

BEYOND COMPLIANCE IN THE RENEWABLE ENERGY SECTOR

Assessing UK and Australian Modern Slavery Act statements

The demand for renewable energy is booming, and for good reason. This increasing demand is driven by a global movement to reduce greenhouse gas emissions and limit the impacts of climate change.

Workers in the industry are vulnerable to forced labour, wage theft, hazardous conditions and illegal overtime, among other forms of exploitation. Moreover, some parts of the world with the highest potential in terms of renewable energy sources are also those impacted by conflict, weak governance of the industry, and/or state-imposed forced labour. Some are also home to large numbers of migrant workers, who are more vulnerable to labour exploitation.

As a relatively new sector, and with complex supply chains, renewable energy companies have heightened responsibilities to prevent modern slavery and protect workers within their supply chains. Governments in the end-user location also have an integral role in ensuring that markets are not tainted by forced labour.

Legislation such as Modern Slavery Acts (MSA) place obligations on companies in all sectors to report on how they are addressing the risks of modern slavery in their direct operations and supply chains.

To gain an understanding of how the renewable energy sector is complying with these obligations, we assessed the statements produced by the largest and most influential companies reporting under the UK and Australian MSAs in 2020, 2021 and 2022. This included those working with only renewable energy sources and “traditional” energy companies (those dependent on fossil fuels) expanding into the renewables space.

This briefing provides a snapshot of their level of disclosure of modern slavery risks, identifies good practice and highlights gaps in reporting quality.

FINDINGS

Energy companies are failing to effectively meet their reporting obligations under modern slavery legislation.

Companies working with only renewable energy sources are falling behind.

Ineffective disclosures by companies render millions of supply chain workers invisible.

Companies are not approaching due diligence or remediation with a worker-focused lens.

Companies' attention to modern slavery risks in renewable energy supply chains is alarmingly inadequate.

RECOMMENDATIONS

There is room for improvement for both companies working in the renewable energy sector, and the UK and Australian governments.

COMPANIES SHOULD:

- Improve reporting under MSAs, both to ensure minimum requirements are met and to provide more detailed disclosure on modern slavery risks.
- Improve supply chain transparency.
- Implement due diligence with a focus on sector specific risk.
- Engage with industry and non-industry initiatives

THE UK AND AUSTRALIAN GOVERNMENT SHOULD:

- Strengthen monitoring compliance with the legislation including review of statements against the mandatory criteria.
- Address the weak compliance and lack of enforcement action by using existing compliance measures proactively where reporting entities are failing to report or comply with reporting requirements (i.e., approval and signing provisions and including the mandatory reporting criteria). New regulatory enforcement tools should also be established – including financial penalties, debarment from government procurement and injunctive relief – to compel entities to report or comply with the reporting requirements.
- Implement a review schedule to ensure the legislation is updated to reflect international standards and learning from the effectiveness of supply chain transparency and mandatory human rights due diligence (mHRDD) laws.
- Issue additional guidance to companies operating in high-risk areas or sectors.