ACCIONA Energía

Response received by BHRRC from ACCIONA Energía 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

“The mentioned report [SHU] found that 45% of the global supply of polysilicon is undertaken in the Xinjiang Uyghur Autonomous Region. ACCIONA Energía (ANE) is aware that this region is known to be subject to a range of human rights abuses. Polysilicon is a key raw material in the production of photovoltaic (PV) solar panels, and modern slavery risks associated with solar panel supply chains are a focus for ANE’s future solar projects.

In 2021, the company approved the new Policy on Human Rights included in the Policy Book of ANE, which reflects the commitments and principles of action applicable to all the Group’s companies. The company assumes the responsibility of identifying, preventing, mitigating and answering for the negative impact of its activities on human rights and is therefore committed to conducting due diligence on its suppliers.

In line with this commitment ANE’s Supply Chain Department thoroughly monitors each of our suppliers for compliance with its company’s ESG standards and communicates the company’s Ethical Principles and Code of Conduct to its supply chain, as it is key for consolidating a network of suppliers, contractors and collaborators in line with its corporate values. In its suppliers analysis ANE considers the Country Risk variable, which is based on various ESG indexes and linked to various factors, among them, is force labour. Additionally, all providers with annual volume of more than €5m are also subject to the auditing, not just of their own operations, but also of their respective suppliers down the chain (Tier II) for full ESG compliance and in particular with respect to human rights. ANE mandates supply chain auditing specialist Achilles [https://www.achilles.com/] or Go Supply [https://www.mygosupply.com/] for these audits. It is important to note that the contracts related to main components (modules, structures/trackers, inverters, wind turbines) all go above the €5m threshold, and therefore these suppliers and their respective supply chains are audited.”

(2) Steps taken in response

“As part of ANE’s increased due diligence, any PV module manufacturer must commit to ANE’s ESG standards, and audits are underway of Tier II suppliers to ensure compliance further down the supply chain. This process is also being rolled out in other contracts for suppliers in high risk jurisdictions – being Chine one of them.

With respect to the supply of PV modules, ANE has been working exclusively with JA Solar since 2017 until 2022 when ANE signed new contracts with the suppliers Waree (India) and Vina Solar (Vietnam) for the supply of components in 2023, and they are undergoing the same control process.

Since 2018, ANE does not only audit JA Solar, but also the Tier II suppliers, and we have requested a letter to JA Solar where it commits to fulfil all of ANE’s ESG standards, with particular emphasis on human rights compliance across their own supply chain. All the orders placed sin 2021 have as a requirement not only to audit (Achilles) the Tier II but also the polysilicon suppliers whether Tier II or Tier III, these audits are in progress.

The US market is currently the largest market for ANE’s new PV projects. For the US project portfolio, in addition to the above requirements, ANE has agreed with JA Solar to commission an audit with CEA
https://www.cea3.com/supply-chain-management-traceability, which is a firm recognised by the US Government/US Customs. Up to 21 Dec 2021, the polysilicon for the US projects was going to be supplied 100% by Hemloc (silicon of US origin); on that date JA Solar requested that we consider the possibility of combining Hemloc polysilicon with Non-Xinjiang Chinese polysilicon. ANE has agreed as long as this is compliant with an Achilles audit, the CEA audit that confirms the full traceability of all the module elements, and provide certificates of origin (on top of the technical auditing provided by Enertis). It should be emphasized that contractually compliance with UFLPA requirements is required, monitored through ESG audits, the origin of the components is confirmed in the Quality audits in the production phase, in addition to meetings between the parties (Supply Chain and Engineering and Construction of ANE and the supplier).

In line with the ANE’s policies, the company will continue to implement enhanced due diligence of suppliers who are located in ‘high risk’ jurisdictions, as suppliers directly or indirectly connected with sourcing from the XinJiang region. In summary, ANE is confident that it can guarantee that the supply chain of its equipment providers meets the ESG standards, in particular with respect to human rights.

ANE’s public responses:

- Page 42 of ACCIONA Energía’s 2021 Sustainability Report notes that in 2021 none of the ‘supplies’ (sic) were from the Xinjiang region and that we audit tier 2 suppliers and in the case of polysilicon suppliers they are also audited, even if they are tier III or IV suppliers.
- ACCIONA Energía has also responded to questions from the Business and Human Rights Resource Centre stating that it uniformly applies a single global standard to comply with the US The Uyghur Forced Labor Prevention Act (UFLPA)”