discussed at the ESMC Annual General Meeting, on March 11th, with the conclusion that the European PV manufacturing companies do not presently view the SSI as a credible response to the issue of forced labour in solar PV supply chains as voluntary schemes cannot — and should not — replace legislation. **Consequently, we encourage our members not to participate in the initiative.**

While we welcome businesses taking responsibility for their actions, it is essential that the initiatives proposed contribute to a fundamental improvement of the problem at hand and not create ambiguities – or worse – legitimize established problematic supply chains. It is also worth noting that there are already several well-functioning third-party verified social auditing and traceability protocols, certification schemes and ecolabels for increased traceability and improvement of industry supply chains, accordingly the added value of the SSI is questionable. Some of those include the Responsible Business Alliance's Validated Assessment Program (RBA VAP), SA8000 by Social Accountability International, and the EPEAT Ecolabel for Solar, managed by the Global Electronics Council, which is based on the solar-specific sustainability leadership standard NSF 457. ESMC therefore believes it's better to build on what already exists.

The Solar Stewardship Initiative was set in motion in 2021 as a collaboration between SolarPower Europe and Solar Energy UK to "*strengthen confidence in how the materials and products in the solar supply chain are manufactured and used*", as stated on its webpage. Additionally, the founders aspire to have the SSI "*recognized in upcoming EU legislation*" to "*exempt companies from investigations by national authorities*" if they participate in SSI or similar industry initiatives.

On March 10th, 2024, the Coalition to End Forced Labour in the Uyghur Region, issued a statement condemning the SSI for failing to require its members to disengage from any business relationships in the Uyghur Region (the Xinjiang province). Sheffield Hallam University, Anti-Slavery International and the Investor Alliance for Human Rights similarly concluded in their Investor Guidance that SSI fails to function effectively as a tool for the solar sector to address the industry's exposure to Uyghur forced labour. When such prominent and relevant actors discourage the use of SSI, we at ESMC listen carefully and take heed.

Ties to state-imposed forced labour

The SSI is not independent of the economical operators, it is set to scrutinize. As noted in the Coalition to End Forced Labour in the Uyghur Region's statement, "*several manufacturer members of the SSI are companies that have been alleged in reports to have a high risk of exposure to the Uyghur Region and forced labour*". Not only does this create a conflict of interest, but the SSI is effectively covering for these organisations by claiming to have conducted due diligence to ensure they are not "*directly or indirectly involved*" in violations of human rights before confirming their membership.

Weak accountability

Cherry picking of the facilities for certification will leave other facilities of the same company, even the problematic ones, outside the scope of certification. SSI participants are free to operate other facilities which do comply with the SSI ESG standard, a code of conduct which includes basic environmental, social, and governance principles such as "*freely chosen employment*". The SSI ESG code stipulates that SSI members are required to certify at least two of the member's sites to be able to join SSI as members. That means that an SSI member can choose to certify some facilities by SSI and keep others – more problematic where assessment is not possible – outside the SSI system. The SSI ESG Standard's "*Anti-trust statement*" states: "*Participants remain free to operate other facilities or offer other products which do not comply with the standards mentioned SSI's Code*."[1] Cherry-picking where and which product lines one applies their code of conduct should be unacceptable to SSI members and SSI endorsers. To put it in perspective, the Responsible Business Alliance (RBA) treats its Code of Conduct as a "*total supply chain initiative*" and not only requires its members to apply the RBA Code to their owned facilities but they must also pass it down their supply chains.[2]

No solution to state-imposed forced labour

SSI fails to address the problem with state-imposed forced labour. China's westernmost region, Xinjiang, is responsible for a large part of the manufacturing of key inputs of the crystalline silicon solar supply chain, most notably metallurgical-grade silicon (MGS) and polysilicon. There is overwhelming evidence that the Chinese government is responsible for one of the world's most extensive and systematic oppression of a population; targeting the 10 million-strong Uyghur population and other Turkic and Muslim communities in the Xinjiang province. In our ESMC Position Paper on Forced Labour (September 2023) we urge disengagement as the only reliable solution when it comes to state-imposed forced labour, such as in Xinjiang. The European Solar PV Industry Alliance (ESIA) similarly recommends ending all business relations with Xinjiang associated companies. Based on human rights, the United States has enacted the Uyghur Forced Labor Prevention Act, which prohibits all products – made in whole or in part – originating from the

[1] The Solar Stewardship Initiative ESG Standard

[2] From the RBA's standards and accountability page: "*One of the core principles of the RBA is adherence to the Code of Conduct. Regular and Full members are required to apply the Code to their owned facilities and must pass it down to their supply chains*."

Xinjiang province. In the SSI guidelines, however, we find no mention of state-imposed forced labour in the core documents, such as the ESG Standard, Assurance Manual or Terms of Reference. If as much as 90 percent of the supply chain is dependent on one country where forced labour is prevalent, this cannot be neglected. SSI does not provide any guidance at all on how to handle state-imposed forced labour, such as that occurring in the Xinjiang province. The European PV manufacturing industry does not believe that SSI qualifies as a credible tool to create more sustainable solar supply chains.[3]

Auditor labour expertise — only optional

The framework for labour and social audits lacks compulsory documents as well as instruments for thorough audits. Even as the SSI focuses on the "*sufficient accessible sites around the world*" outside of Xinjiang, there are real questions about the credibility of the assessments themselves. Although human rights breaches, forced labour in particular, stand out as one of the major problems for responsible solar PV supply chains, we question whether the SSI structure will be able to make the thorough audit necessary to trace – and find remediation to – possible breaches to working conditions. For example in the SSI's Assessment Body and Assessor Approval Procedure document, it specifies that to qualify as an SSI Lead Assessor it suffices to have "*Experience doing on site assessments in at least two (2) of the following areas: Management systems, Health and safety assessments, Greenhouse gas verifications/ assessments, Environmental impact assessments, Social impact assessments, Human rights impacts assessments, [or] Environmental monitoring.*" That means that labour expertise is only optional for auditors in SSI and there is an obvious risk that SSI auditors will not have the necessary qualifications to conduct social audits. Additionally, the SSI Assurance Manual states that "*Records reviewed **may include** e.g.: timecards, payrolls, wage slips, personnel records, job descriptions, environmental disclosures, waste records etc.*" [our bold]. These are standard documents necessary for conducting social audits and should not be optional.

Not multi-stakeholder

Despite sometimes referring to itself as a "multi-stakeholder initiative," SSI does not have a balanced multi-stakeholder governance. Its board consists predominantly of solar industry association representatives, Chinese manufacturers, and buyers/developers, while civil society and NGOs are relegated to "*observer*" status. Furthermore, its grievance mechanism is limited to internal SSI complaints rather than providing access to remedy for victims, as suggested in the UN Guiding Principles for Business and Human Rights, which states that multi-stakeholder initiatives should ensure mechanisms through which affected can raise concerns and enable the remediation of adverse human rights impacts. Since the SSI's grievance mechanism is limited to internal SSI matters it doesn't comply with the UN guiding principles of a multi-stakeholder initiative.

[3] In their Frequently Asked Questions (FAQ) SSI says that SSI will "*not conduct assessments or certifications for sites in regions that are inaccessible to unsupervised visits*, hence: not in Xinjiang. Whereas we welcome that statement, it doesn't make SSI a trustworthy tool for eliminating forced labour. The obvious position should be to terminate operations or supplies from areas where state-imposed forced labour takes place, just as recommended in both ESIA's and ESMC's recommendation papers. Furthermore, the above FAQ statement is not a bearing part of the SSI core documents, in particular the ESG Standard.

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Thwarting scrutiny

Stakeholders' initiatives cannot — and should not — replace or substitute legal instrument. For all of the reasons mentioned above, ESMC — as a representative body of the European PV manufacturing industry — oppose SolarPower Europe's position that participation in SSI should exempt companies from investigations by national authorities conducted as part of the upcoming EU forced labour regulation. In the SolarPower Europe position paper on the EU ban, it says: "*The Regulation should propose a **mechanism to exempt companies** from investigations by national authorities, if the companies can prove by certificates, participation in recognised auditing systems or credible multi-stakeholder industry initiatives (such as the Solar Stewardship Initiative will be) that their business partners are compliant with the relevant norms and standards…*" [our bold].

To ESMC, it is imperative that voluntary schemes cannot — and should not — replace legislation. Especially when the voluntary scheme is so weak that there is an obvious risk of it being used as a whitewashing mechanism.

For all the above reasons, we advise ESMC members to not participate in the Solar Stewardship Initiative under its current structure and form.