

An aerial photograph of a large dam and reservoir. The dam is a long, low wall made of stone or concrete, stretching across the middle of the frame. The reservoir is a large body of blue water behind the dam. In the foreground, there is a dense forest of green trees. In the background, there are rolling hills and mountains under a clear sky. The lighting suggests it is either early morning or late afternoon, with long shadows and warm tones.

**snowy**hydro

# Modern Slavery Statement

FY2021

# Introduction

This is Snowy Hydro's second Modern Slavery Statement, which is made pursuant to the Modern Slavery Act 2018 (Cth) (MSA). This Modern Slavery Statement is made on behalf of Snowy Hydro Limited (ACN 090 574 431) and each of its wholly owned subsidiaries, including Red Energy Pty Limited, Lumo Energy Australia Pty Ltd and Direct Connect Australia Pty Ltd (collectively "Snowy Hydro", "we", "our"), for the financial year ending 30 June 2021.

This Statement was prepared in consultation with a cross-functional group consisting of management representatives on behalf of each operating company within Snowy Hydro who oversee the implementation of our modern slavery actions. This Statement was reviewed by the Executive Committee and approved by the Board of Snowy Hydro Limited, which has governance over all group companies.

Snowy Hydro is an Australian-owned, dynamic, integrated energy business. Our role is to underpin energy security, enable the transition to renewables and increase competition in energy markets, leading to lower prices for consumers.

Our Values are the heart of who we are at Snowy Hydro. From the construction of the Snowy Mountains Scheme, to the integrated generation and retail business we are today, our Values define us and guide our behaviour, choices, decisions and interactions with each other, our customers, contractors and communities.

We demonstrate our Values in how we support our communities, customers and our people. In keeping with our core values, Snowy Hydro recognises the duty and opportunity that we have to play in the elimination of modern slavery. We remain committed to ensuring that human rights abuses play no part in our business or in any of our supply chains.






This Statement provides an overview of who Snowy Hydro is - our structure, operations, supply chains and governance; an assessment of the risks of modern slavery in our operations and supply chains; the control measures we have implemented to manage those risks; and the effectiveness of those controls.

Snowy Hydro's operations are undertaken by employees on individual agreements or under enterprise agreements almost entirely in Australia. Our supply chain largely comprises well known, long term suppliers, with no evidence of modern slavery. Snowy Hydro undertakes limited procurement in industries, regions, or for products and services with known risks of modern slavery.

Snowy Hydro assesses the risk of modern slavery under a robust Risk Management Framework.

In our FY2020 Modern Slavery Statement, we noted the sectors/suppliers within our supply chain with a higher potential inherent risk of modern slavery practices, and outlined the additional due diligence

## Snowy Hydro has a strong corporate culture based on our company values:

<b>Safety</b>	<b>Teamwork</b>	<b>Ownership</b>	<b>Agility</b>	<b>Decency</b>	<b>Courage</b>
					
Safety is always our number one priority	We help each other succeed through support and trust	We take pride in our work and own our choices	We are adaptable and embrace change	We treat others the way we'd like to be treated	We speak up and act for what's important



and verification measures we undertake for these areas. We continue to undertake these measures in respect of these sectors/suppliers and confirm that there remains no actual or suspected modern slavery practices in those parts of our supply chain.

During FY2021, the key changes to our operations and supply chains relevant to our modern slavery risks were as follows:

- **Hunter Power Project:** In May 2021 we committed to delivering our Hunter Power Project, which is a new 660MW gas-fired open cycle power station located at Kurri Kurri in New South Wales. This project, which will be completed by the end of 2023, will support the decarbonisation of the Australian energy sector by "firming" the non-firm supply of wind and solar generation. Our modern slavery due diligence and verification framework has been implemented for this project from its inception control the risks of modern slavery in the same robust manner as for Snowy Hydro's other suppliers;
- **Snowy 2.0 Project:** Our Snowy 2.0 pumped-hydro expansion of the Snowy Scheme, which commenced in early 2019, continues at full pace with key component manufacture ramping up. We continue to undertake independent assurance activities in relation to the main contractor engaged to deliver the project and its supply chain, and confirm that no actual or suspected

modern slavery practices have been identified from such activities; and

- **Impact of COVID-19 pandemic:** The COVID-19 pandemic continued to have a disproportionate impact on the livelihoods of those individuals involved with a number of local regional suppliers which Snowy Hydro relies upon. We continue to undertake additional targeted measures to support the ongoing viability of these suppliers.

In addition to this sector and project specific due diligence, Snowy Hydro has standard controls in place to control the risk of modern slavery practices in our supply chain, as well as the controls of standard contract terms and modern slavery training to key employees. During FY2021, these standard controls were strengthened with the implementation of a Supplier Code of Conduct and broadened training to include "on the ground" employees with a focus on identifying modern slavery risks.

Snowy Hydro will continue to review our modern slavery risk management practices against industry best practice. If required, we are committed to strengthening those practices to ensure they remain effective.

**Paul Broad**

Managing Director and CEO

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# Our structure, operations and supply chains

## Our Structure

Snowy Hydro Limited is the ultimate holding company of the group, and is a producer, supplier, trader and retailer of energy in the National Electricity Market (NEM) and a leading provider of risk management financial hedge contracts. In addition, Snowy Hydro Limited is a water manager operating under a stringent water licence. Snowy Hydro captures, stores, diverts water and releases it for the use of irrigators, town water supplies and the environment.

Snowy Hydro has two wholly-owned energy retail businesses, Red Energy Pty Limited and Lumo Energy Australia Pty Ltd. Snowy Hydro also has a wholly-owned moving services company, Direct Connect Australia Pty Ltd.



## Our Operations

Snowy Hydro has more than 5500 megawatts (MW) of generating capacity across New South Wales, Victoria and South Australia including the iconic 4100MW Snowy Mountains Hydro-electric Scheme, the 300MW Valley Power gas-fired power station, the 320MW Laverton North gas-fired power station in Victoria; the 667MW gas-fired power station at Colongra in New South Wales and 136MW of diesel generation at Port Stanvac and Angaston in South Australia.

Snowy Hydro has an offtake agreement with renewable developer Equis for 100MW of large-scale solar generation at Tailem Bend in South Australia, which commenced in April 2019. Additionally, from 2019 to 2021, Snowy Hydro procured offtake agreements for 350MW of generation from five solar farms in NSW and 704MW of generation from five wind farms in NSW and Victoria. Operations commenced at three projects during 2021, with another three expected to start up in 2022 and the remaining four in 2023 and 2024.

The Snowy 2.0 project is a nation building project that will underpin Australia's transition to renewable energy, bringing significant investment and thousands of jobs to the Snowy Mountains. This pumped-hydro expansion of the Snowy Scheme will link two existing

dams, Tantangara and Talbingo, through a 27km underground tunnel and a new underground power station. Work on the Snowy 2.0 project has been underway since early 2019, with the first tunnel boring machine having been commissioned and excavation of the Main Access Tunnel currently underway. Progress also continues on the civil and supporting infrastructure works and the Cooma precast factory, which will be producing the 130,500 concrete tunnel lining segments.

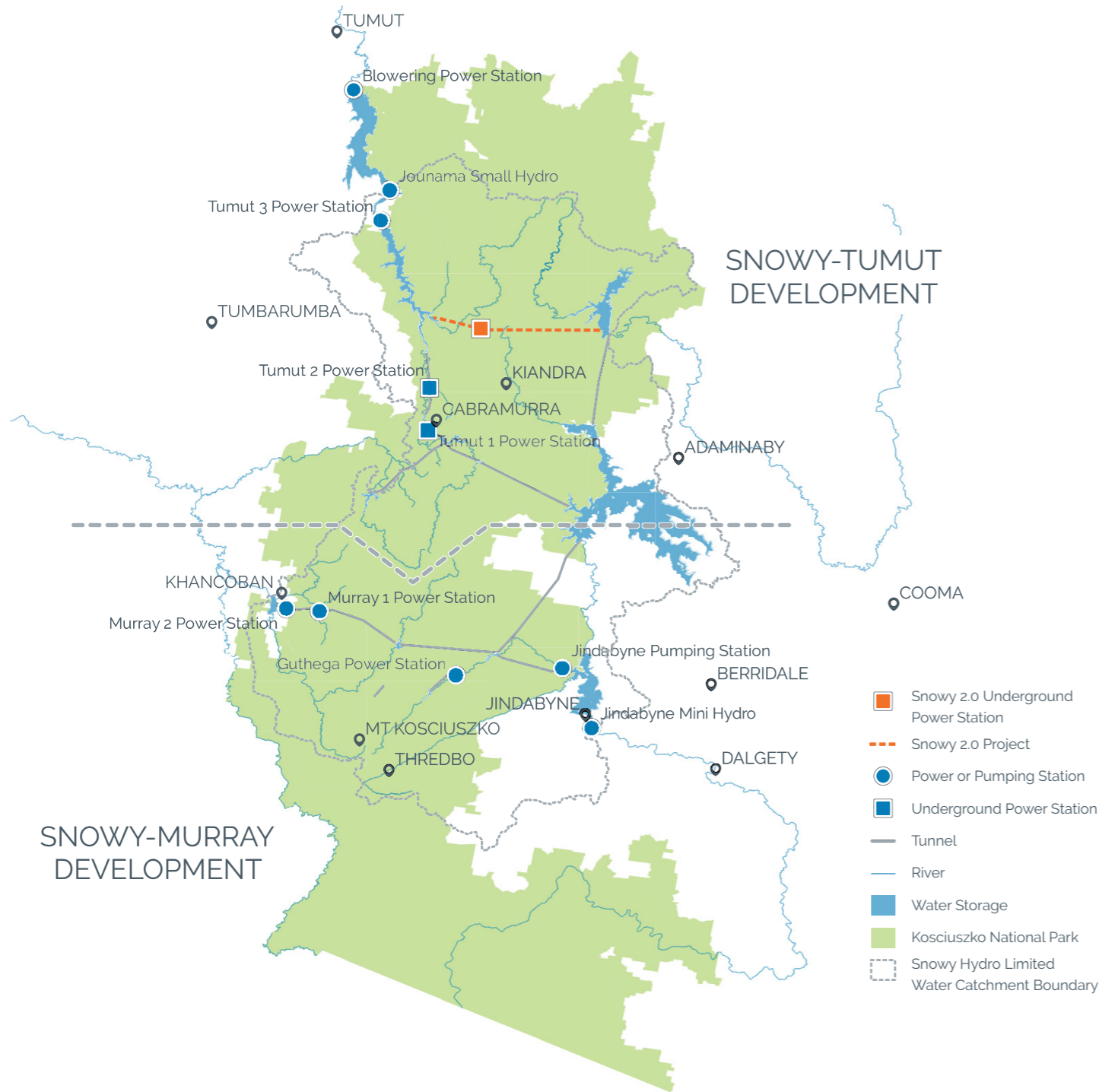
The Snowy 2.0 project continues to inject significant economic benefits into the Snowy region through local procurement and job opportunities. To date, more than 150 local businesses have been involved in the project and there has been more than \$65 million injected into the local economy.

During FY2021, Snowy Hydro committed to delivering the Hunter Power Project, which is a new 660MW gas-fired open cycle power station located at Kurri Kurri, NSW, Australia. Equipment and contractor procurement has begun for this project, with site works to commence in early 2022. The project will involve significant local investment in the Hunter region, creating as many as 600 jobs during construction and injecting up to \$800 million into the local economy.

**16** Power Stations and **5,500MW** total generation

**1.1 million** customers

**One-third** of renewable energy to the National Electricity Market



## Our supply chain

The majority of Snowy Hydro's supply chain for its existing generation assets and retail business is within Australia, and generally involves the engagement of skilled labour for the provision of both goods and services, or the acquisition of large items of equipment.

In FY2021, Snowy Hydro directly engaged more than 2,500 suppliers. Excluding the Snowy 2.0 Project, approximately 99% of our total spend in our supply chain was with local suppliers, followed by suppliers located in the United States (0.3%), New Zealand (0.25%) and India (0.24%).

Snowy Hydro has appointed a joint venture of world class, experienced, construction contractors to deliver our Snowy 2.0 project in Australia. While the

suppliers engaged by Snowy Hydro for that Project are local and the work is being undertaken in the Snowy region, they have their own international supply chains.

In relation to our Hunter Power Project, Snowy Hydro has commenced its procurement processes with the engagement of Mitsubishi Power Australia as the supplier of the power island equipment (including gas turbines and generators) for the plant. Snowy Hydro's other main equipment suppliers and site works contractors will be engaged during FY2022.

Snowy Hydro has taken the proactive steps outlined in this Statement to assure itself that modern slavery risks are being controlled within its supply chains.

### Our suppliers (excluding Snowy 2.0 project)



## Our Governance

Corporate governance at Snowy Hydro is underpinned by an independent, highly-experienced, skills-based Board, responsible for oversight and review of the principal risks facing Snowy Hydro, including ensuring that appropriate standards of accountability, risk management and corporate governance are in place for all companies within the group.

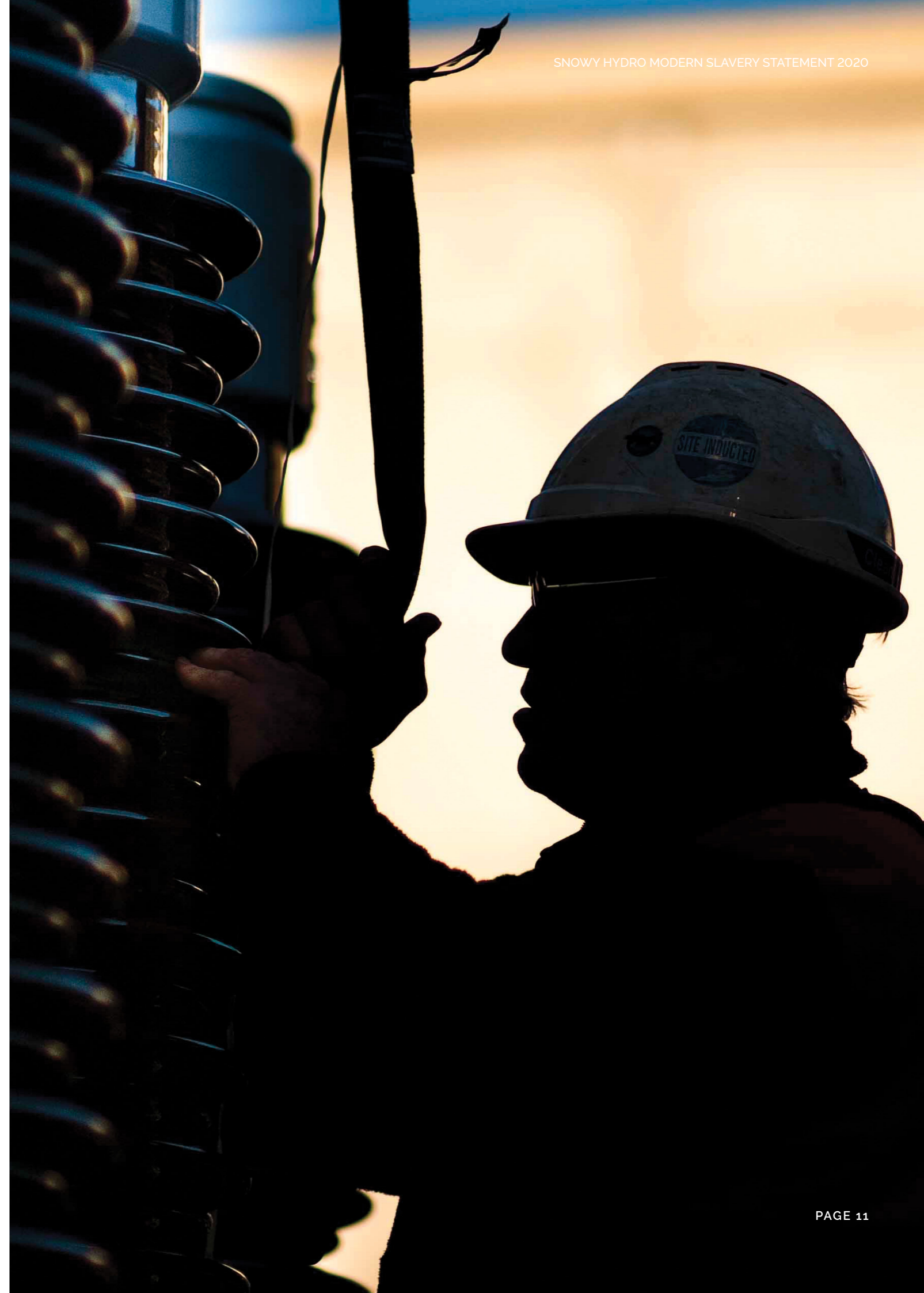
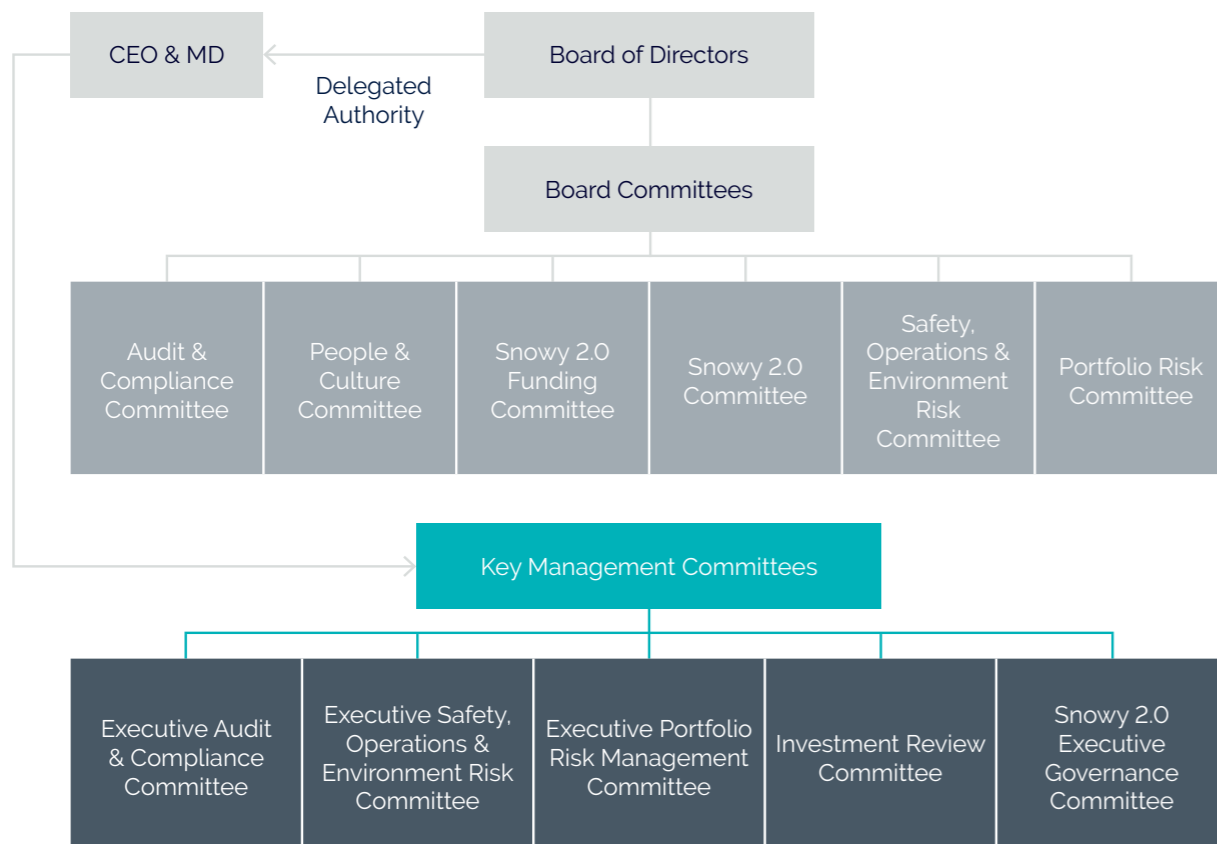
The Board is supported by dedicated Committees who assist the Board in discharging their governance responsibilities. The Audit and Compliance Committee provides advice to the Board on risks relating to audit, financial reporting, financial and business risk management, corporate management frameworks

and compliance matters. The role and responsibilities of the Audit and Compliance Committee include overseeing the adequacy of the systems in place to identify and manage human rights risks and are documented in its Board approved Charter.

Snowy Hydro's assessment and ongoing management of modern slavery risks is reported through the Audit and Compliance Committee, in accordance with its Charter.

Our corporate governance documentation, including the Corporate Governance Statement and the associated charters are available on our website.

### Corporate Governance Framework



# Modern Slavery Risk Assessment

Snowy Hydro's modern slavery risk is managed consistently with our established risk framework. Snowy Hydro has a risk based approach which informs our actions and prioritises:

**Harm** - Most severe risks that cause the most harm to people or where delayed response would make them irremediable;

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**Contribution** - Risks that are caused or contributed to by Snowy Hydro; and

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**Influence** - Risks that are not caused or contributed to by Snowy Hydro, but Snowy Hydro has the ability to influence the level of risk and/or whether that risk materialises.

Snowy Hydro then implements appropriate control measures giving consideration to the materiality of the relevant risk, followed by ongoing assurance measures to assess the effectiveness of those controls.

Snowy Hydro identifies and assesses potential risk of modern slavery in its operations and supply chains to inform its areas of focus. To better understand this risk, Snowy Hydro reviews country and industry risk indicators provided by organisations such as the Global Slavery Index and the International Labour Organisation among others.

We use the following key factors that influence the risk of modern slavery practices in our operations and supply chains to inform our analysis:

**Geographies** - Where a product is manufactured or processed, or where service delivery occurs.

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**Product and service categories** - The sectors from which we procure goods and services.

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**Vulnerable populations** - For example, migrant workers and base-skilled workers.

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**Work practices** - For example, third party labour arrangements.

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**Company-specific** - The practices of individual suppliers.

## Operations

Snowy Hydro's operations are located in Australia.

As at 30 June 2021, Snowy Hydro directly employed 1,743 people, with 91.7% of them working on an ongoing basis. 88% are full time employees and 12% work part time. 39.7% are female, 60.2% are male and 0.1% are non-binary, intersex or unspecified.

Most of our people are based in Victoria (60.5%) and NSW (36.1%). 3.0% are based in South Australia, and the remaining 0.4% in other locations. 31.3% of employees are based in the Snowy Mountains and

other regional locations across NSW, SA and Victoria, with the remaining 68.7% in Melbourne, Sydney and other cities.

Snowy Hydro has a robust payroll system and our employees are engaged directly on either individual agreements or applicable Enterprise Agreements.

### Snowy's employees

**31.3%**

based in Snowy Mountains and other regional locations across NSW, SA and Victoria

**68.7%**

based in Melbourne, Sydney and other cities.

**88%**

are full time employees

**12%**

work part-time

## Supply Chains

Snowy Hydro consistently assesses modern slavery risk in our supply chains based on workforce profile, the location of supplier manufacturing, the nature of the work to be performed and resultant labour requirements associated with the purchasing of goods or services.

This review process particularly focuses on areas of higher risk such as industries where there is base-skilled labour, or supplier operations within higher risk regions/countries.

Snowy Hydro's supply chain typically is comprised of well known domestic suppliers, with no demonstrated evidence of modern slavery. We identified a number of key areas for focus in FY2021:

- The international supply chain for the Snowy 2.0 Project, which includes a significant program of works in Electrical & Mechanical goods supply from countries including China, Germany and other parts of Europe;

- The international supply chain for the Hunter Power Project, which includes sourcing of the Electrical & Mechanical equipment from countries including Japan, Vietnam and parts of Europe;
- Our retail business' call centre operations in Mumbai, India - a country with a higher inherent risk on the basis of geographic location, with the internationally recognised biennial Global Slavery Index identifying India as having a high prevalence of modern slavery; and
- Our clothing, cleaning and catering contractors who source from higher risk geographical locations.





# Actions to address Modern Slavery Risk and Measuring Effectiveness of these Actions

## Specific sector/supplier risk controls

Snowy Hydro has undertaken the following actions in relation to the key sectors/suppliers in our supply chain which have a higher potential inherent risk of modern slavery:

### Snowy 2.0 & Hunter Power Projects

For both the Snowy 2.0 and Hunter Power Projects, contractors who are engaged in the delivery of the works are responsible for all aspects of the international supply chain. For these projects, supplier appointments include contractual requirements to comply with all modern slavery laws, to not engage in modern slavery and to develop and maintain effective policies and procedures to manage modern slavery risks.

Furthermore, as part of their contractual obligations, suppliers engaged in the delivery of the Snowy 2.0 and Hunter Power projects are required to conduct ongoing assurance activities for their downstream supply chains including modern slavery training

and in person verification at key locations such as manufacturing plants and material suppliers.

In addition to the assurance activities completed by the Contractors, Snowy Hydro also conducts a range of assurance activities itself using both Snowy Hydro personnel and independent experts (including auditors and quality inspectors) for key operations. During FY2021, Snowy Hydro identified a number of enhancements to its assurance activities that will be implemented in FY2022 - these enhancements are described in the 'Looking Forward' section below.

### Call centre operations in Mumbai

Snowy Hydro has extensive experience with outsourced call centre operations, with its retail subsidiary having utilised the Mumbai call centre for approximately 12 years. A global provider of services has been appointed to manage the Mumbai call centre.

Our first Modern Slavery Statement outlined the detailed assessment of the service provider's

processes and policies and the adequacy of the controls in place internally to manage the risks of modern slavery practices. Snowy Hydro continues to monitor the arrangements in place in Mumbai to ensure that they remain effective.

In FY2021, the service provider proactively supported its employees in Mumbai in relation to COVID-19 assistance. At varying times during the pandemic, the Mumbai office has moved from the office location to all staff working from home. As case numbers dropped and vaccination numbers increased a number of staff were able to return to the office, in increasing numbers. The majority of the staff contingent has returned to the office, but the ability to work from home remains.

The provider has made available vaccinations to all staff, and is continuing to support all staff impacted (directly or indirectly) by COVID-19. Snowy Hydro

has worked with the service provider to ensure that required hardware and equipment is provided to staff who are working from home and that regular wellbeing checks are undertaken.

### The Snowy Hydro Group Companies' catering, cleaning and clothing supply contractors

In FY2020, Snowy Hydro undertook a detailed review of the suppliers' contracted rates of pay against relevant industrial award rates, and assessed the effectiveness of their supply chain controls including ethical sourcing, whistleblower policies, and audit and training practices. These controls were assessed through regular contractor discussions during FY2021 and formal contractual requirements, and continue to be effective.



## Supply Chains

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### Supplier due diligence

Snowy Hydro will not engage contractors if we are not satisfied that they are appropriately managing any modern slavery risks.

Our Supplier Prequalification Procedure includes as one of its standard processes proactive due diligence into sectors/suppliers we engage with that have a higher inherent risk of modern slavery. This involves detailed assessments of the supplier's relevant policies, procedures and practices along with discussions with relevant suppliers to enable Snowy Hydro to better understand potential modern slavery risk areas and the measures those suppliers are undertaking in order to manage those risks.

In addition to sector/supplier specific due diligence, all suppliers are required to answer a standard set of modern slavery questions. The answers to those questions identify any modern slavery risks in sectors/suppliers that do not have a higher inherent risk of modern slavery. Should any modern slavery risks be identified in those suppliers, Snowy Hydro will undertake the detailed due diligence noted above for that supplier.

### Supplier contracts

Snowy Hydro mandates its stringent requirements for the control of modern slavery risks through our contracting process with our suppliers. Specific modern slavery provisions are included our standard form contracts.

In FY2021, Snowy Hydro supplemented these contractual requirements with a Supplier Code of Conduct. The Code is published on the websites of the Snowy Hydro Group companies and sets out the minimum standards that Snowy Hydro requires of its suppliers in respect of legal compliance, ethical business, risk management, human rights and social sustainability and governance. Non-compliance with this Code will be addressed under the contract with the relevant supplier.

Snowy Hydro relies on a significant number of smaller regional suppliers in and around the communities in which we operate. The ongoing viability of these businesses has a material influence on the livelihoods and wellbeing of the individuals who are directly/indirectly involved with those businesses. The COVID-19 pandemic continues to have a pronounced impact on these suppliers as they manage reduced cash flows which can increase the risk of unacceptable pay rates and/or working conditions for personnel employed by otherwise stable businesses.

In our first Modern Slavery Statement, we identified key suppliers in our supply chain who were vulnerable to ongoing viability risk during the initial onset of the pandemic. Discussions with these suppliers are ongoing and a range of targeted support measures have been provided, including paying those suppliers on more prompt payment terms and bringing forward scheduled purchases to provide additional cash flow support.

### Remediation processes

Any areas of concern or improvement opportunities identified by Snowy Hydro are raised with the relevant supplier, with Snowy Hydro assisting the supplier to develop plans which provide for corrective actions with agreed timeframes. Snowy Hydro tracks the timely implementation of those plans as part of the formal performance reviews with that supplier under the relevant contracts.

### Reportable Conduct

Snowy Hydro has an effective whistleblower reporting and investigation framework, providing mechanisms to raise genuine concerns regarding actual, unethical, unlawful or undesirable conduct, without fear of reprisal and with the support and protection of Snowy Hydro. Using multiple technologies, employees,

contractors and their family members are able to report grievances or issues anonymously, and Snowy Hydro will take all practicable steps to protect their identity. An independently operated Whistleblower Hotline service to allow for anonymous reporting. All reports pertaining to any breach of law, regulation or policy are thoroughly assessed and investigated.

Information about our whistleblower reporting and investigation framework is available on our website.

## Training

Workforce awareness of modern slavery risks is crucial and we recognise the importance of training as a control in addressing the risk of modern slavery.

Our first Modern Slavery Statement specified the training given to senior employees involved in the engagement of suppliers to ensure these employees are appropriately informed of the risks and legislative requirements associated with modern slavery and equipped with the knowledge and tools to manage and escalate such risks. In FY2021, training was broadened to include on the ground employees such as project managers and site supervisors with a focus on identifying potential red flags of modern slavery and escalating appropriately.

## Measuring effectiveness

Snowy Hydro measures the effectiveness of our actions to assess and address modern slavery risks in the following ways:

- Regular benchmarks of our practices against globally reputable organisations which have more extensive exposure to the sectors/suppliers we engage with that have a higher inherent risk of modern slavery. Measures which have been identified by those organisations as being key to successfully managing modern slavery risks and which have been implemented by Snowy Hydro include having a continuous on-site presence at relevant offshore supplier facilities; engaging independent inspectors to undertake regular audits; and regularly conducting interviews with supplier personnel without the presence of their management;
- We have in place an internal Audit and Assurance Program and engage independent experts to undertake regular reviews of our modern slavery risk management practices, as well as the practices of relevant suppliers. Audit results are incorporated into the continuous improvement of the modern slavery controls; and
- The implementation of our modern slavery actions is formally overseen by a cross-functional group consisting of senior management, who undertake ongoing verification measures to ensure they remain effective. The results of these reviews, including identified improvements and timely implementation of those improvements, are reported to and reviewed by our Executive Team and Board. The cross-functional group thoroughly investigates and new modern slavery risks which are identified with the relevant control measures reassessed and enhanced if required.



# Looking ahead

We recognise that the effectiveness of our actions in addressing modern slavery requires sustained effort through continuous improvement. We are committed to furthering our efforts to identify and remedy modern slavery risks in our operations and supply chains.

In FY2022, we will focus on:

- Deepening our close partnerships with our equipment suppliers and construction contractors on the Snowy 2.0 and Hunter Power projects to obtain assurance of the effectiveness of their processes to address modern slavery;
- Progressing our supply chain mapping, furthering engagement with those suppliers identified as having an increased potential inherent risk on modern slavery and assessing key tier 2 suppliers;
- Continuing targeted training focusing on increasing modern slavery awareness, identifying potential red flags of modern slavery and escalating appropriately;
- Refining the mechanisms used to assess the effectiveness of our actions in addressing modern slavery risk; and
- Advancing our in person assurance activities for key manufacturing locations on the Snowy 2.0 project, including in person verification of manufacturing operations in China.



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