



# Modern Slavery Statement

2020

# 1. Introduction

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This is the first Modern Slavery Statement (“**Statement**”) published by SPIC Pacific Energy Pty Ltd and its controlled entities (“**Pacific Hydro**”) in accordance with the *Modern Slavery Act 2018* (Cth). The Statement has been made on behalf of the reporting entities and all other controlled entities of SPIC Pacific Energy Pty Ltd, as set out in section 3 of the Statement.

This Statement covers the calendar year ending 31 December 2020 and applies to the Pacific Hydro group of companies. For the purposes of this Statement, **Pacific Hydro** generally refers to the activities of Pacific Hydro Pty Ltd and its Australian subsidiary companies, including Tango Energy Pty Ltd. The activities of Pacific Hydro Chile SA and its Chilean subsidiary companies (“**PHC**”) are set out in section 12 of the Statement.

We are committed to operating ethically, transparently, responsibly, and sustainably. This includes ensuring that such business is conducted with respect for human rights and in compliance with modern slavery laws.

Pacific Hydro has been a signatory to the United Nations Global Compact since 2010. The United Nations Global Compact commits companies to 10 guiding principles on human rights, labour rights, environmental protection, and measures to combat corruption. We are an active member of the United Nations Global Compact Modern Slavery Community of Practice and our commitment to operating with respect for human rights is in alignment with the United Nations Guiding Principles on Business and Human Rights.

# 2. About Us

## Statement from the CEO

I'm very pleased to introduce Pacific Hydro's first Modern Slavery Statement.

For almost 30 years, Pacific Hydro has developed, built and operated world-class renewable energy assets. Every day, we work towards delivering on our purpose of leading Australia to an affordable, clean energy future... because good planets are hard to find. We're proud of what we do, and how we do it.

We recognise that we are embarking on a journey towards combating modern slavery, and that our journey begins with understanding the risks to our business and supply chain.

This 2020 Statement sets out our approach to educating and engaging with our staff and suppliers and describes the important changes we have made to ensure that we have effective policies, procedures and processes in place to prevent modern slavery occurring in and across our operations and supply chains.

We realise that working together to identify, understand and remedy any risks of modern slavery in our operations and supply chains is a critical step toward addressing world-wide modern slavery and related practices.

I am proud of the steps we have already taken and those we plan to take, as we work to further understand our supply chains and our impact.



**Rachel Watson**  
Pacific Hydro CEO

## Who We Are

Founded in Australia in 1992, Pacific Hydro operates a high quality, diversified portfolio of wind, solar and hydro renewable assets with an installed capacity of 665MW in Australia.

We have a development pipeline of substantial projects in Australia, across Queensland, South Australia, New South Wales and Victoria totalling over 750MW of potential capacity, as well as 270MW of energy storage solutions. We have also been operating in Chile since 2002, with hydro and wind power assets and a part-owned, non-managed joint venture.

Our energy retail business, Tango Energy Pty Ltd (“**Tango Energy**”) was launched in 2012 to meet Australian demand for low cost, simple energy plans

with a clean conscience. Tango Energy has over 100,000 customers, and its continued growth is pivotal in supporting Pacific Hydro to deliver a clean energy future. With headquarters in Melbourne and a customer service team based in Geelong, Tango Energy's growth has also created hundreds of new jobs for Victorians.

Pacific Hydro has never sold any of the assets it has built in Australia. We are committed to the long-term clean energy transition.

Pacific Hydro was acquired by the State Power Investment Corporation (“**SPIC**”) through its subsidiary, State Power Investment Overseas of China (“**SPIC Overseas**”) in January 2016. SPIC is

one of the top five power generation groups in China, with \$US131 billion total assets and a total installed capacity that exceeds 143GW. SPIC operates in the generation, coal, aluminium, logistics, finance, environmental protection, and high technology industries. SPIC has a presence in 36 countries and regions abroad, including Australia, Chile, Malta, Japan, Brazil, Turkey and Vietnam.

Pacific Hydro has built a strong reputation for engaging with the communities within which it operates and has a track record of collaborating with local communities to deliver meaningful, lasting and sustainable benefits.

# 3. Reporting entities

## The reporting entities for this Statement include:

- **SPIC Pacific Energy Pty Ltd**, a proprietary limited company incorporated in Australia with its registered office in Melbourne, Victoria;
- **SPIC Pacific Hydro Pty Ltd**, a proprietary limited company incorporated in Australia with its registered office in Melbourne, Victoria;
- **Pacific Hydro Pty Ltd**, a proprietary limited company incorporated in Australia with its registered office in Melbourne, Victoria;
- **Pacific Hydro International Pty Ltd**, a proprietary limited company incorporated in Australia with its registered office in Melbourne, Victoria;
- **Pacific Hydro Australia Holdings Pty Ltd**, a proprietary limited company incorporated in Australia with its registered office in Melbourne, Victoria;
- **Energy Pacific (Vic) Pty Ltd**, a proprietary limited company incorporated in Australia with its registered office in Melbourne, Victoria;
- **Pacific Hydro Retail Holdings Pty Ltd**, a proprietary limited company incorporated in Australia with its registered office in Melbourne, Victoria; and
- **Tango Energy Pty Ltd**, a proprietary limited company incorporated in Australia with its registered office in Melbourne, Victoria.

A list of all controlled companies of SPIC Pacific Energy Pty Ltd is set out in Appendix A of this Statement.

# 4. Our culture and values

## culture STATEMENTS

IT ALL STARTS from OUR VALUES...



COOPERATION . ACTION . LEADERSHIP . INNOVATION . DEDICATION . ADAPTABILITY . DIVERSITY

# 5. Our operating structure

Pacific Hydro consists of a group of unlisted companies operating across both Australia and Chile. Our Australian operations, employing 198 staff, are headquartered in Melbourne. Our Chilean operations employ 117 staff headquartered in Santiago.

Pacific Hydro staff are predominantly based in our Australian and Chilean

city-based offices, with some on-site staff providing support during the development, construction and operational phases of our renewable energy projects.

Pacific Hydro's Australian Senior Leadership Team is comprised of nine experienced senior executives, including one shareholder's

representative. Whilst not listed, the Board of Pacific Hydro Pty Ltd operates in accordance with the Australian Stock Exchange Corporate Governance Council's "Corporate Governance Principles and Recommendations" (ASX Standards) as the benchmark for standards of good governance practice.

# 6. Our operations and supply chains

Pacific Hydro's operations span the spectrum of energy generation and retail, and our supply chains include over 2,000 suppliers who provide a range of goods and services from many countries.

BUSINESS AREA	OPERATIONS	SUPPLY CHAINS
<b>GENERATION &amp; WHOLESALE</b>	<ul style="list-style-type: none"> <li>Development, construction and operation of renewable energy assets across Australia and Chile including solar, wind, hydro, pumped hydro, battery energy storage and hydrogen power.</li> <li>In-house development and planning applications for energy projects, supported by specialist consultants</li> <li>Delivery and management of renewable energy asset construction, via EPC and unbundled arrangements.</li> <li>In-house engineering and project management, including renewable energy and grid connection engineering and site management.</li> <li>Asset management of renewable generation infrastructure.</li> <li>Wholesale energy trading, hedging and dispatch.</li> </ul>	<ul style="list-style-type: none"> <li>Operations and maintenance services for wind, solar and hydro assets.</li> <li>Consultancy services for development, delivery and operational activities, such as locally based engineering and environmental planning consultants.</li> <li>Parts and equipment for renewable energy assets and components.</li> <li>Parts and equipment for delivery and operational activities.</li> <li>Construction projects under tender conditions including all necessary civil and electrical work on site, with the contractor responsible for supply and installation of plant and equipment.</li> <li>Plant and equipment that is manufactured overseas then shipped to the project.</li> <li>Labour for site works, typically sourced from local communities or other areas as needed.</li> </ul>
<b>RETAIL (TANGO ENERGY)</b>	<ul style="list-style-type: none"> <li>Energy and gas retailing to consumer and large business customers in Australia.</li> <li>Inbound and outbound customer solutions and call centre operations.</li> <li>Energy marketing and sales.</li> <li>Product development and pricing.</li> <li>Business and IT systems.</li> <li>Credit management.</li> <li>Service delivery and billing.</li> </ul>	<ul style="list-style-type: none"> <li>Parts and equipment for retail and operational activities.</li> <li>IT equipment and infrastructure.</li> <li>Third-party sales channel partners, including mass market lead generation partners, mass-market full-service partners and multi-site brokers.</li> <li>Third party sales channel staff are located both onshore and offshore in countries such as Philippines, India, and the Fiji islands.</li> <li>Office supplies and branding/merchandising.</li> </ul>
<b>CORPORATE, SUPPORT &amp; GOVERNANCE</b>	<ul style="list-style-type: none"> <li>Corporate, advisory and governance functions that support the relevant business units, ranging from:               <ul style="list-style-type: none"> <li>people and safety, including human resources and HSE;</li> <li>strategy and commercial;</li> <li>finance and accounting;</li> <li>information technology and systems;</li> <li>legal, risk and compliance; and</li> <li>project management functions.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Office supplies and equipment for Pacific Hydro offices and premises.</li> <li>Electronic goods and supplies for IT equipment and infrastructure.</li> <li>Local and international legal, financial, risk and business consultants.</li> <li>Clothing, workwear and PPE equipment.</li> <li>Merchandising items.</li> </ul>

# 7. Operational and supply chain risks

## Identifying risks in our operations and supply chains

In 2020, we analysed our supply chains and operations to identify modern slavery related risks and established a risk register of the key risk areas identified.

During the assessment process, we identified areas with low or no risk, such as those operational activities which are directly undertaken by Pacific Hydro or Tango Energy employees and which are governed by Pacific Hydro's operational policies and processes.

Other areas with low risk included operational activities that were undertaken by contractors within Pacific Hydro or Tango Energy's visibility and control.

We also identified a number of potential modern slavery risk 'hot spots' in our operations and supply chains, including:

### KEY OPERATIONS RISK AREAS

RISK AREA	RISK
<b>OFFSHORE LABOUR</b>	Use of offshore labour via third party sales channel partners operating in countries including India, Philippines and the Fiji Islands, who provide call centre and back office personnel for Tango Energy operations. Given the high-risk geographies, this was flagged as a high-risk area of our operations.

### KEY SUPPLY CHAIN RISKS

RISK AREA	RISK
<b>SOURCING OF RENEWABLE ENERGY PARTS AND COMPONENTS</b>	Procurement of renewable energy technology in generation and wholesale, as well as rooftop solar installation, due to lack of supply chain visibility beyond the contractor level and higher risks present throughout the supply chain, ranging from sourcing raw materials, to the manufacture of turbine parts or solar panels.
<b>SOURCING OF CLOTHING, WORKWEAR, PPE AND OTHER SAFETY EQUIPMENT</b>	Procurement of clothing, workwear, PPE or other safety equipment in the supply chains of Pacific Hydro's generation and project delivery business, due to the higher risks present throughout the supply chain, ranging from sourcing raw materials such as cotton, to labour rights issues and complex supply chains.
<b>SOURCING OF ELECTRONIC GOODS AND OFFICE SUPPLIES</b>	Procurement of IT equipment and office supplies in the supply chains of Pacific Hydro offices, due to the lack of supply chain visibility and risks present within the supply chains of products such as electronic goods and sourcing of raw materials, which are typically sourced from higher risk geographical areas.

# 8. Governance and policy framework

Pacific Hydro's Modern Slavery Policy sets out the framework for its approach to Modern Slavery and includes the following requirements:

- to identify modern slavery risks in Pacific Hydro's operations and supply chain;
- to identify actions to assess and address those risks, including due diligence and remediation processes; and
- to provide training or other anti-slavery resources to employees.

Pacific Hydro's Modern Slavery Incident Management Procedure sets out the procedural response to a suspected modern slavery incident.

In addition to the above, the following policies support Pacific Hydro's approach to modern slavery:

- Pacific Hydro's Code of Conduct;
- Pacific Hydro's Values and Behaviours;
- Whistleblower Policy;
- Enterprise Wide Risk Management Framework; and
- Health, Safety and Environment Policy.

We have established a governance process which includes the creation of a cross-functional Modern Slavery Working Group made up of staff from across the legal, risk and procurement functions of Pacific Hydro's Australian companies and Tango Energy. The Modern Slavery Working Group is chaired by Pacific Hydro Pty Ltd's General Counsel and is responsible for planning, coordinating and implementing Pacific Hydro's Modern Slavery response, as well as investigating modern slavery risks.

The Board of Pacific Hydro Pty Ltd provides oversight in relation to the group's modern slavery requirements and the activities set out in this Modern Slavery Statement.

# 9. Addressing Modern Slavery Risks

Pacific Hydro recognises that it is a shared responsibility – among principals, contractors and suppliers – to raise awareness of modern slavery risks and prevent human rights abuses occurring.

With that in mind, during the reporting period Pacific Hydro undertook a number of activities aimed at assessing the basic readiness of our staff and supplier base to tackle modern slavery, and to improve education, awareness and accountability among our staff and suppliers.

These activities included the following:

- We conducted a Modern Slavery risk assessment as part of the development of our modern slavery risk management framework and created a modern slavery Risk Register.
- We introduced our Modern Slavery Policy and Modern Slavery Incident Investigation Procedure. Together with our updated Whistleblower Policy, these documents empower our staff to take action if they suspect any instances of modern slavery and require management to immediately respond to modern slavery notifications in a transparent and thorough fashion.
- We rolled out a compulsory modern slavery training across our internal training platform, which was completed by permanent and part-time employees.
- We distributed a self-assessment questionnaire to our top 45 major suppliers ranging from equipment manufacturers, to engineering firms and professional consultants. We also distributed a self-assessment questionnaire to suppliers that were identified as operating in high risk areas, such as workwear and clothing. These questionnaires sought information from suppliers

regarding their own procurement policies, procedures and practices, and requested the disclosure of any known or suspected modern slavery concerns in their own businesses or supply chains.

- We undertook an analysis of self-assessment questionnaire responses, in order to identify gaps, risks and opportunities. It was pleasing to see that the majority of our suppliers are actively engaging with the Modern Slavery Act and the majority of suppliers had either established their own modern slavery policies or were in the process of doing so. However, there were some suppliers who did not demonstrate significant engagement with the potential issues and who lacked robust policies underpinning their business activities. Areas for supplier improvement will be a key focus in the 2021 reporting period.
- We incorporated model clauses into our template contracts and major supply agreements, requiring counterparties to comply with modern slavery laws and implement processes and procedures to identify, prevent and rectify modern slavery occurrences
- We provided a modern slavery information pack in our supplier welcome packs, to help educate our suppliers and build an understanding of the risks of modern slavery.

## Case Study 1: Supporting our suppliers

In response to a self-assessment questionnaire, one of our high-risk suppliers (a small, regional business who supplies a significant volume of workwear and uniforms to Pacific Hydro) indicated that it did not have any modern slavery policies or procedures in place, nor had it undertaken any risk assessments in its supply chains. Whilst this company falls below the threshold for reporting under the Modern Slavery Act 2018 (Cth),

we have identified this as a risk area for the business and intend to support this small company to gain a deeper understanding and awareness of modern slavery risks.

In doing so, we have provided the supplier with an information pack containing information and resources on modern slavery, and we are in discussions with the supplier to assist with providing training

on modern slavery risk management. As part of our future plans, we intend to conduct a more detailed risk assessment of the risk area of clothing, workwear and PPE in the next reporting period to determine further actions we can take with this and other suppliers to support them to manage their risk.

## Case Study 2: Supporting our suppliers

Tango Energy identified that one of its key risk areas is in relation to its use of offshore labour as part of its call centre and back office operations. These arrangements require effective controls, particularly where such operations are in high-risk geographies. Tango manages this through a selection process involving due diligence activities, including on-site inspection (and face-to-face interviews with staff) and assessment.

Tango Energy requires the management teams of these third-party contractors to respond to questions in relation to their recruitment, training and management practices, and calls are monitored by Tango Energy's Quality Assurance team. Tango Energy has also implemented clauses into its contracts requiring that sales channel partners implement modern slavery risk management processes and comply with requests from Tango Energy

for information regarding modern slavery. Tango Energy's contracts with sales channel partners also only permit offshore subcontracting where authorised by Tango Energy. Tango Energy recognises that offshore labour remains a high-risk area for the business and is committed to ensuring that effective controls are in place to manage and mitigate this risk across future reporting periods.

## Case Study 3: Assessing key competences in major contracts

In January 2020, Pacific Hydro completed the tender process for the procurement of a synchronous condenser at its Haughton Solar Farm in Burdekin Shire, Queensland. In 2019, when the tender process initially commenced, Pacific Hydro did not have a dedicated assessment criterion relating to modern slavery.

During 2020, we recognised this gap in our procurement process and to mitigate the risk of modern slavery in the procurement of the synchronous

condenser (and all other major equipment procurement across the business subsequently), we updated our tender process and documents to include a Modern Slavery Questionnaire Returnable Schedule. This Schedule must be completed by all suppliers and returned with their tender submission. Among other criteria, tenderers are assessed and scored on the basis of their response to our Modern Slavery Questionnaire Returnable Schedule.

All suppliers that are pre-qualified with Pacific Hydro are also now required to declare any knowledge of modern slavery occurrences within their supply chains.

# 10. Impact of COVID-19

In April 2020, the Australian Border Force issued an information notice requesting that businesses consider the impacts of COVID-19 on modern slavery risk mitigation and include such information in their modern slavery statements.

Pacific Hydro was fortunate in that none of our operational or construction projects were significantly delayed as a result of COVID-19. However, two main areas of Pacific Hydro's supply chain have been affected by COVID-19.

Pacific Hydro uses an Australian workforce of skilled labourers to execute repairs and servicing on our assets, who are occasionally supported by international technicians. Restrictions on overseas travel affected our supply chains as it became difficult to engage with manufacturers and for non-Australian based technicians to travel. Pacific Hydro was also affected in terms of its spare parts, however most of our fleet have contracted suppliers with healthy levels of inventory.

We were able to engage with our existing supplier base to get repairs done and procure spare parts. In so doing, we could rely on our pre-COVID-19 modern slavery risk assessment for those suppliers and did not need to procure new suppliers as a result.

We have since conducted an analysis to determine the risks to specific parts of our fleet due to increased COVID-19 effect on the business and have pre-emptively purchased critical spare parts from our trusted suppliers in anticipation of any further COVID-19 impacts.

# 11. Assessing our effectiveness and looking ahead

**Our focus in 2020 was on educating and improving awareness of Modern Slavery risks internally and among our key suppliers, and on establishing the processes and foundations to allow our modern slavery risk management to mature across future reporting periods.**

We recognise the importance of building our capacity across time and our actions have established a solid baseline awareness of modern slavery issues and enhanced our capacity to identify, enforce and address modern slavery practices in our operations and supply chains.

Our key focus for 2021 is to gain a greater understanding of our diverse supply chain to better understand the key modern slavery risks and how to work with our suppliers to mitigate them.

We will do this by:

- distributing a more detailed self-assessment questionnaire to suppliers operating within key risk areas, with a focus on conducting more in-depth due diligence on manufacturing locations, country of origin and past practices;
- distributing our standard self-assessment questionnaire to the next tier of major suppliers;
- actioning follow-up items identified through our evaluation of our top 45 supplier self-assessment questionnaires, including following up high-risk suppliers, addressing gaps in responses and building capability among our supplier base;

- continuing our mandatory Modern Slavery training and periodically reviewing our governance documents, processes and procedures;
- developing a metric for assessing the effectiveness and impact of our actions and evaluating the effectiveness our 2020 and 2021 actions against those metrics;
- reviewing our current procurement process to include methodologies for understanding and assessing tenderers' approach to modern slavery; and
- deepening our understanding of modern slavery risks and international human rights abuses by regularly attending the UN Global Compact Network Australia's Modern Slavery Community of Practice forum.

# 12. Consultation process with controlled entities

In addition to the Modern Slavery actions undertaken by Pacific Hydro Pty Ltd and its Australian subsidiaries, PHC and its Chilean subsidiaries (as set out in Appendix A), not themselves reporting entities under the Modern Slavery Act 2018 (Cth) but forming part of Pacific Hydro's operations and supply chains) also undertook the following actions, in consultation with representatives from the Modern Slavery Working Group:

- implemented their own Modern Slavery Policy;
- identified the key areas for Modern Slavery Risks in their operations and supply chain by preparing a Modern Slavery Risk Register;
- provided educational training on Modern Slavery to their employees;
- inserted clauses in their standard form contracts requiring their suppliers to declare that they are compliant with Modern Slavery laws; and
- in relation to its two joint ventures under which it owns 50% and which are operated by a separate management team, Pacific Hydro Chile SA advised the joint venture's management team of PHC's position on Modern Slavery by providing them with PHC's Modern Slavery policy and the PHC Modern Slavery Risk Register.

# 13. Authorisation

This Modern Slavery Statement was approved by the board of SPIC Pacific Energy Pty Ltd on 21 April 2021, the board of Pacific Hydro Pty Ltd on 15 April 2021 and the board of Pacific Hydro Chile SA (with respect to the activities of Chilean controlled entities) on 20 May 2021.

I issue this statement on behalf of SPIC Pacific Energy Pty Ltd and its subsidiaries as Chair of the Board of SPIC Pacific Energy Pty Ltd.

Yours faithfully,



**Huang Yuntao**  
Chair of the Board of SPIC Pacific Energy Pty Ltd and Pacific Hydro Pty Ltd

## APPENDIX A – LIST OF SUBSIDIARY COMPANIES OF SPIC PACIFIC ENERGY PTY LTD

### AUSTRALIAN CONTROLLED ENTITIES

- SPIC Pacific Hydro Pty. Ltd
- Pacific Hydro Pty. Ltd
- Pacific Hydro Finance Company Pty. Ltd
- Pacific Hydro Australia Holdings Pty. Ltd
- Pacific Infrastructure Pty. Ltd
- Pacific Hydro Finance Pty. Ltd
- Pacific Hydro Investments Pty. Ltd
- Pacific Hydro Portland PPA Pty. Ltd
- Pacific Hydro Retail Holdings Pty. Ltd
- Tango Energy Pty. Ltd
- Pacific Hydro Australia Developments Pty. Ltd
- Pacific Hydro Wholesale Trading Pty. Ltd
- Pacific Hydro AFSL Pty. Ltd
- Energy Pacific (Vic) Pty. Ltd
- Ord Hydro Pty. Ltd

- Energis Australia Pty. Ltd
- Pacific Hydro Group Two Pty. Ltd
- North Western Energy Pty Ltd
- Ord River Dam Hydro Partnership
- Pacific Hydro Challicum Hills Pty. Ltd
- Pacific Hydro Portland Wind Farm Pty. Ltd
- Pacific Hydro Clements Gap Pty. Ltd
- Fremantle Wind Farm Pty. Ltd
- Pacific Hydro Haughton Landco Pty. Ltd
- Nilgen Wind Farm Pty. Ltd
- Pacific Hydro Crowlands Holdings Pty. Ltd
- Pacific Hydro Crowlands Pty. Ltd
- Pacific Hydro Yaloak Pty. Ltd
- Pacific Hydro Yaloak South Pty. Ltd
- Pacific Hydro Moree Solar Holdings Pty. Ltd
- Pacific Hydro Haughton Solar Farm Holdings Pty. Ltd
- Pacific Hydro Haughton Solar Farm Pty. Ltd
- Taralga Holdings Nominees 1 Pty. Ltd

- Taralga Land Co Pty. Ltd
- Taralga Wind Farm Nominees No 1 Pty. Ltd
- Taralga Wind Farm Pty. Ltd
- Taralga Holdings Nominees 2 Pty. Ltd
- Taralga Operating Co Pty. Ltd
- Taralga Wind Farm Nominees No 2 Pty. Ltd
- Pacific Hydro International Pty. Ltd

### CHILEAN CONTROLLED ENTITIES

- Pacific Hydro Chile SA
- Inversiones Pacific Hydro Tinguiririca SpA
- Pacific Hydro Punta Sierra SpA
- Copiapo Solar SpA
- Hidroelectrica Nido de Aguila SA
- Inversiones Pacific Hydro Cachapoal Limitada
- Pacific Hydro Chacayes SA
- Hidroelectrica Cachapoal SA





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