

# Modern Slavery Statement

2022



# About this statement

This statement has been prepared by the Electricity Generation and Retail Corporation, trading as Synergy (ABN 58 673 830 106), at its registered office address of 219 St Georges Terrace, Perth Western Australia, to meet the requirements of the Modern Slavery Act 2018 (Cth) (the Act).

The statement covers the financial year ending 30 June 2022 (Reporting Period).

This statement has been prepared collaboratively by Synergy's Human Rights Working Group. Synergy's wholly owned subsidiary, 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) have been consulted in relation to modern slavery risks in their operations and supply chains.

Where our structures, operations and supply chain have remained the same over the reporting period, we have re-stated the same information.

The statement was approved by Synergy's board on 25 October 2022.



**Robert Cole**  
Chairman

## Acknowledgement of Country

We acknowledge the Traditional Owners throughout Western Australia and their continuing connection to the land, water and community. We pay our respects to all members of Aboriginal communities, to their cultures, and to Elders past, present and emerging.





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## From the CEO

Welcome to our third Modern Slavery Statement. We made good progress in FY22, particularly in establishing our Human Rights Framework, building internal capability, and achieving a tangible uplift of awareness and engagement across the business in line with leading practice.

The Framework consolidates the last three years of work and provides a solid foundation for Synergy to mature how we manage human rights and modern slavery risks within our operations and supply chain.

This year, we evolved our corporate strategy to focus on our vision towards becoming a net-zero carbon emissions business. We are investing \$3.8bn, in renewables and storage development, and decommissioning coal assets to meet the state government target of an 80% reduction in carbon emissions by 2030 from 2021 levels. With this level of change, we must remain vigilant to the increased risk of modern slavery practices.

Like Synergy, we acknowledge that our stakeholders and customers are increasingly looking to work with businesses that have transparent and genuine sustainable business practices, with human rights and modern slavery being consistent and central themes.

In FY23, we will continue implementing our Framework, and we seek and welcome constructive dialogue with suppliers, customers and stakeholders on future action.

**David Fyfe**  
CEO



# Synergy overview

Synergy is Western Australia's largest electricity generator and energy retailer. We are leading more than one million household and business customers towards an intelligent energy future of reliable, low-emission power at the lowest sustainable cost.

Established under the *Electricity Corporations Act 2005 (WA)*, and owned by the State Government of Western Australia, Synergy's board and management report to the Minister for Energy, the Hon Bill Johnston MLA.

Synergy operates both thermal power stations and renewable electricity generation facilities from Kalbarri in the north, to Kalgoorlie in the east, and to Esperance in the south in an area known as the South West Interconnected System (SWIS).

## Legend

- South West Interconnected System (SWIS)
- Coal-fired power station
- Wind farm
- Gas turbine
- Battery
- Solar

\*Being decommissioned

BEI - Bright Energy Investments



## Synergy operations

Synergy is innovating and adapting its operations for the market while continuing to provide safe and reliable energy.

In the face of a changing energy landscape and guided by Synergy's evolved corporate strategy, our focus is on a seamless and secure transition to a new energy future. Synergy is moving away from a centralised generation and network model to a future that increasingly incorporates distributed energy resources (DER), such as rooftop solar, battery storage, electric vehicle charging stations and virtual power plants.

We are developing large-scale renewable energy generation capacity. To date, this has supported construction of the 180MW Warradarge Wind Farm and the 30MW stage two expansion of the Greenough River Solar Farm in the mid-west. Under construction and due to be operational by the end of the year is a 100MW/200MWh battery situated at Kwinana which will be a key element of Synergy's contribution to the State Government Energy Transformation Strategy.

In Financial Year (FY) 2021-22 Synergy's revenue was \$3.356 billion. Our total electricity sales reached 13,686 GWh and generation from Synergy's plant was 6,696 GWh.

## Our structure

Our business is organised into three key areas, supported by our corporate shared services functions.

### Customers

Synergy is WA's largest energy retailer, supplying our customers with electricity and gas. We have one million residential, business and industrial customers within SWIS. Customers are at the core of everything we do, and Synergy is dedicated to helping people access affordable and efficient energy solutions, make empowered decisions about energy management, and navigate WA's changing energy landscape. Our customers' needs are changing and to be successful we must continuously evolve with them to create a sustainable future for Synergy.

### Energy generation

Our assets include coal and gas generation at Muja and Collie power stations, gas turbines at Kwinana, Pinjar, Kalgoorlie-Boulder and Mungarra, and significant renewable energy capacity at wind and solar farms from Coral Bay to the south coast.

The future will see us continue to adapt our operations and explore the innovative use of distributed energy resources and renewable energy. As part of the WA State Government's Energy Transformation Strategy, \$3.8 billion will be invested in the development of new renewable energy infrastructure including wind generation and battery storage; the exploration of pumped hydro for storage; and the use of renewable hydrogen to power existing gas generation assets.

### Trading

Synergy participates in the Wholesale Electricity Market in Western Australia, trading gas and wholesale electricity under ring-fenced arrangements. The wholesale market continues to evolve with increases in large and small-scale renewables. This includes changes to load shape, decreased predictability and increased complexity. In anticipation of the ongoing shifts in the energy market, Synergy is proactively adapting its wholesale operations.

# Synergy's corporate strategy

This year we evolved Synergy's corporate strategy to adapt to an energy industry that continues to rapidly change.

We are working with customers and the WA Government to rapidly evolve our generation portfolio by integrating more renewable and storage assets while significantly reducing our carbon emissions, and providing a pathway toward financial sustainability.

Synergy's core plan will see us retire and replace our coal-fired power stations with renewable energy storage. We will reduce carbon emissions by 80 per cent by 2030, while working with our customers to achieve their own decarbonisation ambitions. During this evolution we will support our impacted workforce and local communities.

The strategy is supported by four pillars which define Synergy's ambitions.

1. To anticipate and serve customer needs.
2. Quickly apply, scale and integrate energy solutions.
3. Be a proactive and adaptable organisation focused on value.
4. To embed social value to enable better decision making.

**Synergy's corporate strategy ensures that we continually evolve to meet the needs of our customers in a changing market.**



## Synergy's values

Synergy is built on the values of innovation, accountability, collaboration and trust. By staying true to our values, we will be the first choice for our customers, a leader in our industry and a valued partner to other industries.

We are committed to providing an exceptional place to work where people are engaged, enthusiastic, have opportunities to learn and grow, experience a sense of belonging and are invested in a shared purpose to positively contribute to leading Western Australians to their intelligent energy future.

Synergy prides itself on its 'people first' culture, where we put our people at the heart of any change in the business. This culture is guiding our transition from a coal and gas generation business to one which generates electricity through renewables and storage energy sources.



INNOVATION



ACCOUNTABILITY



COLLABORATION



TRUST



## Our people

Synergy employs people across a range of technical, operational, and professional roles within the Perth and Collie regions of Western Australia. In FY22 our workforce was comprised of 1040 employees supported by 157 project and embedded contractors.

Synergy was recognised as an inclusive employer for 2021-22 by the Diversity Council Australia. We have progressed our commitment to employ candidates of all abilities which resulted in nine new hires where the candidate disclosed a disability at the time of application. Our work in this space was recognised with Synergy being awarded as a platinum employer, by disability employment specialist EDGE Employment Solutions.



Synergy has initiated a range of improvement measures to increase the representation of women in leadership roles. We are building female representation in the top three levels of leadership. At the end of FY22 women accounted for 29.6 per cent of these roles.

Synergy delivered its first Reconciliation Action Plan (RAP) which detailed 39 commitments covering areas of respect, relationships and opportunities. We initiated an Aboriginal employment pilot where we have employed five Aboriginal candidates and continued to provide cultural awareness training across our sites. We are now working on our Innovate RAP.

Our employees have a choice to work for Synergy and it's a choice we respect and value. Most of our teams' employment conditions are governed by one of three Enterprise Agreements. These Enterprise Agreements are negotiated with employee representatives, approved by the Fair Work Commission and published internally on our intranet. The working conditions of our employees and contractor personnel are underpinned by Australia's federal industrial relations framework and we have strong governance controls in place to ensure ongoing compliance with our obligations.

We conduct yearly employee engagement surveys, using the Gallup platform. The results positively indicate that Synergy has sustained and improved engagement levels, strengthening our position as a top quartile organisation against the Australian benchmark, and as a second quartile organisation against the Gallup global benchmark.

## Case study

### *Collie transitions – caring for people*

The Western Australian (WA) energy sector is undergoing unprecedented change as we rapidly respond to the WA State Government's plan to achieve net-zero emissions by 2050.

In FY22, the WA State Government announced the closure of Synergy's coal-fired power stations and signalled a move to renewable energy sources by 2030, a critical step toward realising the objectives outlined in the WA State Government's Climate Change Policy and Energy Transition Strategy.

Synergy recognises the significant impact of the closure of the Collie Power Station in late-2027 and Muja D in late 2030 on our own workforce, our contractors workforce, and more broadly, the Collie region. In response to this, in FY19, Synergy established The Workforce Transition Program (the Program) to ensure a people-first approach to navigating this transition.

The Program has and will continue to provide pathways for employees to co-create the operating model to closure and more importantly their own individual workforce transition plans.

At an operational level, the Program demonstrates Synergy's commitment to respecting the human rights of all people, including our employees and our contractors employees. Synergy was recognised as a finalist at the WA training awards in 2022 for outstanding commitment to supporting the workforce.

Synergy will continue to support the workforce's ongoing transition through to 2030. In FY23, we will further expand our people-first approach by working closely with the community and our contractors to ensure their wellbeing through the transition.



## Our supply chain

Synergy undertakes its sourcing activities through a centralised Western Australian procurement and supply chain function. This function is guided by procurement policies and procedures that support socially responsible sourcing and a 'buying close to home' approach. As a proudly Western Australian company, Synergy strongly encourages using locally based suppliers where possible.

In FY22, Synergy directly engaged 909 suppliers to supply a wide range of materials and services to support our operations, with 75 per cent of our contestable spend going to Western Australian entities.

We are also committed to engaging and developing economic opportunities for Aboriginal-owned businesses, adopting the Western Australian State Governments Aboriginal Procurement Policy as part of our sourcing processes. As a result, in FY22, Synergy exceeded its Aboriginal procurement targets for the third year, awarding 3.4 per cent of its contracts and purchase orders to Aboriginal-owned businesses.

In FY22, the majority of Synergy's contestable expenditure was for equipment/assets and operations and maintenance services for our generation assets, including the supply of battery energy storage<sup>1</sup>.

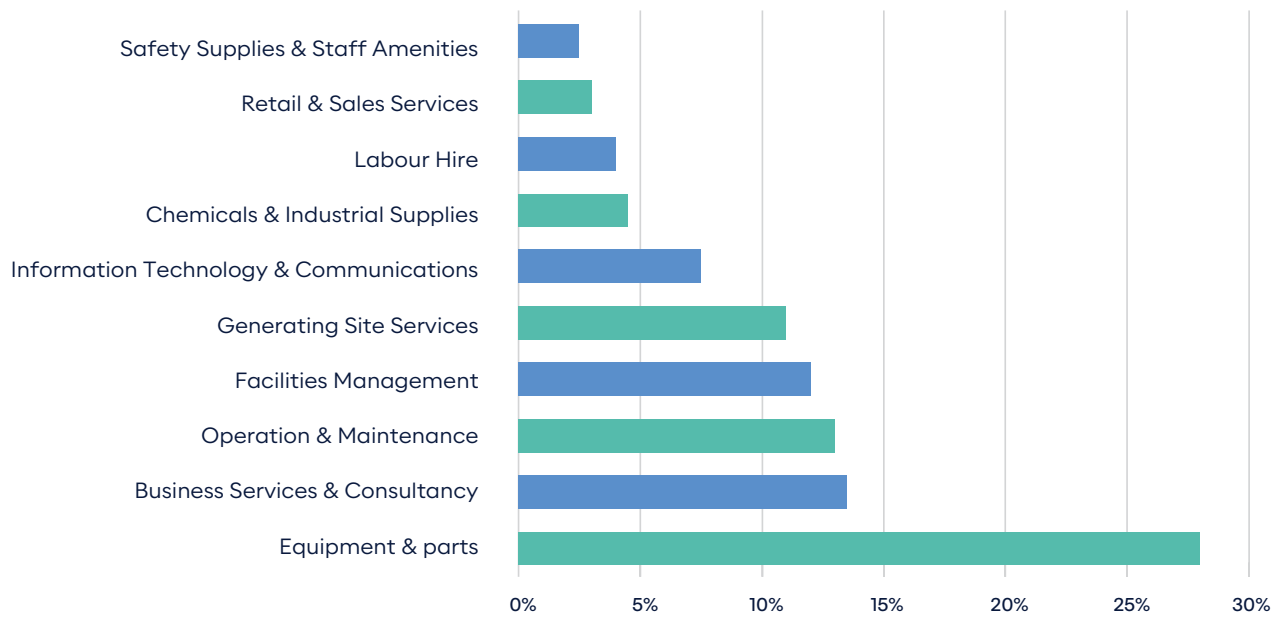


**In FY22 Synergy's overall expenditure was almost \$3 billion, including energy, fuel, energy transportation, materials and services.**

<sup>1</sup> In FY22, the contestable spend of Synergy's wholly owned subsidiary SynergyRED, was primarily labour hire, professional services and IT software

# Our supply chain (continued)

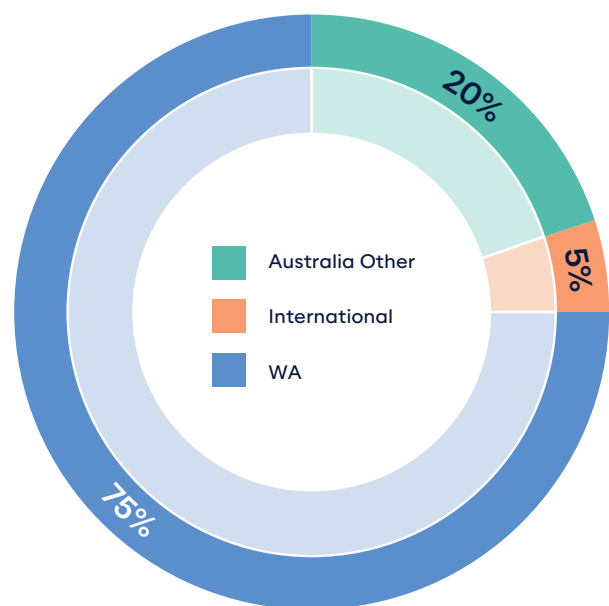
## Top 10 spend categories



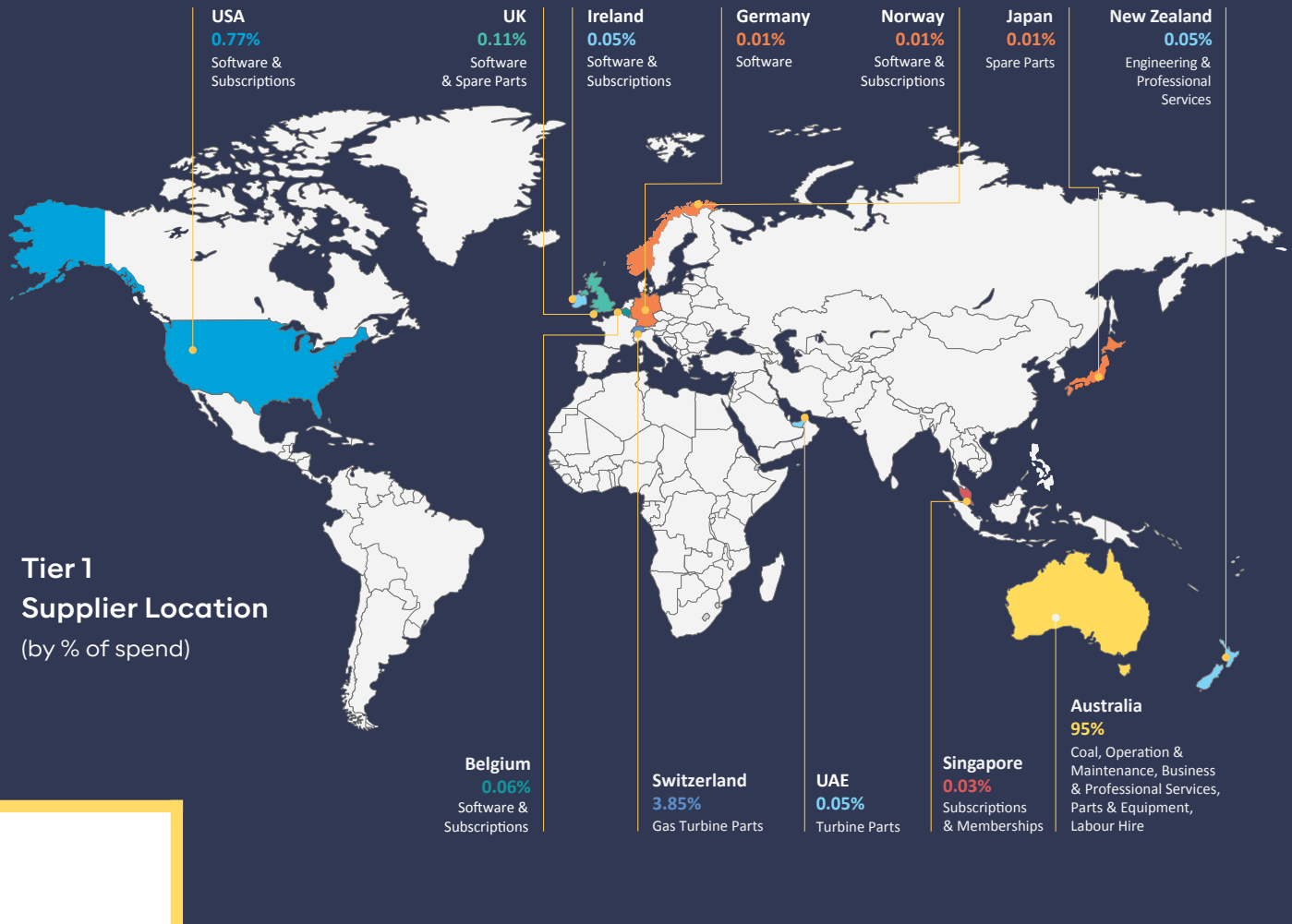
## Contestable spend by location

Top supplier countries (by spend)

- Australia (95%)
- Switzerland
- USA
- United Kingdom
- Belgium
- Ireland
- UAE
- New Zealand



## Our supply chain (continued)



# Modern Slavery

## Risk in our operations and supply chain

Synergy acknowledges that modern slavery describes situations where offenders use coercion, threats or deception to exploit victims and undermine their freedom; and that these practices are serious criminal offences which are often hidden and hard to detect.

The behaviours and practices that constitute modern slavery are serious human rights violations and can include human trafficking, slavery, servitude, forced labour, debt bondage, forced marriage, and the worst forms of child labour.

We are committed to identifying and eliminating modern slavery practices within our organisation and supply chain, and ensuring it is consciously considered as a key risk factor within our decision making.

During the reporting period and as part of our continual improvement approach, Synergy in consultation with our subsidiaries, reviewed and expanded how we identify and assess the risk of modern slavery within our supply chain.

## Modern slavery risks in our operations

During the reporting period, all of Synergy's operations were based in Australia. Australia is considered to have a low prevalence of modern slavery in the world according to the *Global Slavery Index 2018*<sup>1</sup> and *U.S. Department of State 2021 Country Reports on Human Rights Practices: Australia*<sup>2</sup>.

The risk of modern slavery within our direct workforce engagement remains low and we are not aware of any modern slavery practices in our operations.

Our remuneration structures and conditions are predominately governed by collectively bargained Enterprise Agreements and underpinned by the Australian federal industrial relations system.

The prohibition of discrimination, equal opportunity and the working conditions of our employees and contractor personnel are further protected through the governance standards, policies and procedures as outlined in Appendix 2.

We know that no sector or entity can claim to be free of modern slavery risks and we understand our role is to remain vigilant to material changes that may occur across our operations and our subsidiaries operations.

## Modern slavery risks in our supply chain

In FY22 we improved our approach to supplier risk assessments by trialling a third party Environmental, Social, and Governance (ESG) risk analytics tool, Fair Supply<sup>3</sup>. Investing in this tool has allowed us to move beyond just assessing the modern slavery risk with our direct suppliers, to providing deeper insights into multiple levels of our supply chain. The solution has a wider view of our key categories of risk and has provided a more targeted focus for how we address these risks with particular suppliers and across particular higher risk categories.

<sup>1</sup> Country risk assessment based on the *Global Slavery Index* published by the Walk Free Foundation

## Category risk

The FY22 assessment of our supply chain showed that our higher risk supply categories have not changed substantially from previous years.

Supply chain categories identified as having a higher modern slavery risk:

- Construction and civil works
- Electrical equipment (including solar panels and batteries)
- Turbine equipment
- Chemicals
- Computing and technical services
- Iron and steel semi-manufactures
- Facilities management
- Business services (including labour hire)

## Country risk

In previous years Synergy has primarily assessed country risk based on the location of our direct (tier 1) suppliers being used for the procurement of goods and services. In FY22, 95 per cent of goods and services spend was with Australian entities making our direct imported country risk low. However, we are aware that additional modern slavery risks may be evident within the levels below our direct suppliers, and in FY22 we committed to exploring risks associated with product and raw material origin. The introduction of Fair Supply has assisted with this deeper analysis.

We will continue to focus on direct suppliers based in countries known to have a higher modern slavery risk, however, we are also exploring country risk further down the supply chain as well as the modern slavery risk that does exist within Australia.

<sup>2</sup> *U.S. Department of State 2021 Country Reports on Human Rights Practices, Australia*: <https://www.state.gov/reports/2021-country-reports-on-human-rights-practices/australia/>

<sup>3</sup> *Fair Supply* is a global ESG data provider and consultancy, using proprietary technology to provide visibility of ESG risks, including modern slavery risks, within 10 tiers of a supply chain



## Case study

### *Solar and renewables insights*

The risks of modern slavery in the renewables industry are well documented, in particular the likely use of forced labour in the production of the raw materials within solar panels and batteries.

As Synergy transitions from coal and gas generation to renewables, we have taken initial proactive steps to addressing this known risk through active collaboration with the Clean Energy Council (CEC). In particular we have joined the CEC's Risks of Modern Slavery (ROMS) Working Group. The ROMS Working Group focuses on establishing a collective industry position and approach to the remediation of adverse human rights impacts that have been identified within the manufacturing of solar panels.

Whilst our intent is to develop an effective approach to remediation as part of our framework, we recognise that we are early in our journey and that the adverse human rights impacts that have been identified are complex global issues. Synergy is also aware that due to the complexity of certain jurisdictions it is likely that we will not be able to conduct site based social audits and verify the allegations, without creating significant safety concerns for all parties involved.

The ROMS Working Group provides the most effective channel for Synergy to engage and contributes to developing a collective industry approach. Our involvement in the ROMS Working Group, as well as collaboration with other businesses, acknowledges our commitment to people that may be adversely impacted and who may not be able to access traditional grievance channels safely.

## Responding to COVID-19

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Synergy saw no notable changes within our operations or supply chain during the reporting period. We will continue to work closely with the Western Australian State Government, and we acknowledge the role that we play in managing the ongoing and longer-term impacts of the pandemic.

During FY22 we continued with our people-first approach, keeping our team safe and informed. We also maintained focus on the safe delivery of reliable energy for Western Australia and supported our customers impacted by financial hardship due to the ongoing pandemic.



COVID-19 has disrupted the way we work and as a result we have reviewed our approach to flexible working and introduced more flexible work practices to support work/life balance.

Employees are empowered to engage with their leaders to discuss what working arrangements work best for everyone. Synergy has also implemented support for its workers by providing employees with up to 20 days of paid COVID-19 leave.

We continue to support our most vulnerable customers many of whom experienced unprecedented hardship during COVID-19. Initiatives such as the Helping Hands program have been implemented in collaboration with the State Government to support those affected.

Synergy's people-first approach also applies to our suppliers, having fostered open communication, clear guidance and providing support in relation to implementing the State Government's COVID-19 mandatory vaccination requirements.



# Actions to assess and address modern slavery risk

## Key highlights in FY22

### Governance

- ✓ Appointed Synergy's Environmental, Social and Governance (ESG) Manager.
- ✓ Extended our cross-functional Human Rights Working Group (the Working Group) membership and Executive Sponsorship.
- ✓ Implemented the Working Group Charter.
- ✓ Reviewed and extended our modern slavery commitment to include human rights.

### Due diligence

- ✓ Established Synergy's Human Rights Control Framework.
- ✓ Completed KPMGs Modern Slavery Benchmark Self-Assessment.
- ✓ Reviewed our approach to risk management across our operations and the supply chain and identified areas for improvement.
- ✓ Commenced a 12-month trial of a third party ESG risk analytics tool.
- ✓ Commissioned third-party desktop-based Supplier Due Diligence Assessments to support SynergyRED's renewable energy projects.
- ✓ Revised our Supplier Self-Assessment Questionnaire.

### Remedy

- ✓ Expanded our external collaboration in FY22, joining the CEC Risk of Modern Slavery Working Group.

### Capability building

- ✓ Developed the Human Rights Learning and Development (L&D) Strategy.
- ✓ Undertook modern slavery awareness training for the Board of Directors.
- ✓ Held more than 15 internal knowledge sessions to increase awareness and capability across the business.
- ✓ Continued collaboration with the Human Rights Resources and Energy Collaborative.

## Our commitment to respecting human rights

Synergy is committed to respecting human rights. We are committed to identifying, assessing, preventing, and mitigating the risk of modern slavery and addressing adverse human rights impacts in our operations and supply chain. We aim to conduct business in a manner that protects our people, our contractors, and the broader community in which we operate.

Through extensive engagement across our value chain and external collaboration efforts in FY22, we recognise that modern slavery is a multi-faceted, complex global issue. We also realise that protecting human rights and eradicating modern slavery is not a simple task and cannot be done in isolation.

We are maturing our approach to managing human rights against a backdrop of increasing stakeholder demand for high-quality ESG disclosure, with human rights and modern slavery performance continuing to be a central theme.

In FY22, Synergy demonstrated our commitment to responding effectively to these issues by appointing an ESG Manager to the Sustainability team to develop and implement Synergy's Human Rights Framework.

### **UN Guiding Principles on Business and Human Rights (UNGPs):**

*Synergy recognises the UNGPs underpin the Modern Slavery Act 2018 (Cth) and are the global standard for preventing and addressing the risk of adverse impacts on human rights linked to business activity. We acknowledge our responsibility to avoid infringing on the rights of others, providing for remediation through legitimate processes if we have caused or contributed to harm.*

## Human rights working group

Synergy increased the executive sponsorship of human rights issues during the reporting period. The sponsors (and the General Manager, People, Strategy and Social Value) met monthly to oversee and support the implementation of the Human Rights Framework.

Synergy also refreshed the modern slavery working group to include more comprehensive representation from the business, and we expanded the remit to include broader human rights matters. A Working Group Charter was also established during the reporting period, which governs the role of the Working Group.

Synergy's Human Rights Working Group fulfils the following key purposes:

1. Provides a forum to discuss, learn and disseminate leading practice.
2. Progress agreed on actions.
3. Provides the first point of contact for the business to resolve issues and answer questions about human rights matters.

## Governance

Synergy applies a systematic approach to identifying, assessing and mitigating adverse human rights impacts and the risk of modern slavery within our operations and supply chain.

This year, we established a Human Rights Control Framework (the Framework), informed by, and aligned with, the United Nations Guiding Principles on Business and Human Rights (UN Guiding Principles).

The Framework incorporates the Modern Slavery Roadmap developed in FY21 and strengthens our management systems and integration within existing business processes.

As part of our commitment to continuous improvement, in FY23, we will baseline the Framework's maturity, which will assist Synergy in measuring the effectiveness of our actions and communicating our progress transparently with key stakeholders.

# Human rights framework



## 1. Ad hoc

Processes at this level are in a state of dynamic change, tending to be driven in an ad hoc and reactive manner, providing an inconsistent response to the same events.

## 2. Informal

Processes at this level are unlikely to be rigorous, however, processes are informally established and understood, providing some consistency in response to the same events.

## 3. Defined

Processes at this level are, in some key functions, standard processes that may be subject to some infrequent degree of improvement over time. This provides mostly consistent practices and outcomes in response to the same events.

## 4. Managed

Processes at this level have a common and consistent understanding, having been formalised and subject to continuous improvement, providing consistent practices and outcomes in response to the same events. Such processes are typically integrated within wider organisational processes.

## 5. Optimised

Processes at this level are focused on continuous improvement of the organisational response to the same events through both incremental changes and innovation, and are recognised as a high value add function of the organisation.

## Due diligence

Synergy’s processes to identify, assess, prevent, and mitigate the risk of modern slavery and address adverse human rights impacts in our operations and supply chains, is underpinned by the UN Guiding Principles, Human Rights Due Diligence Framework.

We acknowledge that the key difference between a human-rights and traditional due diligence approach is the focus on the risk to people, rather than risk to our business.

Therefore, our due diligence approach focuses on identifying, assessing, and mitigating the risk to people that may be caused, contributed to, or is indirectly linked to our business activities.

Synergy applies a risk-based approach to due diligence, that seeks to:

- Identify and assess the risk and impact to people across our operations and supply chain;
- Prevent and mitigate the risk of modern slavery across our operations and supply chain;
- Address risk and impact to people across our operations and supply chain; and
- Enable appropriate remediation of any adverse human rights impacts that Synergy may cause or contribute to.

## Risk identification and assessment

As part of establishing the Framework, Synergy completed a comprehensive review of our approach to risk management during the reporting period.

Due to the low risk of modern slavery within our operations, the review focused mainly on our approach to supply chain risk and ensuring all risk elements in the Framework are integrated within existing business processes.

Historically, our supply chain risk assessment has focused mainly on assessing country risk. Although this remains highly relevant, we have adopted a risk-based model that includes additional criteria. These criteria will strengthen how we identify and assess the risk to people that may occur as a result of our business activities.

The risk-based model acknowledges four key risk factors:

1. Vulnerable populations
2. High-risk categories
3. High-risk business models
4. High-risk geographies

When present, these risk factors contribute to a higher likelihood that modern slavery practices may be present.



The new risk controls will be further refined throughout FY23, and Synergy will focus on training key business functions and integrating the controls within our procurement processes.

## Addressing supply chain risk

In FY21 we focused on refining our supply chain risk approach through the use of Supplier Assessment Questionnaires (SAQs) that were issued to our higher risk suppliers<sup>1</sup>. Following assessment of the SAQs, 61 per cent of those suppliers were rated with a low residual risk, requiring no further action at this stage. A further twenty per cent were assessed as having a medium residual risk and 19 per cent of the suppliers failed to adequately respond to the SAQ.

A highlight of FY22 has been the development of a new, enhanced SAQ that will significantly deepen our understanding of the modern slavery risk within our suppliers' operations and their supply chains as well as the controls they have in place to mitigate the risks.

As discussed above, the SAQ has been updated to include broader risk factors that will assist in identifying, assessing and communicating the risk of modern slavery clearly within sourcing processes. The new SAQ will also lessen the workload burden of subjectively assessing the questionnaires and assist smaller suppliers or suppliers with less mature systems to engage more effectively.

Next year we will further engage with medium risk suppliers to understand their operations more deeply. We will also engage with the suppliers that have been non-responsive to information requests.

During the reporting period, Synergy also commenced a review of our current modern slavery clauses in the contractual templates. We aim to strengthen the conditions and incorporate human rights, modern slavery and ethics and anti-bribery and corruption requirements. The updated clauses will be operationalised in FY23.

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<sup>1</sup> Higher risk based on scope of supply and/or supplier location/country as outlined in the Global Slavery Index

## Building capability

During the reporting period, Synergy developed a Learning and Development Strategy (the Strategy).

The Strategy focuses on delivering training over the next 24 months to key functions within the business, including the supply chain, employees involved in contract management, and our executive team.

In FY23, we will focus on increasing the level of competencies for key functions to identify and assess the risk of Modern Slavery, which will assist in risk visibility and decision making.

In addition to developing the Strategy, we significantly increased our internal and external engagement through various working groups, information-sharing, and training channels throughout the year.

We have continued our engagement as part of the Human Rights Resource and Energy Collaborative (HRREC). The HRREC is a group of Australian companies in the energy and resources sector that have come together to collaborate, share knowledge, and develop practical tools to identify and address modern slavery within supply chains.

In addition to the HRREC, Synergy joined the Clean Energy Council's Risk of Modern Slavery Working Group (ROMS Working Group).

## Case study

### *A learning journey*

One of the most impactful and successful learning activities undertaken during the reporting period was designed to demonstrate the complexity of identifying and assessing the risk of modern slavery practices past the first tier of supply.

The activity leveraged news headlines in April, highlighting an example of multinational organisations operating within Australia with exposure to the worst forms of child labour within their supply chains (specifically, the farming of cocoa used in the manufacture of chocolate).

Based on this example, the activity was designed for employees to complete a desktop modern slavery risk assessment of two companies, assessing each company's inherent risk, including the source of the raw materials and the strength of the management controls, resulting in a comparative residual risk scoring.

This activity emphasised the complexity and challenges we will need to address as we evolve our energy generation to include more renewable assets. The move to renewables will create fundamental changes in our traditional supply chains and potentially increase our exposure to a greater risk of modern slavery practices.



## Remedy

Misconduct is not tolerated at Synergy, and in promoting a culture of integrity and speaking up, Synergy has developed an Integrity Framework. The Framework supports our Code of Conduct and comprises standards, procedures and guidelines for whistleblowing, Public Interest Disclosure (PID), investigations and reporting.

Synergy acknowledges the role that a strong operational-level grievance mechanism has on individuals and communities that may be adversely affected by our business activities. As part of Synergy's continuous improvement approach the working group will review the grievance mechanisms in FY23.

Synergy continues to collaborate with our industry colleagues as part of the HRREC, benefiting most recently from involvement in design and release of the HRREC's Response and Remedy Framework. In FY23, Synergy will consider and integrate the HRREC's Remedy Framework as we further develop our approach to remediation.

# Assessing the effectiveness of our actions

During FY22, we focused on consolidating our learnings and efforts from the past three years and establishing our Framework.

Importantly, as part of our approach to continuous improvement, Synergy self-assessed its maturity, making use of the *KPMG Modern Slavery Benchmark*.

The KPMG Modern Slavery Benchmark (the Benchmark) is informed by, and seeks to align with, the UN Guiding Principles and other international standards and frameworks. The Benchmark is designed to assist organisations like Synergy in considering the maturity of our approach to managing modern slavery risks related to our operations and supply chain.

Whilst the self-assessment activities undertaken by Synergy were based on the KPMG's Modern Slavery Benchmark methodology, developed by KPMG, these self-assessment activities by Synergy did not extend to KPMG's engagement in undertaking any audit or other review activities.

The Benchmark results provide a robust baseline of our current maturity levels across 12 elements of the Framework, including our approach to measuring the effectiveness of our program and actions.

The results will underpin the basis of our measurement and evaluation approach, which we will commence in FY23 as part of Synergy's corporate strategy and newly established social value pillar.

### ***Synergy acknowledges the UN Guiding Principle 20:***

*Which states, that to verify whether adverse human rights impacts are being addressed, business enterprises should track the effectiveness of their response. Tracking should be based on appropriate qualitative and quantitative indicators and draw on feedback from international and external sources, including affected stakeholders.*

# Reporting entities and consultation

This statement has been prepared collaboratively by Synergy and Synergy's wholly owned subsidiary, South West Solar Development Holdings Pty Ltd and its subsidiary Synergy Renewable Energy Developments Pty Ltd (SynergyRED).

As our maturity increases, we increasingly recognise the complexity involved with identifying and assessing the risk of modern slavery and as a result, the importance of collaborating effectively across our value chain.

In FY22, Synergy focused on establishing a deeper working relationship with SynergyRED, increasing awareness and engagement across the management team.

As part of this engagement, we recognised the need to adjust our approach to risk identification and assessment for capital projects.

As such, SynergyRED has engaged a third-party specialist consultant and will commission desktop Supplier Due Diligence Assessments early in the pre-feasibility phase of our SynergyRED renewable capital projects.

Early engagement assists project teams to identify and assess the risk of modern slavery more effectively and will ensure appropriate mitigation has been put in place to manage identified risks.

Engagement throughout the year included:

- Awareness sessions.
- Establishing subject matter support to assist SynergyRED to effectively identify, assess and address risks.
- Commissioning desktop supplier Due Diligence Assessments as part of early pre-feasibility studies.

In FY23, we will continue to work closely with SynergyRED to ensure alignment with the Framework and to provide advice and support on how to effectively manage the potential risk of modern slavery across their capital project portfolio.





# Looking ahead

In our FY21 statement, Synergy set out a program of work for the next 24 months based on our Modern Slavery Roadmap. Over the next year, we will continue to progress these actions including transitioning and eliminating modern slavery within the Framework.

## Governance

- Develop Synergy's Human Rights Commitment.
- Develop a Stakeholder Engagement Plan.
- Conduct an internal Human Rights Audit.

## Due diligence

- Develop Synergy's Supplier Code of Conduct.
- Finalise Synergy's Modern Slavery Risk Appetite Statement.
- Operationalise the new SAQ into procurement procedures.
- Expand the reach of the SAQ to identified high and medium risk suppliers.
- Implement enhanced contract terms and conditions.
- Commence the design of Synergy's Modern Slavery Measurement and Evaluation Framework.
- Engage and consult with suppliers that were unable to complete Synergy's SAQ in FY22.
- Continue active engagement with the HRREC and the CEC.

## Remedy

- Review Synergy's grievance mechanisms.
- Commence the design of Synergy's approach to remediation.

## Capability building

- Implementation of the L&D Strategy.

# Appendix 1

## Navigational index

Modern Slavery Act 2018 (Cth)	Mandatory Reporting Criteria Guidance for Reporting Entities	Location in document
cl 16(1)(a)	Criteria one: Identify the reporting entity.	About this statement page: 1
cl 16(1)(b)	Criteria one and two: Describe the reporting entities structure, operations and supply chains.	Synergy overview Page: 4
cl 16(1)(c)	Criteria three: Describe the risks of modern slavery practices in the operations and supply chain of the reporting entity and any entities the reporting entity owns or controls.	Modern slavery risk in our operations and supply chain page: 12
cl 16(1)(d)	Criteria four: Describe the actions taken by the reporting entity and any entities that the reporting entity owns or controls. Assess and address these risks, including due diligence and remediation processes.	Actions to assess and address modern slavery risk page: 16  Key highlights FY22 page: 16
cl 16(1)(e)	Criteria five: Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery.	Assessing the effectiveness of our actions page: 22
cl 16(1)(f)(i)(ii)	Criteria six: Describe the process of consultation with any entities the reporting entity owns or controls.	Reporting entities and consultation page: 23
cl 16(1)(g)	Criteria seven: Any other relevant information.	Looking ahead page: 24

# Appendix 2

## Governance documents

Key governance documents that detail the approach, expectations, and practices to protect human rights in our internal operations and mitigate modern slavery risks in our supply chain.

<b>Operations (People) Governance</b>	<b>Purpose</b>
Code of Conduct	Sets out standards for appropriate ethical and professional behaviour for Synergy staff and contractors.
Speaking Up Standard	Explains the channels for speaking up, how and to whom people can speak up, what happens when people speak up, and the protections given to people who speak up.
Public Interest and Whistle-blower Procedure	Contains processes for raising concerns about actual or suspected misconduct at work under the PID Act or the corporate whistle-blower laws.
Misconduct Reporting Procedure	Outlines the requirements for personnel employees who receive reports about actual or suspected misconduct.
Recruitment and Selection Standard	Defines the minimum mandatory performance requirements for sourcing activities associated with recruitment and selection of employees at Synergy.
Equal Opportunity Standard	Provides guidance to ensure that all employees and potential employees are treated consistently, equitably, and fairly.
Remuneration Standard	Outlines the key reward principles to remunerate employees fairly and equitably.
Non-Contractual Benefits Standard	Details the additional employee benefits provided to supplement contract remuneration packages.
Bullying, Discrimination and Sexual Harassment Standard	Explains bullying, discrimination and sexual harassment and provides guidance on what to do if the standard is breached.
Flexible Working Arrangements Standard	Sets out the core principles by which any flexible working arrangement at Synergy is to align, including the legislative provisions applicable to certain categories of employees.
Overtime Management Procedure	Provides the framework for consistent allocation, approval and management of overtime. Includes framework for the fatigue management procedure.
COVID- 19 Work Practices Procedure	Defines the steps required to manage absences or changed work practices associated with COVID-19.
<b>Health and Safety Governance</b>	
Health and Safety Policy	Outlines our commitment to the health and safety of our people.
Health and Safety Risk Management Procedure	Describes the process, procedure and tools for planning, undertaking and follow up action for H&S and process safety hazard and risk reviews.
Fatigue Management Procedure	Provides appropriate guidance, knowledge, and tools for the safe management of fatigue.
<b>Contract and Procurement Governance</b>	
Procurement Standard	Sets out the standards applicable to all employees in the conduct of activities for procurement of materials and services.
Procurement Procedure	This procedure provides guidance and instructions to support the execution of the procurement process by the supply chain team.
Procure-it Contract Framework Procedure	Describes the requirements and steps to request, source, award, manage and complete a contract at Synergy.



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