

Modern Slavery Statement

To: **Australian Border Force**
(submitted via www.modernslaveryregister.com.au)

From: **Iberdrola Australia Limited**
Level 17, 56 Pitt Street, Sydney NSW 2000

Date: 20 May 2021

Iberdrola Australia Limited – Modern Slavery and Human Trafficking Statement covering the period 1 January 2020 to 31 December 2020

This statement is made by Iberdrola Australia Limited (**Iberdrola Australia**) and its wholly owned subsidiary entities (collectively, the “**Iberdrola Australia Group**”). References to “we”, “us” and “our” are references to the Iberdrola Australia Group. This statement sets out the steps that we have taken to ensure that modern slavery and human trafficking is not taking place within our operations or our supply chain. This statement is made pursuant to sections 13 to 16 of the Australian Modern Slavery Act 2018 (the **Act**) with respect to the period 1 January 2020 to 31 December 2020 (the **Reporting Period**¹).

1. Our organisation

1.1 Our structure

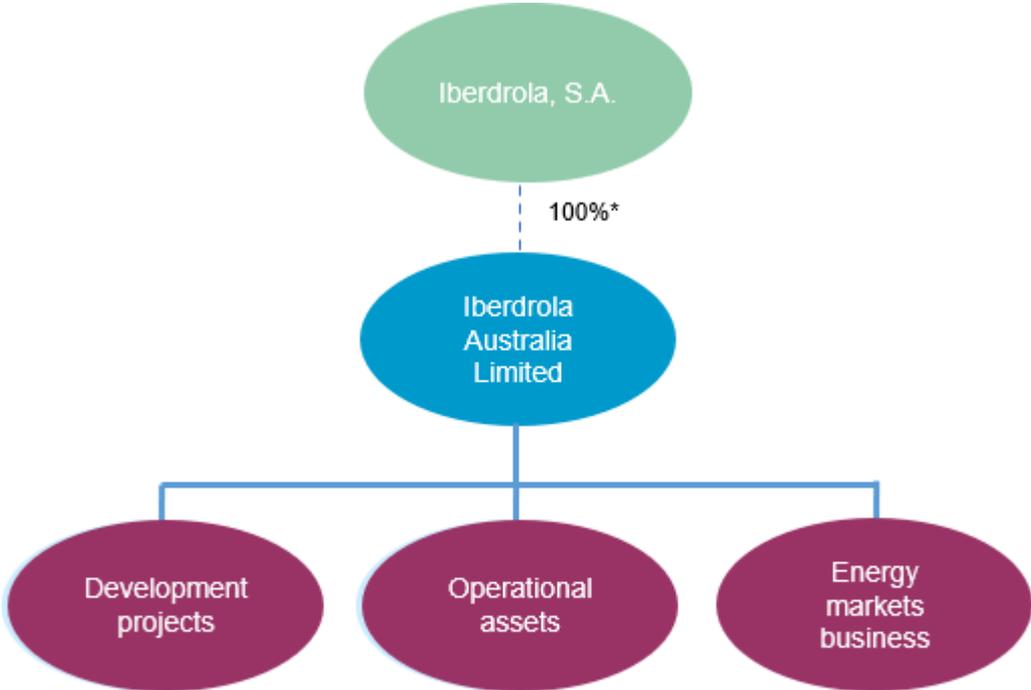
Iberdrola Australia Limited is an Australian public company originally incorporated in June 2003. At the start of the Reporting Period, Iberdrola Australia Limited was known as Infigen Energy Limited, and together with the Infigen Energy Trust, was listed on the Australian Securities Exchange (**ASX**) as a stapled security under the ticker code ‘IFN’. As a result of an off-market takeover by the Iberdrola Group during the Reporting Period, Infigen Energy was delisted from the ASX on 5 November 2020. The Iberdrola Group gained full control of Infigen Energy Limited on 21 December 2020 and its name was changed to Iberdrola Australia Limited on 12 May 2021.

¹ Iberdrola Australia Limited changed its financial reporting year from a 30 June year end to a 31 December year end during the Reporting Period. We note that our first Reporting Period of 1 January 2020 – 31 December 2020 spans two separate financial reporting periods (i.e. 1 July 2019 – 30 June 2020 and the six-month financial reporting period of 1 July 2020 – 31 December 2020). Going forward our Reporting Period for the purposes of the Act will align with our calendar year financial reporting period.

The Iberdrola Group is the world's largest producer of wind power by volume, and one of the world's largest electricity utilities by market capitalisation. It is globally recognised as a sustainability leader and prides itself on its commitment to an energy model that prioritises the well-being of people and the preservation of the planet. The Iberdrola Group's Governance and Sustainability System, which includes its Code of Ethics and Policy on Respect for Human Rights, amongst other key corporate policies, apply to the Iberdrola Australia Group and play a central role in ensuring the integrity of its business operations.

Iberdrola Australia Limited is incorporated in Australia and is the Australian parent entity for a number of wholly owned subsidiary entities through which it holds its energy generation and development assets, as well as conducting its energy markets business.

Figure 1 – Reporting Entity's Structure



* On 21 December 2020, Iberdrola Australia Limited (formerly known as Infigen Energy Limited) became an indirect, wholly owned subsidiary within the Iberdrola Group, with the parent company of the group being Iberdrola, S.A. based in Spain.

Over the Reporting Period Iberdrola Australia's consolidated revenue was \$293.2 million. Iberdrola Australia Limited is the only Reporting Entity under the Act within the Iberdrola Australia Group.

1.2 Our operations

The Iberdrola Australia Group generates renewable energy from our fleet of owned wind farms. With a total of 670MW of nameplate capacity, it is one of the largest renewable energy fleets in Australia. We also source renewable energy from third parties where we contract to purchase their output under long term Power Purchase Agreements.

Because renewable energy is inherently intermittent, and because customers need electricity on demand, Iberdrola Australia utilises its additional fast-start (firming) assets to manage intermittency risks. Our firming asset portfolio comprises Smithfield OCGT (a 123MW gas peaking plant in NSW); the Lake Bonney Battery (a 25MW/52MWh utility-scale battery in SA); and the South Australia Gas Turbines (120MW of dual-fuel peaking plant in SA).

By combining a diversified fleet of renewable generators with a portfolio of flexible, fast-start assets, we provide customers with firm supplies of clean energy.

Figure 2 – Location of the Iberdrola Australia Group's Assets



As at 31 December 2020, the Iberdrola Australia Group employed approximately 92 staff, most of whom were based in our Sydney office. 13 staff members are located across Australia at our construction and operational sites, which are located in NSW, VIC, SA and WA.

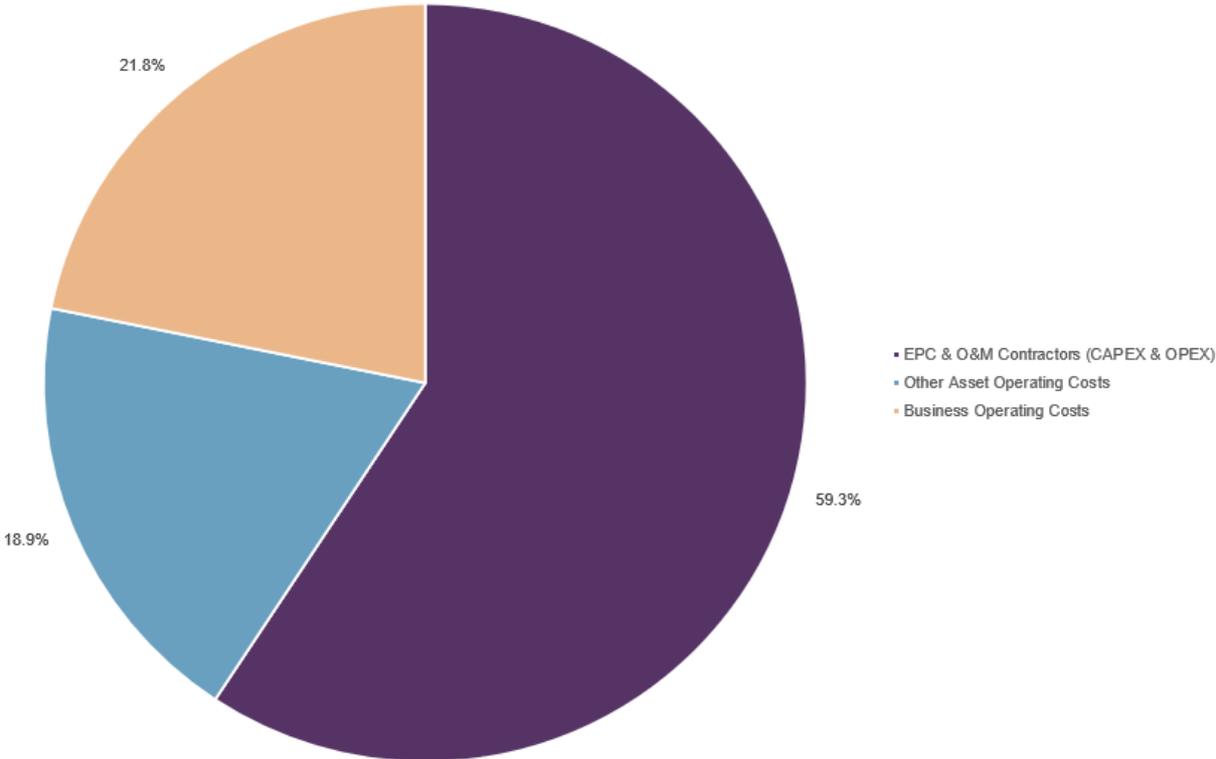
1.3 Our supply chain

Iberdrola Australia has a diverse supply chain which supports our operations. We understand that our supply chain includes both the products and services provided directly to us by our suppliers (direct suppliers) and the products and services used by indirect suppliers in our supply chain.

The sourcing and purchasing of all products and services from our direct suppliers is led by the relevant team within the business. Depending on the business need, suppliers are engaged on either an ad hoc basis or under longer-term contractual arrangements, sometimes just on one project and sometimes across a range of them.

The key categories of products and services we procure (as a percentage of spend) are shown in **Figure 3**².

Figure 3 – Iberdrola Australia’s suppliers by category as a percentage of spend



² Percentages are based on Iberdrola Australia’s spend with its top 200 suppliers during FY18-19.

Over 95% of Iberdrola Australia's direct suppliers of both products and services are Australia-based, although some may use sub-suppliers, or source labour and/or parts or have manufacturing facilities in other countries.

2. Risks of modern slavery practices in our operations & supply chain

To better understand the risks of modern slavery practices in our operations and supply chain, we undertook a scoping exercise to understand where and what modern slavery risks may exist. Central to this exercise, was assessing both Iberdrola Australia and our direct suppliers against the key risk indicators described in the 'Guidance for Reporting Entities'³.

Iberdrola Australia's own operations are limited to Australia (a country considered low risk under the Walk Free Global Slavery Index⁴). A number of our activities (which largely comprise the construction, operation and maintenance of electricity generation assets) are outsourced to service providers under long-term contracts. As at the end of the Reporting Period, our staff were also largely office-based, with only 13 based permanently at our operational assets. Most of our staff are employed directly and on permanent contracts in skilled roles. This lowers the modern slavery risks within the Iberdrola Australia workforce.

We conducted a risk assessment of our own activities against the key risk indicators and concluded that the risk that Iberdrola Australia may cause modern slavery practices is low.

However, in conducting this risk assessment exercise across our supply chain, we identified that there is a risk we may contribute to, or be linked to, modern slavery practices through activities that occur in our supply chain. We conducted a risk assessment of our Tier 1 suppliers against the key risk indicators and identified the following potential risk areas:

Geographic, product and services risks: Iberdrola Australia procures equipment (such as wind turbines and large electrical components, as well as IT equipment such as laptops, computers and mobile phones) from a small number of global suppliers who may source, manufacture, or assemble these items (and the materials that comprise them) in countries considered higher risk under the Walk Free Global Slavery Index⁵. IT equipment is listed as Australia's highest risk import in terms of modern slavery, with 73% coming from China and Malaysia, both of which have large electronics manufacturing industries which have been identified as at risk of using modern slavery in the production of these goods⁶.

³ Modern Slavery Act 2018 'Guidance for Reporting Entities' available at https://modernslaveryregister.gov.au/resources/MSA_-_Official_Guidance_.pdf

⁴ The Global Slavery Index is a ranking of the number of people in modern slavery, including in the hardest to access countries. Refer to: <https://www.globalslaveryindex.org/resources/downloads/#gsi-2018>

⁵ The Global Slavery Index is a ranking of the number of people in modern slavery, including in the hardest to access countries. Refer to: <https://www.globalslaveryindex.org/resources/downloads/#gsi-2018>

⁶ Refer to: <https://www.globalslaveryindex.org/2018/findings/country-studies/australia/>

Sector and industry risks: Iberdrola Australia procures construction services from civil and electrical contractors who may employ temporary or contract workers to construct our wind farms or other assets. The construction sector in Australia is considered at risk of modern slavery according to the Walk Free Global Slavery Index, due to it employing a high percentage of migrant workers who enter Australia through its temporary visa scheme. As Iberdrola Australia's generation assets are often in relatively remote areas, this may increase the risk further.

We assessed the overall risk of modern slavery practices in our supply chain as medium.

3. Actions taken to assess and address these risks

3.1 Completed actions

During the Reporting Period, we strengthened our approach to identifying, assessing, preventing, and mitigating modern slavery risks through the following actions:

- Briefing the Board of Iberdrola Australia Limited to raise awareness of modern slavery, potential risks and new compliance reporting requirements under the Act;
- Raising awareness amongst Iberdrola Australia employees, including via a 'Lunch and Learn' session on 'The Modern Slavery Act and What this Means for Iberdrola Australia' – to increase awareness of the issue of modern slavery in relation to our operations and supply chain and what individuals need to do if they identify any areas of concern. This included providing details of Iberdrola Australia's grievance mechanism as a way to raise issues or concerns;
- Providing training to Iberdrola Australia employees via an online course entitled Modern Slavery Act Awareness;
- Seeking advice from external advisors to assist our understanding of the requirements of the Act;
- Developing and implementing an Anti-Modern Slavery Policy;
- Developing an anti-modern slavery clause for use in contracts;
- Establishment of an internal Modern Slavery Working Group, comprising employees from across the business, which meets periodically to discuss relevant objectives and issues, as well as the ongoing development of policies and procedures;
- Conducting an initial supply chain risk assessment of Tier 1 suppliers;
- Obtaining additional information from higher risk suppliers as to their own policies and procedures regarding modern slavery risks;
- Collaborating with other companies in the renewable energy industry to understand their approach to the management of modern slavery risks, including Iberdrola Australia chairing the Clean Energy Council's Modern Slavery Working Group; and
- Participating in a number of online seminars on modern slavery, delivered by the Australian Border Force and various law firms.

3.2 Future actions

During the next reporting period, we intend to review and strengthen our ongoing actions in relation to the risk of modern slavery practices by:

- Providing further training across the Iberdrola Australia Group in relation to the applicable anti-modern slavery policies, and the Iberdrola Group's Governance and Sustainability System (including Code of Ethics and Policy on Respect for Human Rights) to assist with modern slavery risk identification for new suppliers;
- Working with and learning from our Iberdrola Group colleagues in other jurisdictions (e.g. the UK) who are very familiar with identifying and managing the risk of modern slavery practices; to learn from their experiences and identify synergies with the requirements under the Australian legislation;
- Refining our initial supply chain risk assessment of Tier 1 suppliers and the methods to obtain additional information from higher risk suppliers;
- Continuing to include an anti-modern slavery clause in relevant contracts;
- Continuing to communicate our commitment to addressing modern slavery in our operations and supply chain to our Tier 1 suppliers;
- Continuing to ensure our employees are aware of the issue of modern slavery and the role they have in combatting it; and
- Conducting periodic reviews of these objectives and actions.

4. Assessing effectiveness

We continue to assess the effectiveness of our anti-modern slavery policies and procedures to ensure they remain fit-for-purpose and the best available to us. We acknowledge that there will always be room for improvement and intend to review and monitor our actions by:

- Ensuring the continuation of our Modern Slavery Working Group which will review tasks and ensure they are effectively completed (or adapt them as necessary to the situation);
- Continuing to collaborate with other companies in the renewable energy industry to learn from their approaches to the management of modern slavery risks, including continuing to participate in and/or chair the Clean Energy Council's Modern Slavery Working Group;
- Reviewing Modern Slavery Statements submitted by other companies so that we can better understand and learn from what other Reporting Entities are doing to identify and manage their modern slavery risks;
- Carrying out a review of our Tier 1 supplier risk assessment process to ensure that any areas for improvement are identified and implemented;
- Effectively dealing with any complaints or concerns raised in relation to modern slavery by employees, suppliers and/or third parties⁷;

⁷ During the reporting period, Iberdrola Australia did not receive any complaints or notices relating to modern slavery issues raised through any channel.

- Reviewing the progress of our training schedule; and
- Engaging with our higher risk suppliers to ensure they continue to implement the anti-modern slavery processes they have communicated to us.

5. Consultation with owned and controlled entities

All entities that Iberdrola Australia owns or controls are managed and operated by Iberdrola Australia employees. Consultation with these entities is undertaken via:

- Our Modern Slavery Working Group, which includes a cross section of these personnel that meet periodically to discuss relevant objectives and issues, as well as the ongoing development of policies and procedures; and
- Our communication and training sessions outlined in section 3.1 above.

6. Impact of COVID-19

COVID-19 has not had a significant impact on our capacity to assess and address modern slavery risks during the Reporting Period. Iberdrola Australia personnel have been largely working from home since mid-March 2020 due to the pandemic and this has not adversely impacted the ability of the Modern Slavery Working Group to continue developing Iberdrola Australia's anti-modern slavery policies and procedures.

The Board of Directors of Iberdrola Australia Limited approved this statement on 20 May 2021.



Ross Rolfe
Managing Director