

TotalEnergies

Response received by BHRRRC from TotalEnergies regarding assessment of exposure to and steps taken in response to forced labour issues in XUAR as documented by Sheffield Hallam University, among others, 26 July 2023.

(1) Assessment of exposure

“Before the publication of the report in May 2021, TotalEnergies Global Procurement (TotalEnergies’ affiliate in charge of the most significant procurement activities at global level) completed a preliminary identification of risks related to the Company’s supply chain in the Xinjiang region (not specific to solar activities) and :

- Researched the existence of Tier 1 suppliers in the Xinjiang region: this research showed that TotalEnergies Global Procurement had no tier 1 suppliers in this region.
- Researched the existence of Tier 1 suppliers on the “List of Shame” (companies whose suppliers in China use forced labour from Uyghurs as listed by the Australian Strategic Policy Institute in March 2020 on the basis of published data and suppliers’ lists): this research showed that TotalEnergies Global Procurement (TGP) had 11 Tier 1 suppliers that were part of this list. TotalEnergies Global Procurement therefore asked these companies to explain the actions and measures in place to ensure their supply chain was free of forced labour specific to China. In their answers received by TotalEnergies, the suppliers set out the measures they have undertaken to this effect.

Following the release of the above mentioned report in May 2021, TotalEnergies Global Procurement also identified 5 solar suppliers among the companies mentioned in the report, noting that the In Broad Daylight report presents a very large list of actors of the solar supply chain. The measures implemented regarding solar supply chain to address risks related to forced labour are described in the answer to the question below.”

(2) Steps taken in response

- a) “ In-depth due diligence measures at the qualification stage

All our suppliers including solar project suppliers must go through a qualification process before contract signing and order placement. This qualification process includes a CSR / human rights component. Since the renewables’ category, which includes “solar panels”, has been identified as “at risk” regarding human rights, suppliers must answer a specific in-depth questionnaire in terms of respect for human rights at work in its activities and in its supply chain, with documentary evidence required. Without these elements, the supplier cannot be qualified to work with TotalEnergies Global Procurement (see Universal Registration Document 2022, page 362). Further, Sunpower Corporation, the US indirect affiliate of TotalEnergies (25.23% of Sunpower Corporation’s share capital is indirectly held by TotalEnergies) have stated on their website their approach on forced labour¹ which may lead to immediate termination of a supplier’s contract would any violation of their standards in this regard be encountered.

- b) Traceability audits requested at the tender stage and choice of supplier

¹ <https://us.sunpower.com/solar-resources/sunpower-speaks-out-forced-labor>

Whenever possible and accepted by the supplier, TotalEnergies Global Procurement carries out traceability audits prior to supplier selection. TotalEnergies Global Procurement can order these audits directly from an independent third party. In addition, TotalEnergies Global Procurement has joined a pool of US developers who are jointly and separately commissioning traceability audits. (see Universal Registration Document 2022, page 363). Both these initiatives have now led to a majority of solar panels suppliers of TGP being audited or in the process of being audited, and TGP will carry on these efforts with other suppliers. On its end, Sunpower Corporation has signed in March 2022 the Solar Industry Forced Labour Prevention Pledge² initiated by the Solar Energy Industries Association (SEIA), which is the US trade association for the solar industry. Signatories to the Pledge notably commit to helping ensure that their solar supply chain is free of forced labour and support an industry-led solar supply chain traceability protocol from the primary raw material to the finished solar panels.

c) Bill of Materials and certificates of origin required at the contracting and ordering stage

TotalEnergies Global Procurement systematically asks the module manufacturer for the complete list of components (Bill Of Material) with manufacturing sites and certificates of origin, before signing the contract. This document is then annexed to the contract. This requirement applies to all solar panels/modules contracts, whether they are intended for the United States or not.

d) Finding alternative sources of polysilicon

It is TotalEnergies Global Procurement's general business approach, for all procurement activities, to endeavour to diversify its supply chain on a geographical and/or a technical standpoint so as to ensure a security of supply. As far as solar panels and modules are concerned, this diversification effort applies likewise to sources of polysilicon and/or alternative technologies (not using polysilicon).

The SEIA has also encouraged its members to reorient their solar supply chains to pre-existing relationships with non-Xinjiang suppliers³ like other regions of China (e.g. Sichuan, Jiangsu, Inner Mongolia), Germany, South-Korea (operated from Malaysia) and certain regions of the United States."

"TotalEnergies Global Procurement implements the processes described above precisely to prevent sourcing from the Xinjiang region and to prevent being associated to forced labour issues. To the best of our knowledge, we have not been associated with forced labour in the Xinjiang region, therefore no remedy action has been needed."

² <https://www.seia.org/sites/default/files/Solar%20Industry%20Forced%20Labor%20Prevention%20Pledge%20Signatories.pdf>

³ These are pre-existing sources of supply before Xinjiang polysilicon became the major source of supply of the solar supply chain worldwide