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ASX Announcement

4 May 2021

Synertec Adopts the Global Standard for ESG Framework & Reporting

Highlights

- Synertec to adopt Environmental, Social and Governance (ESG) framework designed by the World Economic Forum (WEF)
- Impact monitoring technology company Socialsuite, a leading provider of Impact Management systems, will independently measure Synertec's performance across 21 core metrics and disclosures
- Synertec will implement a measurement plan across each sustainability area of its business and report its progress regularly

Melbourne, Australia: Engineering product and solution provider, Synertec Corporation Limited (ASX: SOP, "Synertec" or "the Company") is pleased to announce it will adopt an Environmental, Social and Governance (ESG) framework developed by the World Economic Forum (WEF), encompassing 21 core metrics and disclosures.

The Company has engaged independent impact monitoring technology company Socialsuite to ensure it can effectively measure, monitor and report on its progress across ESG metrics, allowing it to streamline measurements and the Company's ongoing ESG reporting process.

Synertec Managing Director, Mr. Michael Carroll, said;

"We are proud to be introducing the world class standard in ESG principles to our way of thinking and how we do business. While we continue to help our clients reduce their environmental footprint through our strategic focus on environmentally friendly and energy efficient technology solutions, it makes sense that we also consider and measure our own impacts across the important ESG aspects of our business. We are a company with innovation at our core, and will continue to support our clients' transition to a low carbon energy economy in a practical and commercial way over the decades ahead. Adopting an ESG framework developed by the World Economic Forum is a big step forward in ensuring that we operate our business in line with changing stakeholder expectations."

ESG accountability and roadmap for our stakeholders

Measurement of ESG metrics offers a tool and roadmap for investors and society to hold companies to account, to ensure the issues we care about throughout society, including climate change, social justice, equality, diversity and environmental protection to name a few, are reflected accordingly and appropriately addressed by the company in focus.

Mr. Carroll said; *"There are changing expectations of corporations which are redirecting investment capital. Global sustainable investment has increased by 68 per cent to \$30 trillion since 2014, and grown tenfold since 2004¹. Adopting this framework charts a course for Synertec to build resilience and enhance our social licence by committing to long-term, sustainable value creation that considers people, the planet and shared prosperity."*

¹ Global Sustainable Investment Review 2018, Global Sustainable Investment Alliance, 2018, gsi-alliance.org



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Adopting an ESG framework & reporting

Synertec's Board resolved to adopt the WEF ESG framework so that the company could implement a measurement plan for each sustainability area across its business, which works across critical infrastructure, energy and regulated industries such as pharmaceuticals and defence. The Company has committed to report on ESG factors including governance, anti-corruption and bribery practices, ethical behaviour, human rights, carbon emissions, water consumption, ecological sensitivity, diversity, inclusion, pay equality and tax payments.

The table below highlights all of the 21 areas of the WEF ESG framework, which will be reported by the Company at regular intervals to show its ESG progress. Reporting will define the Company's priority areas, actions and progress in each area, providing an easy way for investors to assess the development of the Company's aim and journey to become a "best in class" ESG organisation and ensure that Synertec remains an impact investment for shareholders and local communities.



Governance

- Setting purpose
- Governance body composition
- Material issues impacting stakeholders
- Anti-corruption practices
- Mechanisms to protect ethical behaviour
- Integrating risk and opportunity into business process



People

- Diversity & inclusion
- Pay equality
- Wage level
- Child, forced or compulsory labour
- Health & safety
- Training provided



Planet

- GHG emissions
- TCFD Implementation
- Land use and ecological sensitivity
- Water consumption



Prosperity

- Rate of employment
- Economic contribution
- Financial investment contribution
- Total R&D expenses
- Total tax paid

Mr Carroll said; ***“Our major customers, many of whom are key organisations in Australia’s infrastructure and energy sectors have highlighted the growing need and opportunity for improved ESG performance. We see this as a logical progression in our organisation, building upon the strong foundations we developed to support the global energy transition, reduce carbon footprint and respond to tightening environmental regulations while providing sustainable employment opportunities and operating in a transparent and accountable manner for all Synertec’s stakeholders.”***

ESG background

In its Summer Meeting for 2019, the WEF's International Business Council (IBC) flagged the existence of multiple ESG reporting frameworks and the lack of consistency and comparability of metrics as pain points preventing companies from credibly demonstrating to all stakeholders their progress on sustainability and their contributions to the sustainable development goals.

In collaboration with Deloitte, EY, KPMG and PwC, the IBC worked to identify a set of universal, material ESG metrics and recommended disclosures that could be reflected in the mainstream annual reports of companies on a consistent basis across industry sectors and countries.



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The metrics were designed to be capable of verification and assurance, to enhance transparency and alignment among corporations, investors, and all stakeholders. The wider objective was to begin reporting collectively on this basis to encourage greater cooperation and alignment among existing standards as well as to catalyse progress towards a systemic solution, such as a generally accepted international accounting standard in this respect.

The result of this process is 21 core and 34 expanded metrics and disclosures, which the project commends to both IBC members and non-IBC companies for adoption.

About Socialsuite

Socialsuite is a fast-growing technology provider based in Melbourne, Australia with clients across Asia Pacific, the Americas and Europe including corporations, financial institutions, government agencies, philanthropic foundations, not-for-profit groups and NGOs that want to monitor and fully understand how they impact on others. Socialsuite's Impact Management Software helps a diverse range of organisations to monitor the effectiveness of their social investment.

-ENDS-

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This ASX announcement is authorised by the Directors of Synertec Corporation Limited (ASX: SOP).

About Synertec:

Synertec Corporation Ltd (ASX: SOP) is a diversified technology design and development growth company commercialising scalable, environmentally friendly and energy efficient technology for global markets in energy, infrastructure and water through innovative partnerships with a portfolio of blue-chip customers. Synertec is proactively participating in the world's transition to a low carbon economy in a practical for the benefit of future generations.