



## RES Australia Pty Ltd

# Modern Slavery Act 2018 - Annual statement for the 2021-22 reporting year

This statement is made by RES Australia Pty Ltd (**RESA**) pursuant to section 13 of the *Modern Slavery Act 2018* (Cth) (**MSA**), for the reporting year 1 November 2021 to 31 October 2022 (**Reporting Year**). For the purposes of the MSA, RESA is the reporting entity for this statement.

RESA is an entity covered by section 6(2) of the MSA and, pursuant to section 6(1) MSA, has volunteered to comply with the requirements of the MSA for the Reporting Year.

### RES Group

The RES Group (RES) is a global business that develops and manages large scale renewable energy projects and related infrastructure. Headquartered in the United Kingdom, RES is the world's largest independent renewable energy company and has been at the forefront of the renewable energy industry for more than 40 years. Over that period, RES has delivered more than 22 GW of renewable energy projects, and also currently supports a diverse global operational generation portfolio exceeding 9 GW. RES employs more than 3,000 people globally and is active in 11 countries including Australia. It has strong in-house engineering and technical capability and operates in 4 main technology areas: onshore and offshore wind, solar, storage and electricity transmission / distribution.

### RES Australia

In Australia since 2004, RESA is an industry-leading renewable energy developer specialising in wind, solar and battery storage project development, and provides construction management and asset management services to renewable energy projects. RESA has a strong track record in successfully delivering projects in Australia, with:

- over 1 GW of greenfield renewable energy generation projects developed and sold;
- a growing pipeline of development projects in excess of 2.5 GW, with development sites in each of the mainland States and in the Australian Capital Territory; and
- construction and asset management services provided to projects in all National Electricity Market (NEM) states and the WEM (WA), managing 30 solar and wind farms (over 3GW in the Reporting Year) across the country (see Fig 1).



Fig 1: RESA assets under management 2021-22

RESA employs more than 140 staff, with corporate offices in each of Sydney, Brisbane and Melbourne.

In the Reporting Period covered by this statement, RESA directly or indirectly owned the following subsidiaries:

- Blueshore Pty Ltd (an operating entity for RESA’s asset management business)
- Southern Cross Windpower Pty Ltd (dormant)
- RES Southern Cross Pty Ltd (dormant)
- Twin Creek Energy Pty Ltd (dormant)
- Murra Warra Energy Pty Ltd (dormant).

## RESA operations

In the Reporting Period, RES Australia’s main business activities were:

- developing renewable energy projects, with a view to selling these projects, typically concurrently with the closing of project finance and just prior to commencement of project construction, and
- provision of construction management and asset management services to renewable energy projects.

Further detail on each is set out below.

- **Renewable Energy Project Development**

In the development phase, RESA locates and secures project sites, undertakes initial investigations, secures project approvals, undertakes and manages the processes to secure connection to the electricity grid, selects contractors and negotiates the suite of project documents required to design, procure, construct and operate renewable energy projects. It also identifies and negotiates relevant contracts with offtakers

for the purchase of electricity from the renewable energy project. This phase usually concludes with the sale of the relevant project to a third party and may include the negotiation of project financing.

- **Renewable Energy Project Construction and Asset Management**

In Australia, RESA provides services to support owners of renewable energy projects to deliver projects through all stages of construction to asset management of the completed, operational asset, and to date has managed the construction of 1.3 GW of renewable energy projects across the NEM. RESA has significant experience in construction project management, contractor management, site management, program management, grid engineering and related services, while leveraging the skills and resources from RES Group's global technical team.

## RESA Supply Chains

RESA's supply chains support the development phase of each renewable project, involving development and commercialisation up to the point at which construction commences and the project is sold.

When providing construction and asset management services to project owners, the level of involvement of RESA's supply chains is frequently less significant than in the development phase, with ultimate responsibility for procurement-related decision-making generally resting with the project owners themselves.

Separate supply chains support the provision of day-to-day corporate services to the RESA business.

RESA's direct supply chains are largely Australian based, involving a combination of local service providers (particularly for consultancy services) and the Australian branches of major global businesses that design, procure and supply renewable energy plant and equipment. These major global businesses source plant, equipment and parts from various countries, including:

Australia, Denmark, Spain, China, Mexico, Saudi Arabia, Thailand, Vietnam, Malaysia, India, Brazil, Italy, Portugal, Spain, South Korea, USA, Morocco and Turkey<sup>1</sup>

### Development Phase Supply Chains

In the development phase, RESA is typically supported by its supply chains in the following areas:

- **Early-stage consultancy services**, including in relation to the identification of sites for renewable energy projects, assessment of environmental planning impacts, cultural heritage and wildlife surveys, project technical and engineering advice, advisory services relating to government, stakeholder, community and First Nations engagement and ongoing relations.
- **Supply, installation and later de-commissioning of monitoring equipment**, such as met masts used in wind farm project feasibility assessments.

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<sup>1</sup> This country list has been compiled from the annual Modern Slavery Statements prepared by RESA key suppliers and submitted to the Australian Government.

- **Provision of early-stage services and works by major global renewables original equipment manufacturers (OEMs)<sup>2</sup>**, including services relating to the modelling of project grid impacts, selection of subcontractors and suppliers, and design of generation facilities and civil and electrical balance of plant.
- **Engineering and technical advice provided by Australian transmission network service providers**, relating to project grid connection processes.
- **Project procurement:** comprehensive project procurement, under which an OEM or other large international supplier (or suppliers) is identified, selected and then engaged under an engineering, procurement and construction (EPC) contract (or similar), often accompanied by a separate Operation and Maintenance (O&M) Agreement for the provision of operations and maintenance services after the project is constructed. These arrangements are negotiated by RESA as a precursor to the project financial close, and entered into at financial close which is usually the point in time when RESA sells the project to investors.
- **Business and transaction advisory services**, including legal, corporate finance, tax, technical and insurance advisory, associated with the identification of project investors, due diligence, and negotiation and finalisation of project finance and sale documentation, following which ownership of the project will transfer to the new owners, and the development phase ends.

Typically, advisory and early-stage services and transactional services will be provided by local Australian consulting firms and, in some cases, specialist sub-consultants, and by OEMs' Australian-based staff and local subcontractors (e.g. engineering design services provided by local consultancies). In some cases, consulting firms, OEMs and major equipment suppliers will draw upon specialist expertise from overseas offices or overseas subcontractors.

In addition, project development involving EPC or similar contracts with OEMs, will provide for the OEM to undertake design, manufacture and supply of much of the plant and equipment required for renewable energy projects, either itself or through subcontractors. A significant portion of this originates from locations overseas, including from the OEMs' own supply chain sources for component parts, consumables and any related services.

#### Construction and Asset Management Supply Chains

RESA provides construction management services to projects under construction, and asset management services once construction is complete and the project is operational. Some asset management services are also provided by its subsidiary, Blueshore Pty Ltd (in this section, references to 'RESA' include Blueshore).

In the construction and asset management phase, RESA is engaged by the project owner to provide services including to manage suppliers and contractors on the project owner's behalf. RESA is engaged firstly to provide services to manage the OEM and main contractors on behalf of the project owner as the project is built and

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<sup>2</sup> OEMs generally include wind farm turbine suppliers, grid scale battery suppliers, battery inverter suppliers, solar farm inverter suppliers, tracker suppliers and, in some cases, solar farm module suppliers.

commissioned, and then to provide long term asset management services. Often this occurs under a long-term construction and asset management agreement.

Supply chains in this phase typically operate as follows:

- at least initially, RESA will manage OEMs and, in some cases, other main contractors' suppliers, that were selected and contracts negotiated during the project's development phase (either by RESA itself - if it developed the project, or in other cases by the original project developer);
- RESA will also manage the procurement of any suppliers required subsequently by the project owner. These will typically be identified via a tender process or similar, but in some cases, there will be a direct appointment at the request of the project owner.

Where required, as construction and asset manager RESA will support engagement of those suppliers, including settling scope and negotiation of contracts (to be executed by the project owner). Typically, there will be a mix of local and international businesses retained, depending on the nature and scope of goods and services sought for the project. International suppliers will be used in cases where specific specialist services or technology is required that is not available locally; and

- in limited cases, RESA will engage its own subcontractors to assist it in the provision of construction and asset management services. These are usually smaller service providers, mostly based locally.

#### Corporate Supply Chains

RESA engages local suppliers of goods and services required for the ongoing corporate needs of its business, including office supplies and consumables, cleaning services, uniforms and corporate apparel, travel and accommodation services, training services, financial advisory, insurance advisory, legal advisory.

Some corporate services are also arranged by RES Group, to apply to all or some of RES Group's businesses globally, including RESA. This includes the majority of IT services.

#### **Policies and Governance**

The core purpose of the MSA aligns with RESA's values and RESA's board of directors support the embedding of protections to mitigate the risk modern slavery practices within its business practices and supply chains. RESA works within a policy framework set at the RES Group level, which includes:

- the RES Group Supply Chain Code of Conduct (**Supply Code of Conduct**), which sets out minimum behavioural standards that RES expects of its partners and suppliers in all countries in which RES operates or procures goods and services, all employees including subcontracted labour, and all suppliers of goods and services. This includes standards in relation to modern slavery, human rights and labour practices. RES' Supply Code of Conduct is being progressively applied to its key global suppliers and other suppliers, either contractually, or as a separate instrument signed by both the RES Group Chairman and CEO, and senior representatives of the supplier;
- RES Group procurement policies, which take account of the principles behind relevant global initiatives including the UN Global Compact and Ethical Trading Initiative Base Code, and

- RES Group’s Modern Slavery and Human Trafficking Policy, which sets out RES Group’s commitment to do all that is reasonably practicable to support the eradication and prevention of modern slavery and human trafficking. Like the Supply Code of Conduct, this policy applies to RES business activities in all countries in which RES operates or procures goods and services, and all employees including subcontracted labour.

In addition, in Australia, RESA has approved its own Modern Slavery Strategy, as required by the Group Policy.

### **Risks of modern slavery practices in RESA’s operations and supply chains**

During the Reporting Year, RESA did not identify any instance of any modern slavery in any of its supply chains. However, it recognises that there are risks of modern slavery practices in the operations and supply chains of RESA and its subsidiaries. Details of risks and actions taken in response are set out below.

#### Renewables projects’ long and complex supply chains with significant overseas elements

It is well established that for Australian-based businesses developing renewable energy and energy storage projects, long and potentially complex supply chains will often be involved, including significant overseas elements. It is well understood that there are products and minerals required for renewable energy and energy storage projects, such as the raw materials required for the manufacture of polysilicon used in solar PV, that are sourced from places such as the outer regions of China, where there are known issues with human rights, labour practices, workplace health and safety and repression of minority ethnic groups. However, can be very challenging getting clear and complete information about these supply chains and inherent risks, given:

- frequently, there are a many individual links in these supply chains;
- the lack of clear contractual requirements throughout the chain of supply to provide relevant information to enable the buyer to satisfy itself there are no issues in the chain, and risks have been appropriately mitigated; and
- although the Australian subsidiaries of a number of RESA’s key global supplier counterparties also report under the MSA, the level of information provided about the overseas supply chain risks of their foreign corporate groups is in some cases quite limited.

During the Reporting Year, RESA progressed number of actions in response:

**Enhancing supply chain information:** RES Group has undertaken the following initiatives in the Reporting Year to gather information, focusing on the activities and supply chain of its key suppliers (OEMs and other major global suppliers with whom RES Group, including RESA, transacts business on a regular basis):

- a survey of the practices of key suppliers of inverters for solar projects, including requiring suppliers to answer questions on the traceability of their supply chains and evidence of any forced labour issues;
- engaging an external consulting firm to undertake a traceability audit of module suppliers and key inverter and battery suppliers. The audit commenced just before the end of the Reporting Year;

- undertaking performance reviews and engagement with strategic suppliers for wind farm projects, in relation to supply chain risks including modern slavery.

A further survey is being developed by RES Group procurement staff, focusing on ESG performance (including modern slavery), which will be directed at key suppliers (modules, inverters, batteries and trackers) in the period following the end of the Reporting Year. Further surveys and audits of key suppliers are planned.

In Australia, RESA is seeking to improve its understanding of renewable energy and battery storage supply chain issues through its membership of the Clean Energy Council's Modern Slavery Working Group, which enables collaboration with industry peers, suppliers, and other key players. In addition, in the Reporting Year RESA undertook a review of modern slavery statements lodged by its key suppliers in Australia under the MSA.

**Improved contractual controls:** RES Group master service agreement templates have been updated to include a requirement for suppliers to specifically require compliance with applicable UK modern slavery legislation, and further contractual controls are under consideration, pending results of the surveys noted above. In Australia, RESA is also proposing to make corresponding amendments to its contract templates.

In addition, the RES Group Supply Code of Conduct includes modern slavery and supply chain traceability obligations. This Code is being progressively applied to key suppliers globally, including those engaged on Australian projects.

**RESA procurement process improvements:** In the Reporting Year RESA has been developing new core procurement processes, which include a range of new pre-qualification checks that extend to compliance matters and supply chain performance, including modern slavery issues.

#### RESA corporate supply chains

In the Reporting Year, corporate (non-project) procurement was the responsibility of individual teams within RESA, and there was no manager or business unit with oversight of all corporate supply chains. Although this is only a small sub-set of RESA procurement overall, when coupled with the knowledge gaps flagged above, there is potential for modern slavery risks and practices to exist in corporate supply chains, for reasons including:

- the use of smaller businesses, that may not have the right internal controls, or the resourcing to understand issues in their own supply chains; and
- the likelihood that some of these businesses will source from overseas (e.g. uniforms, PPE and corporate apparel, and IT equipment).

As noted above, steps are being taken to improve staff understanding of modern slavery risks and practices and points of escalation if an issue is detected.

#### **Effectiveness**

RESA, through an internal working group comprising local procurement and legal staff, has assessed the effectiveness of its response to the highlighted risks during the Reporting Year.

In the Reporting Year, there was considerable effort to monitor the performance of those suppliers classified by RES Group as key suppliers, including to test for modern slavery risk in their supply chains. However, for

suppliers of RESA that are not key suppliers (and being monitored through RES Group audits and surveys), the assessment noted the presence of gaps in the effectiveness of our response, for reasons which included:

- availability of resources - in the Reporting Year RESA staff totalled slightly more than 100;
- individual teams having their own responsibility for procurement for corporate purposes, with no centralised oversight for non-project procurement; and
- challenges in ensuring local suppliers were engaged on the issue (for reasons including the size of the supplier, lack of understanding, competing priorities, or a lack of commercial leverage).

As noted above in relation to the highlighted risks, steps are being taken to progress the resolution of these.

### Approval

This statement has been approved by the board of RES Australia Pty Limited. The content of this statement has also been shared with other relevant internal RES stakeholders for their information, including RES Group procurement staff in the UK, and members of the boards of RESA subsidiaries.

Signed by:



**Matt Rebbeck**  
CEO, RES Australia  
April 2023