

synergy



**2020** MODERN SLAVERY STATEMENT

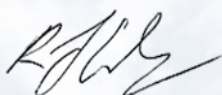


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# Modern Slavery Statement - 30 June 2020

This statement has been prepared by the Electricity Generation and Retail Corporation, trading as Synergy (ABN 58 673 830 106), to meet the requirements of the *Modern Slavery Act 2018* (Cth) (Act) for the financial year ending 30 June 2020.<sup>1</sup>

The statement was approved by Synergy's board on 23 February 2021.<sup>2</sup>



Robert Cole  
Chairman

<sup>1</sup> Mandatory criteria outlined in section 16(1)(a) of the *Modern Slavery Act 2018*.

<sup>2</sup> Approved in accordance with section 13(2)(c) of the *Modern Slavery Act 2018*.





# A message from our CEO

It is with great pleasure that I present Synergy’s first modern slavery statement.

In a year when we have been hit by crisis through the COVID-19 pandemic, Synergy and its people have responded effectively, maintaining safe delivery of reliable energy for Western Australia and supporting our customers in the face of economic change and financial hardship.

We understand that hardship extends far beyond the Western Australian border, with more than a thousand victims of modern slavery within Australia and 40 million victims globally.

Synergy’s core values of innovation, accountability, collaboration and trust, guide the actions and behaviours of all employees. It is those values that will stand us in good stead, as we work towards the common goal of eliminating modern slavery. We understand the importance of socially responsible procurement and are committed to recognising and upholding universal human rights.

Synergy has worked during the 2020 financial year to take immediate steps to leverage our existing governance and procurement processes to identify and assess modern slavery risks in and related to our business. We welcomed the opportunity to be part of the West Australian modern slavery collaboration initiative to share knowledge within industry, develop consistent reporting requirements and importantly, learn from each other about modern slavery risks and the steps required to mitigate these risks.

This is just the start of an important journey, but I am confident the work of the last year will set the right foundation for us to build on and support our commitment to eradicating modern slavery risks in our operations and supply chain.

Jason Waters  
CEO

## Key Achievements



Supplier self-assessment questionnaire launched



Initial Supply Chain Risk Assessment



E-learning course developed for procurement and contract owners



Modern slavery clauses added to all Contract templates



Modern slavery working group established



Implementation Plan developed and actioned

# About Synergy<sup>3</sup>



Synergy is proud to be Western Australia's largest integrated electricity generator and energy retailer.

Our objective is to utilise our diverse energy generation portfolio to supply reliable and affordable energy to more than one million residential and business customers.

Synergy is established under the *Electricity Corporations Act 2005 (WA)* and owned by the State Government of Western Australia. Synergy reports to the Minister for Energy, the Hon Bill Johnston MLA.

<sup>3</sup> Mandatory criteria outlined in section 16(1)(b) of the *Modern Slavery Act 2018*.

## Our Operations

We own and operate diverse electricity generating assets, including thermal power stations, spanning from Kalbarri in the north, to Kalgoorlie in the east and south to Albany – an electricity network known as the South West Interconnected System (SWIS).

Our major power stations are located in Collie, Kwinana, Cockburn and Pinjar. Smaller power stations are in Mungarra and West Kalgoorlie.

Through Bright Energy Investments, we have an equity interest in wind farms at Albany and Warradarge, a solar farm at Greenough River, and purchase energy from a number of other renewable generation facilities. Synergy also owns and operates wind-diesel systems in Bremer Bay, Coral Bay and Hopetoun.

A wholly owned subsidiary of Synergy, South West Solar Development Holdings Pty Ltd (ACN 152 749 936) (SWSDH)

and its subsidiary Synergy Renewable Energy Developments Pty Ltd (ACN 152 752 719) (SynergyRED), provide development and asset management services for large-scale renewable projects in Western Australia.

Synergy participates in the Wholesale Electricity Market in Western Australia, trading gas and wholesale electricity under ring-fenced arrangements.

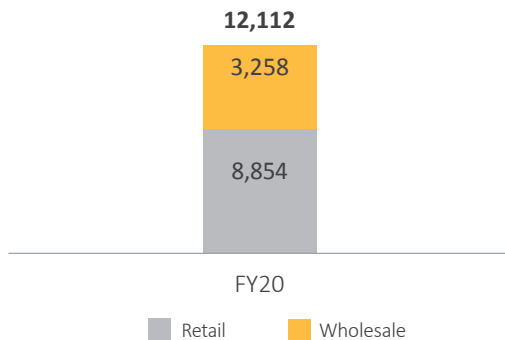
Synergy is the sole retailer of electricity to households in the SWIS. We also supply energy to commercial and industrial customers in the contestable gas and electricity markets.

Our workforce of over 900 employees are located within the Perth, Kwinana and Collie regions of Western Australia.

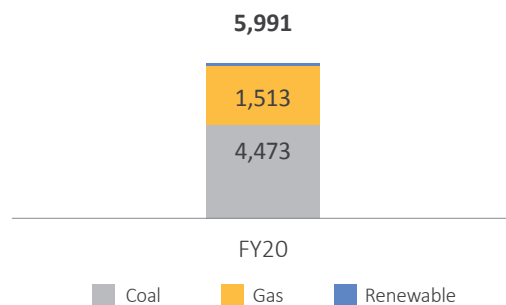
Synergy's purpose is clear - to lead Western Australians to their intelligent energy future.

In FY2020 Synergy's revenue was \$2.99 billion. Our total electricity sales reached 12,112 Gwh and generation from Synergy's plant was 5,991 Gwh.

### Electricity sales (GWh)



### Generation (GWh)



Our workforce of over 900 employees are located within the Perth, Kwinana and Collie regions of Western Australia.

## Our Supply Chain<sup>4</sup>

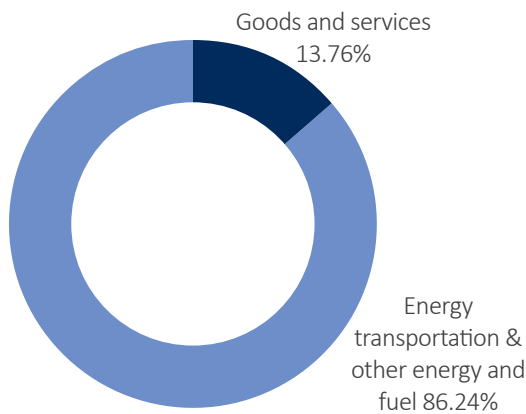
Synergy has over 1,600 approved procurement suppliers and in FY2020 we directly engaged 54 per cent (863) of those for the supply of a wide range of materials and services to support our operations.

In FY2020, Synergy's approximate expenditure was \$2.6 billion, including materials, services, energy, fuel and energy transportation. 13 per cent of this total spend (\$364 million) was for the provision of general goods and services (contestable spend).<sup>5</sup>

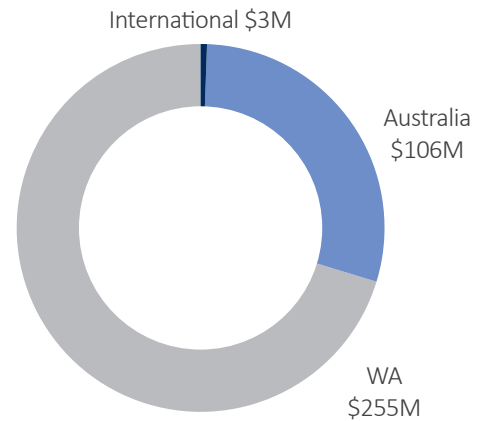
99 per cent of Synergy's contestable spend was with Australian entities. Of that, 70 per cent (\$255 million) was spent with Western Australian companies.

The majority of Synergy's goods and services expenditure relates to the provision of operation and maintenance services for our generation assets.

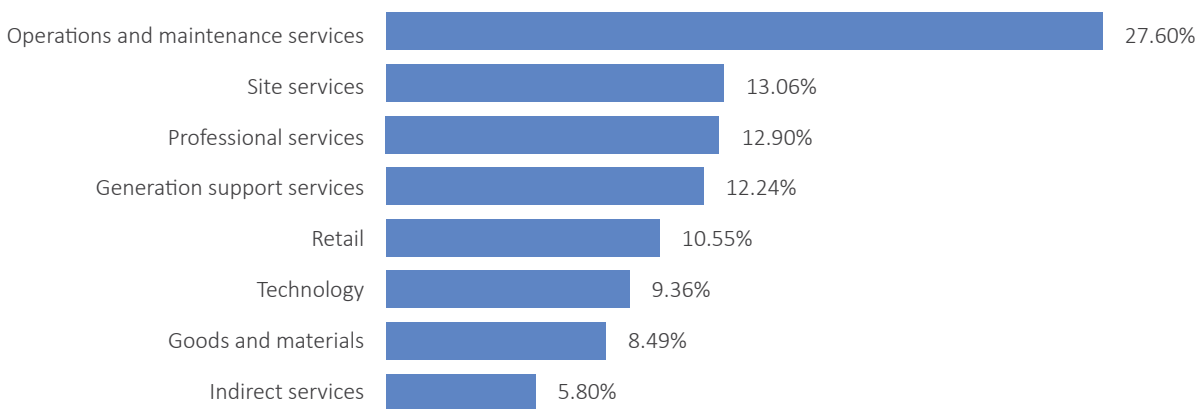
### Spend Profile



### Contestable spend by location



### Top 10 Categories (Contestable spend)



<sup>4</sup> Mandatory criteria outlined in section 16(1)(b) of the *Modern Slavery Act 2018*.

<sup>5</sup> Excludes energy, fuels and energy transportation costs.



## Modern slavery risks - actions to identify, assess and address the risk<sup>6</sup>

At Synergy, people are at the heart of everything we do. We have a long-term commitment to engaging with our suppliers and empowering our workforce. Synergy has proactively considered the health and wellbeing of our employees as a key element in ensuring the security of critical power supplies for our customers.

We reject any form of slavery or exploitation in our operations and supply chain, and are committed to eradicating modern slavery risks directly or indirectly relating to our business.

We are not aware of any actual or suspected modern slavery during the reporting period, but understand that no sector or entity can claim to be free from modern slavery risk. As such, we undertook the following process to identify, assess and address modern slavery risks in our operations and supply chain.



### Identification of risk

We identified areas of potential risk in our supply chain by reference to the Global Slavery Index.<sup>7</sup>

The key risk areas identified were:

- **sector and industry:** Synergy procures construction goods and services, electronics and electrical products, manufacturing, transportation and warehousing, all of which have been identified as having higher potential modern slavery risks;
- **type of workforce:** labour hire is a service utilised by Synergy which may have high modern slavery risks due to less visibility and control over the conditions under which labour hire personnel are recruited and the terms of their employment;
- **country of origin:** where Australian suppliers are not available or feasible, Synergy occasionally procures goods and services from countries which have a higher modern slavery risk, such as India, Japan and UAE.

We have consulted with our subsidiaries with respect to modern slavery risks in their operations and supply chain.<sup>8</sup> These subsidiaries use the Synergy procurement function for significant procurement activities and therefore do not have any additional modern slavery risks to those already identified.

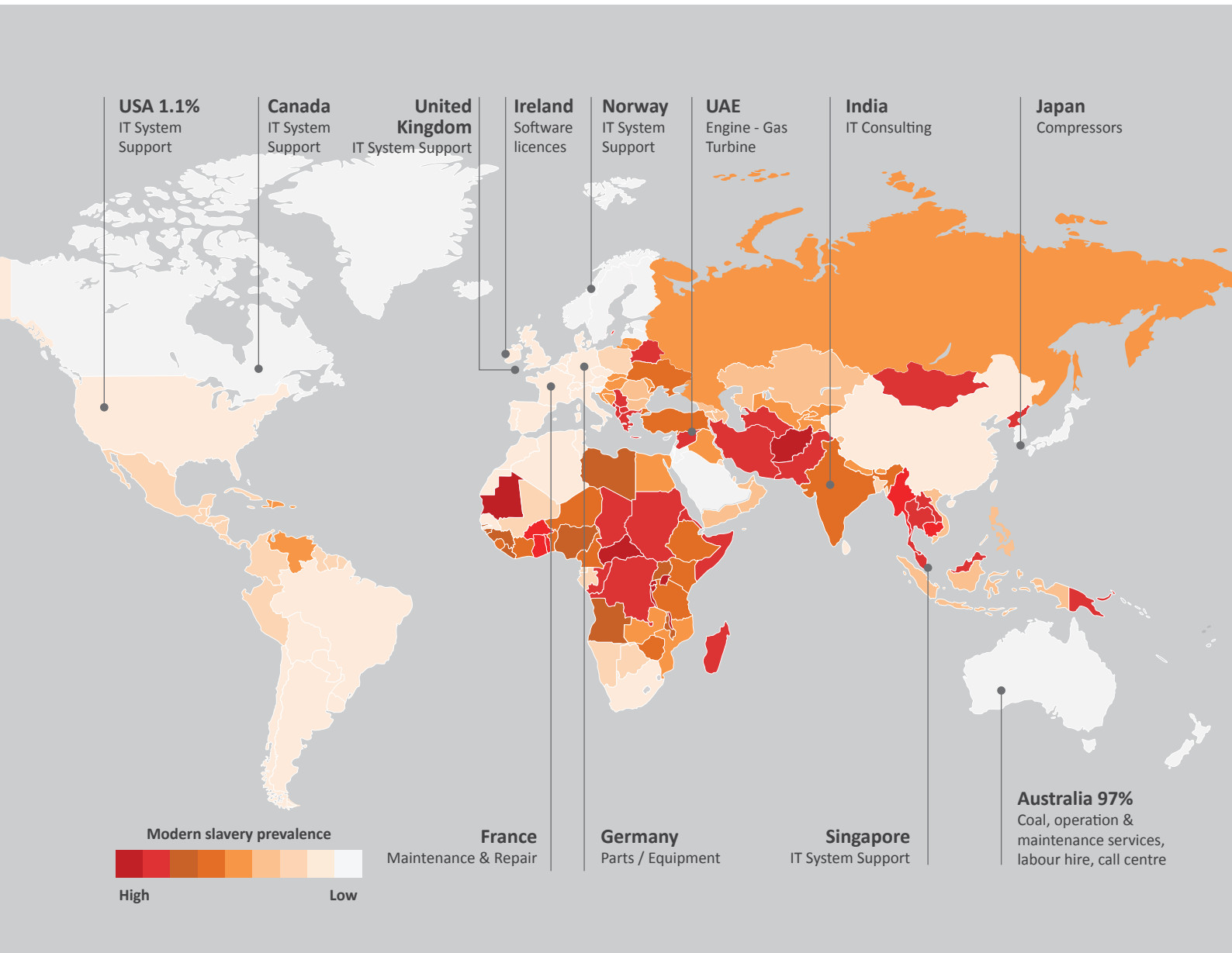
<sup>6</sup> Mandatory criteria outlined in section 16(1)(c) and 16(1)(d) of the *Modern Slavery Act 2018*.

<sup>7</sup> Published by Walk Free Foundation- <https://www.walkfree.org/projects/the-global-slavery-index/>

<sup>8</sup> Mandatory criteria outlined in section 16(1)(f) of the *Modern Slavery Act 2018*.



## Key commodity map



### Assessment of risk

Synergy assessed the modern slavery risk in our operations and supply chain in two ways, by:

1. referencing our existing due diligence and governance processes; and
2. developing and undertaking detailed review processes specifically focussed on modern slavery risks.

We assessed the modern slavery risk in our operations as low. We have a robust governance and reporting framework to manage operational risk, including the health, safety and working conditions of our employees and contractor personnel.

Amongst other governance and compliance systems embedded in the organisation, Synergy's code of conduct is a vital document which sets out the rules by which we expect all our people and contractor personnel to behave.

The code is underpinned by our values of trust, collaboration, accountability and innovation and sets the expectation that all employees, directors and contractor personnel act responsibly, respectfully and with integrity.

A breach of the code of conduct can be reported through a range of pathways, including to Synergy management directly or via a confidential hotline.

As to our supply chain, we procure our goods and services through a local centralised procurement function, guided by standards and procedures that encourage socially responsible sourcing and the use of locally based suppliers where possible.

However, given the sector and industry, workforce and country of origin risks identified, we undertook a due diligence process to focus on modern slavery risks with our key suppliers.



We reject any form of slavery or exploitation in our operations and supply chain, and are committed to eradicating modern slavery risks directly or indirectly relating to our business.

We undertook a desktop assessment of our suppliers with contracts with a total contract value over \$1 million, assessed against key risk areas. In determining this threshold, we were cognisant of the need to assess the risk of modern slavery related to our larger suppliers, given Synergy's greater dependence on these suppliers and the revenue that these suppliers derive from Synergy.

The desktop assessment indicated that the modern slavery risk in relation to our key suppliers is low.

Although the risk of modern slavery in Synergy's operations and in relation to our key suppliers is low, Synergy has taken a number of steps in response to the risk of modern slavery.

### Addressing the risk<sup>9</sup>

Building on the action undertaken to assess the risk of modern slavery in our operations and supply chain, Synergy has acted to:

- engage with suppliers in respect of modern slavery risks, participate in industry planning forums and the development of a standard modern slavery questionnaire;
- strengthen Synergy's governance processes and contractual provisions to support the identification, assessment and eradication of modern slavery risk; and
- build internal capacity to identify, understand and assess modern slavery risk.

### Industry engagement and due diligence

Synergy is pleased to be part of a modern slavery collaboration initiative with industry, involving a number of Western Australian based mining, energy and resource companies. The primary purpose of the group is to collaborate across industries that are likely to share similar supply chains, to share knowledge and learnings and to develop supplier reporting requirements and processes which are common across the industry.

One of the key outputs of the modern slavery collaboration initiative is the development of a supplier self-assessment questionnaire (SAQ).

The SAQ is intended to provide a consistent set of questions to be asked by procuring entities, to simplify the reporting process for suppliers and to:

- support the identification of modern slavery risks;
- foster collaborative efforts between suppliers and organisations to address these risks;
- improve transparency; and
- identify areas for further due diligence.

In FY2020 Synergy launched the SAQ with a pilot group of supplier. These suppliers were deemed to be higher risk based on our assessment of supply chain risks. Synergy is using the responses to the SAQ to gain a better understanding of potential modern slavery risks within our supply chain. The responses are assessed by our modern slavery working group and will be the subject of further due diligence if required.

<sup>9</sup> Mandatory criteria outlined in section 16(1)(d) of the *Modern Slavery Act 2018*.

## Modern slavery contract clauses

We amended our long form and short form procurement contract templates, and purchase order terms and conditions, to specifically address modern slavery risks and strengthen Synergy's ability to assess modern slavery risks and act on this information. The clauses require Synergy suppliers to:

- warrant that the supplier, or the supplier's subcontractors, do not engage in activity that would be considered modern slavery;
- comply with modern slavery laws; and
- notify Synergy if any instances of modern slavery are identified in the supplier's operations or supply chains.

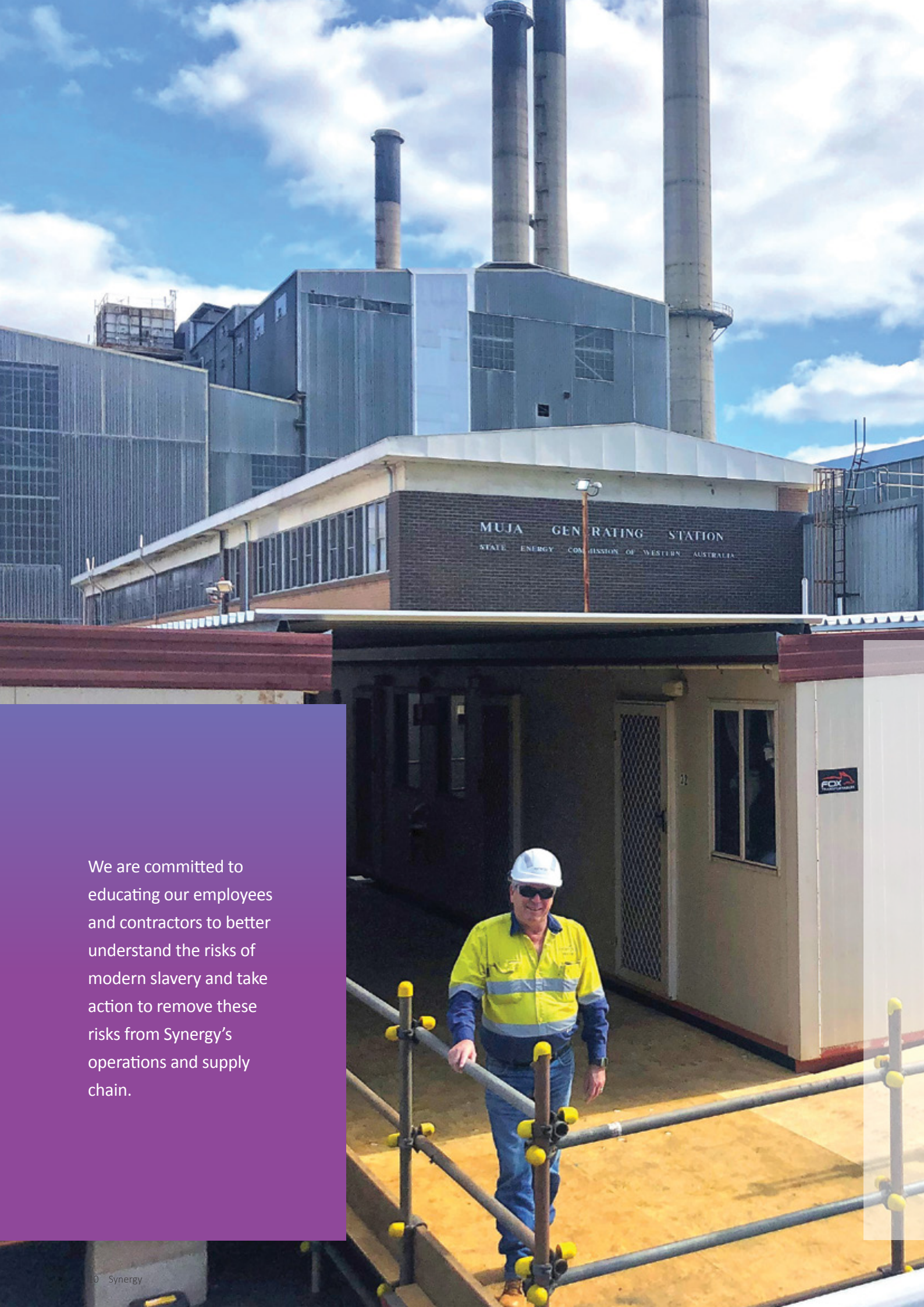
## Building capacity

We are committed to educating our employees and contractors to better understand the risks of modern slavery and take action to remove these risks from Synergy's operations and supply chain.

We have progressed this by:

- establishing an initial cross functional working group to assess modern slavery risks and develop an online education course;
- presenting that course to all procurement personnel and employees with contract administration responsibility;
- engaging with external advisors to provide specialist advice about Synergy's legal obligations with respect to modern slavery and our proposed approach.





We are committed to educating our employees and contractors to better understand the risks of modern slavery and take action to remove these risks from Synergy's operations and supply chain.

# The effectiveness of our actions<sup>10</sup>

Synergy has strong governance and procurement processes in place to protect its employees and contractors which are regularly reviewed as part of our risk management framework.

During the reporting period, a cross-functional working group specifically assessed modern slavery risks in our operations and supply chain for the first time. We intend to build on the initial work done during FY2020 to support our commitment to eradicate modern slavery risks in our operations and supply chain.

We will do this by:



## Developing a governance framework

to embed the identification and assessment of modern slavery risks and assess the effectiveness of the actions we take.



## Broadening the membership of Synergy's working group

to ensure that cross-functional expertise can contribute to the development of appropriate controls and actions to address modern slavery.



## Continuing to provide support to our suppliers

to improve their response to modern slavery, by raising awareness and engaging with industry groups.

<sup>10</sup> Mandatory criteria outlined in section 16(1)(e) of the *Modern Slavery Act 2018*.



We are considering the effectiveness of the actions undertaken so far and are committed to continuous improvement to address modern slavery risks.

We have identified the following focus areas for the future:<sup>11</sup>

 <b>Risk Assessment &amp; SAQ</b>	<ul style="list-style-type: none"><li>• Expand the risk assessment process &amp; SAQ coverage</li><li>• Evaluate the content of the SAQ to ensure fit for purpose</li><li>• Consider the use of technology to assist with supplier pre-qualification and risk identification</li></ul>
 <b>Policies and templates</b>	<ul style="list-style-type: none"><li>• Develop Sustainable Procurement Standard</li><li>• Review and enhance modern slavery contract clauses</li><li>• Review other policies and corporate governance documents</li></ul>
 <b>Planning</b>	<ul style="list-style-type: none"><li>• Develop a 2 year modern slavery strategy and action plan</li><li>• Continue collaboration with industry groups</li></ul>
 <b>Knowledge &amp; Training</b>	<ul style="list-style-type: none"><li>• Enhance training content and format</li><li>• Expand reach / audience for training</li><li>• Expand internal knowledge when assessing SAQ responses</li></ul>

<sup>11</sup> Mandatory criteria outlined in section 16(1)(g) of the *Modern Slavery Act 2018*.





## Leading Western Australians to their intelligent energy future



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[synergy.net.au](http://synergy.net.au)

For the Electricity Generation and Retail Corporation trading as Synergy  
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