First Solar

Response received by BHRRC from First Solar regarding assessment of exposure to and steps taken in response to forced labour issues in XUAR as documented by Sheffield Hallam University, among others, 7 July 2023.

(1) Assessment of exposure

"First Solar takes a comprehensive approach to responsible sourcing and supply chain due diligence to identify, prevent, mitigate and account for potential adverse human rights and environmental impacts. We regularly map our supply base and conduct an annual risk assessment to identify potential high-risk suppliers. We leverage third-party tools and indexes on global slavery, forced labor and other environmental, social, governance (ESG) aspects to identify high-risk suppliers based on industry, geography and spend. Based on our supply chain mapping, we can confirm that we do not source any module components from Xinjiang nor do we source from suppliers connected to entities on the Uyghur Forced Labor Prevention Act (UFLPA) entity list. First Solar does not use polysilicon in our modules, which mitigates the potential supply chain disruptions and human rights risks associated with the Chinese crystalline silicon supply chain.

First Solar is unique among the world's ten largest solar manufacturers for being the only US-headquartered company and for not using a crystalline silicon semiconductor. Developed at R&D labs in California and Ohio, First Solar's advanced thin film photovoltaic (PV) modules represent the next generation of solar technologies, providing a competitive, high-performance, lower-carbon alternative to conventional crystalline silicon PV panels. We own and operate vertically integrated PV manufacturing facilities, which turn a sheet of glass into a completed module in 4.5 hours all under one roof. This not only results in a quality product with a lower carbon footprint and superior traceability but it ensures our products are manufactured to the highest labor, environmental, health and safety standards. First Solar's integrated manufacturing process helps minimize risks and traceability challenges associated with outsourcing and the multiple supply tiers of conventional crystalline silicon solar manufacturing."

(2) Steps taken in response

"First Solar does not source any module components from Xinjiang nor do we source from suppliers connected to entities on the Uyghur Forced Labor Prevention Act (UFLPA) entity list. We have a longstanding zero-tolerance policy towards forced labor and require our suppliers to abide by First Solar's standards and policies, regardless of their geographic location. Under the terms of First Solar's supplier agreements, suppliers must commit to comply with the Responsible Business Alliance (RBA) Code of Conduct and require their suppliers to do the same. Suppliers must also represent, warrant and covenant that they will not use child, slave, prisoner or any other form of forced or involuntary labor, or engage in abusive employment in the supply of goods or provision of services. Violation of any labor standards may result in the termination of First Solar's business relationship with such party.

When allegations of forced labor in the Chinese crystalline silicon supply chain first emerged in 2020, First Solar made a pledge to push for the eradication of forced labor in the global supply chain and raise awareness of the issue. We have submitted public comments in the US and the EU on the importance of comprehensive due diligence and credible independent social audits. We have been

vocal about our concerns that solar industry "initiatives" and "protocols" risk lowering the bar and impacting the industry's social license in the long term. Though important, traceability – when adopted as a lone protocol – encourages companies to bifurcate their supply chains and simply divert solar modules with Xinjiang content into other markets. First Soar recognizes that in regions with state-sponsored forced labor, it is not possible to conduct credible due diligence and independent audits. Therefore, companies have a duty to disengage when adverse impacts are severe and irremediable, as stated in the OECD Due Diligence Guidance for Responsible Business Conduct. "

"We believe First Solar is the only solar manufacturer in the world to have conducted independent, third party on-site social audits across all its operating manufacturing sites to date. First Solar has zero tolerance for forced labor and proactively initiated third-party on-site social audits by the Responsible Business Alliance (RBA), the world's largest industry coalition dedicated to corporate social responsibility in global supply chains to screen for forced labor and any other unethical labor practices in its operations and value chain. While our manufacturing facilities in the United States and Vietnam achieved platinum status, the highest possible Validated Assesment Program (VAP) rating, the audits also uncovered the fact that four service providers at our Malaysia facility fell short of our standards.

The audits found that the four onsite service providers in Malaysia employed foreign migrant workers who were subjected to unethical recruitment including the payment of recruitment fees in their home countries, passport retention, and the unlawful retention of wages. As a result of the findings and our corrective actions, the service providers have since returned all passports and unlawfully retained wages to the workers, and we have updated our site service agreements to prevent any recurrence of the issue. Furthermore, after developing a reimbursement plan with a third party, we are now working with our onsite service providers to ensure the recruitment fees are reimbursed to their current and former employees. We disclose the audit findings and remediation efforts in our 2023 Sustainability Report, not only because of our commitment to transparency and Responsible Solar, but also to raise awareness of modern slavery risks that hide in plain sight and to illustrate the value of an independent third-party social audit conducted in a credible, comprehensive manner. "