



Modern Slavery Statement 2020

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people of WA*

HORIZON
POWER

Our approach to modern slavery

This is Horizon Power's first Modern Slavery Statement in accordance with the reporting requirements of the Modern Slavery Act 2018 (Cth).

The purpose of this statement is to outline the steps Horizon Power has taken during the financial period 1 July 2019 to 30 June 2020 to address modern slavery across the organisation and our supply chains, and also set out our plans for future improvement.

Horizon Power acknowledges that modern slavery is a growing global issue and is committed to establishing and enhancing ways to detect modern slavery in our

supply chains and educating our employees and stakeholders on the negative impact that modern slavery has on the lives and wellbeing of global citizens.

We recognise the risk for modern slavery to occur within our supply chains, and to help mitigate the risk we expect our suppliers to ensure that all their employees and contractors are legally entitled to work and that our suppliers comply with the guidelines set out in the

UN Guiding Principles on Business and Human Rights.

Our target in 2021 is to develop a Modern Slavery Statement as part of a review of our existing procurement policy and broader policy framework which will enshrine our commitment to the eradication of modern slavery in our supply chains and will align with the social and regulatory principles which guide our organisation.

About Horizon Power

Horizon Power is a Government Trading Enterprise (GTE) that supplies electricity to more than 100,000 residents and 10,000 businesses in regional towns and remote communities across Western Australia.

Our service area is vast and covers approximately 2.3 million square kilometres. Our ambition is delivery of energy solutions for regional growth and vibrant communities. Horizon Power operates in the Pilbara,

Kimberly, Gascoyne, Mid-West and the southern region of Western Australia which includes the Southern Goldfields, Esperance, Hopetoun and Norsemen. We have regional depots based in Karratha, Broome, Kununurra, Carnarvon, Esperance and Port Hedland, with administrative support being delivered from Perth. We maintain three systems connected in East Kimberly (Kununurra, Wyndham and

Lake Argyle), two rural systems (Esperance and Hopetoun), the North-West Interconnected System between Port Hedland and Karratha and 32 micro grids, or isolated power systems.

As a regionally focused Western Australian entity, Horizon Power values its connection with key stakeholders through engaging with rural communities, working with and creating opportunities for Aboriginal people and protecting the environment.



Location: Carnarvon, WA

Our structure, operations and supply chain

As a Government Trading Enterprise, Horizon Power operates under the Electricity Corporations Act 2005 (WA) (**Act**) and is governed by a Board of Directors accountable to the Minister for Energy.

The Act establishes Horizon Power as a corporation with responsibility for the provision of electricity outside the South West Interconnected System and sets out Horizon Power's powers and duties.

In accordance with the Act, Horizon Power must be governed by a Board of Directors appointed by the Governor on the nomination of the Minister for Energy. The Board is responsible to the Minister for Energy for the performance of the organisation and delegates the day-to-day management of Horizon Power to the Chief

Executive Officer and executive management team.

Horizon Power employs approximately 430 people in regional Western Australia, and its capital, Perth. Our direct employees are engaged either by contract or under Enterprise Agreements which are approved by the Fair Work Commission. This approach significantly lowers the risk of modern slavery within our direct team. For this reason, we have focused our risk assessment and mitigation measures on entities comprising our supply chain through increased visibility over the

employment terms and conditions of employees of our suppliers.

Horizon Power aims to create opportunities in the areas we operate for local suppliers through the procurement of local products and services where possible. We work closely with small business and community groups to create opportunities for economic recovery and investment in regional towns.

Horizon Power has a global supply chain of approximately 1,500 direct suppliers. Many of Horizon Power's suppliers

subcontract part of their contracted work scope to sub-suppliers. Horizon Power procures and sources products from a range of services including mining, cleaning, clothing and office supplies from a variety of locations including countries outside Australia. We engage with suppliers through a variety of methods ranging from one-off transactional purchase orders through to strategic operational and ongoing category contracts and high value one-off project spends. We operate a centre-led procurement model ensuring that our procurement processes comply with our internal procurement policies,

strategies and guidelines and any applicable government legislation. The procurement team reports to the Chief Financial Officer.

During the course of 2019 and 2020 Horizon Power procured goods and services across a wide range of categories including:

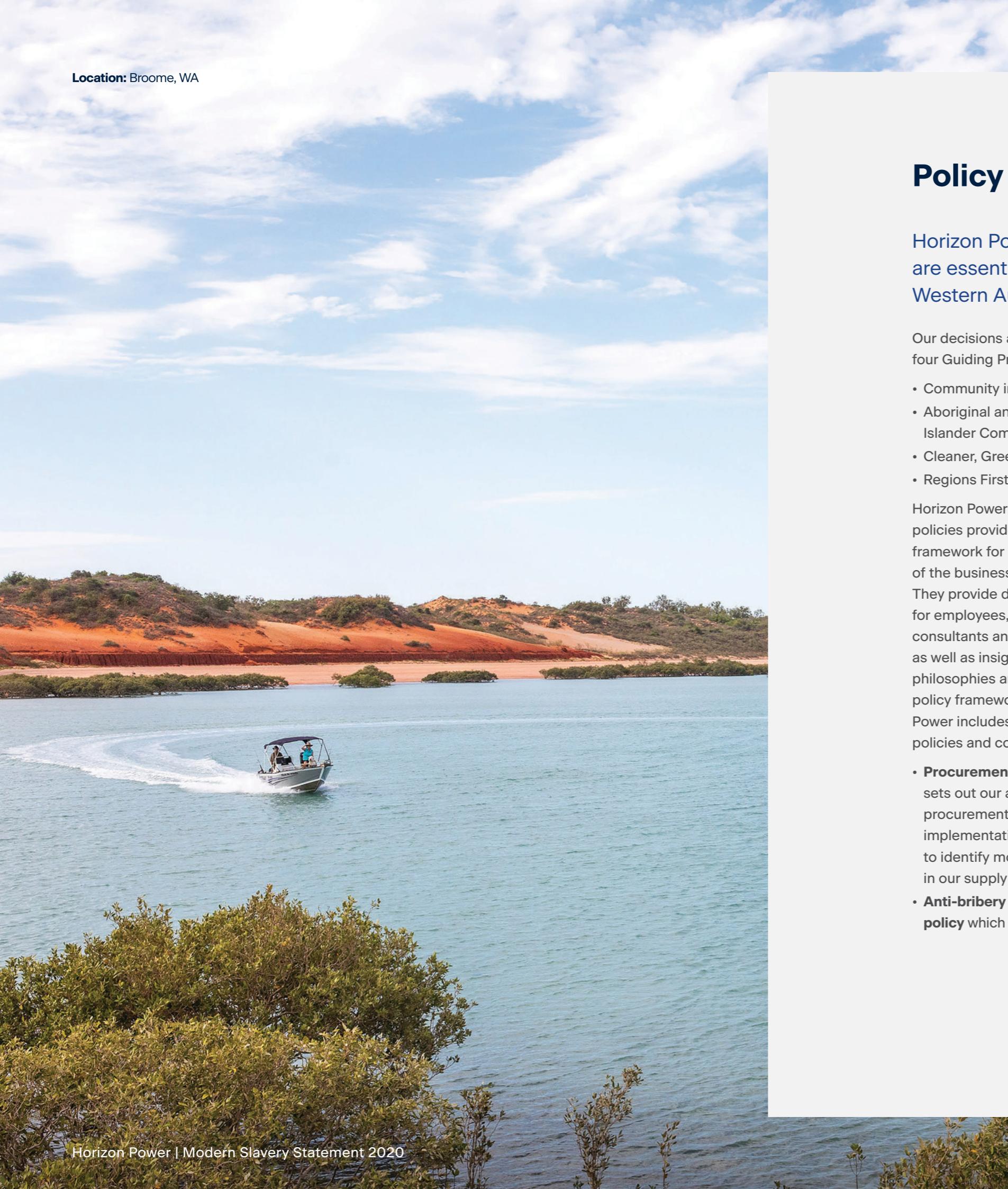
- cable accessories;
- electrical consumables;
- generators;
- IT services;
- solar equipment;
- uniforms and safety equipment;
- vehicles, vehicle parts and accessories;
- cranes;

- generation equipment;
- tea and coffee; and
- other office supplies.

We recognise that the diversity of the products and the services that we procure and the locations from which these goods and services originate may heighten the risk of modern slavery being identified in our supply chain. For this reason we take our commitment to the identification and eradication of modern slavery seriously and are in the process of reforming current policy and adopting a systematic approach to areas such as procurement where steps can be taken to identify and eradicate any modern slavery from our supply chain.

Horizon Power has a global supply chain of approximately 1,500 direct suppliers.





Policy framework and governance

Horizon Power understands that good governance procedures are essential in enabling it to deliver energy solutions for Western Australia's regional communities.

Our decisions are aligned to four Guiding Principles:

- Community involvement;
- Aboriginal and Torres Strait Islander Commitment;
- Cleaner, Greener; and
- Regions First.

Horizon Power's corporate policies provide the framework for key aspects of the business' operations. They provide direction for employees, directors, consultants and contractors as well as insights into our philosophies and values. The policy framework at Horizon Power includes the following policies and codes:

- **Procurement policy** sets out our approach to procurement including the implementation of practices to identify modern slavery in our supply chain.
- **Anti-bribery and corruption policy** which ensures our

organisation is conducted with integrity and free from bribery and corruption.

- **Code of conduct** which sets the standards of ethical and professional behaviour applicable to our employees.

Horizon Power is in the process of reviewing and updating its policy framework to make clear commitments to social impact through procurement and synthesise our approach. As part of this process, Horizon Power is committed to developing a Modern Slavery Strategy which will provide our employees with guidance on identifying and addressing modern slavery in our supply chain.

The Act requires that Horizon Power has a Code of Conduct setting out the minimum standards of conduct and integrity to be observed by our employees. By signing up

to our Code of Conduct our employees agree to comply with Horizon Power's policies and procedures. Together with this, Horizon Power is developing a new social and regulatory policy framework which is being driven by an amended and updated Procurement Policy.

In addition to our policies, the terms and conditions of all contracts and purchase orders that we use when engaging with our suppliers include specific modern slavery provisions requiring that the suppliers comply with all applicable anti-slavery and human trafficking laws. We also undertake due diligence at the time of supplier accreditation. As part of our Modern Slavery Strategy we intend to explore additional checks and balances which can be employed at the supplier on-boarding stage.

Assessment and mitigation of modern slavery risk

At Horizon Power, our supply chain is the area of greatest modern slavery risk.

We have devoted significant effort over the course of this year to deepening our understanding of the specific types of human rights risks associated with different types of products, source countries and sectors. We prioritise our assessments of our suppliers' human rights performance based on risk.

Horizon Power is an active member of the Energy

Procurement Supply Association (**EPSA**), an Asia Pacific, not-for-profit association of energy industry procurement and supply professionals and has made a significant contribution towards preserving human rights through the development of a detailed white paper *"Respecting Human Rights in Our Supply Chains: A Practical Guide to Understand and Address the Moral and*

Business Challenges Facing the Energy Industry" (**White Paper**). The White Paper, which takes specific account of the Modern Slavery Act, provides extensive information for businesses in the energy industry to identify and address modern slavery risks and breaches of human rights in their operations and supply chains.

To better understand and manage modern slavery risks in

our supply chain Horizon Power commissioned an independent review to undertake a detailed assessment of such risks. The risk assessment was designed to assess the modern slavery risk ratings for existing Horizon Power supplier categories and focused on the inherent risks of exploitation involved in producing the products and delivering the services in our operations and supply chains.

Modern slavery risk ratings were determined based on consideration of four modern slavery risk categories – labour intensity, skill level, health and safety, raw materials and country risk. The risks presented by each supplier category across these four criteria were used to establish

an overall modern slavery risk rating of low, medium or high for each supplier category.

As a result of this report, Horizon Power has a prioritised list of categories and suppliers to focus our future efforts towards. The report also determined recommendations as to practices and procedures which can be implemented to identify areas where modern slavery risk may be heightened. We understand that the level of risk is influenced by factors such as vulnerable populations, product and service category, industry and geographic location. This requires a tailored risk approach and enables us to target our response going forward.

In addition to the independent assessment, we have

implemented the following to mitigate the risk of modern slavery in our supply chain:

- prioritising our commitment to buying close to home where doing so is in line with our organisation processes through the review of our Procurement Policy;
- amending our contracts and purchase order documents to require that suppliers comply with modern slavery legislation;
- developing a self-assessment questionnaire to be distributed to our suppliers identified in the higher risk categories; and
- conducting internal seminars and delivering training to our employees on the topic of modern slavery and identification of these practices in our supply chain.



By working collaboratively and vigilantly with all our stakeholders across our supply chain, we can actively contribute to the eradication of modern slavery.

Location: Dampier, WA

Measuring effectiveness

To track Horizon Power's progress and ensure the effectiveness of our modern slavery identification and eradication efforts, we will monitor and report on the following activities and procedures as part of our Modern Slavery Statement requirements:

- issuing annual self-assessment questionnaires to suppliers and compile and review results;
- categorising new suppliers with the appropriate risk assessment for future monitoring;
- set targets for undertaking further staff education on modern slavery risks and updating procurement procedures;
- continue to consult with relevant industry bodies and associations to share ideas and strategies and find out what other organisations are doing in this space; and
- continue to map our growing supply chain.

The future

Horizon Power will continue to improve its identification and management of modern slavery risks in its supply chain.

During the 2020/2021 financial year, Horizon Power is planning to implement our Modern Slavery Strategy which will form part of our Procurement Policy framework and will be rolled out across the organisation.

This strategy will include:

- continuing to educate our employees including sharing knowledge, discussing approaches and building on

existing knowledge to address the modern slavery issue;

- continuous review and, when required, amendment of the terms and conditions of our contracts and purchase orders;

- issuing our self-assessment questionnaire to suppliers across all risk rating categories and developing protocol for employees to deal with any identified cases of modern slavery in our supply chain; and

- investigating and implementing measures that can be adopted during the supplier on-boarding process to identify modern slavery risk.

By working collaboratively and vigilantly with all our stakeholders across our supply chain, we can actively contribute to the eradication of modern slavery.

'This Modern Slavery Statement was approved by the Board of Horizon Power of 18 March 2021.'

Stephanie Unwin | CEO

Samantha Tough | CHAIR OF THE BOARD

Location: Carnarvon, WA



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