The SSI ESG Standard: Pilot Testing & Public Consultation

Prior to publication in October 2023, the SSI ESG Standard underwent review, pilot testing, and public multi-stakeholder consultation. The resulting Standard is intended to act as a one-stop-shop for solar companies to evaluate their ESG compliance, through independent assessors. As part of the SSI commitment to transparency, this document summarises the anonymised results from the pilot and consultation and outlines the subsequent changes that were incorporated in the final SSI ESG Standard.

PILOT ASSESSMENTS: SUMMARY RESULTS

Objective & Scope

The SSI Pilot Assessments were intended to:

→ sense check the SSI Code and Assurance system – please note that the 'Code' has evolved to become the SSI ESG Standard.
→ test the assurance process with focus on evaluating the timeframe, methodology and resource requirements for third-party onsite assessments.
→ understand current average performance of participating sites

The SSI Pilot Assessments were conducted:

→ in Q1-Q3 2023 by TDi sustainability assessors
→ at 11 sites in China and Europe,
→ covering all segments of the silicon solar PV module supply chain from polysilicon to module

The pilot scope was based on environmental, social, and governance principles in the pre-consultation version of the SSI Code. Pilot assessments explored the pilot sites' ability to manage and maintain a traceability management system for the flow of materials through its operating processes, including the maintenance of verifiable information.

Lessons Learned

1. SSI collaborative approach was confirmed.

   → Pilot participants appreciated the SSI pilot as an exercise to build their know how in ESG and traceability matters. Collaboration between suppliers and buyers is key for the SSI success.

2. Several changes were made to make the SSI Code more robust.

   → Areas that were improved: the SSI Grievance Mechanism, criteria on responsible sourcing requirements, working hours, emergency preparedness.

3. The industry is moving on supply chain traceability industry, but the SSI is needed.

   → Vertical integration and supply chain segregation are established trends. The SSI is needed to go from self-declaration to verified chain of custody. The SSI Supply Chain Traceability Standard will come in 2024.

4. More upstream advocacy is needed.

   → Despite the efforts and first successes to include more upstream suppliers in the pilot, more needs to be done to make the SSI and its founding organisations known to the market.

PUBLIC CONSULTATION: SUMMARY RESULTS

Objective & Scope

The public multi-stakeholder consultation on the SSI Code (now SSI ESG Standard) was launched on 17 May 2023, and closed on 12 July 2023. An explanatory webinar was held on the 24 May 2023 (recording available here). There were 23 official respondents to the public consultation. Discussions were held in parallel with a number of NGO and academic stakeholders on labour and human rights.

Results

→ 20 respondents were from Europe, with one respondent from the USA and UAE, one declined to respond.
→ 19 respondents agreed (or neither agreed, nor disagreed) that the SSI Code covered all relevant ESG topics.
→ 9 respondents suggested further areas to be included or developed in the Code, including:
  o Responsible Purchasing Practices
  o Life Cycle Impact
  o Alignment with EU Taxonomy & circularity
  o Governance: concepts related to responsible tax practices and fair competition
  o Just Transition
  o Scope
  o Nature
  o Data Privacy
  o Supply Chain Traceability
  o Supply Chain Transparency
  o Risk of Uyghur sourcing
  o Forced labour
  o Stakeholder and community engagement

→ 22 respondents agreed (or neither agreed, nor disagreed) that the SSI Code requirements include and/or are aligned with the key international frameworks, like the UN Guiding Principles on Business and Human Rights, ILO Conventions etc).
→ 17 respondents agreed (or neither agreed, nor disagreed) that the SSI Code adequately met consumer/client expectations.
→ 19 respondents agreed (or neither agreed, nor disagreed) that the SSI Code requirements appropriately cover and support relevant regulations.

UPDATES TO THE CODE FROM PILOT & CONSULTATION

Overview

→ The SSI Code to be renamed the SSI Standard & update glossary to ensure inclusion of all terms.
→ Replace introductory 'Principles and Commitments' with the new 'SSI Principles'
→ Overall language to be adjusted for consistency, e.g., select one word from multiple synonyms (shall vs. must vs. should) and use throughout.
→ Clarify language on legal requirements e.g. living wage vs minimum vs industry wage.
→ The consistency of language around 'the entity' will be developed, TDi recommends 'the facility' as well as language around worker vs employee.

Additions & Amendments to the Standard: Environment

New/further criteria was added to the SSI ESG Standard on the following topics based on responses and recommendations made by TDi Sustainability following the pilot:

→ Circularity Principles
→ Biodiversity/Protected areas

→ Chemicals
→ Energy Consumption
→ Pollution
→ Greenhouse gas (GHG) emissions and climate change. Including alignment with the Paris Agreement and expansion to include more climate strategies / Scope 3 inclusion

Additions & Amendments to the Standard: Social

New/further criteria was added to the SSI ESG Standard on the following topics based on responses and recommendations made by TDi Sustainability following the pilot:

→ Land Rights / Indigenous Peoples
→ Security Forces
→ Disciplinary Practices
→ Gender Equality
→ Community Development
→ Freely Chosen Employment – Expansion of coverage to include all modern slavery
→ Child Labour – To include aspects related to policy creation to enable remediation of child labour
→ Regular Employment – Inclusion of employment of those with a legal right to work, and benefits entitlements e.g., paid parental leave
→ Regular Employment– Inclusion of maximum working hours, overtime limits, and weekly / daily rest breaks
→ Ethical Recruitment – Strengthening throughout in line with Dhaka Principles
→ Health & Safety: Inclusion of machine safety, first aid, PPE, details related to accommodation, worker transport.
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Additions & Amendments to the Standard: Governance

New/further criteria was added to the SSI ESG Standard on the following topics based on responses and recommendations made by TDi Sustainability following the pilot:

→ Grievance Mechanisms
→ Data Protection
→ Stakeholder Mapping and Engagement
→ ESG Management Systems
→ Legal Compliance
→ Business Integrity
→ Transparency and Disclosure