

## **Lightsource bp**

Response received by BHRRC from Lightsource bp regarding assessment of exposure to and steps taken in response to forced labour issues in XUAR as documented by Sheffield Hallam University, among others, 21 August 2023.

### **(1) Assessment of exposure**

“Lightsource bp is committed to conducting our business in a manner that respects the rights and dignity of all people, and we strongly condemn the use of forced or compulsory labour.

After the publication of the report, we conducted a thorough review of our key equipment supply chain to identify areas with high risk of forced labour. To inform this we considered the country of origin of the product, the [global slavery index](#), published reports on forced labour risk in the solar supply chain, and the potential for indirect sourcing from the Xinjiang region. Lightsource bp does not directly source materials, equipment, or services from the Xinjiang region. For high-risk categories of spend including those products and/or manufacturers potentially associated with the Xinjiang region, our procurement process includes both desktop and factory based (on-site) ESG due diligence performed by an accredited and industry recognized third party validation and certification provider, in addition to our own internal assessments.

Additionally, we are working with our direct equipment suppliers and industry groups including Solar Energy Industries Association (SEIA), Solar Power Europe (SPE) and Solar Energy UK (SEUK) to increase transparency in the solar supply chain. This has included the following:

- In our ESG audits of our suppliers, we assess whether our direct suppliers perform ESG based due diligence (including audits) on their suppliers. When this is identified as a non-conformity in the audit, the supplier has an improvement plan and must close the action within a defined period. We have seen improvement across many suppliers over the past 6-12 months on this topic.
- We have introduced traceability requirements, with an initial focus on PV modules, into our high-risk equipment contracts requiring supply chain maps for the product being purchased.
- We have worked with third party auditors to conduct traceability audits to understand the relative maturity of key equipment suppliers’ traceability systems and provide third party confirmation of supplier-provided supply chain maps.

The results of the ESG due diligence, the traceability assessments, and supplier progress on action plans inform supplier selection, the risk associated with the supplier, and action plans for existing business relationships including re-audit timelines and/or termination of relationships. “

### **(2) Steps taken in response**

In alignment with our [human rights policy](#), Lightsource bp imposes contractual obligations on its suppliers and manufacturers to comply with the Lightsource bp [code of business conduct & ethics for counterparties](#) which address a commitment to respect human rights. Additionally, our supply contracts outline specific human rights obligations in alignment with International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work, mirroring the human rights commitments in our human rights policy. Our contracts require that our suppliers hold their suppliers accountable to meet these human rights obligations. Violation of these obligations by the supplier is a breach of contract, and cause for termination.

Further, Lightsource bp has actively communicated its concerns about forced labour issues generally and in the Xinjiang region with its key equipment suppliers (our Tier 1 suppliers). As outlined above, we are improving our traceability requirements in our contracts and have received much more information from our suppliers on the supply chain maps for our solar module purchased products including, where possible, the country and supplier names of polysilicon, ingot, wafer, cell and module manufacturing stages.

We have requested information on our key equipment suppliers' sourcing practices and their commitment to human rights and ethical labour standards and verified these practices through third-party ESG assessments and factory audits. The ESG audit protocol includes assessment of labour practices such as working hours, child labour, health, and safety in the workplace, and assesses our key equipment suppliers' ESG-based due diligence on their suppliers (our Tier 2 suppliers). Our ESG due diligence process is documented in our supplier qualification procedure according to OECD guidelines.

The results of the above-mentioned risk assessments have informed our contracting strategy. We have a multi-year relationship (c.8GW in supply contracts between 2022 and 2028) with [First Solar](#) who have reduced exposure to Xinjiang forced labour risk due to the thin-film technology which does not use polysilicon as a raw material. Further, First Solar conducts independent third-party social audits of their factories and has demonstrated transparency on identified forced labour concerns and remediation where warranted.

We have also sought module suppliers who have greater vertical integration and supply chain transparency, improving visibility in the complex supply chain and increasing confidence in our due diligence of our tier 1 supplier human rights practices.

We also monitor supplier improvement plans, resulting from ESG audits, through ongoing supplier performance management. If we identify instances of modern slavery, we will take suitable action which may include terminating discussions and/or existing relationships with the counterparty in question. We have been and continue to seek supply partners that share our commitment to sustainability.

We have had one indirect association with forced labour through our sourcing activities. In August 2023, one of our suppliers, First Solar, disclosed that a third-party social audit identified issues with recruitment fees and withholding of passports for workers of third-party service providers associated with their Malaysia factory. We receive solar modules from this factory. First Solar has worked with the service providers to put corrective action in place including returning passports and retained wages, and repayment of fees to current and former workers. First Solar has also updated site service agreements to prevent recurrence of the issue.

We have not received any grievances relating to forced labour as of end of July 2023. We do have a grievance mechanism and anonymous speak up program which would allow others to raise concerns.

As outlined in our [human rights policy](#), if Lightsource bp identifies that we have caused or contributed to adverse impacts on the human rights of others, we will provide for or co-operate in the remediation of the adverse impacts through legitimate processes intended to deliver effective remedy while not preventing access to other forms of remedy if justified. If adverse impacts are directly linked to our activities through our business relationships, we will support our counterparties in the remediation of those impacts through their own grievance management processes, or support collaboration to provide for non-judicial remediation through third parties."

