

MODERN SLAVERY ACT STATEMENT

1 INTRODUCTION

This statement is made pursuant to the Australian *Modern Slavery Act 2018* (Cth) and sets out the actions taken by Signal Energy Australia Pty Ltd (**SEA**) to address modern slavery and human trafficking risks in our business and supply chain for the financial year ending 31 December 2020 (**Reporting Period**). References to “we”, “us” and “our” refer to SEA. During the Reporting Period, SEA recognised the need to improve our procurement practices to include a stronger emphasis on assessing and addressing modern slavery risks in our supply chain. We have since analysed our operations for modern slavery risks and sought to introduce modern slavery considerations in our governance framework. In the process of assessing the risks of modern slavery in our operations and supply chain, we were able to prioritise the activities to be undertaken to address the risks, and determined which activities should be tracked and reviewed for effectiveness and improvement opportunities.

2 REPORTING ENTITY

The reporting entity, Signal Energy Australia Pty Ltd (ACN 623 114 090), is a privately held company, with head office located in Sydney, NSW.

3 STRUCTURE, OPERATIONS AND SUPPLY CHAIN

3.1 Structure

SEA is a Proprietary Limited company, and a wholly owned subsidiary of Signal Energy, LLC, a Tennessee Limited Liability Company. SEA’s principal place of business is Three International Towers, 300 Barangaroo Avenue, Sydney, NSW, 2000. SEA did not own or control any entities during the Reporting Period. Accordingly, it was not necessary for us to address the mandatory reporting criteria requiring every statement to “describe the process of consultation with any entities the reporting entity owns or controls.”

We are a values-based company, guided by a set of Core Principles, set out below. These Principles guide the decisions we make, and are the foundation of our company culture.

Serve As Stewards – We leave things better than we find them. We prosper people and resources.

Develop Leaders – We recruit, develop, and promote future leaders.

Live With Integrity – We have an unwavering determination to do what is right, no matter what. We are authentic and we trust each other.

Persevere – When something is important and difficult we seek opportunities, ask tough questions, solve problems, learn and grow. We never give up. We stay positive.

Look Ahead – We look to the future and consider potential issues, options, and alternatives, and then act decisively based on our priorities.

Actively Communicate & Respond Promptly – We respond promptly, especially during critical decision times and at times of significant change. We fix problems quickly.

Seek Wisdom – We do our research, and ask our peers and mentors for their insights. We seek advice.

Create and Collaborate – We respect each other. We openly share ideas and information, and actively help those around us. We never say, “that’s not my job.”

Do our Best – we continuously strive to be elite. We compete to win. We learn and grow with each experience.

3.2 Operations

SEA’s business operations include engineering, procurement, construction, and operation of large-scale solar farms in Australia. During the Reporting Period, SEA had three active solar farms: one in operation, one completed construction and entered operation, and the third in construction. Two solar farms are in New South Wales and one in Victoria.

3.3 Direct Employment of Workers

SEA directly employs engineers, managers, and supervisors. At the end of the Reporting Period, SEA had 42 full-time employees and 1 casual employee. Hiring and employment procedures include the following measures to mitigate modern slavery risks in our operations:

- All roles are benchmarked using external data and have a minimum, mid, and maximum salary range. They have also been graded, levelled, and had bonus percentages attached to them.
- Wages are reviewed annually and benchmarked against external salary data.
- Employment contracts have been vetted by outside counsel.
- We confirm our employees do not have other jobs before they join.
- Date of birth is verified with the ATO.
- Allowed overtime hours are governed by an employee’s modern award, if applicable.

3.4 Construction

SEA is an EPC (engineering, procurement, construction) contractor for large-scale solar farms in Australia. SEA directly employs staff to bid and manage construction projects. We do not directly employ construction labour.

During the Reporting Period, SEA had up to 579 workers on site, across two construction sites, primarily supplied by subcontractors. These individuals performed a variety of roles, including: electricians, operators, labourers, quality assurance and safety inspectors.

Engineering: SEA has in-house engineers to perform conceptual design and design management. SEA uses third party consultants to perform detailed design.

Procurement: SEA purchases all construction materials to build a solar farm (other than materials free-issued by the project owner) through short-term project-level supply agreements. SEA purchases materials from local and global suppliers, further described below. SEA procures subcontractors to perform the construction work and also hires construction labour through labour hire providers, through short-term project-level subcontracts. SEA develops strong relationships with suppliers and subcontractors and does repeat business with trusted partners.

Construction: SEA employs project managers, construction managers, project engineers, and construction supervisors to manage construction work performed by subcontract labour and labour-hire labour.

Operation: SEA also performs operation and maintenance services for the solar farms we construct. We form project-level joint ventures with O&M (operation and maintenance) providers or hire them as subcontractors.

3.5 Joint Ventures

During the Reporting Period, SEA operated two project-level joint ventures with an O&M partner. Under the joint ventures, the O&M partner was responsible for operation and maintenance of two solar farms in NSW, and SEA was responsible for rectification of any construction defects.

3.6 Supply Chain

During the Reporting Period, SEA procured:

- **Construction Materials:** steel foundations, module racks and fence, inverters, cable, combiner boxes, and other electrical equipment.
- **Design & Construction Services:** engineering and professional services, electrical, mechanical, and civil installation.
- **Head Office & Overheads:** insurance, travel, office rent (including utilities), telephone, professional services, IT services, IT hardware, software licences, training, and recruitment.

3.7 Projects Procurement Summary

The table below reflects SEA's percentage of overall construction project spend on goods and services originating from different jurisdictions. During the Reporting Period, the solar modules were procured and provided to SEA by the project owner, and modules were not procured by SEA.

| Category | % of Total Spend | Country of Origin (Finished Goods, Services) |
|---|------------------|--|
| Steel Supply | 24% | China |
| Electrical Installation | 15% | Australia |
| Inverter Supply | 14% | Germany |
| Mechanical Installation | 13% | Australia |
| Substation Engineering, Supply & Installation | 13% | Germany. Malaysia. Australia |
| Civil Installation | 9% | Australia |
| Cable Supply | 5% | India |
| Engineering Services | 3% | Australia. Germany |
| Other Supply & Services | 4% | Australia/ varied |
| Total | 100% | |

4 RISKS OF MODERN SLAVERY

4.1 Construction Operations in Australia

All of SEA's construction work is performed in Australia. Risks of modern slavery in the construction operation are highest with labour hire providers. Risks associated with the construction sector include:

- Recruitment of vulnerable worker groups, including: migrant workers, workers from minority ethnic groups, displaced workers, itinerant workers, international students

- Not providing a fair employment contract written in a language the worker can understand, where the worker has equal right to terminate
- Retaining the passport of workers
- Charging recruitment fees to workers

4.2 Manufacturing Operations Overseas

Most construction materials are procured from overseas. Certain manufacturing and mining regions and materials carry higher risk of modern slavery. Key risks are outlined below.

- Mining operations for copper, tin, lead, quartz, silicon, selenium, tellurium, arsenic, cadmium, aluminium, boron, gallium or indium are at risk of modern slavery practices.
- Operations employing vulnerable worker groups, including: migrant workers, workers from minority ethnic groups, displaced workers, itinerant workers, prison workers, conscripted workers, young workers, are at risk of modern slavery practices.
- Operations that provide accommodation for workers may deprive workers of personal freedom.
- SEA is aware of the risk of forced labour abuses in the manufacture of polysilicon, which is a key component of solar modules; however, SEA was not responsible for the procurement of any solar modules during the Reporting Period. SEA will assess and manage this risk when procuring solar modules in the future.

4.3 Head Office Operations in Australia

SEA's largest head office / overhead expenses were insurance, travel, and office rent (including utilities), followed by recruitment, training, professional and IT services.

Key modern slavery risks for head office services are:

- Businesses with inadequate human resources practices in place, including lack of recruitment policies or transparency regarding the recruitment of the workers who will deliver the contract in labour-intensive services contracts. Recruitment of vulnerable worker groups, including: migrant workers, workers from minority ethnic groups, displaced workers, itinerant workers, international students.
- IT and telecommunications infrastructure including the manufacturing of hardware as well as the mining operations for raw materials used in lithium-ion batteries, present in phones, tablets, and computers.
- Airlines, hotels, care hire, logistics, catering, and cleaning are industries considered a higher risk for modern slavery due to the prevalence of subcontracting arrangements leading to decreased supply chain transparency, labour intensive work coupled with low barriers to entry, workers from vulnerable backgrounds including migrant workers.
- Suppliers sourcing products from countries with higher modern slavery risks which in turn exposes our own supply chain to risks.

5 ACTIONS TAKEN TO ADDRESS RISKS

During the Reporting Period, SEA recognised the need to improve our procurement practices to include a stronger emphasis on assessing and addressing modern slavery risks in our supply chain. We retained a third party expert consultant to assist us in developing our modern slavery policies and procedures to address the gaps in our operations and procurement framework. As a result, new policies and procedures that we have developed in 2021 include the following:

- **Modern Slavery Policy** to formalise our commitment to assessing, addressing and mitigating the risk of modern slavery risks across our business operations and our supply chain.

- **Supplier Modern Slavery Questionnaire and Risk Assessment Methodology** to ensure that our existing supplier and subcontractor prequalification process includes processes for identifying human rights red flags and a methodology to interpret the results to inform supplier management actions ongoing.
- **Supplier Code of Conduct** to set the expectation with our subcontractors and suppliers regarding ethical business conduct, which includes the evaluation and rectification of modern slavery risks.
- **Modern slavery terms** for our subcontracts and supply agreements to ensure compliance with applicable laws and SEA's Supplier Code of Conduct.
- **Whistle-blower Policy.** In coordination with our parent company, we are in the process of implementing a global whistle-blower policy in 2021, so that any worker can report concerns, including any modern slavery concern.

6 ASSESSMENT OF EFFECTIVENESS OF ACTIONS

We will assess the effectiveness of our actions during the 2021 reporting period by implementing the abovementioned policies and procedures as well as:

- tracking the number of questionnaires completed, and if any suppliers or subcontractors were not engaged due to modern slavery risks;
- tracking the actions taken with higher risk suppliers or subcontractors regarding their management of modern slavery risks;
- tracking the number of subcontracts that include modern slavery terms; and
- conducting an annual review of the risk assessment process with a focus on continuous improvement.

7 SUPPLY CHAIN DISRUPTIONS (INCLUDING COVID-19)

During the Reporting Period, supply of materials and labour were disrupted by the COVID-19 pandemic. We experienced factory closures in India and Malaysia, increased shipping rates, and disruptions in getting labour to and from the work sites due to interstate boarder restrictions. We worked proactively with affected suppliers to re-sequence work and expedite shipping, and maintained all of our supply agreements. As part of our new policies and procedures described in this statement, during future supply chain disruptions we will engage with the affected suppliers to perform an analysis of the modern slavery risks that may be increased due to the disruption, and implement an action plan to mitigate those risks. We will also assess if the supply chain disruptions impair our ability to execute our procedures, and implement alternate procedures to assess and mitigate modern slavery risks.

8 APPROVAL OF STATEMENT

This statement was approved by the board of Signal Energy Australia Pty Ltd on 19 May 2021.

Signed,



Robbin Russell

Director

19 May 2021