

**ARENA**

# **MODERN SLAVERY STATEMENT**

FOR FINANCIAL YEAR 2019-20



**Australian Government**  
**Australian Renewable  
Energy Agency**

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# CHAIR'S FOREWORD

Modern slavery can occur in every industry and sector. Modern slavery also distorts global markets, undercuts responsible business and can pose significant legal and reputational risks to entities.

As a leading government agency providing financial assistance to the renewable energy sector, ARENA is committed to upholding the highest standards in all the agency's functions.

The Australian Renewable Energy Agency is delighted to submit its first report under the *Modern Slavery Act 2018* (Cth).

We are committed to playing our part in combatting modern slavery and upholding the principles set out in the *Modern Slavery Act 2018* (Cth). Modern slavery has no place in the Australian community or in the global supply chains of Australian goods and services.

This statement describes our structure, operations and supply chains and the risks of modern slavery practices in our operations and supply chains.

It sets out the steps we have taken to assess and address those risks for the financial year ending 30 June 2020. The statement has been prepared in accordance with the requirements of the *Modern Slavery Act 2018* (Cth).

This statement has been approved by the ARENA Board.



Justin Punch  
Chair, ARENA Board  
February 2021

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# 1.0 INTRODUCTION

The *Modern Slavery Act 2018* (Cth) requires that all reporting entities give the Assistant Minister for Customs, Community Safety and Multicultural Affairs a modern slavery statement for the relevant reporting period. The Australian Renewable Energy Agency (**ARENA**) is a reporting entity for the purposes of the act as a corporate Commonwealth entity within the meaning of the *Public Governance, Performance and Accountability Act 2013* (Cth), which has a consolidated revenue of at least \$100 million for the reporting period.

This Modern Slavery Statement for financial year 2019-20 outlines the areas identified by ARENA that are of highest risk to the ARENA of modern slavery activities within our operations and supply chains.

The *Modern Slavery Act 2018* (Cth) defines modern slavery as including eight types of serious exploitation:

- > trafficking in persons;
- > slavery;
- > servitude;
- > forced marriage;
- > forced labour;
- > debt bondage;
- > deceptive recruiting for labour or services; and
- > the worst forms of child labour.\*

\* *The worst forms of child labour mean situations where children are subjected to slavery or similar practices or engaged in hazardous work.*

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# 2.0 THE REPORTING ENTITY

**Reporting criteria 1 and 2: Identify the reporting entity and describe the structure, operations and supply chain.**

The reporting entity is the Australian Renewable Energy Agency (ABN 35 931 927 899).

ARENA was established by the *Australian Renewable Energy Agency Act 2011* (Cth) (**ARENA Act**) on 1 July 2012 and its purpose is to improve the competitiveness of renewable energy technologies and to increase the supply of renewable energy through innovation that benefits Australian consumers and businesses.

Our expertise, deep understanding of the renewable energy sector and willingness to fund innovative and ground-breaking projects mean we provide a pathway to commercialisation for many new technologies and businesses that would otherwise struggle to get off the ground or potentially lost to overseas markets. We help them get on with the business of renewables.

Our values are to be impact driven, stakeholder focused, collaborative, accountable and respectful of people.

Our work is to support Australian renewable energy projects with financial assistance to maximise the benefits of the energy transition to the Australian economy. We also share knowledge and data from our funded projects to help the renewable energy industry and other projects learn from experience.

Since 2012, ARENA has supported 566 projects with \$1.63 billion in grant funding, unlocking a total investment of almost \$6.69 billion in Australia’s renewable energy Industry.

## 3.0 STRUCTURE, OPERATIONS AND SUPPLY CHAINS

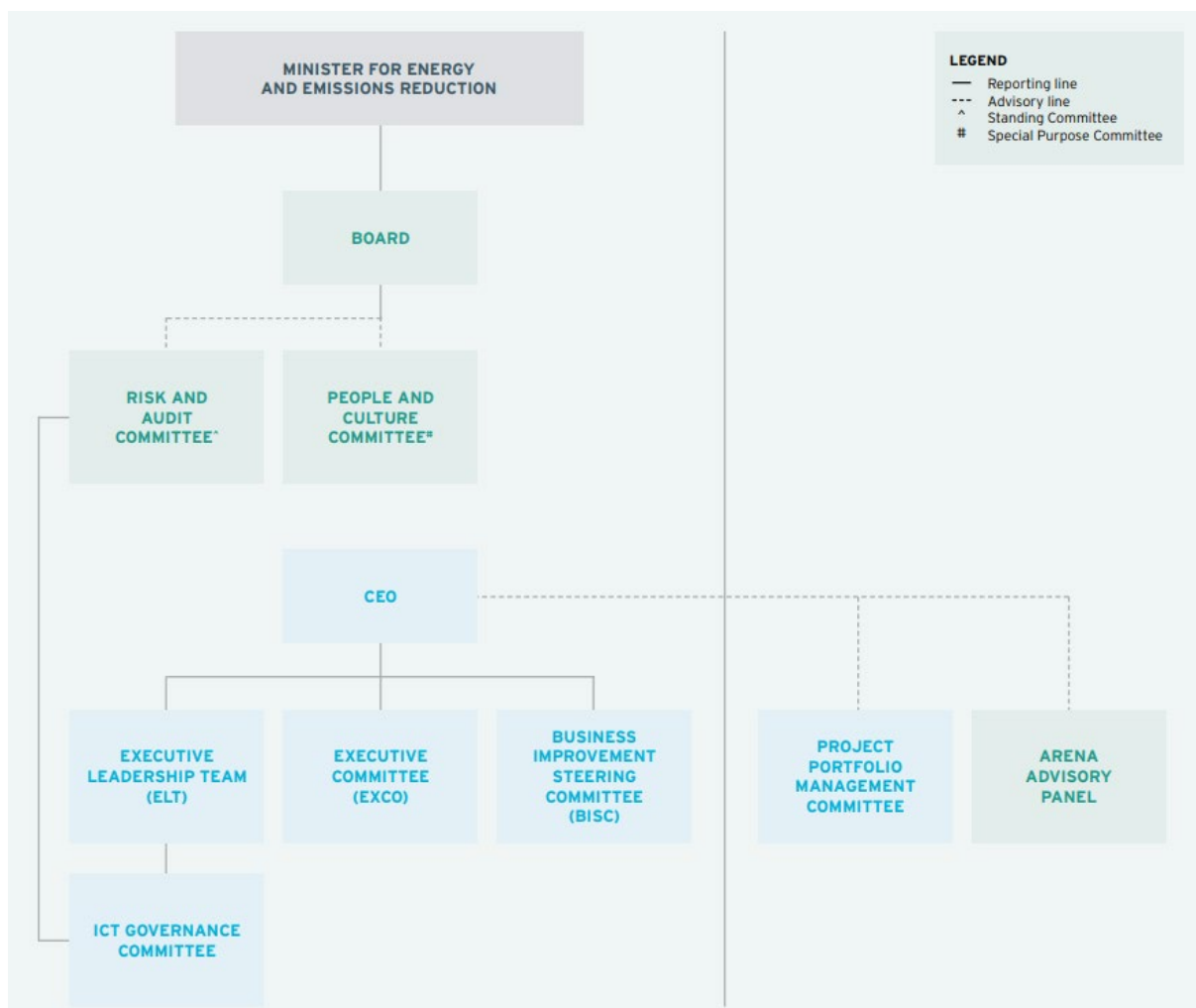
*Reporting criteria 1 and 2: Identify the reporting entity and describe the structure, operations and supply chain.*

### 3.1 ARENA’S STRUCTURE

The structure of ARENA is established by the ARENA Act. ARENA is also subject to other legislation, regulations and standards that apply to corporate Commonwealth entities including the *Public Governance, Performance and Accountability Act 2013* (Cth).

The ARENA Act established ARENA as a body corporate with a corporate structure including a Board, a Chief Executive Officer and a Chief Financial Officer. The members of the Board and the Chief Executive Officer are appointed by the Minister for Energy and Emissions Reduction.

Further detail of ARENA’s structure for the reporting period 2019-20 is set out below:



The branches established under management include:

- (a) procurement and corporate finance;
- (b) project delivery;

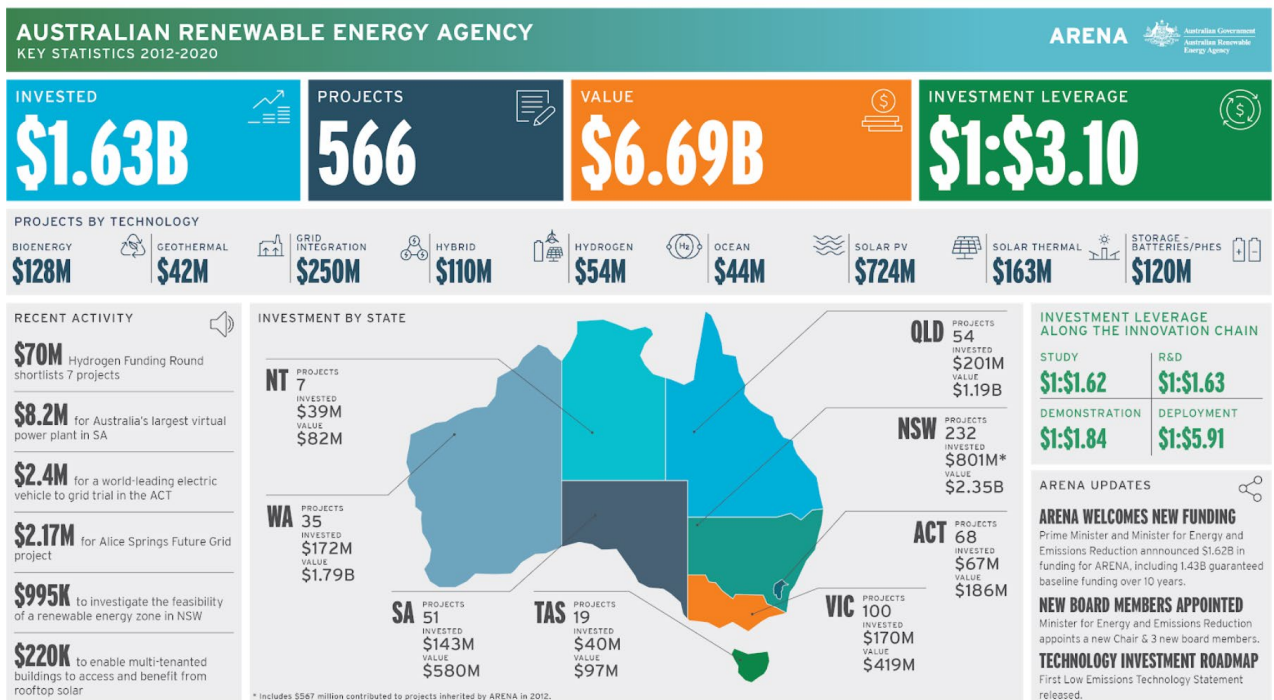
- (c) corporate affairs;
- (d) business development and transactions;
- (e) human resources and business services;
- (f) legal, governance, risk and secretariat;
- (g) ICT; and
- (h) corporate strategy and policy.

### 3.2 ARENA'S OPERATIONS

ARENA provides financial assistance for projects to accelerate Australia's shift to affordable reliable renewable energy.

We do this by funding projects and sharing knowledge that drives innovation and commercialisation of renewable energy technologies.

ARENA works with our project participants to create funding agreements and purchasing agreements. A breakdown of the funding provided by ARENA up until 2020 can be seen below:



### 3.3 ARENA'S SUPPLY CHAINS

ARENA's supply chains can be broken down into two general categories: projects funded by ARENA and corporate services necessary for the functioning of the agency.

ARENA projects receive funding from ARENA (generally on a 1:3 basis) for projects ranging from R&D, desktop studies, demonstration projects, commercial deployment to large-scale construction projects. While the projects are all conducted within Australia, projects may nevertheless utilise supply chains that have a high risk of modern slavery in relation to the capital and plant or the labour required for the project.

In respect of corporate services, ARENA procures both goods and services from external suppliers necessary for the functioning of the agency, such as information technology resources and stationery. Due to the structure provided by the ARENA Act, ARENA's workers consist of two employees, members

of the Australian public service seconded to ARENA, consultants, contractors and professional service providers.

## 4.0 RISKS

### *Reporting criteria 3: Risks of modern slavery practices in the operations and supply chains.*

ARENA's scoping exercise involved mapping ARENA's broad operations and overall supply chains to identify the industries/goods/services associated with ARENA's funding agreements/projects.

#### 4.1 STEP 1: INITIAL DISCUSSIONS

ARENA convened a small working group to discuss and determine where the risks of modern slavery within ARENA's operations and supply chains may lie. The working group contained members from across the agency and it met regularly at the beginning of the reporting period.

The UN Guiding Principles (Principle 24) explain that entities should focus on the most severe risks (those that would cause the greatest harm to people), namely, those risks that have the greatest scope (gravest impact) or scale (number of people affected) or where delayed response would make them irremediable (for example, because delay would cause loss of life or loss of education). These factors are more important than the probability of the risk occurring.

Following the discussion of the working group, it was determined that the potential risks of modern slavery were as follows:

ARENA Branch area	Operation or supply chain	Areas of potential risk of modern slavery within operations and supply chain
Projects	Supply chain	Manufacturing of components required for projects in countries outlined as high risk.
Projects	Supply chain	Temporary migrants used in construction work for projects.
Projects	Supply chain	Funding of projects where project is ancillary to a high-risk industry.
Human Resources	Supply chain	Potential risk with the outsourcing of the payroll functions to higher risk companies based on location.
Procurement	Supply chain	Potential risk of procuring necessary corporate goods and services.

#### 4.2 STEP 2: OVERLAY POTENTIAL RISKS

It was determined that the potential risk with the greatest scope and scale related to the supply chains in ARENA's projects, described in the first four rows above. While the corporate services category still presents risks of modern slavery, it was clear the supply chains of projects have the capacity to include extremely high risks of modern slavery. This became particularly clear with reference to the key high-risk factors of: vulnerable populations; business models structured around high-risk work practices; high-risk product and service categories; and high-risk geographies. Projects (principally demonstration projects and large-scale construction projects) funded by ARENA can include many of these factors. ARENA tailored its efforts in respect of this first modern slavery statement accordingly.

ARENA determined that there was a potential risk in the supply chains of its funded projects in relation to battery projects and the necessary use of cobalt in the production of those batteries. A key modern slavery risk for energy companies lies within the cobalt used in batteries. The labour required to mine

and supply cobalt is often characterised by modern slavery practices such as forced labour, and the worst forms of child labour.

Below is a list of identified high risks of modern slavery within ARENA operations and supply chain, with an emphasis on high-risk geographical locations and business transactions:

Activity	Potential Modern Slavery risk
Manufacturing of components overseas in slave-like conditions.	Use of cobalt in lithium-ion batteries sourced from child slave labour in projects funded by ARENA.
Manufacturing of components overseas in slave-like conditions.	Use of indium in solar panels from slave labour in projects funded by ARENA.
Temporary migrants used in construction work.	Use of exploited workers in construction work for ARENA funded projects.
Funding of projects where project is ancillary to a high-risk industry.	An industry engaging in modern slavery is the recipient or participant in an ARENA funded project.
Potential risk with the outsourcing of the payroll functions to higher risk companies based on location.	Use by ARENA of a payroll company engaged in modern slavery practices.

## 5.0 ACTIONS

**Reporting criteria 4: Actions taken to assess and address modern slavery risks, including due diligence and remediation processes.**

ARENA took several sequential steps in its targeted assessment of risk in the supply chains of its projects and initial actions towards addressing those risks. These steps were developed and determined with reference to the potential risks identified and ARENA's research into the nature of those potential risks.

The agency believes that the actions taken in this first reporting year will provide a solid basis for further steps to be taken in the future with respect to assessing and addressing risks of modern slavery in ARENA's operations and supply chains.

### 5.1 ASSESSING RISK

Having determined the potential risks, ARENA considered that it was necessary to gain an understanding of the types of projects in its project portfolio where the risk was highest.

#### 5.1.1 CREATION OF MODERN SLAVERY WORKING GROUP

ARENA first took steps to begin addressing modern slavery by establishing a Modern Slavery Working Group to consider and manage the requirements of the *Modern Slavery Act 2018* (Cth).

This working group consisted of representatives from across the agency and met regularly to discuss the initial steps to be taken by the agency in assessing its operations, supply chains and potential risks.

This enabled an initial discussion and understanding of modern slavery to occur in the agency.

#### 5.1.2 RISK ASSESSMENT MANAGEMENT TOOL

In conjunction with the Project Delivery branch, Legal and Governance created a risk assessment management tool in the form of a questionnaire. The questionnaire was designed to evaluate the



potential risks in each active project, gain an understanding of the risk landscape in ARENA's portfolio and help ARENA further prioritise its efforts.

The risk management tool queried each project as to whether it had any construction element, whether the project utilised batteries or solar of any kind, involved industries structured around high-risk work practices, involved any form of overseas expenditure and whether it used any form of electronics.

In applying this tool to every active project in its portfolio, it was determined that ARENA had fourteen projects at the highest possible risk rating. All of the projects were large scale construction of renewable energy projects containing batteries, wind turbines or solar panels manufactured overseas. This process alone was invaluable in helping ARENA understand and assess the potential risks in its supply chain.

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## 5.2 ADDRESSING RISK

ARENA took a number of initial steps to address the risks of modern slavery in its projects supply chains. While further steps into the future will be required to address these risks more concretely, the steps included:

- (a) reviewing template contracts to ensure they enable ARENA to meet its obligations under the *Modern Slavery Act 2018* (Cth);
- (b) additional provisions in funding agreements with recipients of ARENA funding;
- (c) additional provisions in procurement documents for parties providing corporate services to ARENA; and
- (d) raising internal awareness about modern slavery to ensure an organisational understanding of the need to address risks.

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### 5.2.3 PROVISIONS IN FUNDING AGREEMENTS

ARENA has included clauses in funding agreements with recipients to be familiar with modern slavery risks, and inclusion of suitable warranties around adequate policies and procedures being in place (or in the process of being established) to address such risks.

ARENA amended ARENA's Advancing Renewables Program funding agreement template to include two new Modern Slavery related clauses.

Firstly, the Recipient is now required to provide a representation and warranty that:

'it will ensure that it complies with all applicable requirements under the *Modern Slavery Act 2018* (Cth), including with respect to preparation of a Modern Slavery Statement as defined in that Act, and will provide information to ARENA as reasonably requested, to enable ARENA to comply with its reporting obligations under that Act.'

Secondly, the Final Report required to be provided to ARENA about a project must include:

'if bound by the *Modern Slavery Act 2018* (Cth), a copy of the most recent Modern Slavery Statement that has been prepared. If not bound by the *Modern Slavery Act 2018* (Cth), a statement setting out what checks and actions have been undertaken by the recipient to address risks of modern slavery with respect to the Recipient's suppliers.'

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### 5.2.4 PROVISIONS IN PROCUREMENT DOCUMENTS

ARENA also amended its standard procurement documents relating to requests for quote and requests for tender.

The ARENA templates were amended to include the following clause:

'Service Providers should be aware of the requirements of the Modern Slavery Act 2018 (Cth). Service Providers are requested to demonstrate how they will comply with and assist ARENA to comply with the applicable requirements of the Modern Slavery Act 2018 (Cth) at Item 4 (c) of the Service Provider Response

(Schedule A – Response). The Service Provider’s response to this requirement will contribute to the Service Provider addressing Evaluation Criterion C – Compliance and Risk at Item 1 (c) of the Service Provider Response (Schedule A – Response).’

Where possible, ARENA will seek to include reporting and notification obligations with respect to non-compliance.

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### 5.2.5 RAISING AWARENESS OF MODERN SLAVERY RISKS

ARENA took several steps to raise organisational awareness of modern slavery and of ARENA’s requirements as a reporting entity. It was considered that it was crucial to ensure understanding of modern slavery across the agency before the agency could begin to address those risks.

A Modern Slavery Act Workshop was held on 13 November 2019. This was a workshop for the workers from across the agency who were informed of ARENA’s requirements under the *Modern Slavery Act 2018* (Cth) and provided with an overview of the risk assessment management tool to be applied to each project.

The General Counsel also presented to the ARENA Board on similar terms to ensure their understanding of modern slavery and flag their obligations as the accountable authority of ARENA.

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## 6.0 EFFECTIVENESS

*Reporting criteria 5: Describe how the reporting entity assesses the effectiveness of such actions.*

ARENA recognises that building systems to evaluate the effectiveness of actions taken to address risks of modern slavery is a crucial step in mitigating any such risk.

As the first modern slavery statement produced by ARENA, ARENA determined that raising awareness and gaining an understanding of the potential risks across its supply chains was the most effective first step. However, ARENA further recognises that we are still developing effective systems of evaluation.

The actions taken by ARENA across the reporting period to assess the effectiveness included:

- (a) raising awareness within ARENA on what modern slavery is;
- (b) raising awareness, capacity and skill levels within the ARENA working group, ELT and Procurement team to assist in completing Modern Slavery Statements;
- (c) creating a questionnaire as a risk assessment tool to assess the risk of ARENA’s funded projects and the potential connection with goods originating from high-risk areas for Modern Slavery; and
- (d) amending the funding agreement and procurement templates to bring to light these risks with participants.

ARENA determined these measures were effective by comparing awareness at the start of the reporting period against the end of the reporting period. At the commencement of the reporting period, there was no awareness or understanding of the potential risks of modern slavery in ARENA’s supply chains.

As a result of the actions taken by ARENA, the agency has now begun to understand where the potential risks lie and can begin to develop the next steps to address those risks in future reporting periods.

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## 7.0 CONSULTATION

*Reporting criteria 6: Describe the process of consultation with any entities that the reporting entity owns or controls.*

ARENA determined that this section was not applicable.

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## 8.0 RELATED AND FUTURE ACTIVITIES

*Reporting criteria 7: Include any other information that the reporting entity, or the entity giving the statement, considers relevant.*

Having gained an understanding of the importance of addressing modern slavery and the agency's potential risks, ARENA has determined the potential next steps for future reporting periods. This includes:

- (a) improving ARENA's assessment of modern slavery risks in its operations and supply chains, especially by expanding meaningful assessment of risk to ARENA's operations and procurement;
- (b) holding and recording a 30-minute training session on modern slavery available to all workers;
- (c) focussing on large scale battery projects as a key investment area for ARENA;
- (d) requesting each business area contact their supplier and ascertain origin of goods and services and give assurances around compliance with anti-slavery provisions, focussing on assessing general areas of operations and supply chains where modern slavery risks are likely to be most significant;
- (e) recognising suppliers may need to respond to requests from multiple reporting entities, examining where it may be possible to reduce the compliance burden for suppliers by establishing a mutual recognition system or common approaches to any audits with other corporate Commonwealth entities;
- (f) reviewing ARENA's current policies and procedures and consider amendments to include references to modern slavery;
- (g) developing the following stand-alone policies and procedures and an agreed procedure for responding to reported instances of modern slavery; and
- (h) establishing a mechanism to allow safe reporting of modern slavery risks in operations and supply chain within contracts.

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Further information is available at  
[arena.gov.au](http://arena.gov.au)

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