

Modern Slavery Statement

To: Attorney-General's Department
(submitted via <https://modernslaveryregister.gov.au/>)

From: Iberdrola Australia Limited
Level 22, Governor Phillip Tower, 1 Farrer Place, Sydney NSW
2000

Date: 19 June 2023

Iberdrola Australia Limited – Modern Slavery Statement covering the period 1 January 2022 to 31 December 2022

1. Reporting entity and overview

This is a joint modern slavery statement submitted by Iberdrola Australia Limited (**IAL**) on behalf of the subsidiary entities it owns or controls (collectively, **Iberdrola Australia**). IAL and Iberdrola Australia Energy Markets Pty Limited (**IAEM**) are the only reporting entities (as per section 5 of the *Modern Slavery Act 2018* (Cth)) within the Iberdrola Australia group.

IAL and IAEM are both indirectly wholly owned subsidiaries of Iberdrola, S.A., which is the parent company of the global Iberdrola group (**Iberdrola Group**). References to “we”, “us” and “our” in this statement are references to Iberdrola Australia.

This statement describes:

- the structure, operations and supply chains of Iberdrola Australia;
- the risks of modern slavery practices in our operations and supply chains;
- the actions we are taking to assess and address these risks, including due diligence and remediation processes;
- our assessment of the effectiveness of these actions;
- the process of consultation with subsidiary entities of IAL; and
- the details of approval by the principal governing body of IAL.

This statement is made pursuant to the *Modern Slavery Act 2018* (Cth) (the **Act**) with respect to the period 1 January 2022 to 31 December 2022 (the **Reporting Period**).

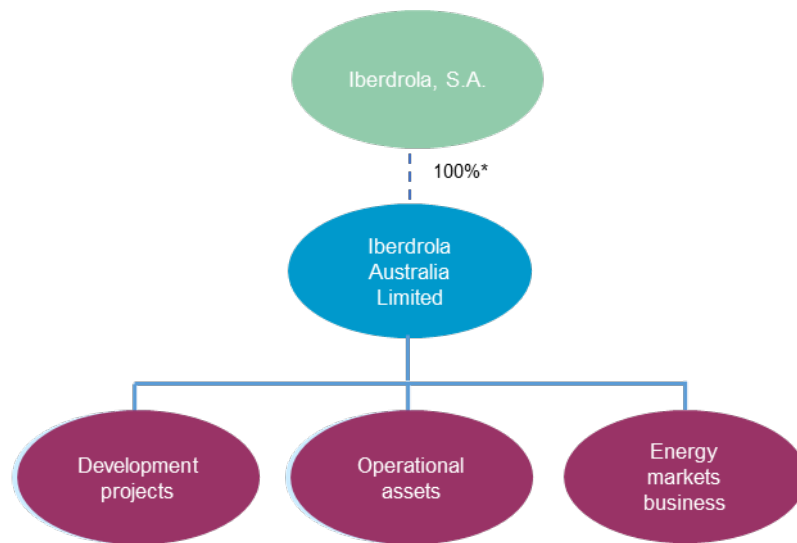
2. Structure, operations and supply chains

Our structure

The Iberdrola Group is the world's largest producer of wind power by volume, and one of the world's largest electricity utilities by market capitalisation. It is globally recognised as a sustainability leader and prides itself on its commitment to an energy model that prioritises the well-being of people and the preservation of the planet. The Iberdrola Group's Governance and Sustainability System, which includes its Code of Ethics and Policy on Respect for Human Rights, amongst other key corporate policies, applies to Iberdrola Australia and plays a central role in ensuring the integrity of its business operations.

IAL is an Australian public company originally incorporated in June 2003. IAEM is a wholly owned subsidiary of IAL. IAL is incorporated in Australia and is the Australian parent entity of a number of subsidiary entities it owns or controls through which it holds its energy generation and development assets, as well as conducting its energy markets business through IAEM.

Figure 1 – Reporting Entity's Structure



Iberdrola Australia Limited is an indirect, wholly owned subsidiary within the Iberdrola Group, with the parent company of the group being Iberdrola, S.A. based in Spain.

Over the Reporting Period, IAL's consolidated revenue was \$562 million and IAEM's consolidated revenue was \$290 million (excluding intergroup transactions within the IAL group).

Our operations

Iberdrola Australia develops, constructs and operates renewable energy facilities that generate renewable electricity. We also source renewable energy from third parties where we contract to purchase their output under Power Purchase Agreements. With more than 1GW of renewable generation capacity in SA, NSW, VIC and WA, it is one of the largest renewable energy fleets in Australia.

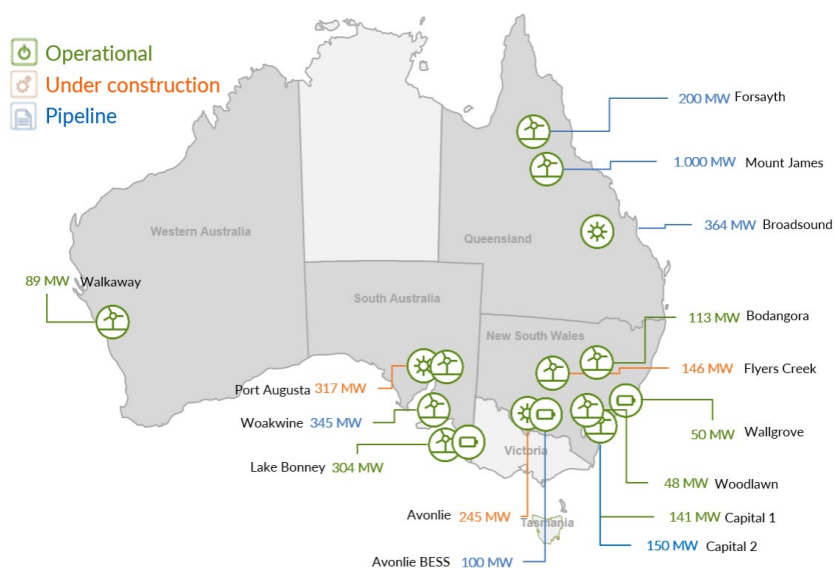
Because renewable energy is inherently intermittent, and customers need electricity on demand, Iberdrola Australia utilises its additional fast-start (firming) assets to manage intermittency risks. By combining a diversified fleet of renewable generators with a portfolio of flexible, fast-start assets, we provide customers with firm supplies of clean energy in Australia.

During the Reporting Period, the Port Augusta Renewable Energy Park (**PAREP**) asset in South Australia, which comprises both wind and solar generation, became fully operational and added 317MW to Iberdrola Australia's portfolio. The Avonlie Solar Farm (**Avonlie**) and Flyers Creek Wind Farm (**Flyers Creek**) were both in the construction phase throughout 2022. When completed, these assets will add a combined 700MW to Iberdrola Australia's renewable energy generation capacity.

Iberdrola Australia continues to develop a pipeline of energy generation and storage assets and plans to continue the growth of this portfolio for many years. Our portfolio includes:

- 1,377MW of wind and solar capacity;
- 318MW of fast start firming capacity (including batteries and open cycle gas turbines); and
- 224MW of contracted renewable energy capacity.

Figure 2 – Location of Iberdrola Australia's Assets



IAL acquired energy solutions company Autonomous Energy Pty Ltd (**Autonomous**) on 17 December 2021. Autonomous is an award-winning engineering, procurement and construction company providing a broad range of green energy solutions. These solutions include rooftop solar, solar car park shading, ground mount solar PV, battery storage, microgrids, energy efficiency and energy management. The Autonomous business has now been integrated into Iberdrola Australia's operations and forms part of the Distributed Energy Solutions – Smart Solutions products available to customers.

As of 31 December 2022, Iberdrola Australia employed approximately 195 staff located across Sydney, Melbourne, Brisbane and regional towns. This included staff working on the construction of the Avonlie and Flyers Creek assets and also staff at our operational sites, which are located in NSW, VIC, SA and WA. In 2022, as COVID-19 restrictions eased, our office staff worked from a combination of their homes and in the Iberdrola Australia offices located in Melbourne, Sydney and Brisbane.

Our supply chains

The products and services Iberdrola Australia uses to contribute to our own products and services include:

- power generation and storage technology, such as wind turbines, solar panels, batteries, gas turbines and the various civil, structural, mechanical and electrical components that comprise a generation or energy storage facility;
- services for the development, construction and maintenance of power generation and storage facilities such as the design, construction, procurement, installation, testing and commissioning; and
- products and services to support Iberdrola Australia's operations (e.g., information technology, office management, business management etc.).

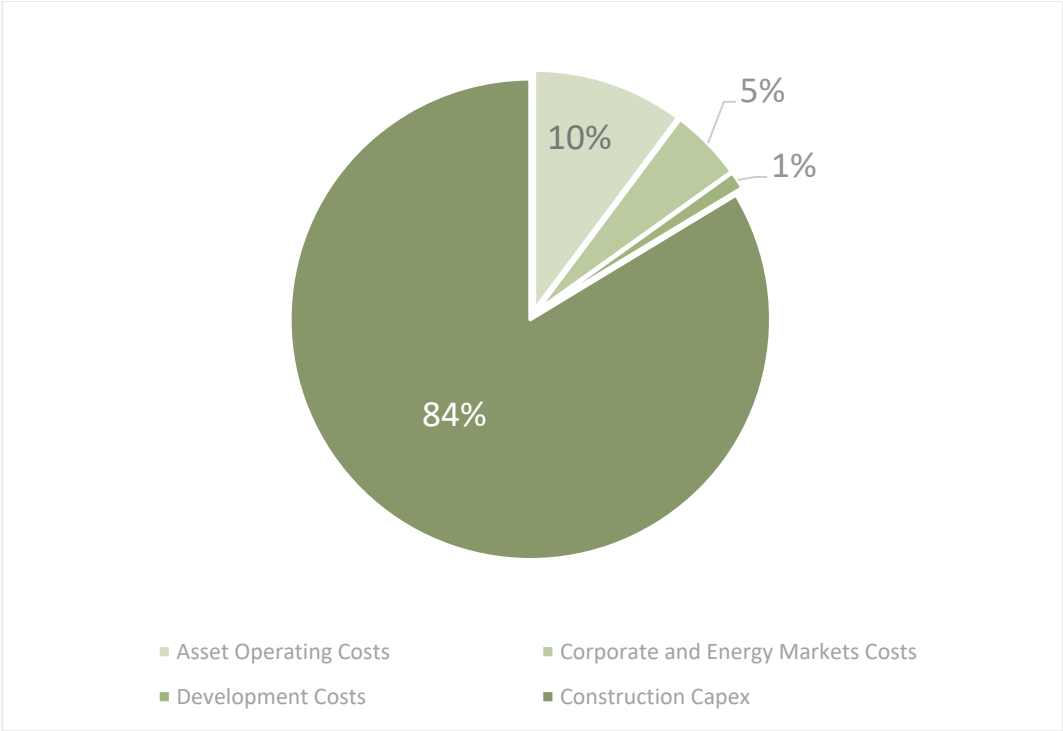
The various suppliers, contractors, consultants and other service providers within Iberdrola Australia's supply chain also procure their own products and services from their own supply chains. Combining our direct and indirect supply chains results in a global supply chain footprint.

The majority of products are sourced from European countries and China and most services are sourced from within Australia. The contractual arrangements within the Iberdrola Australia supply chain varies from, for example, small consultancy agreements through to larger transactions, for example, Turbine Supply Contracts.

The sourcing and purchasing of all products and services from our direct suppliers is led by the relevant team within the business in line with Iberdrola Australia's compliance and governance standards. Depending on the business need, suppliers are engaged on either an ad hoc basis or under longer-term contractual arrangements, sometimes just on one project and sometimes across a range of projects.

The spend profile across our operations and supply chain for 2022 is shown in Figure 3 below.

Figure 3 – Iberdrola Australia’s 2022 spend profile



3. Risks of modern slavery practices in our operations and supply chains

During the Reporting Period we refreshed the scoping exercise we had previously undertaken to better understand the risks of modern slavery practices in our operations and supply chain against the key risk indicators described in the ‘Guidance for Reporting Entities’¹.

Iberdrola Australia’s operations are limited to Australia (a country considered low risk under the Walk Free Global Slavery Index²). A number of our activities (which largely comprise the development, construction, operation and maintenance of electricity generation assets) are outsourced to service providers under long-term contracts. As at the end of the Reporting Period, our staff were also largely office-based, with only 13 staff based permanently at our operational assets. Most of our staff are employed directly and are on permanent contracts in skilled roles. This lowers the modern slavery risks within the Iberdrola Australia workforce.

¹ Modern Slavery Act 2018 ‘Guidance for Reporting Entities’ available at https://modernslaveryregister.gov.au/resources/Commonwealth_Modern_Slavery_Act_Guidance_for_Reporting_Entities.pdf

² The Global Slavery Index is a ranking of the number of people in modern slavery, including in the hardest to access countries. Refer to: <https://www.walkfree.org/global-slavery-index/>

Due to the nature of supply chain engagement across our operations, products and services, we also considered whether there is a risk we may be directly linked to modern slavery practices. We engage a substantial supply chain for the supply of parts, services, equipment and labour, particularly for the construction of energy and storage projects, and these suppliers in turn also engage many different tiers of supplier including through to raw material extraction. We conducted a risk assessment of our Tier 1 suppliers against the key risk indicators and identified the following potential risk areas:

Sector and industry risks

Iberdrola Australia procures construction services from civil and electrical contractors who may employ temporary or contract workers to construct our energy projects. The construction sector in Australia is considered at risk of modern slavery according to the Walk Free Global Slavery Index, due to it employing a high percentage of migrant workers who enter Australia through its temporary visa scheme.

Geographic, product and services risks

Iberdrola Australia procures equipment (such as wind turbines, solar panels and large electrical components, as well as IT equipment such as laptops, computers and mobile phones) from a small number of global suppliers who may source, manufacture, or assemble these items (and the materials that comprise them) in countries considered higher risk under the Walk Free Global Slavery Index³. The import of electronics is listed as a risk of modern slavery to Australia by Walk Free's Global Survey Index country study with China and Malaysia being the key source countries.⁴ China and Malaysia have large electronics manufacturing industries which have been identified as at risk of using modern slavery practices in the production of these goods.⁵

Iberdrola Australia is aware of the modern slavery implications in the manufacturing of solar modules in the Xinjiang region in China. There are claims that Uyghur Muslims are victims of some form of forced labour in the production of polysilicon that is a key material for solar panels. The world's four biggest manufacturers of polysilicon are implicated in the allegations and the major panel suppliers in the world source polysilicon from at least one of them.⁶ Accordingly, there is a risk that Australian businesses may purchase solar panels from a panel manufacturer that sources polysilicon from this location.

³ The Global Slavery Index is a ranking of the number of people in modern slavery, including in the hardest to access countries. Refer to: <https://www.walkfree.org/global-slavery-index/>

⁴ Walk Free's Global Slavery Index country study of Australia: <https://www.walkfree.org/global-slavery-index/country-studies/australia/>

⁵ Refer to: <https://www.walkfree.org/global-slavery-index/2018/findings/country-studies/australia/>

⁶ Murphy, L. and Elimä, N. (2021). "In Broad Daylight: Uyghur Forced Labour and Global Solar Supply Chains." Sheffield, UK: Sheffield Hallam University Helena Kennedy Centre for International Justice.

This particular risk is linked to the purchase of elements for photovoltaic plants in a complex context that prevents traceability. In order to identify the origin of the materials and the components of the solar modules and in particular, the polysilicon, Iberdrola Group is implementing measures and is seeking to increase the visibility of suppliers in relation to forced labour risks and the use of polysilicon or other components purchased in China.

The Iberdrola Group, including Iberdrola Australia, is working on different avenues to minimize this risk, including the possibility of carrying out audits and the study of component traceability mechanisms, as well as participating in the sector initiatives.

Although the circumstances in the region make it very difficult to adopt due diligence measures to ensure responsible management of human rights risks, in relation to large-scale solar panel procurement, in order to identify the origin of the materials and components of solar modules (in particular, polysilicon), the Iberdrola Group, including Iberdrola Australia, is implementing the following measures:

- Express declarations from suppliers rejecting forced labour (in addition to acceptance of the Iberdrola Code of Ethics).
- Sought confirmation by suppliers as to whether they use polysilicon or other components originating from the Xinjiang province.
- Traceability mechanisms of the components incorporated in the solar panels.
- Request for the codes of conduct and ethics that suppliers apply to their company and suppliers.
- At a group level the company is analysing the possibility of carrying out social and sustainability audits beyond the Tier-1 level suppliers. By year-end 2022 a total of 42 social and sustainability audits had been carried out on the Group's main suppliers at the global level.

Entity risks

Iberdrola Australia's growth plans will result in new suppliers being engaged for our operations and services. Although our prequalification and onboarding processes are thorough, a risk still remains these processes may not appropriately assess the risk of our suppliers and their approach to modern slavery practices, particularly with any new risks that have not been apparent in the industry.

4. Actions taken to assess and address these risks

Completed actions

Iberdrola Australia has undertaken the following actions in the Reporting Period:

- Continued to include modern slavery clauses in relevant supplier and service provider contracts that require the counterparty to, amongst other things, comply with the modern slavery laws; implement and maintain appropriate measures to assess and address modern slavery risks; and to cooperate with Iberdrola Australia to reduce and mitigate modern slavery risks in its activities related to the contract.

- Continued to raise the visibility, awareness, training and collaboration in relation to modern slavery issues at our internal Iberdrola Australia Sustainability Working Group.
- Continued to be a member of the Risks of Modern Slavery Working Group within the Clean Energy Council (**CEC**).
- Developed a 'Remediation Action Plan' for when modern slavery risks are raised and identified.
- Conducted periodic review of our anti-modern slavery objectives and actions.
- Participated in an independent external consultant's review of modern slavery the Iberdrola Group's modern slavery related processes and procedures (**Pinsent Mason External Review**).
- Refreshed employee training and awareness on modern slavery and what it means for Iberdrola Australia, particularly considering ongoing employee growth.
- At Iberdrola Group, a working group was established to address the modern slavery risk in the supply chain, with representatives from Procurement, Legal, Compliance, Businesses and ESG divisions.
- At Iberdrola Group, modification of the Governance and Sustainability System to attribute to the Sustainable Development Committee the power to regularly report on human rights to the Board of Directors regarding the measures and procedures adopted by the group to implement and monitor the policy on respect for human rights.
- At Iberdrola Group, specific inclusion in the Policy on Respect for Human Rights of the company's commitment to preventing modern forms of slavery and requiring this of suppliers.
- Iberdrola Group's first [Human Rights Report](#), which was externally assured by an independent third party
- Update of the Iberdrola human rights risk map which analyses the human rights risk in countries of operations and suppliers

Future actions

During the next reporting period, we intend to implement a number of initiatives that complement and strengthen our modern slavery policy and procedures. Future actions include:

- Continue to be a member of the Risks of Modern Slavery Working Group within the Clean Energy Council (**CEC**).
- Commitment to hire additional local procurement resources to coordinate the prequalification due diligence process of new and existing suppliers.
- Establish an Anti-Modern Slavery Working Group within Iberdrola Australia to continue to raise the visibility, awareness, training and collaboration in relation to modern slavery issues.
- Refresh employee training and awareness on modern slavery and what it means for Iberdrola Australia, particularly considering ongoing employee growth.

- Continue to liaise with our counterparts across the Iberdrola Group to: (a) foster collaboration; (b) learn from their experiences; and (c) leverage procedures and processes that we may be able to use in Australia.
- Implement applicable recommendations from the Pinsent Mason External Review.

5. Assessing effectiveness

The measures taken during the Reporting Period to assess the effectiveness of the steps taken to address the risk of modern slavery practices in our operations and supply chains included the following:

- Actively engaging with the CEC's Risks of Modern Slavery Working Group to ensure that our processes and procedures are inline with industry best practices.
- The Pinsent Mason External Review commissioned by the Iberdrola Group provided a review of corporate modern slavery policies and procedures and provided recommendations of measures to be put in place to ensure our approach is robust (for each jurisdiction).
- At Iberdrola Group, a new working group has been set to address the modern slavery risk in the supply chain, with representatives from Procurement, Legal, Compliance, Businesses and ESG divisions.

6. Process of consultation and approvals

Iberdrola Australia employees manage and operate all entities that IAL own or control, including IAEM. Consultation with these entities is undertaken via:

- Our Sustainability Working Group, which includes a cross section of personnel who meet periodically to discuss relevant objectives and issues, as well as the ongoing development of policies and procedures; and
- Ongoing internal communication and training sessions.

Senior management of IAL and IAEM were consulted and involved in the preparation of this joint statement.

The Board of Directors of Iberdrola Australia Limited approved this statement on 7 June 2023.



Ross Rolfe
Chairman & CEO
Iberdrola Australia