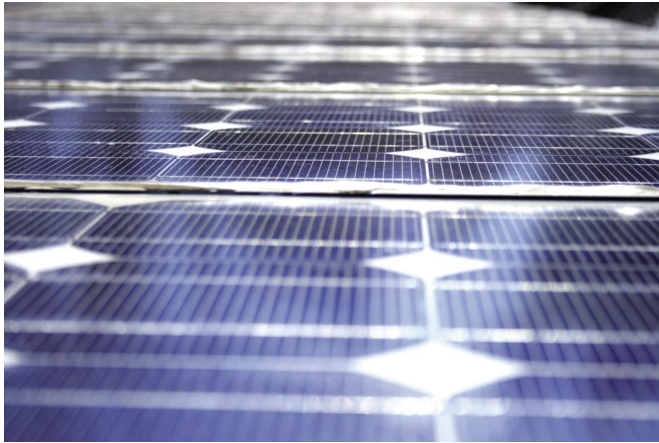


Leveling the playing field

Tensions are heating up throughout the world over the issue of forced labor. Calls are increasing for supply chain transparency, and recently published EU draft legislation on corporate due diligence and accountability should improve upon the currently available voluntary measures, which have been described as largely ineffective. With this in mind, **pv magazine's** UP Initiative will spend the second quarter of 2021 looking at what solar and energy storage companies can do to lead by positive example when it comes to the workers who are involved in the production of their products and services.

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The expected changes to supply chains will have a global knock-on effect for PV module and cell manufacturers.

Image: Flickr/Voice0Reason

On Jan. 22, SolarPower Europe CEO Walburga Hemetsberger released a statement on LinkedIn regarding forced labor. “We strongly condemn the use of forced labor, which has been the subject of recent reports related to polysilicon production in China’s Xinjiang region ... we urge all companies to review their supply chain due diligence policies and will work with our members to showcase best practices and push for them to become industry-wide standards.

For an association that counts many Chinese companies among its members, this was a bold move. However, as more prominent players in the solar industry step forward to communicate their positions on forced labor, it has become apparent that this issue will not go away; change is in the air.

Solar PV, particularly when coupled with energy storage, has already made great progress in dismantling the often-negative associations attached to “traditional” energy, employing renewable rather than finite sources to generate electricity with comparatively low emissions and smaller carbon footprints. Yet, for a truly successful clean energy transition, the solar industry must also address other toxic issues that continue to arise, including workers’ rights.

Dustin Mulvaney, a professor at San José State University in the United States, has just published his second textbook, “Sustainable Energy Transitions: Socio-Ecological Dimensions of Decarbonization.”

“The reason ... it’s important, from the solar professional perspective, is the reputational risk issue,” he explained in an interview with *pv magazine* Editor-in-chief Jonathan Gifford last September. “It is a really big deal when, for an energy technology that is supposed to be clean, there are headlines about dirty processes, waste or poor labor relationships. Headlines like this could actually dissuade people to adopt and support solar.”

Changes ahead

In his January column (see *pv magazine* 01/2021, pp. 14-15), Cooper Chen, a senior analyst for Taiwan-based PV InfoLink, wrote that a ban on imports from Xinjiang to the United States appears “likely,” with the U.S. House of Representatives passing a bill last September to block imports of goods made in region due to forced labor concerns. He added that manufacturers might have to move production lines to other regions “unless they can provide credible evidence that they have no part in forced labor practices.”

According to Chen, vertically integrated companies are negotiating contracts with non-Xinjiang polysilicon suppliers in anticipation of bans.

Meanwhile, on Feb. 4, the U.S.-based Solar Energy Industries Association (SEIA) said 175 of its members had signed a pledge opposing forced labor in the solar supply chain. It is part of an industry-wide effort led by SEIA that supports the development of a supply chain traceability protocol and an update to the association’s Solar Commitment, which defines standard practices and expectations for the solar industry. John Smirnow, SEIA vice president of market strategy, said solar companies should “immediately” move their supply chains out of the region, and expects that most of the significant suppliers should be out by June 2021.

A subsequent interview saw *pv magazine* USA Senior Editor David Wagman asking SEIA President and CEO Abigail Ross Hopper just how much flexibility companies have in adjusting their supply chains, especially considering contractual obligations, new vendor vetting procedures, and overall cost considerations. “Contracts may need to be renegotiated; I don’t think it’s going to have a huge impact on cost. But the reality is that companies will start to lose business if they do not make these changes,” she replied. “I think that companies will set up new factories and repurpose factories in other parts of China that are not conflicted, or some of their facilities in other nations.”

Jenny Chase, BloombergNEF’s head of solar analysis, also published a thread on Twitter, on Feb. 15, in which she said that she would be keeping a list of where to buy modules free from Xinjiang-produced polysilicon for clients requesting such information.

More than 50% of all the polysilicon manufactured in China today comes from Xinjiang Province, representing around 40% of the global market. As *pvXchange’s* Martin Schachinger points out in this month’s module price index column (pp. 10-11), the expected changes to supply chains will therefore have a global knock-on effect for PV module and cell manufacturers.

Looming legislation

This issue is not new. In January 2020, the European Commission issued a study, “Due diligence requirements through the supply chain,” in which it notes that the debate over the role that businesses should play when it comes to workers’ rights arose in the 1990s. Then it was common practice for the new behemoths of the time, particularly in the garment and footwear industries, to offshore their manufacturing operations to locations where labor was cheap. At the same time, oil, gas, and mining companies were entering ever more remote areas, often at the expense of indigenous communities, which seldom received proper consultation or compensation.

Consequently, some EU member states have already adopted mandatory due diligence laws, including the Netherlands, France, and the United Kingdom. Germany is also making moves in this area, with a draft law agreed upon in mid-February, which could go into force in 2023, if passed, although it has already drawn criticism for not going far enough. Meanwhile, Belgium, Denmark, and Finland have begun drafting similar legislation.

The past few decades have also seen the introduction of due diligence frameworks and standards for workers within the United Nations, the Organisation for Economic Co-operation and Development (OECD), and the International Labour Organization (ILO).

However, the legislative initiative drafted by the European Committee on Legal Affairs on corporate due diligence and corporate accountability, submitted to the European Commission last September, states that the standards are voluntary, and notes that their uptake has been “limited.” Indeed, just 37% of the Europe-based business respondents said they currently conduct environmental and human rights due diligence, while only 16% said they cover the entire supply chain.

“Voluntary due diligence standards have severe limitations and ... the union should urgently adopt minimum requirements for undertakings to identify, prevent, cease, mitigate, monitor, disclose, account, address and remediate human rights, environmental and governance risks in their entire value chain,” states the draft, to “level the playing field.”

It is hoped the new directive will be adopted later this year. If successful, it will enforce mandatory supply chain due diligence for all companies operating within the European Union, even if they are established out of the region, but are selling their products and services there.

Certifiably ‘good’

Against this backdrop, pv magazine will spend the second quarter examining the shifting global supply chain landscape, how the introduction of mandatory measures could evolve in the future, and the concrete steps solar and energy storage companies can take to credibly improve their supply chain sustainability.

As a part of the series of articles, we will be speaking to the main actors in this area, like Dustin Mulvaney, Jenny Chase, and Abigail Ross Hopper, and highlight companies that are already making significant progress.

The UP Initiative aims to promote dialogue within the PV industry regarding the wide range of themes that relate to sustainability. As such, we encourage you to get involved and be a part of the discussion. If you would like to contribute to the quarterly theme, contact up@pv-magazine.com.

New partner:

“DuPont Teijin Films are delighted to partner with pv magazine on their UP Initiative, and fully support the aims of championing existing success stories and highlighting areas where the solar industry must collectively improve. We are proud to play our part in the growth of the solar industry with our Mylar UVHPET range of halogen-free backsheet films, which we believe deliver both a more sustainable use of raw materials and enable safer and more economic end of life options without any compromise in performance during the product lifetime,” said Steven Davies, DuPont Teijin Films EMEA market manager.

BECKY BEETZ



Becky managed the online presence of pv magazine International since its inception in 2010. As Head of Content, she was responsible for content development across all platforms, including our global and regional platforms.
