



GEMENERGY

**GEM Energy Australia Pty Ltd
Statement under the Modern Slavery Act (Cth)
2018**

January 2022 v1.3



1. Overview

GEM Energy Australia Pty Ltd - ABN 25 164 579 382 (GEM Energy) is an Australian Private Company first registered on 1 July 2013 in Queensland.

Our business focusses on Renewable Energy, especially the supply, installation, and maintenance of Photo Voltaic Solar Energy systems for residential, commercial and government facilities. We have sixty employees and offices in Brisbane and Darwin.

This statement, pursuant to the Modern Slavery Act 2018 (Cth), sets out the actions taken by GEM Energy to address modern slavery risks in our business and supply chain over the financial year ending 30 June 2022.

GEM Energy Australia's annual turnover is under \$100 million and so this Statement is being made on a voluntary basis.

2. Our Structure, Operations and Supply Chains

GEM Energy is structured as a single operational entity, with divisions along operational lines i.e.:

- Management and administration
- Sales
- Engineering and design
- Project Management (commercial and government)
- Installation Management (residential)
- Construction and installation
- Maintenance and after sales service.

The Brisbane office is self-contained, while the Darwin office relies on the Brisbane office for higher level administration and engineering / design.

Subcontractors

GEM Energy as its own teams of Installers lead by qualified Electricians. We also rely on a roster of independent installers – mostly small businesses with five to fifteen employees.

We also engage the services of Virtual Assistants: independent contractors based in Davao, Philippines.

Our **Materials Supply Chain** can be segmented as:

- 65%: Overseas Manufacturers (all with an Australian Office)
- 25%: Products manufactured Overseas, sourced through an independent Australian Distributor
- 10%: Generic supplies (hardware, stationery etc)

3. The risks of modern slavery practices in the operations and supply chains of GEM Energy

Most of GEM Energy's purchases are Solar PV Equipment, all of which is manufactured overseas.

As a small company, GEM accounts for less than 0.1% of the manufacturing capacity of our most important suppliers. That should mean that we have little or no buyer power or influence over manufacturers and their policies, and so our only option would be to cease to purchase from that brand, should we object to their treatment of workers.

In practice the choices are not so limited.

The culture within the worldwide renewables industry is one where high corporate responsibility is valued. We see already that many of our key suppliers have published their own, credible, ethical manufacturing policies in the form of a Corporate Social Responsibility Report (CSR) under Directive 2014/95 of the European Union.

While the CSR report format focusses on Sustainable Manufacturing, most reports include a statement on employee conditions.

With the EU being a major market for Solar PV equipment manufacturers, we rely in part on the buyer power in those markets to ensure the ethical standards of manufacturers.

Further, as the world market is experiencing growth in the order of 20% p.a., and with much of the work being skilled or semi-skilled, staff retention is vital to manufacturers. Fair working conditions flourish in such economic environments, and the risks of Modern Slavery fade.

For these reasons, we hold that the risks of modern slavery practices in our key supply chains is low.

It is in the area of minor components where Modern Slavery is more likely to be of concern.

Low value, low tech components that compete in commodity markets where price is the key driver of sales, are the components that are more at risk of containing an element of substandard working conditions and Modern Slavery conditions.

For GEM Energy we have isolated this to be, for example, the bolts and generic hardware used to install solar systems.

Finally, there is a potential risk with the direct hiring of subcontractors (Virtual assistants) in less developed economies where labour laws are less protective or not well enforced.

4. Describe the actions taken to assess and address those risks, including due diligence and remediation processes

GEM Energy have approached the task of minimizing the risks of modern slavery according to the level of supply.

LEVEL A – Major Suppliers

(65% of our supply chain)

- Reviewed existing company policies and statements of our major suppliers (e.g., Modern Slavery (UK), CSR Report (EU) and Company Annual Reports)
- Educating these suppliers as to the existence of the Modern Slavery Act (Cth) and inviting them to make their own statement.
- Factory Inspections: In 2018/19 as part of our ethical purchasing drive, our management inspected factories and met with manufacturers in facilities throughout Germany, Austria, Israel, China and Korea. Due to the COVID 19 pandemic, we have not been able to conduct in person factory inspections throughout 2020/21, we intend on starting this process back up once borders have reopened.

LEVEL B – Australian Wholesalers

(25% of our supply chain)

- Reviewed existing company policies and statements of originating manufacturers where they exist (e.g., Modern Slavery (UK), CSR Report (EU) and Company Annual Reports)
- Educated these suppliers as to the existence of the Modern Slavery Act (Cth) and inviting them to make their own statement.

LEVEL C – Minor Suppliers

(10% of our supply chain)

- Reviewed existing company policies and statements (e.g., Modern Slavery (UK), CSR Report (EU) and Company Annual Reports)
- Buy from larger companies with turnover of more than \$100m so that, by 2020 they will have made a Modern Slavery Statement. (E.g., Officeworks, Bunnings etc)

Additional Steps**Overseas Virtual Assistants**

As mentioned above GEM Energy engages up to four virtual assistants, working in the Philippines. These office assistants carry out administrative tasks. These people are self-employed, work from home and provide their own PC, data, and workspace. They work Australian office hours and take Australian public holidays. In addition, they have 4 weeks annual leave and ten days paid sick leave p.a.: all equivalent to Australian conditions and well in excess of standard working conditions in the Philippines. For a forty-hour week they are paid Php [REDACTED] per week.

We did not use an agent to find these workers. No recruitment fees were charged, and they have no debts, nor have they been paid any fees to any persons to attain these roles.

No Modern Slavery risk exists in this arrangement. Assistants are free to leave at any time, though we do ask that they give one week's notice.

GEM Energy has sought independent advice on these working arrangements from a personnel manager in a large supermarket chain and a mid-level manager working for Telstra in Manila.

Their advice was consistent: that the remuneration is high, as much as double the income for an experienced office worker and on par with a call centre operator, but with better working hours, and more generous leave entitlements.

Staff training and education

In the first half year of the Act, only senior management have been educated on the risks of Modern Slavery. This will soon be expanded to all staff.

Policy Development

Modern Slavery is to be folded into our broader Ethical Purchasing Standards. As such it comes under the GEM Energy continual improvement program.

As we mentioned above, we conduct factory visits to major supplier's overseas facilities. Our post trip report now formally includes a section on Modern Slavery.

5. How we assess the effectiveness of such actions

To date we have found no incidents of modern slavery in our supply chain, and so neither have we acted. Assessing effectiveness is not possible at this early stage.

We don't believe that we have it perfect, yet. Success will be witnessed when we have uncovered an example of MS and have acted. This may be to cease buying from that supplier and we are prepared to make that choice.

6. The process of consultation with entities that GEM Energy owns or controls

As explained above, GEM Energy is a single entity and small buyer in a world market, with relatively little influence.

However, by making this Statement, and inviting key suppliers to make a similar voluntary statement we have already, through such consultation, inspired four major world producers to make a voluntary Statement.

At the time of writing, one of the four has already produced their Statement and has asked GEM Energy to review their draft.

7. Goals for 2022

1. Conduct training for all staff on MS, what their company is doing and their role.
2. Continue to encourage all suppliers to make their own MS commitment.
3. Move most of our purchases to suppliers who have made an MS Statement.
4. Look for continual improvement opportunities.



This statement was approved by Jack Hooper, CEO and Director of GEM Energy Australia Pty Ltd in their capacity as principal governing body of GEM Energy Australia on 31st January 2022