

SHENHUA CLEAN ENERGY HOLDINGS PTY LIMITED

ACN: 155 289 008

Shenhua Clean Energy Holdings PTY limited

Statement on Modern Slavery 2020



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1. Introduction

The Commonwealth Modern Slavery Act (2018) (the Act) establishes Australia's national Modern Slavery Reporting Requirement. Pursuant to the Act, Shenhua Clean Energy Holdings PTY limited (SCEH) is required to submit a Modern Slavery Statement (Statement). This is the Statement produced by SCEH.

Conducting our business in an ethical manner is importance to SCEH and shareholders. We are committed to identifying the risk or instances of modern slavery that may exist as result of our operations and within our supply chains.

This statement has been prepared for the period 1 January 2020 to 31 December 2020 and includes a summary of the actions and activities taken to identify and address the immediate and future risks of modern slavery in our operations and supply chains.

2. SCEH– entity, structure, operations and supply chain (Criterion 1&2)

SCEH is a shareholder of Woolnorth Renewables (WNR) and owns 75% of the shares, and SCEH's only income comes from WNR's dividends in 2020.

Woolnorth Renewables owns three subsidiary companies.

- Bluff Point Wind Farm Pty Ltd
- Studland Bay Pty Ltd
- Musselroe Wind Farm Pty Ltd

SCEH employs 1 full-time staff and WNR employs approximately 30 full-time staff and a range of local contractors to support the operation of the wind farms. The SCEH's functional head office is in Hobart, Tasmania with the wind farms site in both Tasmania's north-east and north-west.

2.1 Operations

WNR owns and operates three wind farms and two transmission line assets in Tasmania (see Table 1 below).

Table 1 – Wind farms owned and operated by WNR.

Site	Location	Number/m odel Turbines	Generation Capacity	Transmission line
Musselroe Wind Farm and transmission line	N.E Tasmania	56 Vestas V90	168 MW	156 poles, 49km
Studland Bay Wind Farm and transmission line (spur)	N.W Tasmania	25 Vestas V90	75 MW	18 poles, 5km
Bluff Point Wind Farm and Transmission line	N.W Tasmania	37 Vestas V66	64.75 MW	140 poles, 50km

Bluff Point and Studland Bay Wind Farms

The BPWF and SBWF are located in far north-west Tasmania. WNR have been operating the two wind farm projects since the commencement of the joint venture in 2012.

The BPWF and SBWF consist of:

- 37 V66 (1.75MW) wind turbines BPWF, 25 V90 (3MW) wind turbines (SBWF).
- At each wind farm,
 - o an underground 22kV electrical reticulation system.
 - o an electrical substation, control room and ancillary.
 - o roads, fences and other associated infrastructure.

- A 110kV transmission line (approximately 50 km in length), connecting the wind farms to the national electricity grid at Smithton (substation).

Musselroe Wind Farm

Musselroe Wind Farm is located in far north-east Tasmania. WNR acquired the MRWF project in February 2013 and has been operating the site since it was commissioned in October 2013.

The MRWF consists of:

- 56 Vestas (3MW) wind turbines.
- Underground 33kV electrical reticulation system.
- An electrical substation, control room and associated buildings.
- Roads, fences and other associated infrastructure.
- A 110kV single circuit transmission line (49km in length), connecting the wind farm to the national electricity grid at the Derby (substation).

2.2 Supply Chains

The supply chains of SCEH and WNR are predominately associated with the procurement of spare parts and consumables for maintenance and repair of our wind turbines and transmission line assets, as well as engaging specialist, technical and unskilled workers.

Procurement of spare parts and consumables

The majority of consumable materials and spare parts for wind turbine generators (WTG) are procured through Vestas in Australia, as the Original Equipment Manufacturer (OEM) of our wind turbine fleet. Vestas has a presence in Australia with a local headquarters in Melbourne.

The main company Headquarters is in Europe (Denmark). Products supplied by Vestas to WNR include spare parts and hardware and consumable products such as grease, oils and filters. The

Vestas supply chain is of a global scale as outlined in their latest equivalent Statement.

A significant lesser amount of equipment and goods are procured from a range of other suppliers as a part of our operations and maintenance program (including balance of plant).

Our supply chain analysis has revealed these other suppliers are largely Australian based with potential for third party global supply.

Labour

As outline above, SCEH and WNR has around 31 permanent staff to support the Company's operations. SCEH and WNR also engages the services of a range of technical, professional, and unskilled people on either short term, task based and long-term contracts.

All SCEH and WNR workers are engaged in accordance with applicable domestic Australian labour laws. Contract labour is sourced from reputable local or Australian based companies. These workers are engaged through contracts established under Australian law.

3. Description of the Risk of Modern Slavery in SCEH and WNR Operations and Supply Chains (Criterion 3)

SCEH and WNR have conducted an initial risk assessment (expenditure >\$10K AUD) to determine the risks of modern slavery in our supply chains. A range of resource were used and referred to in the risk assessment process. The assessment identified that procurement of spare parts and consumables and a long-term operation and maintenance contract (parts and labour) with Vestas constitutes 47% of SCEH and WNR's 2020 annual expenditure. To assist SCEH and WNR in understanding the modern slavery risks through our Vestas procurement and contracts, efforts were made in 2020 to conduct an evidence-based assessment by contacting Vestas directly. A formal response was not provided in 2020 but Vestas did however provide a Statement prepared

under similar UK legislation. This document provides insight into the Vestas supply chain, operations and organisational controls that should mitigate against the risks of modern slavery. Further discussions with Vestas will be progressed in 2021.

Our initial risk assessment concluded the remaining 53% of annual expenditure is spread over 105 other suppliers or service providers. Most of the expenditure is within the areas of Technical Support, Professional and Business Services and Australian based labour. Only three suppliers (expenditure >\$10K) identified in the 2020 supply chain analysis were considered.

Global; one USA service provider, one Netherlands based manufacturer and Vestas (Denmark HQ with global equipment manufacturing and assembly plants).

In summary, the findings of the initial risk assessment conclude:

- Further assessment of our Vestas expenditure should be completed.
- There are low risks of modern slavery in the direct supply chain.
- There are possible risks of modern slavery in third party aspects of the supply chain.
- Assessment of service providers where annual expenditure is <\$10K should be completed in 2021.
- Two specific areas (electronics, garment production) featuring in the Global Slavery Index Report (2018) were identified in the supply chain analysis (</> \$10K expenditure) as higher risk and should be assessed.

4. Actions to Assess and Address Modern Slavery Risk (Criterion 4)

SCEH and WNR is committed to working towards identifying and mitigating the risks of modern slavery occurring within our business and our broader supply chains. Our approach and strategy is to establish effective and practical modern slavery risk controls.

Actions progressed in the 2020 reporting period include:

- Developing a comprehensive understanding of the Modern Slavery Act 2018 and other guidance documentation/resources.
- Briefing senior management on the issue, reporting obligations and necessary steps.
- Participating in the Modern Slavery Working Group established by the Clean Energy Council for collaboration and knowledge sharing within the renewables sector.
- Completed a comprehensive supply chain analysis focussing on direct suppliers of equipment and services where annual expenditure exceeded \$10K.
- Developed a strategy and action plan for steps to be completed in 2021 (the next Statement period).

SCEH and WNR will progress the following action in 2021:

- Further assessment and collaboration with Vestas – as a key supplier and service provider in our supply chain.
- Validate our initial supply chain risk assessment at the end of 2021.
- Conduct a risk assessment of direct suppliers where expenditure was <\$10K (in 2020).
- Conduct a review of our clothing suppliers and the procurement and supply electronic devices(due to higher risk nature).
- Review our internal business documentation such as purchased orders and contracts and policies, procedures and manuals to ensure they effectively address the risks of modern slavery.
- Monitor supplies and service providers in our supply chain for their response to modern slavery.

- Continue to be part of the Clean Energy Council Modern Slavery Working Group, and any other relevant forums.
- Develop a Modern Slavery Plan to ensure actions and key performance indications are assessed, tracked and reported on.

5. Effectiveness of our Actions (Criterion 5)

SCEH has conducted a range of activities to identify the risks of modern slavery occurring within our business and our broader supply chains. A sound basis has been established to allow additional actions to be identified and for small practical steps to be taken in 2021.

A Modern Slavery Plan will be developed in 2021 to ensure the actions that have been developed (see Section 4) are internally documented, key performance indicators established and reports on progress are completed. The Plan will be reviewed annually and adjusted to ensure SCEH's approach is effective and continue to mature.

6. Recognition and Approval

This statement has been recognized, reviewed and approved by the Board of ShenHua Clean Energy Holdings PTY Limited.

Ruo Tianwei

Name:

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Position:

General Manager

Board of ShenHua Clean Energy Holdings PTY Limited

26 June, 2021