

Contract Clauses for Responsible Solar Panel Procurement

Introduction

These model contract clauses have been developed to support the implementation of the guidance *Responsible Procurement of Solar Panels: Guidance focusing on risks related to forced labour in global supply chains*.

The clauses are intended to help buyers and procurers of solar panels address risks related to forced labour, traceability and supply chain transparency throughout the contract period. They are designed for use in procurement processes involving solar panels, including where products are purchased through distributors, wholesalers, EPC contractors or manufacturers.

The clauses aim to support ongoing due diligence, dialogue and continuous improvement, recognising that responsible management of forced labour risks requires cooperation between buyers, suppliers and other actors in the supply chain.

Buyers should be aware that applicable laws and regulations in production countries may affect suppliers' and manufacturers' ability to conduct due diligence, obtain or disclose information, engage with workers or investigate forced labour risks. Such limitations should be considered as part of the risk assessment and dialogue with the Supplier and should not in themselves be regarded as evidence that forced labour risks have been adequately addressed.

How to use this document

The clauses are intended for use in both public and private procurement. Buyers should adapt the clauses as appropriate to their specific procurement context, supplier relationship and risk profile. Public buyers should in particular consider how the clauses should be adapted to the specific procurement and applicable public procurement requirements. The clauses may be used as a complete contractual framework or integrated into existing contract templates and supplier requirements.

The clauses are accompanied by guidance intended to support buyers in understanding and applying the clauses. The guidance is explanatory in nature and is not intended to form part of the contractual obligations between the parties unless explicitly incorporated into the contract.

Scope and application

These Contract Clauses apply to the solar panels and, where relevant, their components and materials supplied under the Contract (the “Goods”).

The measures required under these Contract Clauses should be proportionate to the Supplier's size and resources, position in the supply chain, the severity of the identified risk, available information and the Supplier's leverage over relevant business partners.

Where these Contract Clauses require the Supplier to make proportionate efforts, use its leverage or take action where appropriate, the Supplier shall, upon request, be able to demonstrate the steps taken, the results achieved, any limitations encountered and, where relevant, planned further action.

1. Due Diligence for Forced Labour Risks

The Supplier shall maintain and implement a risk-based due diligence process to identify, prevent, mitigate and address forced labour risks related to the Goods and their supply chains.

The Supplier shall, as part of this process:

- identify and assess actual and potential forced labour risks;
- take appropriate measures to prevent and mitigate identified risks;
- monitor the implementation and effectiveness of measures taken;
- communicate relevant requirements and expectations to suppliers and other business partners, as specified in Clause 3; and
- provide for or cooperate in remediation where appropriate.

The due diligence process should be aligned with the *UN Guiding Principles on Business and Human Rights* and the *OECD Due Diligence Guidance for Responsible Business Conduct*.

Guidance

This clause establishes the Supplier's overarching responsibility to maintain and implement a risk-based due diligence process throughout the contract period. Due diligence is an ongoing process of identifying and assessing risks, taking action, monitoring effectiveness and addressing identified impacts, rather than a one-time assessment.

2. Traceability and Supply Chain Transparency

The Supplier shall make proportionate efforts to strengthen traceability and transparency in the supply chains of the Goods.

Upon request, the Supplier shall provide available information regarding:

- the manufacturer of the solar panels supplied under the Contract;
- the manufacturing facility where the panels were produced;
- the origin of key materials and components, including, where available, information regarding the origin of polysilicon, wafers and other key inputs;
- relevant traceability documentation;

- certifications, where applicable.

Where such information cannot be provided, the Supplier shall explain the reasons and describe the measures being taken to improve transparency.

Guidance

This clause supports continuous improvement in supply chain transparency and follows up on commitments made during the tender process. Increased transparency can strengthen risk identification, support due diligence efforts and help buyers assess potential risks linked to forced labour.

3. Requirements Towards Sub-suppliers

The Supplier shall communicate and, where appropriate, incorporate relevant requirements under these Contract Clauses into its contractual arrangements or other formal requirements with relevant suppliers, manufacturers and other business partners involved in the production of the Goods.

Such requirements should, as relevant, include requirements relating to:

- due diligence for forced labour risks;
- traceability and supply chain transparency;
- prevention and mitigation of forced labour risks, including ethical recruitment;
- provision of information necessary for risk assessment and contract monitoring; and
- cooperation in corrective action and remediation where appropriate.

The Supplier shall follow up on the implementation of these requirements and, upon request, be able to demonstrate how they have been communicated, incorporated and followed up.

Guidance

This clause aims to ensure that relevant requirements are passed on to actors in the supply chain that are in a position to prevent, identify or address forced labour risks. Existing supplier codes of conduct may already cover fundamental labour rights and the prohibition of forced labour. Buyers should therefore consider whether additional requirements are needed to support due diligence in practice, including requirements relating to traceability, information sharing, risk assessment, monitoring and corrective action.

The extent to which requirements can be incorporated into contractual arrangements will depend on the Supplier's position in the supply chain and its leverage over relevant business partners.

4. Management of Forced Labour Risks

If the Supplier becomes aware of credible information indicating that Goods may be linked to forced labour, the Supplier shall notify the Buyer without undue delay and provide information regarding:

- the nature of the risk;
- affected products, suppliers or production sites;
- actions taken to investigate or assess the risk; and
- planned mitigation measures.

Where mitigation and remediation are feasible

Where the identified risk relates to forms of forced labour that can be effectively mitigated and remediated, including recruitment-related forced labour or debt bondage, the Supplier shall use its leverage to seek to ensure that appropriate corrective and remedial measures are implemented and, where appropriate, seek to increase its leverage.

Such measures may include:

- reimbursement of recruitment fees and related costs;
- repayment of withheld wages;
- return of personal documents;
- improvements to recruitment and employment practices; and
- measures to prevent recurrence.

The Buyer shall, where appropriate, cooperate in supporting effective mitigation and remediation.

Where state-imposed forced labour is suspected

Where the identified risk relates to state-imposed forced labour, including government-organised or government-sponsored labour transfer programmes, the Supplier shall:

- assess whether the affected products, materials or components can be replaced;
- identify alternative sources where feasible; and
- cooperate with the Buyer in determining appropriate next steps.

Where credible links to state-imposed forced labour cannot be effectively addressed or verified, the Buyer and Supplier shall assess whether continued engagement, replacement of affected products, or disengagement is the most appropriate response, taking into account the severity of the risk and the possibility of meaningful mitigation.

Guidance

The purpose of this clause is to ensure that credible forced labour risks are identified, communicated and addressed during the contract period.

The clause recognises that different forms of forced labour may require different responses. Where mitigation and remediation are feasible, the focus should be on corrective action,

remediation and prevention of recurrence. Where state-imposed forced labour is suspected, mitigation and remediation may not be feasible or safe, and the focus should instead be on assessing product-level risks, strengthening traceability, evaluating alternative sources and determining appropriate next steps.

Limited transparency or an inability to obtain sufficient information may itself indicate elevated risk and should be considered when assessing appropriate actions.

5. Responsible Recruitment and Migrant Worker Protections

Where migrant workers are present in the production of the Goods, the Supplier shall work to ensure that manufacturers and labour providers:

- prohibit worker-paid recruitment fees;
- apply the Employer Pays Principle;
- identify and address risks related to debt bondage and recruitment-related forced labour; and
- provide access to grievance mechanisms where appropriate.

Where violations are identified, the Supplier shall provide information regarding corrective actions taken.

Guidance

This clause reflects established principles and good practice on responsible recruitment and the prevention of recruitment-related forced labour. Migrant workers may face elevated risks related to recruitment fees, indebtedness and restrictions on freedom of movement, making responsible recruitment practices an important element of due diligence.

6. Notification of Significant Changes

The Supplier shall notify the Buyer without undue delay of significant changes that may affect the forced labour risk profile of the Goods, including:

- changes in manufacturers;
- changes in manufacturing facilities;
- significant changes in supply chains;
- loss of relevant certifications; or
- newly identified forced labour risks.

Where the Supplier intends to substitute the manufacturer or panel model specified in the tender, the Supplier shall notify the Buyer in advance of the substitution. The Buyer may request

additional information to assess whether the proposed substitute remains acceptable under the Contract.

The notification shall include sufficient information to enable the Buyer to assess the implications of the change.

Guidance

Changes in manufacturers, panel models, manufacturing facilities or supply chains may affect the risk assessment and should therefore be communicated to the Buyer. Where the Supplier intends to substitute a manufacturer or panel model specified in the tender, advance notification enables the Buyer to assess whether the proposed substitute remains acceptable under the Contract.

7. Collaboration and Continuous Improvement

The Buyer and Supplier acknowledge that responsible management of forced labour risks in solar panel supply chains requires ongoing dialogue, cooperation and continuous improvement.

During the term of the Contract, the Buyer and Supplier shall, where appropriate:

- engage in regular dialogue regarding traceability, transparency and supply chain risks;
- discuss identified risks, challenges and opportunities for improvement;
- cooperate in the development and implementation of corrective actions and improvement measures;
- seek opportunities to strengthen leverage through collaboration with manufacturers, industry initiatives or other stakeholders.

The Buyer acknowledges that responsible supply chain management is a shared responsibility and shall, where appropriate, consider how its own purchasing practices, requirements and timelines may affect the Supplier's ability to manage forced labour risks effectively.

Nothing in this Clause shall relieve the Supplier of its obligations under this Contract.

Guidance

The purpose of this clause is to promote a collaborative approach to risk management and continuous improvement. Given the complexity and limited transparency of solar panel supply chains, effective risk management often requires cooperation between buyers, suppliers, manufacturers and other stakeholders. The clause reflects the principles of shared responsibility, responsible purchasing practices and continuous improvement set out in the guidance.

8. Contract Monitoring and Verification

The Buyer may monitor the Supplier's compliance with these Contract Clauses through proportionate follow-up measures. Such measures may include:

- requesting relevant information and documentation;
- reviewing due diligence processes, risk assessments, traceability information and corrective actions;
- requesting meetings with the Supplier to discuss identified risks, progress and improvement measures; and
- where warranted by the risk or concerns regarding compliance, conducting or commissioning a due diligence audit of the Supplier.

The Supplier shall cooperate with reasonable monitoring and verification measures and provide access to relevant information and documentation necessary for such follow-up.

Where an audit identifies deficiencies, these shall be addressed in accordance with Clause 9.

Guidance

This clause provides the Buyer with mechanisms to monitor and verify compliance with the Contract Clauses. Follow-up should be risk-based and proportionate, and may range from dialogue and document review to a due diligence audit where risks or concerns warrant further verification.

An audit of the Supplier should primarily assess the Supplier's own due diligence processes and implementation. Access to manufacturers or other actors further upstream may depend on the Supplier's contractual relationships and leverage.

9. Corrective Action Plans and Escalation Measures

Where the Buyer identifies non-compliance with these Contract Clauses, the Buyer and Supplier shall, where appropriate, first seek to address the issue through dialogue and a corrective action plan.

Non-compliance may include, for example, failure by the Supplier to:

- provide information or documentation required under these Contract Clauses;
- demonstrate the steps taken where the Supplier is required to make proportionate efforts, use its leverage or take action where appropriate;
- notify the Buyer of identified forced labour risks or significant changes as required under these Contract Clauses; or
- cooperate with the Buyer in implementing agreed corrective actions or improvement measures.

The corrective action plan shall include:

- identified deficiencies;

- agreed actions;
- responsible parties; and
- implementation timelines.

Where:

- the Supplier fails to take appropriate action in response to identified forced labour risks;
- the Supplier fails to cooperate in good faith;
- agreed corrective actions are not implemented within a reasonable timeframe; or
- continued performance would create significant legal, regulatory, reputational or commercial risks,

the Buyer may apply proportionate escalation measures, taking into account the severity of the issue, the Supplier's response and the effectiveness of corrective actions. Such measures may include, as appropriate:

- requiring replacement of affected Goods;
- suspending future orders; and
- as a last resort, terminating the Contract.

Escalation measures need not be applied sequentially where the severity of the issue or other circumstances justify a more immediate response.

Before terminating the Contract, the Buyer and Supplier should, where feasible, consider potential adverse impacts on affected workers and seek to implement a responsible exit process.

Guidance

This clause establishes a structured approach for addressing non-compliance with these Contract Clauses. It prioritises dialogue, corrective action and continuous improvement, while providing a framework for escalation where the Supplier does not adequately address identified issues or where continued performance creates significant risks.

The identification of forced labour or forced labour risks does not in itself constitute non-compliance. The Supplier's response, including its transparency, cooperation and actions to address the risk, should be considered when assessing compliance and appropriate escalation measures. Contract termination should generally be a measure of last resort.

10. Certification and Sustainability Initiatives

Where the Supplier has committed to supplying Goods certified under relevant certification schemes referenced in its tender submission, the Supplier shall maintain such certification

throughout the contract period or provide justification where certification is withdrawn or cannot be maintained.

The Supplier shall notify the Buyer without undue delay of any suspension, withdrawal or material limitation of such certification.

Where the Supplier has committed to participation in relevant industry or multi-stakeholder initiatives referenced in its tender submission, the Supplier shall maintain such participation throughout the contract period or provide reasonable justification for any changes.

Guidance

The purpose of this clause is to ensure that commitments relating to certification schemes and industry or multi-stakeholder initiatives made during the procurement process are maintained throughout the contract period.

Certification schemes and collaborative initiatives may support transparency, traceability and continuous improvement but should complement, rather than replace, the Supplier's own due diligence.