

# Pioneer Sail Holdings Pty Ltd (and its subsidiaries) Joint Modern Slavery Statement

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Reporting Period:  
1 Jul 2019 – 30 Jun 2020



alintaenergy



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# Executive Summary

This Statement is made pursuant to the Modern Slavery Act 2018 (Cth) (the Act). It sets out the actions taken to identify, assess and address the risks of modern slavery in our business, operations and supply chains, explains our plans for continued improvement in this area and ensures compliance with the requirements of the Act.

## Reporting entities

This document is a Joint Modern Slavery Statement (Statement) pursuant to section 14 of the Act for the following mandatory reporting entities:

- Pioneer Sail Holdings Pty Ltd - ABN 45 617 844 569 (PSH)
- Pioneer Sail Australia Pty Ltd – ABN 91 617 846 385 (PSA)
- Alinta Energy Pty Ltd - ABN 64 614 975 629 (Alinta Energy)
- Latrobe Valley Power (Holdings) Pty Ltd – ABN 57 621 363 102 (LVP)

(collectively, the Reporting Entities. References to “our” or “we” throughout refer to the Reporting Entities collectively. Where specific differentiation between the Reporting Entities is required to meet requirements of the Act, reference is made to the particular reporting entity (or its supply chains and operations) by name).

## Reporting period

This Statement contains information on our approach to addressing modern slavery risks during the period 1 July 2019 to 30 June 2020 (the Reporting Period).

## Scope

This Statement describes the efforts and measures taken by the Reporting Entities in relation to our fully owned operations. These are the early formal steps, since the introduction of the Act, that have been taken in a targeted effort to carry out uniform and evidence-based modern slavery risk identification and remediation.

This Statement does not cover non-controlled or non-operated joint ventures.

## Highlights of our approach to modern slavery during the Reporting Period

During the Reporting Period we have focused our efforts on the following activities that form the steps we have taken to address modern slavery risk. Further information explaining these efforts is included in this Statement:

1. Establishment and operation of a Modern Slavery Working Group
2. Initial Assessment: Supply Chain Mapping and Risk Identification
3. Due Diligence: Desktop Audit and Supplier Self-Assessment Questionnaires
4. Updating our governance framework and relevant policies:
  - Employee Code of Conduct
  - Supplier Code of Conduct
5. Extending our independent grievance hotline to modern slavery matters
6. Updating our template procurement contracts to include a modern slavery clause
7. Delivering internal education and training
8. Collaborating with industry
9. Assessing the impact of COVID-19 on our supply chains

# Requirements of the Act

Requirement of the Act	Statement Reference
<b>Filing of a Joint Modern Slavery Statement (Act, s 14)</b>	Executive Summary, page 3
<b>Details of the reporting entity (Act, s16(1)(a))</b>	Executive Summary, page 3
<b>Describe each reporting entity’s structure, operations and supply chains (Act, s16(1)(b))</b>	PSH & PSA: Our business, structure, operations and supply chain, pages 5-10 Alinta Energy: Our business, structure, operations and supply chain, pages 6-9 LVP: Our business, structure, operations and supply chain, page 10
<b>Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns and controls (Act, s16(1)(c))</b>	Our approach to Modern Slavery risk assessment, pages 11-16
<b>Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes (Act, s16(1)(d))</b>	Our approach to addressing Modern Slavery risk in practice, pages 17-20 Risk identification and Due Diligence Methodology, pages 24-26
<b>Describe how the reporting entity assesses the effectiveness of these actions (Act, s16(1)(e))</b>	Our approach to addressing Modern Slavery risk in practice, “Measuring effectiveness framework”, page 19
<b>Describe the process of consultation with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity giving the statement) (Act, s14(2)(c), s16(1)(f))</b>	Our approach to addressing Modern Slavery risk in practice, “Working Group”, “Consultation”, pages 16-19 Board sign-off, page 22
<b>Any other information: COVID-19 impact (Act, s16(1)(g))</b>	Considering the impact of a global pandemic, page 20-21
<b>Approval by principal governing body (Act, s14(2)(d)(i), s16(2)(b))</b>	Board sign-off, page 20-22

To discuss the content of this Statement, please use the contact details on page 23 of this Statement.

# PSH and PSA: Our business, structure, operations and supply chain

## Structure:

PSH is the Australian holding company of PSA, Alinta Energy and LVP. Please see the structure chart below to understand the relationship of the Reporting Entities:



Note: Renewable Energy Investment Fund Pty Ltd (REIF) is not itself a 'reporting entity' as defined in the Act. However, as PSA's activities include its investment in REIF, we have included an explanation of REIF's structure, business and operations on page 9 of this Statement.

Each of the Reporting Entities is an Australian incorporated, private company with registered offices in Sydney, Australia. Alinta Energy, LVP, PSA and PSH are separate legal entities and have separate boards. Alinta Energy and LVP boards are each chaired by independent non-executive directors. Matters relating to modern slavery will be reported to the boards of each of the Reporting Entities.

During the Reporting Period, PSH had 98 subsidiaries. For further information regarding the PSH group corporate structure, please see the financial statements of PSH, as filed with ASIC.

## Operations:

PSH invests in Alinta Energy, LVP and REIF, through PSA. Neither PSH or PSA has any employees (Alinta Energy and LVP have employment arrangements in place to support each of their respective activities).

For explanation of the operations of Alinta Energy and LVP, please see below, pages 6-10 of this Statement.

REIF's investment activities include holding a 30% interest in Yandin Wind Farm. Neither REIF nor Yandin Wind Farm are reporting entities under the Act. However, for explanation of REIF's investment activities, please see the "Yandin Wind Farm" section on page 9 of this Statement.

## Supply chain:

Please see the comments below on "Supply Chains" for each of Alinta Energy and LVP; and the comments on Yandin Wind Farm.

# Alinta Energy: Our business, operations, structure, and supply chain

## Our business and operations

Alinta Energy is one of Australia's fastest growing energy retailers, with over 1.14 million customers. We supply retail electricity and gas and have electricity generation, storage and transmission facilities across Australia and New Zealand. As at 30 June 2020, we employed 691 people.

Our headquarters are located in Sydney; however our largest office is in Perth. We also have offices in Melbourne Adelaide and Brisbane.

## Values



**Safety**



**People Matter**



**Customer Focus**



**One Alinta**



**Commercial Leadership**



**Respect & Integrity**

## What we do & where we operate

Alinta Energy is a national energy company which generates and supplies power across mainland Australia. Our main activities are:

- **Generation**

We design, build, own, operate and invest in energy generation facilities, including power stations, wind farms and solar farms.

- **Storage**

We own and operate energy storage facilities such as batteries.

- **Transmission and distribution**

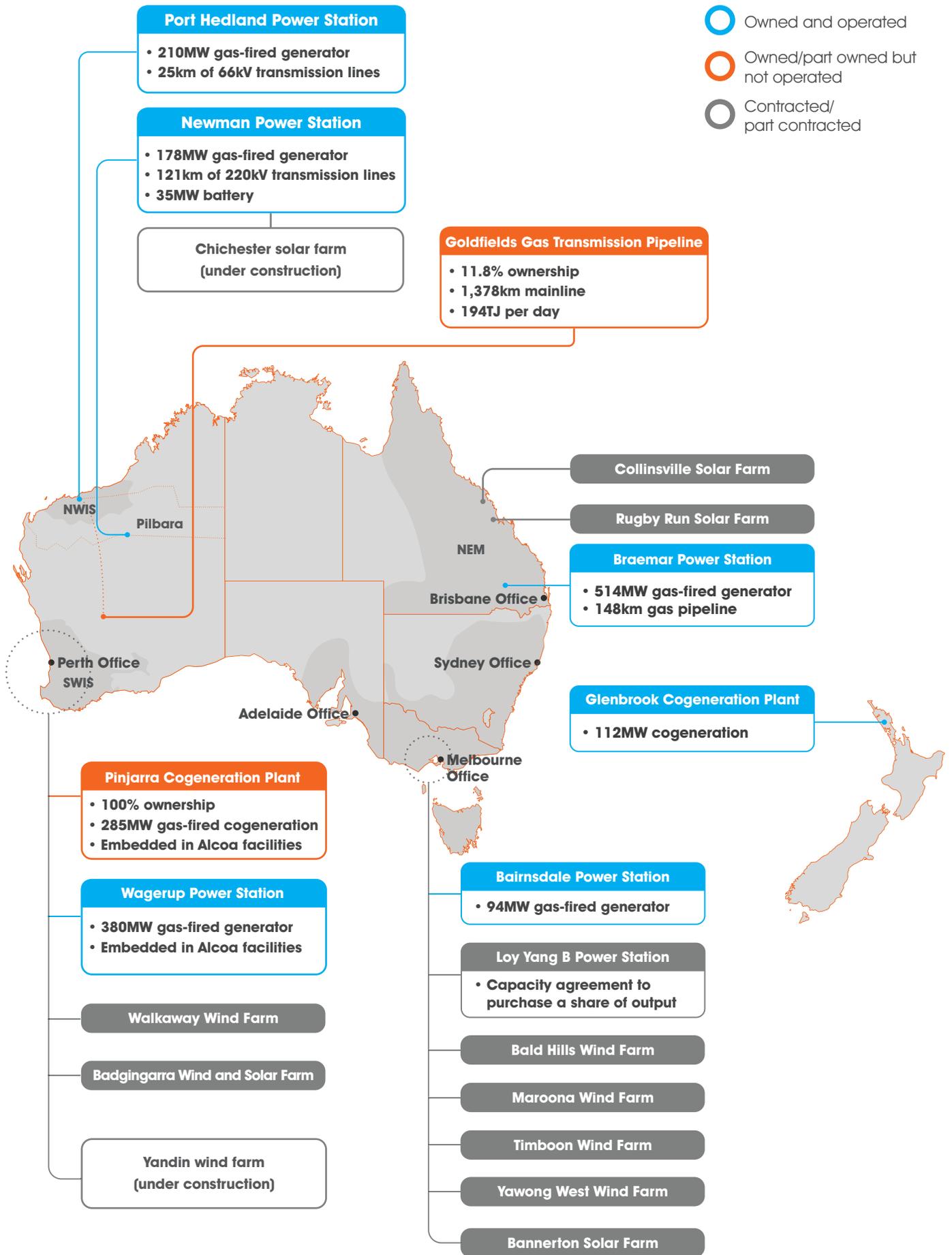
We own transmission and distribution networks such as electricity transmission lines and gas pipelines.

- **Power supply**

We provide electricity and gas to customers including households, small businesses, commercial and industrial organisations.

Alinta Energy generates and/or retails energy in New South Wales, Victoria, Queensland, South Australia, the resource rich Pilbara region of Western Australia and the south west region of Western Australia (including Perth). We operate in all major Australian energy markets. We also operate a cogeneration facility in Glenbrook, on the North Island of New Zealand.

- Owned and operated
- Owned/part owned but not operated
- Contracted/part contracted



Our operating assets, assets under construction and offices at 30 June 2020.

## Owned renewable generation

### Western Australia Chichester solar farm<sup>a</sup>

## Owned power stations

### Western Australia

#### Newman power station and battery storage

- Staff: 11
- Capacity: 178MW
- Fuel type: Gas/Distillate
- Load profile: Intermediate
- FY20 availability: 94.5%
- Other: 35MW battery storage facility

#### Port Hedland Power Station

- Staff: 10
- Capacity: 210MW
- Fuel type: Gas/Distillate
- Load profile: Intermediate
- FY20 availability: 90.8%

#### Wagerup Power Station

- Staff: 6
- Capacity: 380MW
- Fuel type: Gas/Diesel
- Load profile: Peaker
- FY20 availability: 90.1%

#### Pinjarra Cogeneration Plant

- Capacity: 285MW
- Fuel type: Gas
- Load profile: Base
- FY20 availability: 94.9%
- No Alinta Energy staff as operated by Alcoa

### Queensland

#### Braemar Power Station

- Staff: 7
- Capacity: 514MW
- Fuel type: Gas
- Load profile: Intermediate Peaking
- FY20 availability: 97.0%

### Victoria

#### Bairnsdale Power Station

- Staff: 4
- Capacity: 94MW
- Fuel type: Gas
- Load profile: Peaker
- FY20 availability: 97.6%

### New Zealand

#### Glenbrook Cogeneration Plant

- Staff: 28
- Capacity: 112MW co-generation
- Fuel type: Surplus gas from NZ Steel and waste heat
- Load profile: Base
- FY20 availability: 94.8%
- Other: Integrated into NZ Steel (BlueScope Steel) facility under long-term power purchase agreement

## Transmission Infrastructure

### Western Australia

#### Chichester solar farm transmission line<sup>a</sup>

- 61km (220kV) transmission line to link the existing Roy Hill Mine substation and the Cloudbreak Mine to the Chichester solar farm

#### Newman to Roy Hill Electricity Transmission Line

- 121km (220kV) transmission line to supply power from Newman Power Station to the Roy Hill Mine including substations, a distribution system and 6MW of on-site diesel generation

#### Goldfields Gas Transmission Pipeline

- 11.8% investment in 1,378km long pipeline in Western Australia

#### Port Hedland Transmission Line

- Three transmission lines totalling 25km (66kV) that connect the Port Hedland site to the Boodarie power station, Horizon Power's Wedgefield substation and Horizon Power's Murdock Drive substation

### Queensland

#### Braemar Gas Pipeline

- 148km pipeline to supply the Braemar Power Station and transport gas to the Roma to Brisbane pipeline

## Offices

### Sydney

- Staff: 170
- Corporate headquarters and base for Alinta Energy's executive leadership team, national wholesale trading team and many supporting commercial functions

### Perth

- Staff: 229
- Location of Alinta Energy's 25-year West Coast retail energy business and in-house customer service centre for our Western Australian customers

### Adelaide

- Staff: 37
- Location of many of our IT support services

### Melbourne Office

- Staff: 212
- Base for our East Coast customer operations

### Brisbane and Gold Coast

- Staff: 1
- Base for our Connect Develop business

## Other

- Our customer service centre for our East Coast customers is based in the Philippines and are not direct Alinta Energy employees
- We ceased door-to-door field sales activities during the year

## Contracted renewable generation

### Western Australia

#### Walkaway wind farm Badgingarra wind and solar farm Yandin wind farm<sup>a</sup>

### Victoria

#### Bald Hills wind farm Maroona wind farm Timboon wind farm Yawong West wind farm Bannerton solar farm Kiamal solar farms<sup>a</sup>

### Queensland

#### Collinsville solar PV Rugby Run solar PV

## Other contracted generation

### Victoria

#### Loy Yang B power station

- Capacity agreement to purchase a share of the output from the Loy Yang B coal-fired power station

<sup>a</sup> These assets reflect our financial commitments at 30 June 2020 which were not yet operational at that date.

### Load profiles – what they mean

#### Base

These facilities generate a reliable ongoing power supply by operating continuously.

#### Intermediate

Flexible power generation that bridges the gap between base load and peak supplies.

#### Peaker

Quick to start, these facilities can ramp up operations, providing additional power to meet higher demand.

# Yandin Wind Farm

Yandin Wind Farm is located near the town of Dandaragan, around 175km north of Perth, Western Australia. Comprising 51 turbines each with a capacity of 4.2MW, the project is expected to cost approximately \$400 million and has been developed with valuable input from the local community and local landowners. The wind farm will connect to Western Power's 330 kV electricity network via a new 10km transmission line and terminal station that will be built, owned and operated by Western Power.

Yandin Wind Farm operates as a stand-alone business, managed by Alinta Energy. Alinta Energy's management role includes acting as manager of construction and operations of Yandin Wind Farm, as well as providing certain corporate services to Yandin Wind Farm.

Yandin Wind Farm is a joint investment venture between RATCH-Australia Corporation Pty Ltd (an unrelated third party) and PSA (through the investment by REIF). REIF holds a minority, non-controlling ownership interest in Yandin Wind Farm. In preparing this Joint Modern Slavery Statement, PSA has considered its non-controlling investment in Yandin Wind Farm and Alinta Energy has considered its managerial role in Yandin Wind Farm as part of its operations. For the purposes of reporting under the Act, a process of consultation between relevant personnel of the joint investment venture participants has commenced. We look forward to continued consultation in future reporting periods and note that the approach to reporting in this Statement may be subject to change in future reporting periods, having regard to the nature of operations at the wind farm, or due to a change in the operating model or ownership of Yandin Wind Farm.

During the reporting period, Yandin Wind Farm has been under construction. Its operations have been limited to activities connected with the construction occurring in Western Australia.

Yandin Wind Farm's supply chain includes both domestic and international suppliers. Key pieces of equipment and expertise are manufactured and sourced from Asia and Europe. However, a significant amount of labour is performed locally, on site in Dandaragan, Western Australia.

Suppliers to Yandin Wind Farm that were engaged by Alinta Energy during the development phase of the project, and prior to Yandin Wind Farm operating as a stand-alone business, were included in risk identification and due diligence activities undertaken by Alinta Energy and are described below on pages 11-13 of this Statement.

Further information on Yandin Wind Farm is available here:

[www.yandinwindfarm.com.au](http://www.yandinwindfarm.com.au)

[www.alintaenergy.com.au/vic/about-alinta-energy/sustainability/yandin-wind-farm](http://www.alintaenergy.com.au/vic/about-alinta-energy/sustainability/yandin-wind-farm)



# LVP: Our business, operations, structure and supply chain

## Our business & operations

LVP owns and operates the Loy Yang B Power Station.

Loy Yang B Power Station is a brown coal-fired power station in Victoria's Latrobe Valley, approximately 160km east of Melbourne. It consists of two electricity-generating units, which together provide up to 1,100MW of baseload power and supply approximately 17% of Victoria's energy needs. Loy Yang B has operated since 1993 and continues to be one of the lowest cost and most reliable generators in the National Electricity Market. Loy Yang B procures coal from a neighbouring coal mine under a long-term agreement.

LVP has a supply agreement with Alinta Energy, supplying it with a share of the power station's output. Loy Yang B power station operates under local management, including a local procurement team responsible for its supply chain.

## Our Structure:

LVP is an Australian incorporated, private company with a registered office in Sydney, Australia. During the Reporting Period, LVP had 18 subsidiaries and one internal joint venture between subsidiaries. All of LVPs subsidiaries activities relate to the energy industry.

## Our Supply chain:

LVP conducts the majority of its procurement activities through one subsidiary company, Loy Yang B Operations and Maintenance Pty Ltd. LVP has an international supply chain however uses best endeavours to procure goods and services from within Australia and particularly from the local community in the Latrobe Valley, Victoria.



# Our approach to Modern Slavery risk assessment

In this Reporting Period, the Reporting Entities modern slavery risk assessment involved four steps:

1. supply chain mapping and risk identification;
2. identifying the highest risk industries, regions and suppliers with whom we contract and prioritising further due diligence;
3. reviewing findings of due diligence to determine appropriate engagement activities with suppliers based on our ability to control, influence or mitigate the risks;
4. reviewing our modern slavery compliance activities and developing a continuous improvement approach to increase the breadth and depth of our modern slavery compliance activities over time.

## **Step 1: We carried out supply chain mapping and due diligence through:**

- Working with our procurement personnel to obtain addressable spend data from our ERP systems for the reporting period.
- Using external consultants to perform supply chain mapping to identify the areas of likely greatest modern slavery risk in our supply chains and operations based on the spend data set. The steps that our external consultants took included:
  - inputting our spend data throughout global markets into proprietary technology, to trace the economic inputs required to produce products and services down to tier 10 suppliers ("Supply chain mapping");
  - drawing raw trade data from 190 countries, and in relation to 15,909 industry sectors, from the following sources: the United Nations' (UN) System of National Accounts; UN COMTRADE databases; Eurostat databases; the Institute of Developing Economies, Japan External Trade Organisation (IDE/JETRO); and Numerous National Agencies including the Australian Bureau of Statistics;
  - linking the supply chain mapping and raw trade data in a Global Multi-Regional Input-Output (MRIO) table;
  - examining the MRIO table against the following international standards: the UN Guiding Principles for Business and Human Rights; the Global Slavery Index; International Labour Organisation (ILO) Global Estimates of Modern Slavery; and the United States' Reports on International Child Labour and Forced Labour;
  - applying a proprietary algorithm to synthesise publicly available risk data against the MRIO table to create a modern slavery risk profile for the top 500 suppliers to the Reporting Entities.
  - The information obtained in this process was for purposes of risk identification under section 16(1)(c) of the MSA. No information obtained or produced in this process confirms the actual existence or non-existence of slavery in the Reporting Entities supply chains or operations. Analysis was undertaken at the industry and country level. It does not account for inherent and expected variances at the entity, region or product level.
- For further information on the methodology used for this step, please see Annexure 1 to this Statement.

## **Step 2: We identified the highest risk industries, regions and suppliers with whom we contract and prioritise further due diligence through:**

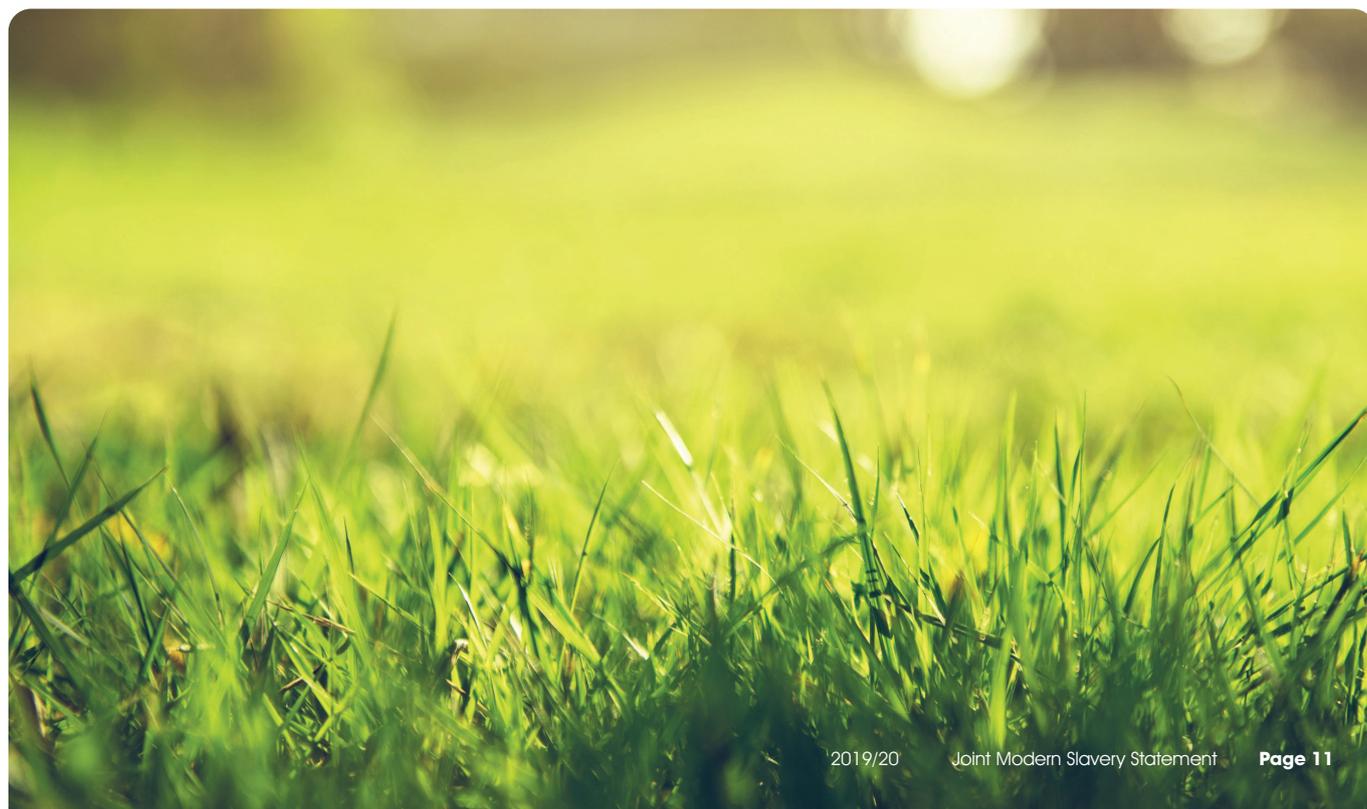
- Using external consultants to provide reports on the industries, regions and suppliers that the supply chain mapping and risk identification exercise identified as having greatest risk of modern slavery.
- Ranking suppliers based on value of our spend with them, to help us understand our leverage.
- Considering our relationships with suppliers and ability to influence, control or mitigate identified risk, to prioritise due diligence activities.
- Detailed findings of our due diligence have not been included in this Statement to ensure that commercial confidence is preserved, and to maximise the likelihood of meaningful and candid participation by suppliers in future modern slavery risk assessment and mitigation activities.

**Step 3: We reviewed the findings of due diligence to determine appropriate engagement activities with suppliers based on our ability to control, influence or mitigate the risks by:**

- Engaging with certain suppliers through a self-assessment questionnaire designed by subject matter experts based on international best practice.
- The purpose of the questionnaire is to obtain information in relation to the following:
  - whether that supplier is actively addressing modern slavery risks in their operations and supply chains;
  - high level detail of the supplier's management systems and processes to detect, assess and remediate modern slavery risks; and
  - the presence (or absence) within the participant suppliers own supply chains and operations of various recognised indicators of modern slavery, including (but not limited to) freedom of association, discrimination, health and safety procedures; freedom of movement, living conditions and the existence of grievance mechanisms.
- Working with external consultants to review responses to the questionnaire and developed risk mitigation strategies, including potential future supplier audits or remedial action plans to be used when required.

**Step 4: We reviewed our modern slavery compliance activities and developed a continuous improvement approach to increase the breadth and depth of modern slavery compliance activities over time through:**

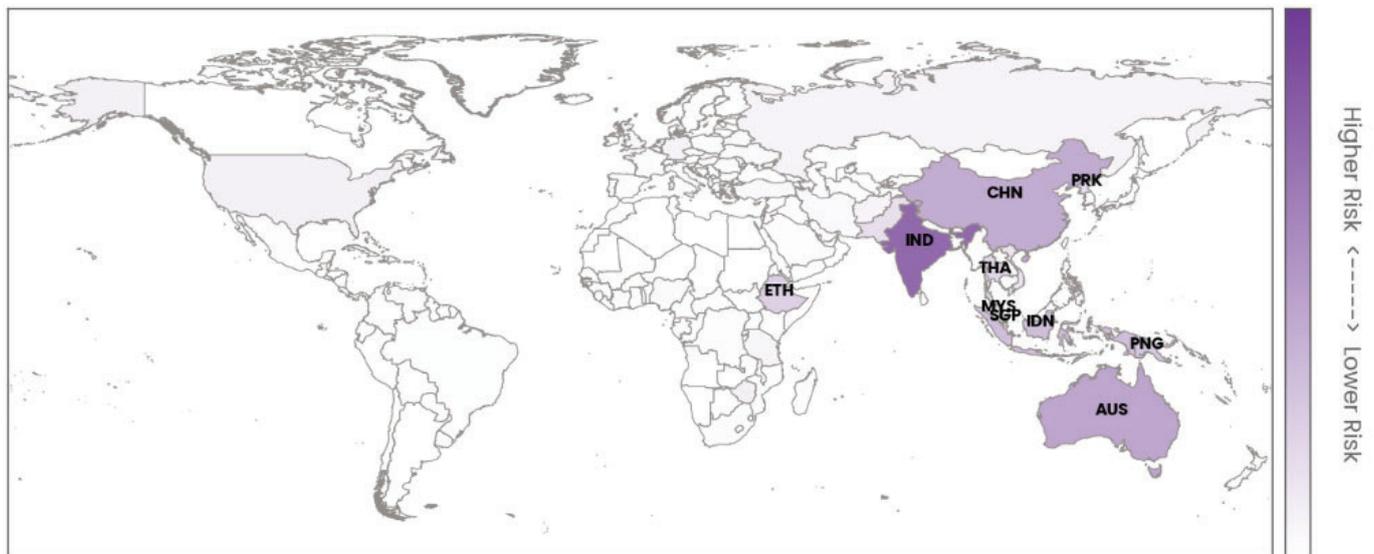
- Updating, adding to and reviewing information presented in our annual Modern Slavery Statement in future reporting periods.
- Continuing the operation and meetings of the Modern Slavery Working Group to guide the business in determining which modern slavery compliance activities are to be prioritised, based on the cross-practice area expertise and business knowledge of members of the Working Group.
- Carrying out gap analysis against Australian regulator guidance materials, global modern slavery guidance materials and utility sector peers reporting standards.
- Implementing a Measuring Effectiveness Framework (described below on page 17 of this Statement).
- Seeking feedback from stakeholders.



# Alinta Energy – identified risks by Region and Industry

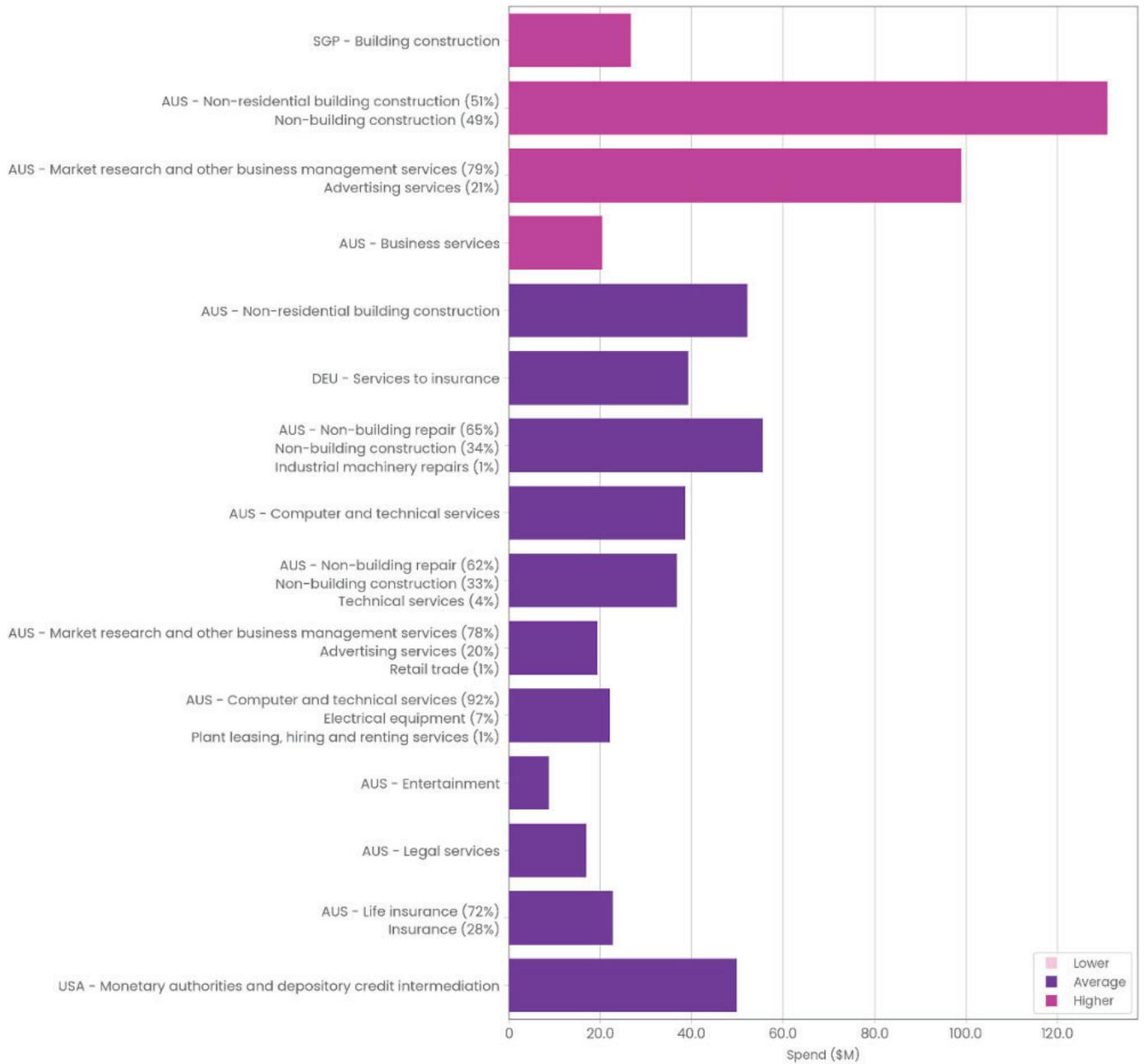
Based on the risk identification activities explained in this Statement, the regions and industries that we have identified as having higher risks of modern slavery are depicted below. This information is used by us to prioritise further due diligence and frame our risk assessment approach. For example, we used this information to select suppliers in the medium to high risk categories, across a range of industries, with whom direct engagement activities were carried out. No information obtained or produced in this process confirms the actual existence or non-existence of slavery in the Reporting Entities supply chains or operations. Analysis was undertaken at the industry and country level. It does not account for inherent and expected variances at the entity, region or product level.

The medium to high risk regions are shown in the image below:



The medium to high risk industries include (without limitation):

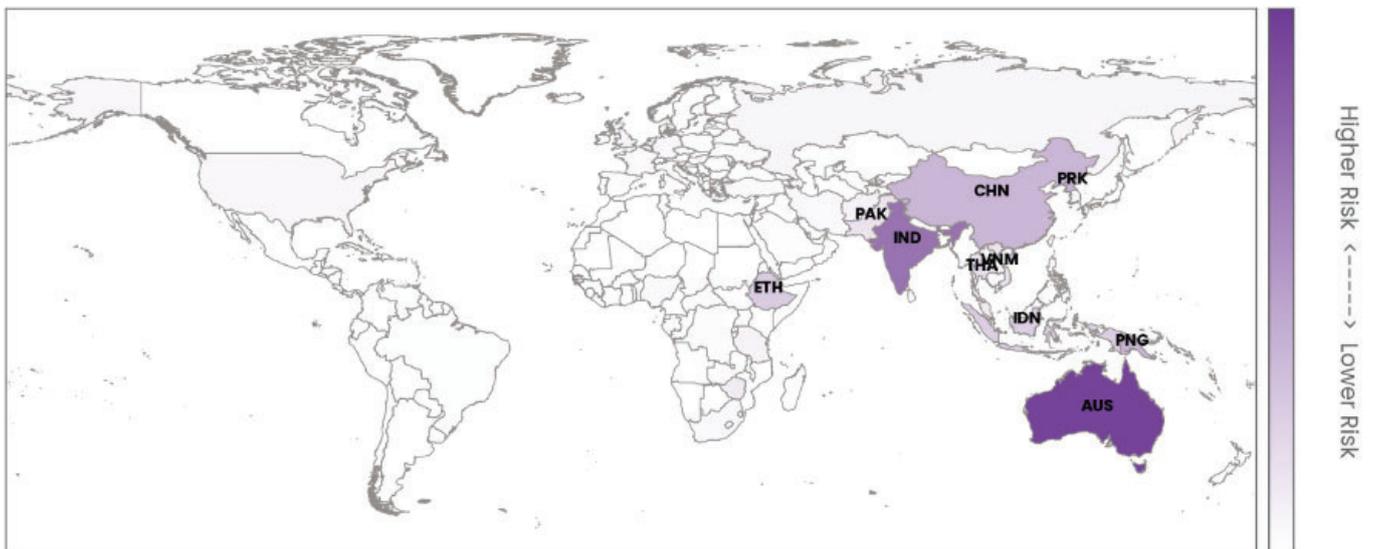
- Building, construction and maintenance operations related to power generation and distribution.
- Operational aspects of power generation and distribution.
- Obtaining professional services, including insurance, legal, accounting and financing.
- Human resources, recruiting and procurement.
- Business-related travel
- Business-related technology, including both software and hardware



# LVP – Risks Identified by Region and Industry

Based on the risk identification activities explained in this Statement, the regions and industries that we have identified as having higher risks of modern slavery are depicted below. This information is used by us to prioritise further due diligence and frame our risk assessment approach. For example, we used this information to select suppliers in the medium to high risk categories, across a range of industries, with whom direct engagement activities were carried out. No information obtained or produced in this process confirms the actual existence or non-existence of slavery in the Reporting Entities supply chains or operations. Analysis was undertaken at the industry and country level. It does not account for inherent and expected variances at the entity, region or product level.

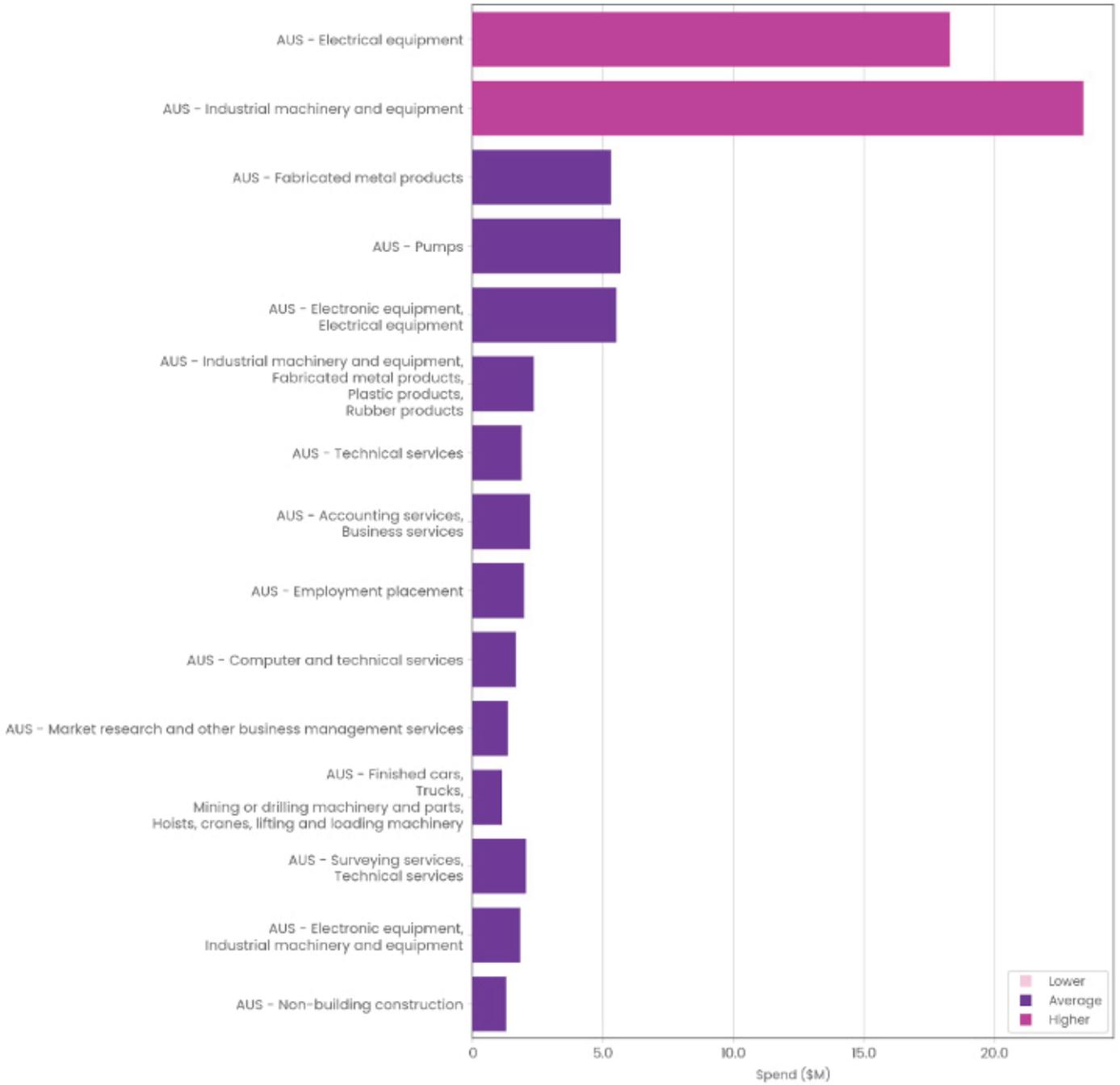
The medium to high risk regions are shown in the image below:



The medium to high risk categories include (without limitation):

- Obtaining electrical equipment and services related to power generation
- Obtaining other parts necessary for power generation

The image below depicts the risk in these industries, analysed in comparison to our spend in each industry:



# Our approach to addressing Modern Slavery risk in practice

## Modern slavery

The Reporting Entities oppose modern slavery in all its forms including slavery, servitude, the worst forms of child labour, forced labour, human trafficking, debt bondage, slavery like practices, forced marriage and deceptive recruiting for labour or services. We expect that the employees, contractors and suppliers within our supply chain do the same.

We have taken a pragmatic approach to operationalising key aspects of our approach to addressing modern slavery. Our objective is to develop lasting, sustainable processes that ensure there is genuine engagement with the risks of modern slavery and practical tools and resources available to our business to address the issue. We set out below the key steps we have taken to address modern slavery risk during the reporting period, including steps for continuous improvement.

## Compliance

The Reporting Entities have systems and controls in place to support and monitor our compliance with all laws and regulations that apply, including the Act. The Reporting Entities have separate Audit & Risk Committees that assist the Boards by monitoring, tracking progress and providing advice in relation to the various compliance activities occurring.

## Working Group

The Reporting Entities have established a Modern Slavery Working Group. During the Reporting Period, this Working Group met every three weeks and was chaired by Alinta Energy's Procurement and Governance Advisor or Group Procurement Manager. The eight members form a cross-practice group, bringing expertise from our procurement, merchant energy operations, people and culture, safety, sustainability, legal and governance teams. The Working Group includes representatives of Alinta Energy and LVP. These Reporting Entities collaborate closely with regard to modern slavery activities, including frequent phone calls, emails and out of session meetings between Alinta Energy's procurement advisors and LVP's procurement advisors. This level of consultation ensures, wherever possible, a consistent approach is applied to modern slavery risk identification and mitigation practices, taking account of differences in the business of each entity.

## Code of Conduct

During the reporting period, Alinta Energy updated its existing Employee Code of Conduct to specifically addresses modern slavery. The Code of Conduct states that Alinta Energy opposes modern slavery in all its forms. The Code of Conduct sets out Alinta Energy's expectations regarding the detection and elimination of modern slavery and our commitments to ethical behaviour at all levels of business. It is available to all employees on the intranet and forms the basis for our policies and procedures. It provides a framework for Alinta Energy's workforce to behave ethically at work and beyond. All Alinta Energy employees are required to complete online training on the Code of Conduct every two years including a competency test to check they understand their obligations. New employees commence this training from their first day as part of our induction process.

During the next reporting period, LVP will update its existing Employee Information Manual to expressly address the business's expectations and standards regarding modern slavery.

## Supplier Code of Conduct

During the reporting period, Alinta Energy launched a Supplier Code of Conduct. This sets out our expectations of suppliers to address modern slavery in all its forms and provides a grievance mechanism should suppliers seek to raise modern slavery grievances. It is publicly available here: <https://www.alintaenergy.com.au/vic/help-and-support/terms-and-conditions>

Alinta Energy's Supplier Code of Conduct was endorsed by our Executive Director of Corporate Services and sits under the Procurement Policy. The Group Procurement Manager is responsible for implementation and review of this document.

During the next reporting period, LVP will implement a Supplier Code of Conduct.

### **Grievance hotline**

Our people are encouraged to immediately report illegal or inappropriate acts to their manager, a member of the Executive Management Team or to our independent grievance hotlines. This may include reports of actual or suspected incidences of modern slavery as well as other acts of dishonesty or unethical behaviour.

The Reporting Entities grievance hotlines are available to employees, contractors and suppliers to raise modern slavery concerns. Information about how to use our grievance hotline is available on Alinta Energy and LVP's intranet sites. The grievance hotline includes the ability to report misconduct directly to Deloitte by email, online or by post.

Alinta Energy's suppliers can find details of the hotline in the Supplier Code of Conduct, available on the Alinta Energy website. LVP suppliers will be provided details about how to use this service in the Supplier Code of Conduct, noted above.

The hotlines are operated independently by Deloitte. No modern slavery grievances have been reported to our hotlines to date. Should a grievance arise, the process at Alinta Energy for investigation and resolution will involve: initial investigation by the Group Procurement Manager; if internal, the issue will be raised with relevant managers for the business unit relevant to the complaint, the Executive Director Corporate Services and the General Manager People and Culture for consideration by the MD and CEO and determination of whether the complaint needs to be reported to authorities.

The Reporting Entities will measure the effectiveness of the grievance hotline through our measuring effectiveness framework and will assess its use on an annual basis. The objective being, to enhance our actions and responses as we work towards positive change for individuals affected by modern slavery.

### **Consultation**

During the reporting period, Alinta Energy joined the Western Australian Industry Working Group on Modern Slavery for the resources, energy and extractives industry. Alinta Energy legal team representatives also contributed to a panel discussion on Modern Slavery, hosted by the Australian Mining & Petroleum Lawyers Association.

In future reporting periods, LVP will consider industry networks operating in the eastern states of Australia, to identify opportunities for collaboration, consultation and contribution.

Alinta Energy and LVP consult and collaborate with each other on an on-going basis – during Working Group meetings (described above) and in regular out of session calls and meetings held between representatives of the procurement teams at each of these Reporting Entities. In future reporting periods, the Reporting Entities intend to deepen consultation efforts with external joint venture partners.

### **Updates to template contracts**

During the reporting period, Alinta Energy updated its standard template contracts used for the procurement of goods and services to include a modern slavery clause. For example, the standard clause is set out below.

This clause provides us with options to audit or work with suppliers to remediate instances of modern slavery and in some cases may lead to termination of contracts.

During the reporting period, LVP amended the existing business ethics clause in its template contracts, to expressly refer to modern slavery risks and provide remediation, audit and termination options.

In future reporting periods, the Reporting Entities will monitor the responses and feedback from suppliers to these clauses and consider using remediation action plans, audit and termination rights if necessary. The Reporting Entities also intend to include the modern slavery clause in a wider ambit of contracts, to ensure that it is uniformly and appropriately used in procurement activities that take place across the business.

## Modern Slavery

The Supplier represents and warrants that:

- 1.1. neither it nor any of its Personnel or Related Bodies Corporate have been convicted of or been the subject of any enforcement proceedings by a governmental or regulatory body relating to a modern slavery or human trafficking offence;
- 1.2. it has carried out reasonable due diligence to identify and assess modern slavery risks in its supply chains and operations;
- 1.3. it has taken, and is taking, reasonable steps to address and mitigate modern slavery risks in its supply chains and operations;
- 1.4. it will notify the Company as soon as reasonably practicable of any instances of modern slavery;
- 1.5. it has read and agrees to comply with the Company's Supplier Code of Conduct and will provide evidence to the satisfaction of the Company which validates the Supplier's compliance with this clause.
- 1.6. If requested, the Supplier will permit the Company or its nominated representative/s to undertake verification activities to validate the Supplier's compliance with this clause, including access to the Supplier's premises and records as required.
- 1.7. In the event that the Supplier does not remedy, or provide an acceptable plan to remedy, any identified instances of modern slavery within the time frame specified by the Company, the Company reserves the right to terminate this Purchase Order.
- 1.8. The Supplier must ensure that each subcontract it enters into in relation to this Purchase Order includes a clause similar in effect to this clause.

## Updates to procurement systems and practices

During the reporting period, Alinta Energy reviewed its supplier on-boarding process and processes related to sourcing and contracting frameworks. It has identified a number of opportunities for improvements to ensure consistent application of modern slavery due diligence in the procurement of goods and services.

In future reporting periods, Alinta Energy intends to automate this supplier self-assessment questionnaire within the on-boarding process to ensure consistent and comprehensive modern slavery due diligence is performed prior to engaging suppliers. In future reporting periods, LVP intends to include a supplier self-assessment questionnaire in its supplier on-boarding practices and invitation to tender documents.

## Education, training and awareness

The Reporting Entities acknowledge that increasing employee awareness about the prevalence and nature of modern slavery risks within its supply chains and operations is important both for risk reduction and remediation.

During the reporting period, Alinta Energy and LVP delivered specialised training, prepared in consultation with an external consultant, to personnel responsible for procurement functions. Various employees also attended modern slavery training sessions provided by external consultants and industry bodies.

In future reporting periods, Alinta Energy and LVP intend to deliver a Modern Slavery Fundamentals training session that will be available to all employees' business wide, utilising our online learning management system to record and track completion rates.

Alinta Energy has presented modern slavery awareness sessions at various internal working groups. We are working to help our people develop skills and experience to understand, identify and mitigate modern slavery risks.

### Contractor management

During the reporting period, Alinta Energy partnered with a new contract management service provider to provide greater transparency to the business through aggregated reporting on contractor engagements. Periodic reporting will include information like contractor headcount, location, costs and duration. This information will be valuable in future reporting periods to help us understand recruitment practices used throughout our supply chain and enhance our contractor's experience. Measuring effectiveness framework

The Reporting Entities intend to regularly assess whether our approach is identifying potential and actual risks of modern slavery in our operations and supply chains and, if so, how effectively those risks have been, and are being, mitigated. In future reporting periods, the Reporting Entities will measure the effectiveness of our approach to modern slavery through:

1. assigning relevant personnel within the procurement team with performance objectives that include the implementation and operationalisation of modern slavery compliance activities;
2. working with an external consultant to develop a Measuring Effectiveness Framework that is specifically designed to assess the effectiveness of our approach to addressing risks of modern slavery. We intend to implement this Measuring Effectiveness Framework in the next reporting period.
3. working with the provider of our grievance hotline to consider ways to optimise the hotline, ensure it is fit for purpose, simple to use and that grievances are dealt with in accordance with best practice.
4. continuing consultation with industry and subject matter experts to remain informed of cutting-edge modern slavery risk assessment and remediation tools available to enhance effectiveness in this swiftly evolving field and to compare our approach to our energy and utility sector peers.

### Continuous improvement

As noted above, in future reporting periods the Reporting Entities intend to:

1. Increase the number of employees who receive modern slavery training
2. Increase the number of suppliers with whom we carry out due diligence and direct engagement activities
3. Increase our involvement and contribution to industry consultation efforts
4. Automate modern slavery due diligence in the company wide, supplier on-boarding process
5. Implement the measuring effectiveness framework and use it to assess our modern slavery efforts during the reporting period.



# Applying our modern slavery governance framework

To date, the Reporting Entities have not received any reported incidences of modern slavery in our business or operations. Should an incident arise, the process we will follow to remediate and mitigate is depicted below:



## Considering the impact of a global pandemic

Our business faced significant disruptions arising from the COVID-19 pandemic. As the impact from the pandemic continues, we intend to provide an update on developments in our response to the pandemic in future reporting periods.

The safety of our people is our highest priority. As COVID-19 cases in Australia began to increase rapidly in March 2020, we asked our office-based employees to start preparing for a temporary office shutdown and by mid-March, we had instructed these employees that they must work from home until further notice if this was a viable and effective option for their role. This mandate reduced the potential risks for the people that didn't have an effective work from home option and therefore continued to attend the office. Further, our safety team provided support to those transitioning to working from home by providing guidance on how to critically assess their workspace, make changes to improve ergonomics and control the safety hazards in their new work environment.

Employees responsible for operating our power stations were split into shifts to minimise contact between groups. Those who would normally travel between states on a fly-in fly-out roster were offered residence in their State of work to ensure we could continue to deliver power to our customers after State borders began to close. Staff at our customer operations centres migrated to working from home in mid-March 2020.

Our Safety and People & Culture teams, along with our COVID-19 working group, developed detailed plans for what safe returning to working from the office looks like in each state, guided by the latest government advice and a full risk assessment. A representative of our Modern Slavery Working Group led Alinta Energy's COVID-19 working group, ensuring relevant modern slavery risks were considered in the development of the business wide approach to addressing COVID-19.

Our supply chains faced disruptions from the impact of COVID-19. Maintaining supplier relationships and fostering open communication with suppliers about COVID-19 risks has been central to managing the impact of the pandemic on our supply chains and our operations. Our procurement function operates in a de-centralised manner and contract owners and purchasers have worked effectively with affected suppliers to mitigate the impact on delivery dates and order volumes, considering alternate routes of transport, local sources of supply and alternate manufacturing locations. At Alinta Energy, our legal team were involved in assessing notices of COVID related force majeure events received from various counterparties to assist our business to understand any rights to extensions of time or other contractual rights arising from the pandemic. We also provided for consideration of COVID-19 impacts as a condition precedent to performance of certain contracts, giving us greater visibility of the impact of COVID-19 on subcontractors to our suppliers.

At LVP's Loy Yang B power station, preparation for major works scheduled for September 2020 were well underway when the impact of COVID-19 was realised. Our workforce at Loy Yang B will increase four-fold during these works. To deal with potential impacts of the pandemic on these works, we expressly included contractual clauses dealing with the impact of COVID-19 in our major works contracts, and have had open discussions with contractors to ensure a safe and timely project plan that takes the impact of COVID into account. The enormity of the task to organise the logistics for this major upgrade and manage the risks that COVID-19 poses while ensuring that the works can proceed as planned and scheduled is challenging, with additional hygiene, sanitation, personnel and roster changes, and social distancing taken into account. These efforts mean that we do not need to postpone the works, which is a crucial step in protecting our suppliers and their workforce financially, helping to secure longevity and support our suppliers and their subcontractors in the longer term.

Given the continuing impact of the pandemic, we expect that further changes to our supply chain will occur and our supply chain footprint may shrink. We do not expect our experience of these changes to be different to the general changes the market is facing at this time and we expect this shift to occur naturally, as suppliers find alternate ways to meet demands across all industries. We will consider the extent of such changes in future reporting periods, and report on any noticeable changes in the size, breadth and depth of our supply chains through comparison of our annual spend data year to year. We have been able to proceed with operationalising key aspects of our modern slavery approach that rely on internal expertise despite the impact of COVID-19. However, our direct engagement activities with suppliers and industry consultation efforts have been limited by COVID-19, as resources are directed towards mitigating the impact of the pandemic. In future reporting periods, we intend to increase our due diligence activities, direct engagement with suppliers and industry consultation activities.

## Statement verification

The Reporting Entities have engaged Fair Supply, an external consultancy with subject matter expertise, to assist with preparation of this Statement, advise in relation to our approach to addressing modern slavery and undertake risk identification and due diligence activities.

Fair Supply verifies that, in the course of advising the Reporting Entities, nothing has come to our attention that causes us to believe that the content of this Statement is, in any material respect, not in accordance with the requirements of the Act.

*Kimberly Randle*  
Kimberly Randle (Nov 26, 2020 12:42 GMT+11)

Kimberly Randle

Chief Executive and Principal Lawyer

Fairsupply.com.au Pty Limited

26-Nov-2020

# Board sign-off

## **Pioneer Sail Holdings Pty Ltd – ABN 45 617 844 569**

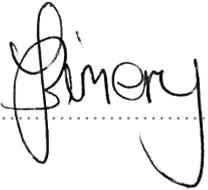
Insofar as this Statement relates to Pioneer Sail Holdings Pty Ltd and its subsidiaries, the Board (as principal governing body) approves the Statement.



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## **Pioneer Sail Australia Pty Ltd – ABN 91 617 846 385**

Insofar as this Statement relates to Pioneer Sail Australia Pty Ltd and its subsidiaries, the Board (as principal governing body) approves the Statement.



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## **Alinta Energy Pty Ltd - ABN 64 614 975 629**

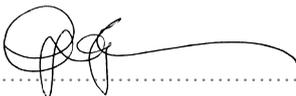
Insofar as this Statement relates to Alinta Energy Pty Ltd and its subsidiaries, the Board (as principal governing body) approves the Statement.



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## **Latrobe Valley Power (Holdings) Pty Ltd – ABN 57 621 363 102**

Insofar as this Statement relates to Latrobe Valley Power (Holdings) Pty Ltd and its subsidiaries, the Board (as principal governing body) approves the Statement.



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# Statement feedback

We welcome feedback and suggestions regarding our Modern Slavery Statement, which can be submitted via the following contact details:

Group Procurement Manager  
Alinta Energy  
Level 13, Grosvenor Place, 225 George Street  
Sydney NSW 2000  
Email: [procurement@alintaenergy.com.au](mailto:procurement@alintaenergy.com.au)

## Glossary

<b>Act</b>	Modern Slavery Act 2018 (Cth)
<b>Fair Supply</b>	<a href="http://fairsupply.com.au">fairsupply.com.au</a> Pty Limited ACN: 630 354 371
<b>LVP</b>	Latrobe Valley Power Pty (Holdings) Limited
<b>PSA</b>	Pioneer Sail Australia Pty Ltd
<b>PSH</b>	Pioneer Sail Holdings Pty Ltd
<b>REIF</b>	Renewable Energy Investment Fund Pty Ltd

# Annexure 1: Risk Identification and Due Diligence Methodology

The approach to risk identification and due diligence set out below is subject to change in future reporting periods as the Reporting Entities look to widen the spend data set used for risk identification processes and to embed due diligence activities within everyday business practices, carry out due diligence on an on-going basis over the course of a reporting period, and utilise improved technology and tools that may be developed in the evolving supply chain due diligence field.

In this inaugural Reporting Period, the Reporting Entities have focused on supply chain mapping and risk identification activities to guide due diligence activities (Desktop Audit and Supplier Self-Assessment Questionnaire).

## Risk Identification

To carry out supply chain mapping and risk identification, the Reporting Entities applied the following methodology:

1. 'Addressable spend' data was obtained from the Reporting Entities' enterprise resource planning (ERP) systems. Addressable spend is a concept applied by the procurement team to every transaction to enable category management. Examples of spend that is not 'addressable spend' include: tax payments, network payments, settlement amounts.
2. Addressable spend by 27 subsidiaries of Alinta Energy that was processed through the ERP system in the period March 2018 – February 2020 (the AE Spend Period) was considered 'in-scope'. This data set included 2420 suppliers that were included in the supply chain mapping and risk identification activities performed by Fair Supply.
3. Addressable spend by the operational subsidiary of LVP for contracting and procurement purposes, Loy Yang B Operations & Maintenance Pty Ltd, that was processed through the ERP system in the period 1/2/2018 – 1/2/2020 (the LYB Spend Period) was considered 'in-scope'. This data set included 668 suppliers that were included in the supply chain mapping and risk identification activities performed by Fair Supply.
4. Spend by any subsidiary of the Reporting Entities that was not processed through the ERP systems was considered out of scope. Suppliers with whom there may be spend that falls into this category are typically government bodies, regulators, recipients of compensation or settlement amounts, recipients of payments where an error caused the payment system to fail, or partners to historic or joint venture arrangements described elsewhere in this Statement.

5. The Reporting Entities respective Spend Periods were used to ensure that sufficient time was provided to external consultants to perform Initial Assessment and due diligence activities during the Reporting Period. Given the nature of the Reporting Entities business, operations and supply chains did not materially change between the end of the Spend Period and the end of the Reporting Period, this data set is considered representative of the addressable spend data for the Reporting Period.
6. Initial Assessment: Supply Chain Mapping and Risk Identification

The Supply Chain Mapping and Risk Identification activities carried out in relation to each in-scope, first-tier supplier of the Reporting Entities involves:

- inputting the ERP addressable spend data throughout global markets into proprietary technology, to trace the economic inputs required to produce products and services down to tier 10 suppliers ("Supply chain mapping").
- drawing raw trade data from 190 countries, and in relation to 15,909 industry sectors, from the following sources: the United Nations' (UN) System of National Accounts; UN COMTRADE databases; Eurostat databases; the Institute of Developing Economies, Japan External Trade Organisation (IDE/JETRO); and Numerous National Agencies including the Australian Bureau of Statistics;
- linking the supply chain mapping and raw trade data in a Global Multi-Regional Input-Output (MRIO) table;
- examining the MRIO table against the following international standards: the UN Guiding Principles for Business and Human Rights; the Global Slavery Index; International Labour Organisation (ILO) Global Estimates of Modern Slavery; and the United States' Reports on International Child Labour and Forced Labour;
- applying a proprietary algorithm to synthesise publicly available risk data against the MRIO table to create a modern slavery risk profile for the top 500 suppliers to the Reporting Entities.

The information obtained in this process was for purposes of risk identification under section 16(1)(c) of the MSA. No information obtained or produced in this process confirms the actual existence or non-existence of slavery in the Reporting Entities supply chains or operations. Analysis was undertaken at the industry and country level. It does not account for inherent and expected variances at the entity, region or product level.

7. The Reporting Entities reviewed results of the Initial Assessment and prioritised due diligence with suppliers that were identified as having a higher risk of modern slavery in their supply chain, based on the ability to engage suppliers and influence identified risks. Certain suppliers were identified and subject to Due Diligence activities described below. In future reporting periods, the Reporting Entities intend to increase the number of suppliers subject to due diligence.

#### **Due Diligence: Desktop Audit and Supplier Self-Assessment Questionnaire**

8. The first step in due diligence, carried out by our external consultants Fair Supply in consultation with the Reporting Entities, included a Desktop Audit that involves a comprehensive review of publicly available information in relation to each supplier and analysis of the factors that led to the subject industry group to be classified with a particular risk rating are applicable. Fair Supply develop and apply a list of eight key indicators that is considers represent an appropriate methodology balanced against considerations of pragmatism, but it is, of course, not infallible. It is also not a scientific formula. There are potential 'blind spots'. For example, the apparent lack of (publicly available) internal policy frameworks relating to modern slavery, education and awareness activity, and/or third party risk assessment for Australian company suppliers that are reviewed under the desktop audit may just be indicative of the fact that corporate awareness surrounding modern slavery is still in its relative infancy, rather than concealing the existence of an actual 'high risk' supply chain and operations.
9. The second step in due diligence, carried out by our external consultants Fair Supply in consultation with business partners within the Reporting Entities, is a Supplier Self-Assessment Questionnaire that involves sending the Self-Assessment Questionnaire to selected suppliers to understand whether that supplier is actively addressing modern slavery risks in their operations and supply chains; how that supplier's management systems and processes detect, assess and remediate modern slavery risks; and the presence (or absence) within the participant suppliers own supply chains and operations of various recognised indicators of modern slavery. Responses to the Supplier Self-Assessment Questionnaire are incorporated into both Desktop Supplier Audit and overall modern slavery risk rating of each audited supplier as responses are received.

# Report feedback

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