



snowyhydro

Modern Slavery Statement

FY2020



Introduction

This Modern Slavery Statement 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 2020.

This Statement was prepared in consultation with management representatives on behalf of

each operating company within Snowy Hydro. 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 a dynamic, integrated energy business. Our role is to ensure energy security, underpin the transition to renewables, and increase competition in energy markets. Our vision is to delight our customers with service, backed by our generation assets and retail businesses.

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

Safety



Safety is always our number one priority

Teamwork



We help each other succeed through support and trust

Ownership



We take pride in our work and own our choices

Agility



We are adaptable and embrace change

Decency



We treat others the way we'd like to be treated

Courage



We speak up and act for what's important

In keeping with our core values, Snowy Hydro recognises the responsibility and opportunity that we have to play a role in the eradication of modern slavery. We have always been 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 has a robust Risk Management Framework in place and has assessed the risk of modern slavery under that Framework.

Snowy Hydro's operations are almost entirely in Australia, and undertaken by employees on individual agreements or under enterprise agreements.

Snowy Hydro's 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.

We have identified three sectors/suppliers within our supply chain with a higher potential inherent risk of modern slavery practices, and we have undertaken additional due diligence and verification to confirm that there are no actual or suspected modern slavery practices in



those parts of our supply chain and the controls in place to manage this risk are effective. We continue to undertake ongoing verification measures to ensure these control measures remain effective.

In addition to this sector 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 additional controls of enhanced standard contract terms and the implementation of a formal modern slavery training program.

The COVID-19 pandemic in 2020 has had a disproportionate impact on a number of local regional suppliers which Snowy Hydro relies upon.

This in turn has impacted on the livelihoods of the individuals who are involved in those

businesses. We have taken additional targeted measures to support the ongoing viability of these suppliers during this time.

Snowy Hydro will continue to review our modern slavery risk management practices against industry best practice and, if required, strengthen those practices to ensure they remain effective in FY2021 and beyond.

This statement was approved by the Board of Snowy Hydro Limited on 10 March 2021.

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



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



1.1 million customers



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

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 also established an offtake agreement with renewable developer Equis for 100MW of large-scale solar generation at Tailern Bend in South Australia, which commenced in April 2019. Additionally, Snowy Hydro has procured 888MW of wind and solar derivative offtake agreements as part of its Renewable Energy Procurement Program.

The Snowy 2.0 project, which is currently under construction, is a major expansion of the Snowy Scheme, linking Tantangara and Talbingo reservoirs with tunnels and an underground

pumped-hydro power station about 800m below the surface. Work on Snowy 2.0 has been underway since early 2019, with road upgrades, permanent bridges over waterways and earthworks to prepare for tunnelling all completed. Snowy 2.0 is a major regional infrastructure project bringing significant investment and thousands of jobs to the Snowy Mountains.

Snowy Hydro is the fourth largest retailer in the National Electricity Market through two award-winning retail energy companies - Red Energy and Lumo Energy. Our retail businesses have more than one million customer accounts in the NEM including households, Small to Medium Enterprises (SMEs) and Commercial and Industrial customers (C&I) across Victoria, New South Wales, the Australian Capital Territory, South Australia and Queensland. Snowy Hydro also owns Direct Connect, one of Australia's largest moving services companies, moving renters and home-owners across the country.

Snowy Scheme Map



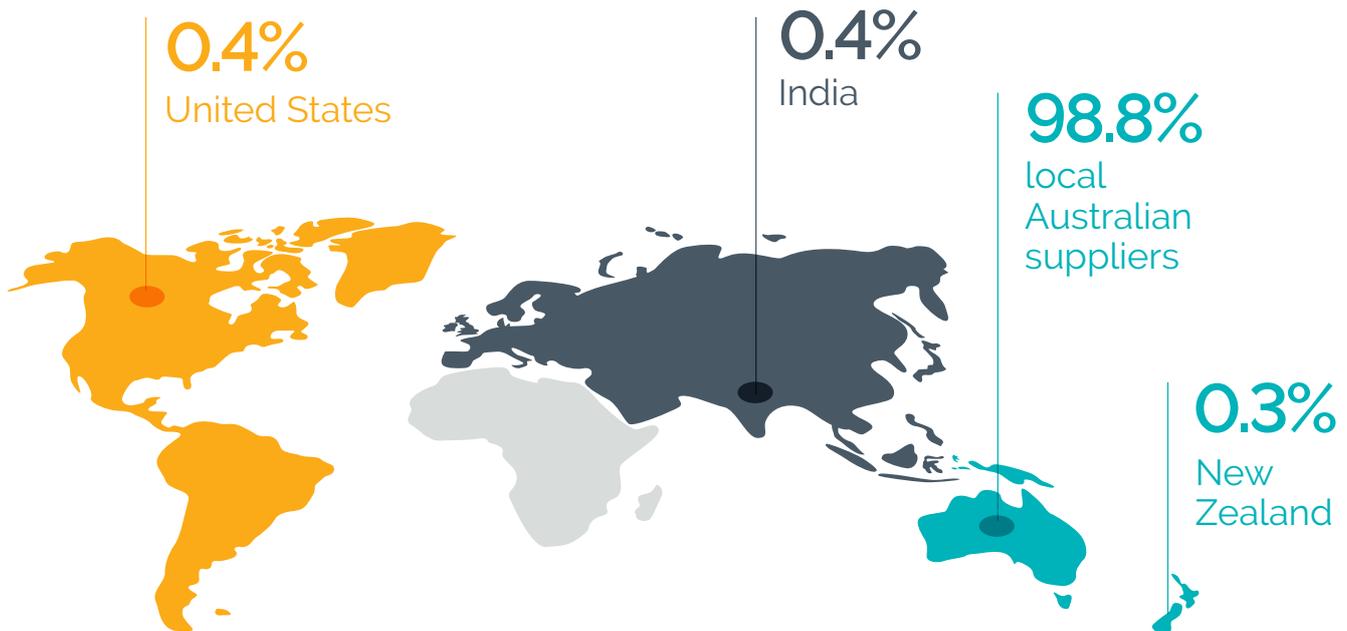
Our Supply Chain

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 FY2020, Snowy Hydro directly engaged more than 2,500 suppliers. Excluding the Snowy 2.0 project, approximately 98.8% of our total spend in our supply chain was with local suppliers, followed by suppliers located in India (0.4%), the United States (0.4%) and New Zealand (0.3%).

Snowy Hydro has appointed a joint venture of world class, experienced, construction contractors to deliver our Snowy 2.0 project in Australia. 27% of the total spend in our supply chain was on the Snowy 2.0 Project. 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. Snowy Hydro has taken the proactive steps outlined in this Statement to assure itself that modern slavery risks are being controlled within that supply chain.

Our suppliers (excluding Snowy 2.0 project)



Other countries - 0.1%

Our Governance

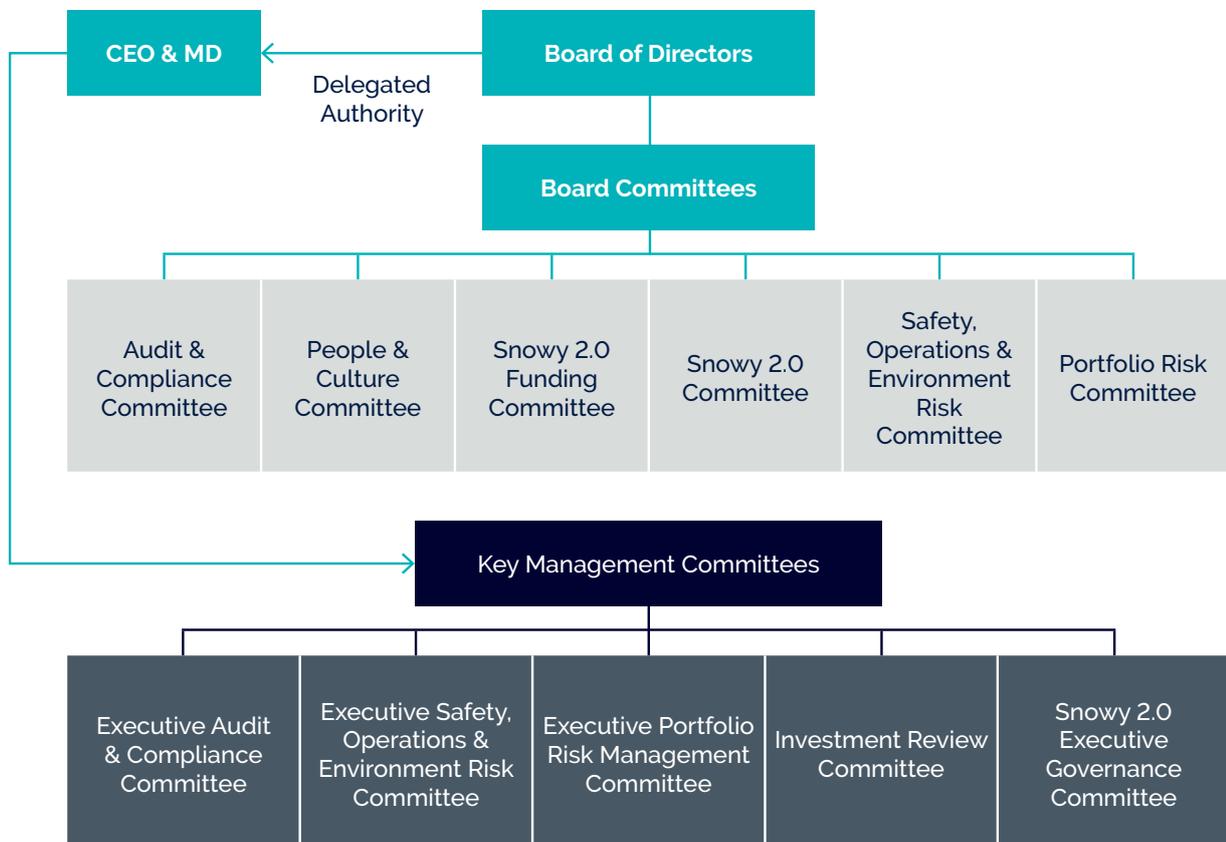
The Board of Snowy Hydro is responsible for the corporate governance of all companies within Snowy Hydro, including the adoption of appropriate policies and procedures, and is supported by dedicated Board Committees who assist the Board in discharging their governance responsibilities.

Snowy Hydro's corporate governance framework is outlined in the diagram below. Our corporate governance documentation, including the Corporate Governance Statement and the associated charters are available on our website.

The Board has established an Audit and Compliance Committee. 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.

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

Corporate Governance Framework



Modern Slavery Risk Assessment

Snowy Hydro identifies and assesses potential risk of modern slavery in its operations and supply chains by reviewing country and industry risk indicators provided by organisations such as the Global Slavery Index and the International Labour Organisation among others. These assessments inform our areas of focus.

We have identified the key factors that influence the risk of modern slavery practices in our operations and supply chains, being:

Geographies	Where a product is manufactured or processed, or where service delivery occurs.
Product and service categories	The sectors from which we procure goods and services.
Vulnerable populations	For example, migrant workers and base-skilled workers.
Work practices	For example, third party labour arrangements.
Company-specific	The practices of individual suppliers.

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

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

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

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.

Appropriate control measures are then implemented which take into account the materiality of the relevant risk, followed by ongoing assurance measures to assess the effectiveness of those controls.

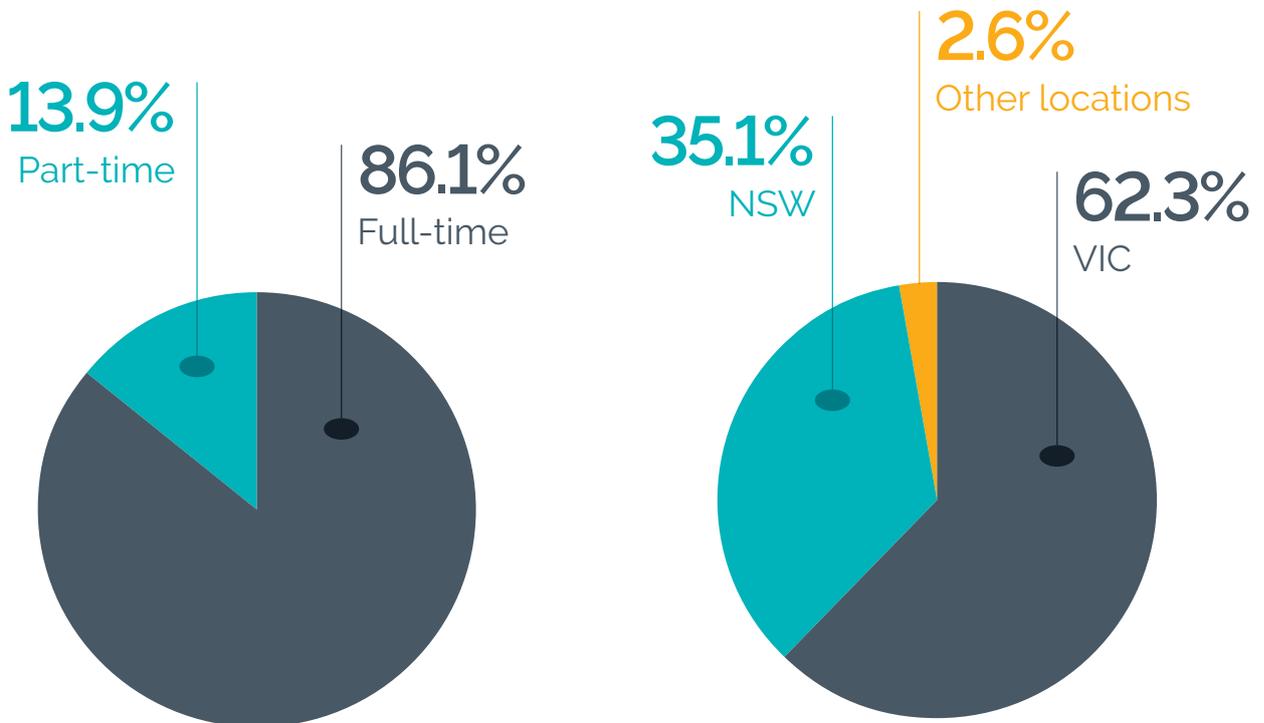
Operations

Snowy Hydro's operations are almost entirely located in Australia, with our retail business having a small office in New Zealand and a single employee in Mumbai. Snowy Hydro's employees are engaged directly on

either individual agreements or applicable Enterprise Agreements, and we have a robust payroll system.

As at 30 June 2020, Snowy Hydro's total direct workforce was 1782 people, with 93.3% of them working on an ongoing basis. 86.1% are full time employees and 13.9% work part time. Most of our employees are based in Victoria (62.3%) and New South Wales (35.1%), with 2.6% based in other locations.

Snowy Hydro's Workforce



1782 

Supply Chains

Snowy Hydro has assessed modern slavery risk in our supply chains based on workforce profile, the type of labour involved in the delivery of services or production of goods, particularly when there is base-skilled labour, and industry prevalence.

Snowy Hydro's 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.

We have a number of standard controls, some of which were strengthened in FY2020, to mitigate the risk of modern slavery in its supply chains.

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

- The international supply chain for the Snowy 2.0 Project, which will involve the procurement of electrical & mechanical components from countries including China, as well as Germany and other parts of Europe;
- Our retail business' call centre operations in Mumbai; and
- Snowy Hydro's clothing supply contractors, who source from countries including Bangladesh, China and India, and catering and cleaning contractors.

In FY2020, Snowy Hydro conducted additional assurance and verification activities in respect of these key sectors/suppliers to ensure that the risk of modern slavery in these areas is effectively controlled.



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 Project

The qualified and experienced contractors appointed to deliver the project are responsible for managing all aspects of the international supply chain. Their appointment includes specific contractual requirements to comply with all modern slavery laws, not engage in modern slavery and to develop and maintain effective policies and procedures to manage these risks.

As part of its procurement process, Snowy Hydro confirmed that the contractors have the capability and effective processes and controls to manage all risks in their international supply chain, including modern slavery risk, and do not have a history of modern slavery practices.

Snowy Hydro conducts ongoing verification and assurance of its contractors' compliance with their obligations in respect of modern slavery risks with support from independent experts

(including auditors and quality inspectors for offshore manufacturing).

The relevant contractors will also be required to provide their own Modern Slavery Statements.

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 11 years. Snowy Hydro has appointed a global provider of services to manage the Mumbai call centre.

Snowy Hydro has undertaken a detailed assessment of the service provider's processes and policies and has confirmed the adequacy of the controls in place internally to manage the risks of modern slavery practices, and has confirmed the legal basis for salary and wage payments to the supplier's employees.

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

Snowy Hydro has undertaken a detailed review of the relevant suppliers' contracted rates of pay against relevant industrial award rates, and assessed their controls in place including ethical sourcing and whistleblower policies, and audit and training practices. The effectiveness of the controls are regularly assessed via ongoing contractor performance discussions.

Standard Modern Slavery Risk Controls

Supplier due diligence

Snowy Hydro's Supplier Prequalification Procedure includes the following standard processes:

- Snowy Hydro undertakes 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. Discussions with the relevant suppliers are then undertaken to understand potential modern slavery risk areas and the measures those suppliers are undertaking in order to manage those risks; and
- 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 targeted due diligence noted above for that supplier.

Contractors cannot be engaged by Snowy Hydro if we are not satisfied that any modern slavery risks are being appropriately managed.

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 have been incorporated into our standard form contracts.

In FY2021, Snowy Hydro is supplementing these contractual requirements with a Supplier Code of Conduct. All suppliers will be required to comply with this Code, which 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, environmental sustainability and governance. Non-compliance with this Code will be addressed under the contract with the relevant supplier.

Remediation processes

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

Reportable Conduct

Snowy Hydro has established 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 this framework is available on our website.

Training

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

In FY20, we provided targeted training to senior employees involved in the engagement of suppliers which have a higher potential inherent risk of modern slavery. The training was provided 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 FY21, this training will continue to be implemented more broadly across the business to include relevant employees such as project managers and site supervisors.

Measuring effectiveness

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

- Snowy Hydro regularly benchmarks its 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. Snowy Hydro already has in place a range of measures which have been identified by those organisations as being key to successfully managing modern slavery risks. These 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;
- 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 the Snowy Hydro Executive Team and our Board;
- Any new modern slavery risks which are identified are escalated to this cross-functional group and are thoroughly investigated with the relevant control measures reassessed and improved on if required; and
- 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.

Response to COVID-19

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. Snowy Hydro is aware that the COVID-19 pandemic has had a pronounced impact on these suppliers as they manage reduced cash flows during this time. This in turn can increase the risk of unacceptable pay

rates and/or working conditions for personnel employed by otherwise stable businesses.

During the initial onset of the pandemic, Snowy Hydro identified key suppliers in its supply chain who were vulnerable to ongoing viability risk. Discussions were then held with these suppliers and a range of targeted support measures were provided, including paying those suppliers on more prompt payment terms and bringing forward scheduled purchases to provide additional cash flow support.



Looking ahead

In FY21 and beyond, Snowy Hydro will further our efforts to identify and remedy modern slavery risks in our operations and supply chains. We recognise our commitment to addressing modern slavery risk requires sustained effort through continuous improvement so that our actions remain effective in addressing modern slavery.

In FY21, we will build on the actions set out in this statement, focusing on:

- Deepening engagement with those suppliers identified as having an increased potential inherent risk of modern slavery and further engagement with other suppliers;
- Continuing our close partnership with our construction contractors on the Snowy 2.0 project to obtain assurance of the effectiveness of their processes to address modern slavery;
- Rolling out our training program focusing on increasing modern slavery awareness, identifying potential red flags of modern slavery and escalating appropriately, to on the ground staff; and
- Refining the mechanisms used to assess the effectiveness of our actions in addressing modern slavery risk.



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