

# Responsible Sourcing of Solar Modules – Segen Group’s Positional Statement

## Background

China is facing ongoing scrutiny from around the world over its treatment of the predominately Muslim Uyghur population in the north-western Xinjiang region [officially the Xinjiang Uyghur Autonomous Region – XUAR]. Investigations have shown that there is an associated risk of using forced labour from this region. XUAR produces an estimated 45% of the world’s supply of polysilicon which is a key component in the manufacture of solar panels. Polysilicon is extracted from mined quartz, and there is evidence that the material is obtained under a system of coercion [a claim denied by the Chinese authorities].

Sheffield Hallam University published a report [“Report”] in May 2021 that linked the world’s four biggest manufacturers of solar panels to the use of polysilicon. This included five of Segen’s solar panel manufacturers: JA Solar, Canadian Solar, Jinko and Hanwa Q Cells. The Report urged all major solar panel manufacturers to source the component elsewhere.

A follow-on report [“Report 2”] was published by Sheffield Hallam University in August 2023 stating that the issues are still ongoing and highlighted the lack of full transparency of the supply chain from the origin material of mined quartz rock to the final solar panel production. Report 2 assessed the top 10 manufacturers [which together manufacture 80% of the world’s solar modules] and this included the five suppliers cited in the May 2021 report, alongside Trina and Longi, who Segen Ltd has engaged with since the report was published.

## Industry Context

Solar panels are in huge demand due to the global transition to clean energy and renewables. The EU wants to make solar power its biggest single source of energy by 2030. That would mean almost tripling solar power generation capacity over the next seven years. Yet more than three-quarters of the EU’s solar panel imports in 2021 were from China and this reliance brings risk from a continuity of supply perspective, as well as the associated human rights issues.

In 2022, the USA implemented the Uyghur Forced Labor Prevention Act [UFLPA], blocking imports containing content from XUAR. There are also policies working their way through the European Parliament that could lead to obstacles for solar panel imports from China. On December 13, 2024, the EU Regulation on Prohibiting Products Made with Forced Labour on the Union Market (the “FLR”) entered into force. The FLR will apply to a wide range of global companies selling products in, and exporting products from, the EU. The ban will begin to apply on December 14, 2027. In the UK, MPs and members of the House of Lords have started a new inquiry into forced labour in UK supply chains, citing concerns that the Modern Slavery Act is no longer sufficient to address the issue. This could result in similar product bans.

Report 2 states that, as a result of these customer requirements, some of the suppliers have separated their supply chains to create a product line that they claim to be free of XUAR inputs. Most companies have suggested that these supply chains are dedicated to the US market or designed with UFLPA compliance in mind. XUAR accounted for approximately 35% of the world's solar-grade polysilicon in 2022, a significant decrease from the approximately 45% in 2020. Industry experts predict that the region's global share will decline even further to between 28% and 32% in the coming years.

## Industry Position

In response to the initial Report, the Solar Energy Industries Association [SEIA] published the Forced Labour Prevention Pledge to "ensure the solar supply chain does not include abhorrent forced labour practices". Signatories of this pledge are committed to raising awareness of forced labour and working towards eradicating it from their supply chains.

In addition, Solar Energy UK (SEUK) have established a UK Industry Supply Chain Statement which promotes the highest possible levels of transparency, including in areas of environmental sustainability, social responsibility and good governance. This supports the principles set out in the Solar Stewardship Initiative (SSI) and requires signatories to always seek to use PV modules where possible from manufacturers that can demonstrate they are following the SSI Standard in future projects.

The SSI is pioneering a more responsible, transparent, and sustainable solar value chain. The SSI ESG Standard uses key criteria to enhance supply chain sustainability, instilling confidence in solar manufacturing practices and setting the bar for ESG performance in the solar sector. The SSI takes a hands-on approach, actively working through independent Assessment Bodies to establish and verify information on current transparency levels and ESG performance at production sites along the solar value chain.

In 2025, Segen UK Ltd has been approved membership of SSI.

## Segen's Sustainability & Social Value Strategy

The Segen Group has a goal to be a leader in the sector, and a force for good, with a focus on people, planet and communities. To deliver this goal, Segen group appointed a new head of Supplier Compliance & Sustainability in April 2024, to work in partnership with the Procurement team to identify, manage and improve supply chain risks, with Module procurement identified as a priority area. In addition, we use the EcoVadis sustainability platform to analyse risk in all our supplier partners and we ask all of our tier 1 suppliers to complete an evidence based EcoVadis assessment annually together with a stand alone recognised factory audit bi-annually.

The Segen group is committed to leading by example, collaborating with partners, and driving positive transformation in our industry and beyond.

## Segen's Position on Human Rights / Modern Slavery

As a company, Segen Group has an updated code of conduct which clearly states a zero-tolerance approach to the issue of forced labour, as well as a Modern Slavery Statement which is published online at [segen.co.uk](http://segen.co.uk) and the UK Modern Slavery Registry.

### Supply Chain Due Diligence

Segen group are actively engaging strategic supplier partners on this issue and have used our influence in the sector, along with the increasing demands of strategic customers, to drive action. We have obtained evidence from solar panel supplier partners on their approach to addressing this issue. This uses a framework of due diligence questions covering policies, sustainable procurement, industry collaboration, 3rd party assessment and traceability (obtaining certificates of origin where available).

Membership of the SSI is promoted with these supplier partners to ensure an industry aligned approach and to avoid duplication of onsite audits. Segen manage the current position of these supplier partners and has a robust governance process with regular contact to ensure outstanding actions are addressed and completed as soon as possible. A summary and specific supplier partner information is available on request.

### Future Commitment

Segen Group recognises that these issues require further focus, significant effort and collaboration, and believes that current activities, and future plans demonstrate its commitment to addressing forced labour concerns in the solar supply chain. Segen group welcomes any further enquiries or discussion on this matter.

**Date Published:** 11.03.2025

**Author:** Gareth Turnbull

**Signed Off By:** Alan Hartley

**Review Date:** 11.03.2027