

Modern slavery statement 2020





This statement, pursuant to Section 13 of the Commonwealth *Modern Slavery Act 2018* ('the Act'), sets out the actions taken by Stanwell Corporation Limited to address modern slavery and human trafficking risks in our business and supply chain for the financial year ending 30 June 2020.

Stanwell Corporation Limited
ABN 37 078 848 674
ACN 078848674



Introduction

Stanwell Corporation Limited (Stanwell) recognises the importance of its procurement practices being transparent, responsible and held to the highest standards of integrity.

We are committed to operating responsibly and adhering to the highest ethical standards and this is reflected in our values – 'We Care', 'We Adapt' and 'We Deliver'.

The application of our values not only apply to our internal operations but extend to the broader community through our procurement practices. We are committed to ensuring that our procurement practices do not support modern slavery.

Our procurement practices will remain compliant with all applicable laws, regulations and company policies. Our Code of Conduct requires us to observe all laws and regulations that are applicable to our business, and to never compromise our ethics and integrity.

Modern Slavery Statement

This Modern Slavery Statement (statement), pursuant to the *Modern Slavery Act 2018* (Cth), outlines our approach to ensuring that we have robust frameworks and processes in place to minimise the risk of modern slavery in our business operations and supply chain.

This is the first statement for Stanwell and covers the 2019/20 financial year (the reporting period).

Our business

Stanwell is a Queensland government owned corporation.

We are a diversified energy business – we generate electricity, we have an electricity retail business that sells energy to large commercial and industrial businesses and we earn income from coal sales. We also provide services to the electricity market to keep energy secure and reliable.

Stanwell has 10 wholly owned subsidiaries and prepares a consolidated financial report.

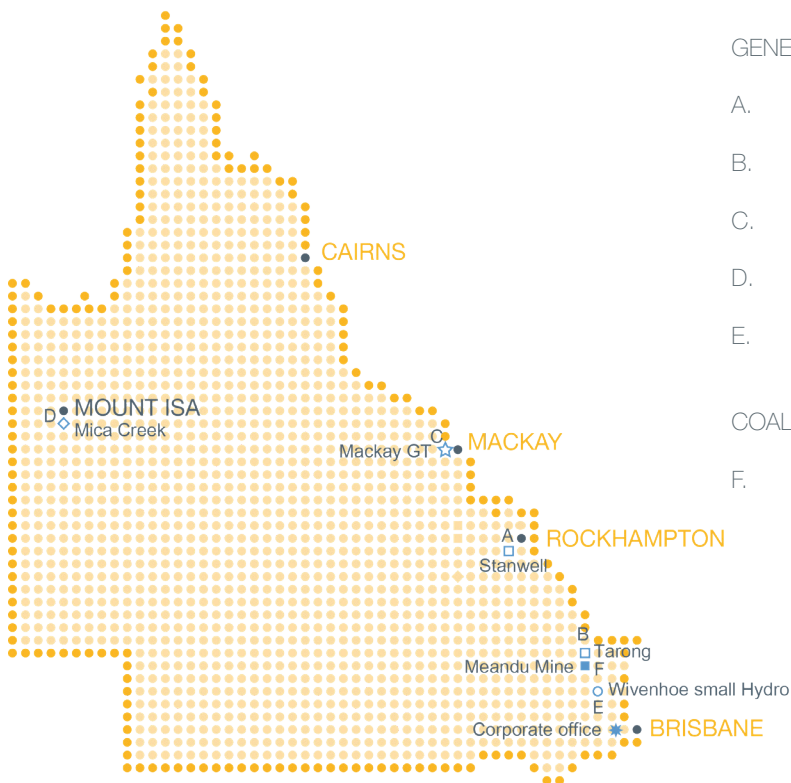
Stanwell employs 700 direct employees, 400 indirect employees (Meandu Mine), and a number of contractors who provide support for site services and unit outages in regional Queensland.

Stanwell's power stations are situated in the Rockhampton, South Burnett and Mt Isa regions and the majority of our employees live and work locally in the communities where we operate.

Stanwell's procurement function oversees the procurement activities for Stanwell and its subsidiaries.



Our assets



GENERATION

- A. STANWELL POWER STATION, Central Queensland – 1,460 MW (coal)
- B. TARONG POWER STATIONS, Southern Queensland – 1,843 MW (coal)
- C. MACKAY GAS TURBINE, Central Queensland – 34 MW (diesel)
- D. MICA CREEK POWER STATION, North West Queensland – 218 MW (gas)
- E. WIVENHOE SMALL HYDRO, South East Queensland – 4.3 MW (hydro)

COAL

- F. MEANDU MINE, Southern Queensland – long-term coal supply to the Tarong Power Stations



Our Supply Chain

Stanwell spends approximately \$1 billion on goods and services annually.

In October 2019, an assessment of Stanwell's supply chain identified that Stanwell had business dealings with approximately 2,000 active suppliers with whom Stanwell directly procures goods and/or services (our Tier 1 suppliers).

These suppliers are located in 11 countries and cover 12 product categories.

Stanwell's expenditure is highest in the category of Electricity – transmission, distribution and retail services.

Of Stanwell's Tier 1 suppliers, 99.8 per cent are located in Australia, with only 0.2 per cent (or approximately 40 suppliers) located in Asia, Europe and North America who together, had a consolidated spend of \$760k in the reporting period.

Due to the location of the overseas suppliers and spend and the reliance placed by Stanwell on the supply of these goods and services from these suppliers, a further assessment of their Tier 1 supply chains will be undertaken

On the following page:

Figure 1 shows supplier by category, spend by country

Figure 2 shows category spend by share percentage

Figure 1

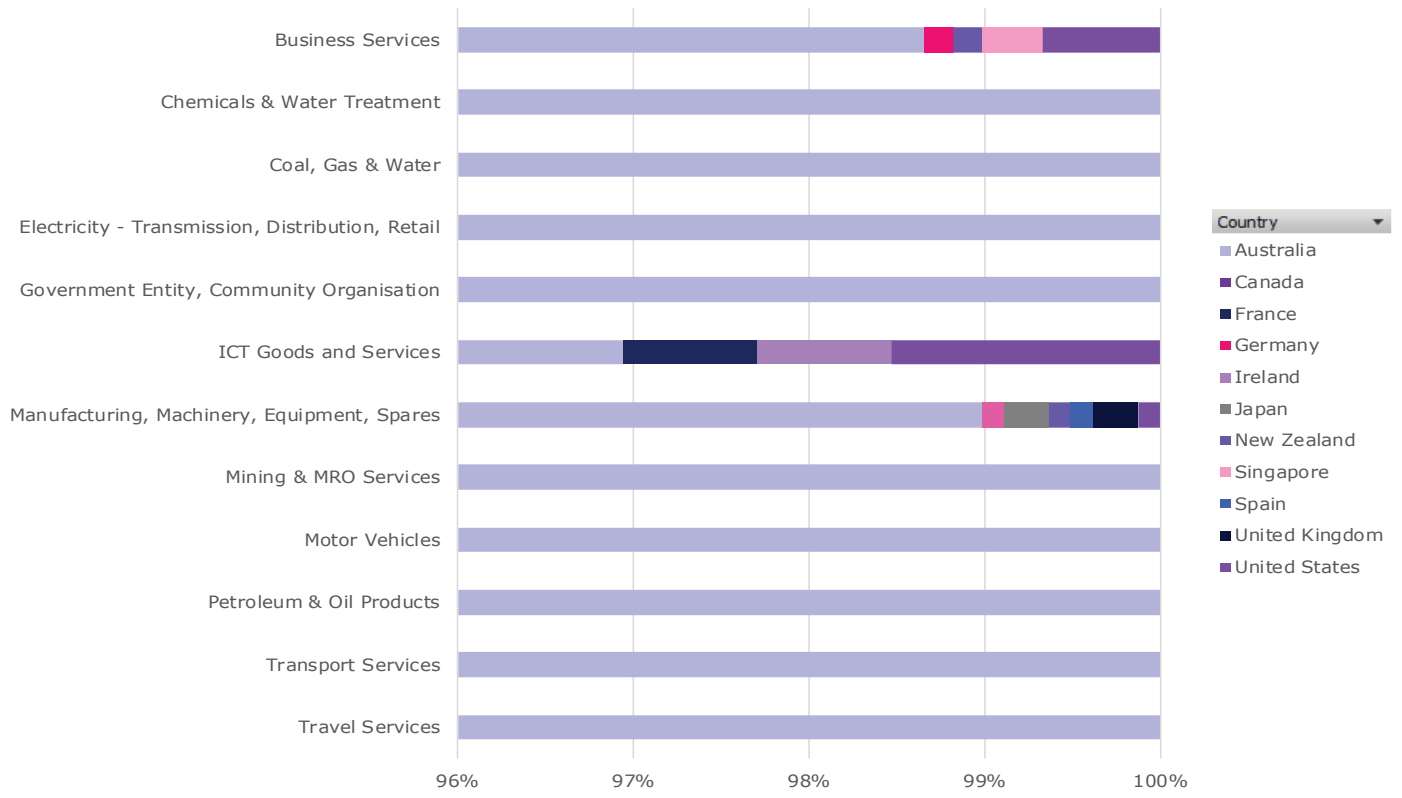
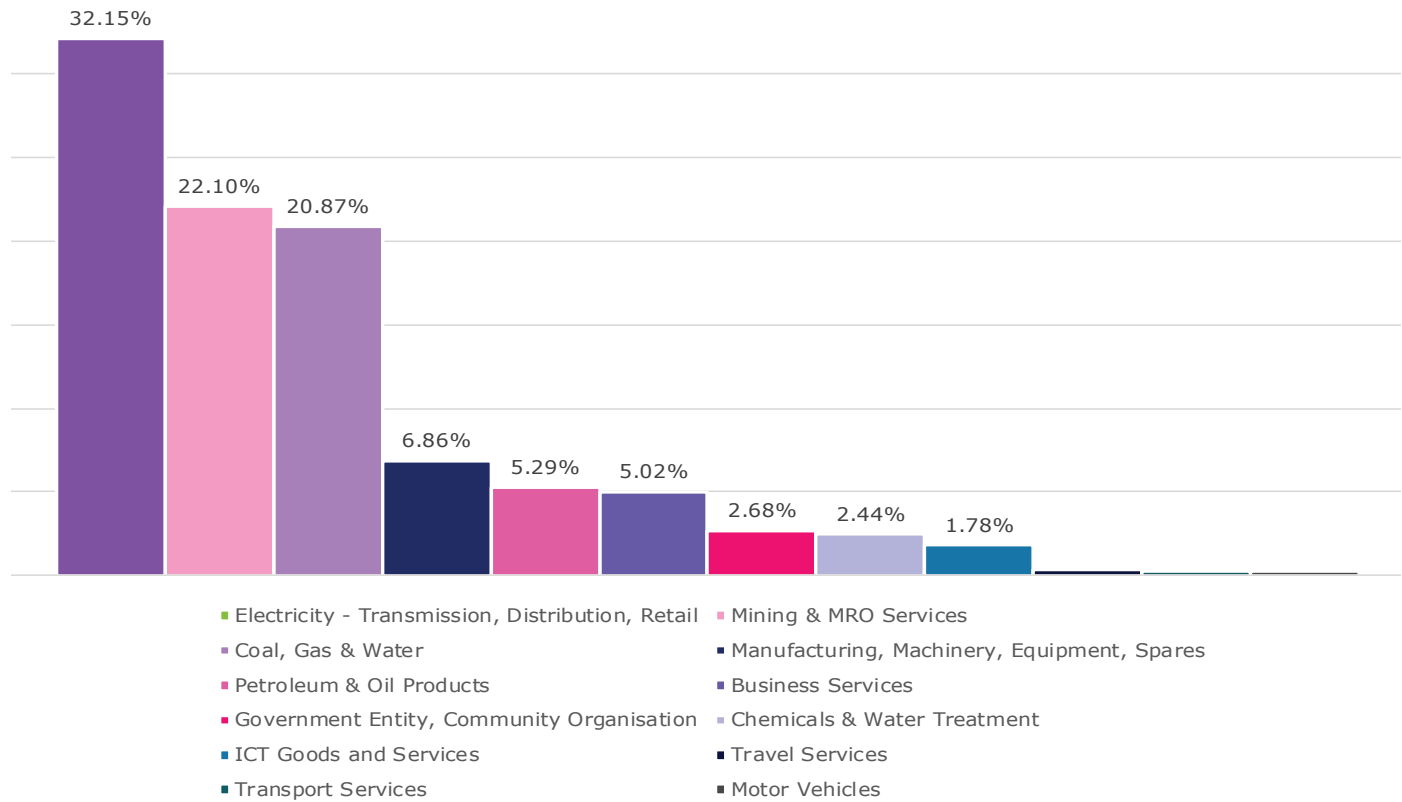


Figure 2



Governance, risk and ethics

Stanwell's corporate governance framework ensures accountability and transparency across our business.

Our framework establishes how:

- the Board is accountable to our Shareholding Ministers;
- the strategies and goals of Stanwell are set and agreed;
- key risks are identified and managed; and
- ethical values and behaviours and responsible decision making are promoted.

Governance and compliance policies

A range of governance and compliance policies are in place to support Stanwell's business performance and include the following policies:

- Enterprise Risk Management and Business Resilience Policy;
- Compliance and Regulatory Management Policy; and
- Stanwell's Code of Conduct.

In addition to supporting our overall business strategy, these policies reinforce Stanwell's commitment to creating a workplace where we maintain fair, just and ethical standards and where we treat others with fairness, dignity and respect. We value diversity in our workplace and strive for equal opportunity across our sites.

Our Whistle-blower Protection Policy is designed to encourage employees, contractors, service providers and suppliers to raise concerns about activities or behavior that may be unlawful or unethical. The policy formalises Stanwell's commitment to protecting the confidentiality, dignity and career of anyone who raises serious concerns that affect the integrity of Stanwell's business operations.

Procurement framework

Our procurement framework consists of:

- Procurement Policy;
- Procurement and Supply Management Processes;
- Procedures and Guidelines;
- Terms of Business (Goods and Services); and
- Supplier Code of Conduct.

Our Procurement Policy requires us to conduct our procurement practices in a transparent manner to achieve probity and accountability.

Under our Terms of Business, our suppliers warrant that the goods and services delivered comply with our policies and the Australian law. This is an important element in ensuring that our Tier 1 suppliers comply with the intent of the *Modern Slavery Act 2018* (Cth).

In 2020, a Supplier Code of Conduct was implemented which sets out Stanwell's expectations of its suppliers with regards to modern slavery and other socially responsible procurement practices.





Our modern slavery risks

During the reporting period, Stanwell's modern slavery focus was on understanding and identifying our modern slavery risks.

We conducted a risk assessment of all Tier 1 suppliers against modern slavery risk categories including country, product category and dependency risks.

A third-party assessment identified:

- **High risk countries:** Stanwell procures international standard subscriptions and machinery equipment from a small number of suppliers in Japan and Singapore, who are considered higher risk countries under the Walk Free Global Slavery Index.¹
- **High risk product categories:** Stanwell procures high risk product categories (chemicals, petroleum oil products, machinery and equipment and ICT goods and services); however, they are procured from Australian suppliers and subsequently classed as medium risk transactions.
- **High risk supply chains:** Some of our industry/product categories are likely to have higher risk supply chains, such as ICT goods and services.
- **High dependency suppliers:** Stanwell has identified six high dependency suppliers. They will be asked to share with Stanwell the actions that they are taking to assess and address modern slavery in their supply chains, including sharing copies of their modern slavery risk assessments and modern slavery statements (if they are required to submit them).

The overall risk of Stanwell's Tier 1 suppliers was considered a moderate risk.

¹ The Global Slavery Index is a ranking of the number of people in modern slavery, including in the hardest to access countries. Refer <https://www.globalslaveryindex.org/resources/downloads/#gsi-2018>

Our modern slavery actions

Completed actions

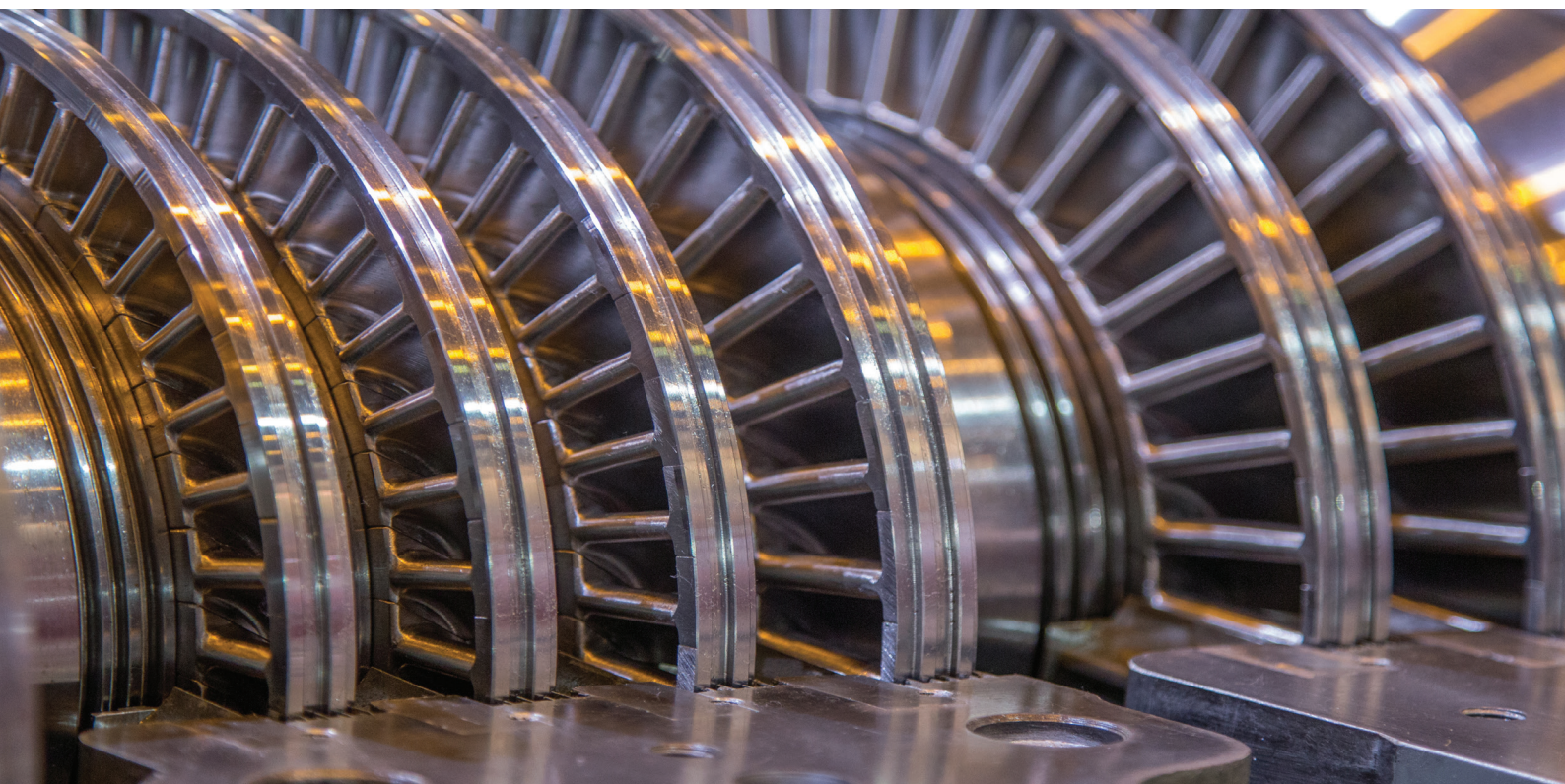
During the reporting period, we strengthened our approach to preventing modern slavery, protecting human rights and contributing to responsible business through initiatives including:

- a 'Voice of the Supplier' survey (which identified less than 50 per cent of our suppliers were aware of the *Modern Slavery Act 2018* (Cth));
- the introduction of a Supplier Code of Conduct;
- Standard Procurement Contracts were amended to include requirements for our suppliers to comply with the *Modern Slavery Act 2018* (Cth).
- senior management and procurement personnel briefings were conducted to raise awareness of modern slavery, potential risks and compliance reporting requirements;
- development of a two year roadmap was drafted to ensure Stanwell continues to commit to the intent behind the *Modern Slavery Act 2018* (Cth);
- collaboration with peer organisations to understand their approach to modern slavery;
- an initial supply chain risk assessment of our Tier 1 suppliers was conducted; and
- the financial stress of our suppliers was reduced by changing invoice payment terms to 14 day payments, in light of the COVID pandemic.

Future actions

In the next reporting period, we will continue to review and amend applicable policies to further strengthen our response to modern slavery. For example, we will strengthen the identification of modern slavery risk and prevent/mitigate that risk, by:

- assessing our Tier 1 suppliers who are located in Asia, Europe and North America.
- communicating our commitment to addressing modern slavery in our operations and supply chain with our Tier 1 suppliers and request their acknowledgment of our commitment through the acceptance of Stanwell's Supplier Code of Conduct;
- engaging with our six high dependency suppliers, who will be asked to share with Stanwell the actions that they are taking to assess and address modern slavery in their supply chains, including sharing copies of their modern slavery risk assessments and modern slavery statements (if they are required to submit them)
- developing Procurement and Contract Management processes to assist with risk identification of high dependency suppliers;
- conducting further risk identification for higher risk countries, product categories and supply chains;
- implementing reporting regimes to capture and measure compliance; and
- developing a Procurement handbook, so that modern slavery assessment and compliance requirements can be embedded into the initial stages of the sourcing process




Assessment of Effectiveness of our Actions

Ongoing assessment of the effectiveness of processes in place to capture and educate the organisation regarding modern slavery are being developed and considered.

Reviewing and monitoring of our future actions will be undertaken by:

- the establishment of a working group to review tasks and monitor they are being undertaken. The working group will consist of relevant stakeholders across the business;
- a review of Stanwell's supplier register to ensure new onboarded suppliers do not present a modern slavery risk and if they do, mitigate that risk to the extent possible;
- a review our training schedule and its appropriateness to our business. That is, ask the question whether Stanwell employees understand how Modern Slavery can appear in their workplace and adjust our training to suit;
- engaging our top 10 suppliers to ensure they are progressing any modern slavery actions they have committed to undertaking; and
- reviewing our modern slavery roadmap to ensure it remains relevant.

The Board of Directors of Stanwell Corporation Limited approved this statement on 1 December 2020



Paul Binsted

Chair and Independent Non-executive Director



