

ARENA

MODERN SLAVERY STATEMENT

FOR FINANCIAL YEAR 2022-23



Australian Government
**Australian Renewable
Energy Agency**

CHAIR'S FOREWORD

This Modern Slavery Statement is made on behalf of the Australian Renewable Energy Agency (ARENA).

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.

ARENA is proud to play its part in driving accountability by submitting its fourth Modern Slavery Statement under the *Modern Slavery Act 2018* (Cth).

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

Modern slavery has no place in the Australian community or in the global supply chains of Australian goods and services. ARENA can play an important role in combatting modern slavery in the renewable energy sector through implementing the principles set out in the *Modern Slavery Act 2018* (Cth).

This Statement describes our structure, operations and supply chains, as well as 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 2023, and in so doing builds on our earlier Modern Slavery Statements for financial years in 2020, 2021 and 2022.

We have built on our Statements over the last four years. As awareness about modern slavery has increased within ARENA, we have increased our scrutiny on modern slavery practices with considerations of modern slavery now embedded in our processes.

ARENA is committed to combatting modern slavery and we will continue to work with our stakeholders, including recipients of funding from ARENA and our suppliers of goods and services, to support the elimination of modern slavery.

This Statement has been prepared in accordance with the requirements of the *Modern Slavery Act 2018* (Cth) and approved by the ARENA Board.



Justin Punch
Chair, ARENA Board
December 2023

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INTRODUCTION

The *Modern Slavery Act 2018* (Cth) (**Modern Slavery Act**) requires all reporting entities to submit to the Australian Government a modern slavery statement for the relevant reporting period.

The Australian Renewable Energy Agency (**ARENA**) is a reporting entity for the purposes of the Modern Slavery Act as a corporate Commonwealth entity within the meaning of the *Public Governance, Performance and Accountability Act 2013* (Cth) that has a consolidated annual revenue of at least \$100 million for the reporting period.

This Modern Slavery Statement (the **Statement**) for financial year 2022-23 outlines ARENA's approach to identifying, assessing and managing risks of modern slavery in our operations and supply chains.

Modern slavery describes situations where offenders use coercion, threats or deception to exploit victims and undermine their freedom.

Practices that constitute modern slavery can include:

- > human trafficking;
- > slavery;
- > servitude;
- > forced labour;
- > debt bondage;
- > forced marriage;
- > deceptive recruiting for labour services; and
- > the worst forms of child labour.

Modern slavery is a term used to describe serious exploitation. It does not include practices like substandard working conditions or underpayment of workers, although these practices are also harmful and may be present in some situations of modern slavery.

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

THE REPORTING ENTITY

Reporting criterion 1: Identify the reporting entity.

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

ARENA is an Australian Government statutory agency, established on 1 July 2012 by the *Australian Renewable Energy Agency Act 2011* (Cth) (**ARENA Act**). During the reporting period, the main object of the ARENA Act was to improve the competitiveness of renewable energy technologies and to increase the supply of renewable energy in Australia. Our purpose is to support the global transition to net zero emissions by accelerating the pace of pre-commercial innovation, to the benefit of Australian consumers, businesses and workers.

Since 2012 to the end of the reporting period on 30 June 2023, we have committed more than \$2.25 billion to 663 renewable energy projects across Australia leveraging almost \$9.75 billion in additional private and public sector investment.

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 and would be potentially lost to overseas markets. We help them get on with the business of renewables.

A key part of our work is to build knowledge that can be shared openly to help industry and government better navigate the energy transition. Information and 'lessons learned' also help to:

- > de-risk follow-on projects;
- > accelerate deployment of safe and commercially viable technologies;
- > increase public understanding and confidence in new technologies; and
- > support capability development.

Our impact is demonstrated in how we are ensuring the private sector has the right tools, technology options and business models to deliver secure and reliable renewable energy. We undertake research and inform policy decisions, we bring together people from across the energy sector, government, start-ups and universities to collaborate with one another, and we share their knowledge. As a result, ARENA is uniquely placed to influence modern slavery risks in the renewable energy sector because of the reach and significance of our projects.

For further information about ARENA, please see our [Annual Report for 2022-23](#) on our website along with a range of other information about ARENA.

STRUCTURE, OPERATIONS AND SUPPLY CHAINS

Reporting criterion 2: Describe the structure, operations and supply chains of the reporting entity.

1.1 STRUCTURE

ARENA is a body corporate established by the ARENA Act and a corporate Commonwealth entity for the purposes of the *Public Governance, Performance and Accountability Act 2013* (Cth). It is governed by an independent board established by the ARENA Act (**ARENA Board**).

The members of the ARENA Board and the Chief Executive Officer are appointed by the Minister responsible for administering ARENA's portfolio Department. During the reporting period, this was the Minister for Climate Change and Energy.

ARENA's structure for the reporting period 2022-23 is set out below:

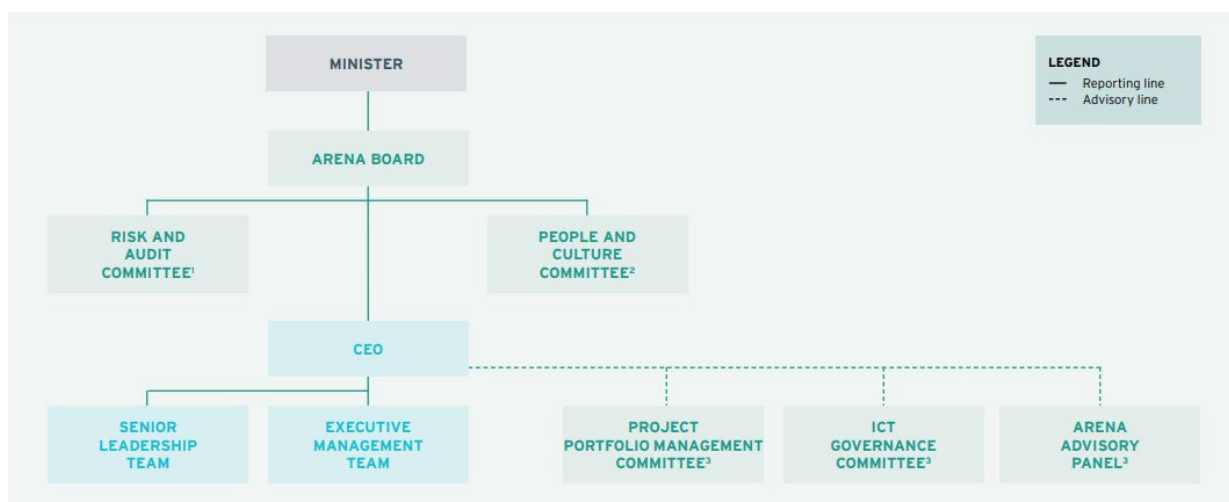


Figure 1 ARENA's Board and Management Committees for 2022-23.

Branches established under ARENA's management include:

- > Project Delivery including Contract Management Services, Project Solutions, Knowledge Sharing, and Data Management and Performance Reporting;
- > Business Development and Transactions;
- > Legal, Governance and Secretariat;
- > People and Culture;
- > Information Communication Technology (ICT);
- > Strategy; and
- > Finance and Business Services.

1.2 OPERATIONS

ARENA provides financial assistance for projects to accelerate Australia's shift to affordable and reliable renewable energy. We do this by funding projects and sharing knowledge that drives innovation and commercialisation of renewable energy technologies.

ARENA has offices in Sydney, Melbourne and Canberra, and remote workers located throughout Australia. The structure of the ARENA Act means that ARENA's workers consist of two employees, members of the Australian Public Service made available to ARENA from our Portfolio Department, as well as specialist and technical consultants, contractors and professional service providers.

1.3 SUPPLY CHAINS

ARENA's supply chains can be broken down into two general categories: projects funded by ARENA (our project portfolio) and corporate services necessary for the functioning of the agency (our operations):

- > *Our project portfolio supply chains:* ARENA funded projects range from research and development, desktop studies, demonstration projects, commercial deployment to large-scale construction projects. While these projects are all conducted within Australia, projects may nevertheless rely on global supply chains that have a high risk of modern slavery in relation to capital and plant or labour required for the project.
- > *Our operational supply chains:* ARENA procures goods and services from external suppliers necessary for proper day to day functioning of the agency, such as information technology resources and office supplies. The structure of the ARENA Act means that a number of ARENA's workers are sourced from external suppliers.

ARENA works with our project proponents to enter into funding agreements for the delivery of a range of projects in accordance with our Investment Plan, which during the reporting period were:

- > Optimising the transition to renewable electricity;
- > Commercialising renewable hydrogen;
- > Supporting the transition to low emissions metals; and
- > decarbonising transport.

A breakdown of the funding provided by ARENA demonstrating an overview of the end result of our supply chains is set out below.

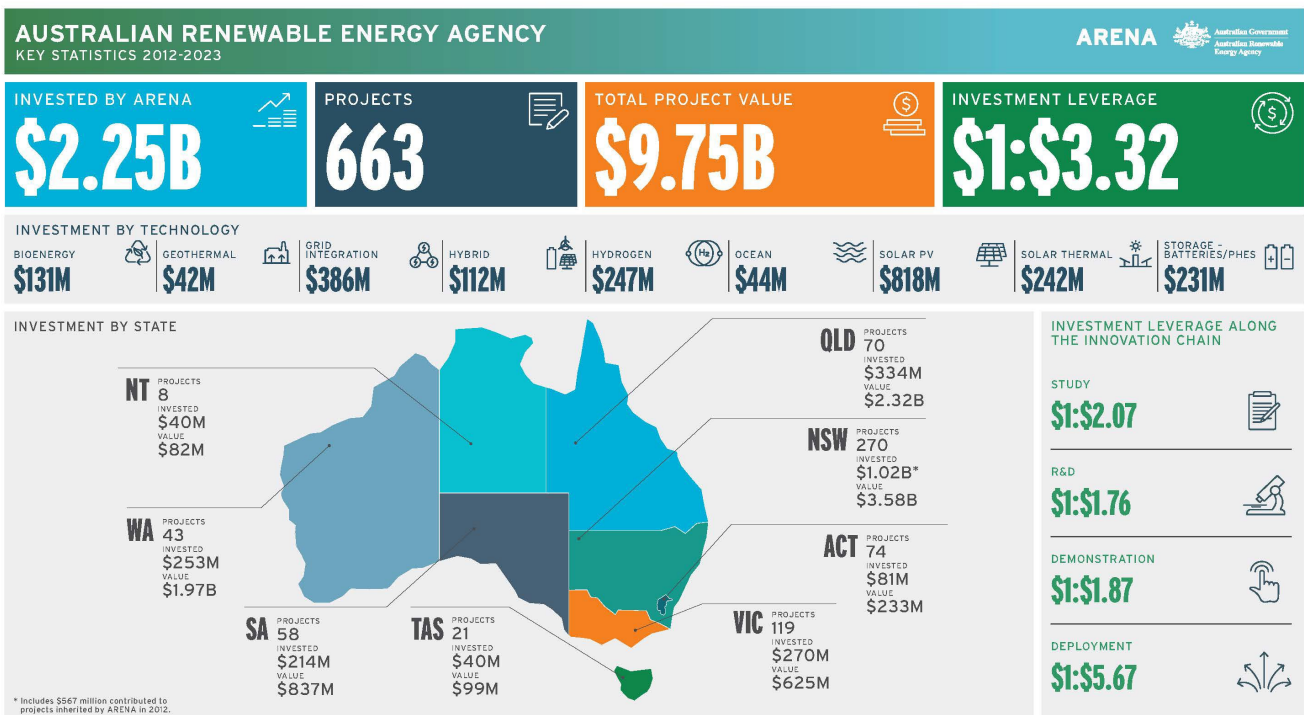


Figure 2 Key statistics for ARENA for the period ending 30 June 2023.

RISKS

Reporting criterion 3: Risks of modern slavery practices in the entity's operations and supply chains.

ARENA recognises that risks of modern slavery practices exist within our operations and supply chains, including in our funding of projects through the provision of financial assistance. In particular, ARENA recognises the emerging evidence linking supply chains of renewable energy technologies to modern slavery and that this is the primary source of risk for ARENA.¹

As ARENA's understanding of modern slavery risk increases year on year, so does its ability to identify modern slavery risks and to take measures to address those risks. As a consequence of the actions taken and reported on in earlier Modern Slavery Statements, ARENA is able to better recognise projects with a higher risk of modern slavery and manage these risks.

1.4 APPROACH TO RISK IDENTIFICATION

To assess the risk of modern slavery in our operations and supply chains, we have applied the cause, contribute and direct link model described in guidance published by the Australian Attorney-General's Department (**AGD Guidance**):²

- (a) *Risks that ARENA may cause modern slavery practices*: This means the risks that ARENA's operations may directly result in modern slavery practices.
- (b) *Risks that ARENA may contribute to modern slavery practices*: This means the risks that ARENA's operations and/or actions in its supply chains may contribute to modern slavery, including acts or omissions that may facilitate or incentivise modern slavery.
- (c) *Risks that ARENA may be directly linked to modern slavery practices*: This means the risks that ARENA's operations, products or services may be connected to modern slavery through the activities of another entity with whom ARENA has a business relationship, including through ARENA's provision of financial assistance. This risk includes all entities in our supply chain, including entities with whom ARENA does not have a direct contractual relationship.

The concepts of cause, contribution and direct linkage are set out in the United Nations Guiding Principles on Business and Human Rights (**UN Guiding Principles**).³

We have compared and considered these concepts against the areas that generally involve high risks of practices of modern slavery, which include:

- (a) *Sector and industry risks*: Certain sectors and industries may have high modern slavery risks due to their inherent characteristics, products and processes. For example, extractive industries, textiles and fashion, fishing, electronics, cleaning, and agriculture are recognised as high-risk industries globally.
- (b) *Product and services risks*: Certain products and services may have high modern slavery risks because of the way they are produced, provided or used. For example, bricks, cobalt, cotton and

¹ See Clean Energy Council, *Addressing Modern Slavery in the Clean Energy Sector*, [Addressing-Modern-Slavery-in-the-Clean-Energy-Sector.pdf](#).

² See Australian Attorney General's Department, *Commonwealth Modern Slavery Act 2018: Guidance for Reporting Entities*, https://modernslaveryregister.gov.au/resources/Commonwealth_Modern_Slavery_Act_Guidance_for_Reporting_Entities.pdf. We note that this guidance has been updated since the last reporting period to reflect that the Modern Slavery and Human Trafficking function moved from the Australian Border Force to the Attorney-General's Department in late 2022.

³ See United Nations, *Guiding Principles on Business and Human Rights* (2011), https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf.

rubber are recognised as high-risk products globally. Similarly, services such as cleaning that often involve lower wages and manual labour may have high modern slavery risks.

- (c) *Geographic risks:* Some countries and regions may have higher risks of modern slavery, including due to targeted government campaigns or poor governance, weak rule of law, conflict, migration flows and socio-economic factors like poverty.
- (d) *Entity risks:* Some entities may have particular modern slavery risks because they have poor governance structures, a record of treating workers poorly or a track record of human rights violations.

Using the framework described above, ARENA's risks of modern slavery practices can then be applied to the two categories of ARENA's supply chains: project portfolio and operational supply chains.

1.5 IDENTIFYING OPERATIONAL RISK

ARENA's main statutory function is to provide financial assistance for renewable energy technologies to entities such as companies and universities. As a result, ARENA's focus remains on its projects and we consider that our operational supply chain (being necessary services to enable ARENA to provide financial assistance) is not the main source of ARENA's risk. Our view is that the greater risk arises in our project portfolio supply chain and the renewable energy technologies associated with them.

ARENA has undertaken a process of identification and assessment of inherent risk associated with its operational supply chains. In so doing we have applied our general approach to risk assessment as set out in our Risk Management Framework, the modern slavery risk framework discussed above and considered a range of factors including industry, location, structure of contractual arrangements and the contracting entities. A summary of the risks identified and their inherent risk rating is published below.

Goods or services supplied to ARENA	Description	Inherent risk rating
ARENA Workers (including employees, APS staff, consultants, labour hire and professional service providers)	All ARENA Workers, regardless of engagement type, are subject to appropriate procurement processes and are subject to Australian law, including applicable workplace legislation. It is considered rare that ARENA may cause or contribute to modern slavery practices and considered unlikely that ARENA may be directly linked to modern slavery practices.	Low
Other professional advisory and consultancy services	Service providers are typically professional advisory firms predominantly, but not exclusively, based in Australia and are subject to ARENA's procurement processes and Australian law. It is considered rare that ARENA may cause or contribute to modern slavery practices and considered unlikely that ARENA may be directly linked to modern slavery practices.	Low
Acquisition and occupation of commercial office space	ARENA's offices are all leased commercial office space located in Australia and managed by reputable property agents. It is considered rare that ARENA may contribute to modern slavery practices and considered unlikely that ARENA may be directly linked to modern slavery practices.	Low
Telecommunications equipment, ICT equipment	Suppliers of telecommunications and ICT equipment to ARENA are all Australian based and subject to Australian law. It is considered unlikely that ARENA may contribute to modern slavery practices. However, it is considered highly likely that ARENA may be directly linked to modern slavery practices through its telecommunications and/or ICT equipment noting the necessary use of raw materials and common use of high-risk geographies in manufacturing. ARENA does not commission production of this equipment such that it cannot cause modern slavery practices.	Medium
Office equipment, stationery and office supplies	All suppliers, where providing supplies and services in Australia, are subject to Australian law. It is considered rare that ARENA may contribute to modern slavery practices and considered unlikely that ARENA may be directly linked to modern slavery practices.	Low

Cleaning services	The engagement of cleaning services varied across ARENA's three offices. It is possible that a supplier of cleaning services, or a supplier's supply chain, could contain practices of modern slavery.	Medium
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Figure 3 Summary of risk assessment of ARENA's operational supply chains.

In accordance with our Risk Management Framework, the risk ratings noted above have regard to the consequences to ARENA if modern slavery practices were discovered in the relevant supply chain against the cause, contribute and direct linkage likelihood described in section 4.1.

Only two categories of supply chains were identified as sitting beyond ARENA's risk tolerance of low:

- telecommunications and ICT equipment; and
- cleaning services.

The inherent risks of modern slavery practices for these supply chains were identified as medium. There are no indications that ARENA has any direct connection with modern slavery through these supply chains, however, our risk assessment is higher for these supply chains because they have been previously associated with modern slavery practices. Further detail on actions that ARENA has taken to address these risks is provided in section 5.2.5.

Most of our operational supply chains otherwise do not involve high risk sectors, identified product or process risks or geographic risks. None of our suppliers have identified entity risk. The supply chains that do have a higher risk are due to the recognised, established risks of modern slavery practices in the manufacturing of electronics and the supply of cleaning services. The actions we have taken with respect to such risks are set out in section 5.0.

1.6 IDENTIFYING PROJECT PORTFOLIO RISK

ARENA is committed to identifying and assessing at an overarching, thematic level whether ARENA may be exposed to modern slavery risks through our granting arrangements and how ARENA may be able to address any significant areas of risk that arise in our granting arrangements.

As a granting agency providing financial assistance in accordance with the ARENA Act, ARENA funds project proponents to deliver projects and the funded project will be delivered by the project proponent and its subcontractors. In many cases, ARENA is not the only (or major) funder of a project.

As noted in the AGD Guidance,⁴ entities such as ARENA are not required to monitor or report on the operations and supply chains of our individual grantees. Despite this, ARENA considers that it has an important role to play with respect to such supply chains. In particular, ARENA recognises the evidence linking supply chains of renewable energy technologies to modern slavery and that this is the primary source of risk for ARENA.⁵

For ARENA's first Modern Slavery Statement for 2019-20, ARENA developed a risk identification tool in the form of a questionnaire. The questionnaire was implemented for the first, second and third Modern Slavery Statements. In addition to asking funding applicants directly whether they are aware of any modern slavery risks associated with their project, ARENA completes this questionnaire internally for each project. The questionnaire was designed to gain an understanding of the risk landscape in ARENA's portfolio and help ARENA further prioritise its efforts. As noted in section 4.1, the criteria for the risk identification tool were established following research of risk factors of modern slavery based on UN Guiding Principles and ADG Guidance.

⁴ See Australian Attorney General's Department, *Commonwealth Modern Slavery Act 2018: Guidance for Reporting Entities*, https://modernslaveryregister.gov.au/resources/Commonwealth_Modern_Slavery_Act_Guidance_for_Reporting_Entities.pdf.

⁵ See Clean Energy Council, *Addressing Modern Slavery in the Clean Energy Sector*, [Addressing-Modern-Slavery-in-the-Clean-Energy-Sector.pdf](#).

The risk identification tool assessed each ARENA-funded project as to whether it involved construction elements, utilised batteries or solar panels of any kind, involved industries structured around high-risk work practices, involved any form of overseas expenditure or used any form of electronics. The tool was applied by ARENA to all projects considered active in our project portfolio. It was not applied to historical projects.

We have applied the same risk identification tool to the project portfolio of projects active during the current reporting period. The findings have not changed in any significant way from earlier Modern Slavery Statements and confirm that the projects that have the highest modern slavery risk are those with a mix of technologies which require the extraction of rare earth minerals as raw materials and construction at scale. We consider this is to be expected, noting that the projects funded by ARENA are intended to accelerate the pace of pre-commercial innovation and support burgeoning renewable energy technologies. The projects with the lowest risk were found to be generally desktop studies or research and development projects, which involve none of the identified risk factors.

An international report⁶ during the 2020-21 reporting period recognised that the Xinjiang Uyghur Region of China creates roughly 45% of global solar-grade polysilicon, which is used in nearly all solar panels. The four largest solar panel suppliers use polysilicon from at least one of four manufacturers based in the Xinjiang Uyghur Region, who have been linked to the forced labour of the Uyghur people. International responses include the United States of America enacting the Uyghur Forced Labour Prevention Act in June 2022, which bans companies from importing goods from the Uyghur region based on a rebuttable presumption that all goods produced in the Uyghur region, or using content from the Uyghur region, are made with forced labour.

In addition to the modern slavery issues identified in the solar industry, a number of reports have linked exploitation and poor conditions for workers to the wind and battery industries.⁷ The supply chain for balsa wood (used for wind turbine blades) is connected to Ecuadorean workers who are subjected to labour conditions that include being paid with alcohol or drugs. The supply chain for key elements used in batteries, including cobalt from Zambia and the Democratic Republic of the Congo and nickel from the Philippines, is also connected with child labour and workers who are not afforded certain employment rights.

These reports and actions indicate that there is a modern slavery risk related to the production of solar panels, wind turbines and batteries, all of which are a key part of the renewable energy transition. The international condemnation on modern slavery in the Uyghur region has been particularly demonstrative in moving to address modern slavery in the polysilicon supply chain. ARENA will continue to monitor the situation in global supply chains which will help us to continue to develop the risk identification tool so that we can better understand the risk profile of our active projects.

⁶ See Laura T. Murphy and Nyrola Elimä (2021, Sheffield Hallam University) *In Broad Daylight: Uyghur Forced Labour and Global Solar Supply Chains*.

⁷ See for example, Clean Energy Council, *Addressing Modern Slavery in the Clean Energy Sector*, [Addressing-Modern-Slavery-in-the-Clean-Energy-Sector.pdf](#).

ACTIONS

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

Building on the risk identification approach described in the preceding section, the actions taken by ARENA in its fourth reporting year have focussed on maturing ARENA's approach to assessing and addressing risks of modern slavery practices.

As ARENA continues to build its database of projects which have been assessed by the risk identification tool, we will be able to more easily identify and categorise projects in accordance with their modern slavery risk profile. The risk identification tool will also be refined as reviews into supply chains flag modern slavery practices around the world which may be incorporated into its project assessments, such as those described in section 4.3.

We believe that the actions taken in our fourth reporting year will provide a strong foundation for future development of ARENA's approach to managing risks of modern slavery.

1.7 NEW ACTIONS

1.7.1 IDENTIFICATION OF MODERN SLAVERY RISKS

As a result of training and an overall increased awareness within ARENA, it is acknowledged amongst ARENA workers that ARENA may be indirectly exposed to modern slavery through the funding it provides (in particular to solar, wind and battery developments). There is a greater capacity within our agency to recognise that certain products in particular developments have a higher likelihood of modern slavery practices.

In situations where it becomes apparent that there is a potential risk of modern slavery in an applicant's supply chain, ARENA workers are able to consult the ARENA Modern Slavery Policy and work through the steps relevant to the particular stage of the projects lifecycle. In the application and assessment stage; for example, modern slavery risks are identified and considered in the decision-making process before ARENA approves any grant funding, including being identified and discussed in Board papers where projects are considered.

During this reporting period, there were occasions where the due diligence undertaken by funding applicants identified risks of modern slavery practices in their applications for ARENA grant funding. Where risks of modern slavery practises were identified, ARENA requested additional information to ensure that the applicant adequately mitigated these risks. As modern slavery risk forms part of ARENA's merit criteria, the failure of an applicant to address modern slavery risks may also impact the decision to award funding.

Pursuant to obligations under the ARENA Modern Slavery Policy, a process has been established to ensure that for projects that do receive ARENA grant funding, risks are either identified, assessed and managed through a risk management plan or, where there is a high risk of modern slavery, through a more detailed modern slavery plan.

1.7.2 TRAINING

On 25 May 2023, the ARENA delivered training to all of ARENA's workers that provided:

- an overview of modern slavery;
- key modern slavery risks;

- a review of the ARENA Modern Slavery Policy; and
- a case study about the identification of modern slavery risks in an applicant's supply chain.,.

The purpose of the training was to raise general awareness of risks of modern slavery across the agency to enable better identification, assessment and management of such risks in connection with projects and procurements in accordance with ARENA's Modern Slavery Policy.

1.7.3 MODERN SLAVERY POLICY

In our Modern Slavery Statement for 2020-21, ARENA committed to development of a standalone Modern Slavery Policy that clearly articulates ARENA's approach to risk management of modern slavery risks as well as actual instances of modern slavery.

ARENA progressed development of this Policy throughout the 2021-22 reporting period internally and then sought external assistance from an external provider (as described above) to ensure that the policy was fit for purpose. The final version of the Policy was approved by the ARENA Board in December 2022 and has been implemented throughout ARENA for the second half of this reporting period. In the event that a high risk or actual modern slavery is identified, ARENA workers now have a clear process to follow.

1.8 CONTINUING ACTIONS

1.8.4 MODERN SLAVERY WORKING GROUP

ARENA continued the Modern Slavery Working Group that was established during our first reporting period in 2020. The Working Group consists of members from across the agency and met to discuss how ARENA can continue to mature its approach towards identifying, assessing and addressing risks of modern slavery practices.

1.8.5 RISK ASSESSMENT OF OPERATIONS

Following the identification and assessment of the inherent risks of operational supply chains (see section 4.2), ARENA continued to implement controls from the last reporting period to ensure that the residual risk of modern slavery practices was reduced to low.

As noted above, only two categories of supply chains were identified as sitting beyond our risk tolerance:

- telecommunications and ICT equipment; and
- cleaning services.

The inherent risks of modern slavery practices for these supply chains were identified as medium.

We then identified any additional controls that could be implemented to reduce the residual risk of modern slavery practices in these supply chains and implemented these throughout the last reporting period.

The additional controls included use of whole-of-government panels which appropriately consider modern slavery risks, using ARENA's template contract for the provision of services (which has been updated to address modern slavery risks (see section 5.2.6)), obtaining warranties where possible that no modern slavery practices exist in lease agreements for ARENA's offices when they are renewed and regularly assessing the risks on an annual basis to determine if there are any changes. As a result of this process, ARENA is satisfied that the additional controls identified for both these sectors appropriately reduces the residual risks of modern slavery to low.

These additional controls were documented as part of the initial risk assessment of operations conducted and were endorsed by the Modern Slavery Working Group at that time.

1.8.6 PROVISIONS IN TEMPLATE SERVICES CONTRACTS

In the previous reporting periods, ARENA amended relevant procurement documents and template services contracts to account for identification, assessment and management of modern slavery risks. Both the procurement and services contract documentation were considered in this reporting period and it was concluded that no further changes were necessary.

1.8.7 PROVISIONS IN TEMPLATE FUNDING AGREEMENTS

In the previous reporting periods, ARENA amended its template funding agreement to incorporate the model clauses from the Australian Border Force as an undertaking to be provided by recipients of ARENA funding.

The rationale for requiring an undertaking was to better enable ARENA to address risks of modern slavery practices by requiring funding recipients to take action to identify, assess and address risks of modern slavery, rather than merely seeking an affirmation of compliance with the *Modern Slavery Act 2018* (Cth).

For higher value, project financed projects, we include more detailed provisions in our template funding agreement to cover circumstances where the risk of modern slavery practices is assessed as higher and additional processes are required to manage such risk.

In addition, in this reporting period, ARENA has undertaken an extensive review of its template funding agreements and revised them so that ARENA has termination rights in all of its templates where funding recipients do not take reasonable action to mitigate or remove practices of modern slavery in their supply chains where requested by ARENA to do so. It was considered that termination needs to be an option to ensure that recipients understand the seriousness with which ARENA will treat actual or suspected instances of modern slavery in connection with projects.

EFFECTIVENESS

Reporting criterion 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. We are committed to continual improvement and building on our approach year-on-year.

ARENA has assessed the effectiveness of the actions described in this Statement in the following ways:

- (a) *Training*: In ARENA's regular training for its workers, a discussion was held on modern slavery issues in order to better understand the general awareness of such issues. It was apparent from such discussion that the level of understanding amongst ARENA's workers has increased from previous reporting periods.
- (b) *Modern Slavery Working Group*: In addition to working to assess and address our risks of modern slavery, the Modern Slavery Working Group is an important forum used to evaluate the effectiveness of actions by bringing together workers from across the agency to discuss and consider ARENA's approach to modern slavery.
- (c) *Regular review of existing template contracts*: ARENA conducts a regular review of its template services contracts and funding agreements to determine if improvements can be made. As part of this process, ARENA now specifically reviews the modern slavery provisions to consider their effectiveness. As noted in section 5.2.7, the process undertaken over this reporting period resulted in amendments being made to the template funding agreement.
- (d) *Regular review of policies and procedures*: As discussed above, we undertook a review of ARENA's policies with particular reference to modern slavery to determine if changes were needed in light of its first statement and the relatively new obligations of the *Modern Slavery Act 2018* (Cth). ARENA will now incorporate modern slavery into its regular review of policies to ensure continual improvement where appropriate.
- (e) *Consultation and collaboration with other Commonwealth entities*: The responsible officers at ARENA for modern slavery collaborated with the Clean Energy Council to understand other approaches to modern slavery and to discuss ways we can improve.

CONSULTATION

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

This section is not applicable to ARENA. ARENA does not own or control any entities as defined by the *Modern Slavery Act 2018* (Cth).

RELATED AND FUTURE ACTIVITIES

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

In ARENA's third Modern Slavery Statement for 2021-22, ARENA committed to undertake a number of additional actions for future modern slavery statements. A summary of these commitments and ARENA's progress on them is set out below:

Commitment	Status
Finalisation of a standalone Modern Slavery Policy that clearly articulates ARENA's approach to risk management of modern slavery risks as well as actual instances of modern slavery.	Completed: ARENA finalised the Policy during the reporting period and it was approved by the ARENA Board in December 2022.
Improving ARENA's identification and assessment of modern slavery risks, especially in relation to the overarching, thematic risks in our project portfolio.	Ongoing: ARENA documented its identification and assessment of modern slavery risks in its Modern Slavery Policy which was published in December 2022. This Policy sets out ARENA's identification and assessment process for modern slavery risks and will be updated as needed in each reporting period.
Integrating consideration of the risks of modern slavery into decision-making processes where appropriate throughout the lifecycle of a project.	Ongoing: ARENA set out a clear process on dealing with modern slavery risks in its Modern Slavery Policy. As a result of this Policy being published, modern slavery risks are considered in the decision-making process for the approval of projects' funding. In addition, if a modern slavery risk arises during the project lifecycle, recipients of ARENA funding are contractually obliged to notify ARENA and take steps to remedy this risk.
Providing internal training and communication with ARENA workers on risks of modern slavery and how they should integrate this into their work.	Completed: Training was delivered internally in May 2023. ARENA will ensure that training on modern slavery is provided to all workers on an annual basis or if significant developments occur.
Continuing to refine and develop our approach to the drafting of modern slavery provisions in our template contract and funding agreements.	Completed: ARENA reviewed the contract for services and funding agreement template in the reporting period. While it was determined that no further changes were required to the services contract, the funding agreement provisions were amended to include termination rights for failing to implement reasonable actions in respect of actual or suspected modern slavery in connection with a project. This amendment was finalised in this reporting period.

Our greater understanding of risk management of modern slavery has also led to a better understanding of how ARENA can continue to improve its practices in relation to managing modern slavery risks. The goals and actions identified for future Modern Slavery Statements include:

- (a) continual improvement of ARENA's identification and assessment of modern slavery risks, especially in relation to the overarching, thematic risks in our project portfolio;
- (b) better integrating consideration of the risks of modern slavery into decision-making processes where appropriate throughout the lifecycle of a project;
- (c) ongoing training and communication with ARENA workers on the risks of modern slavery and how they should integrate this into their work; and
- (d) regular review and development of our approach to the drafting of modern slavery provisions in our template contract and funding agreements.

ARENA will consider any further publications and guidance published by the Australian Attorney-General that can be appropriately integrated into ARENA's operations. We will also look to continue collaborating with other Commonwealth corporate entities, such as the Clean Energy Finance Corporation, as to how we can jointly assess risks of modern slavery in jointly funded projects.

Further information is available at
arena.gov.au

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ARENAWIRE



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