



Modern Slavery Statement

2023



Message from the Board

Contact Energy is committed to creating a sustainable energy future for New Zealand and putting our energy where it matters. We value ethical collaborative relationships with our business partners and suppliers, and care deeply about the safety and wellbeing of our people, customers, communities, and environment. Contact Energy is also strongly committed to treating all people, both inside and outside the company, with dignity and respect.

We have a robust and proactive approach to ensuring our operations are conducted in accordance with all regulatory compliance requirements, and we take a partnership approach with tangata whenua to manage whenua, awa and other taonga. We act with integrity and authenticity and make sound decisions knowing they'll be subject to scrutiny. We uphold and promote human rights within our areas of influence, engaging with stakeholders and communities on the development of solutions to issues that affect them.

The execution of the Contact26 strategy – our strategy to build a better Aotearoa New Zealand by leading the country's decarbonisation – is well underway. This strategy is underpinned by our commitment to strong environmental, social and governance (ESG) practices, a focus on operational excellence and the ongoing transformation of how we work.

In FY23 we strengthened our focus on our ESG governance and advanced our work to identify and address human rights risks, including Modern Slavery risks, across our business and in our supply chain.

This Statement is made jointly on behalf of Contact Energy Limited ("Contact") and its wholly owned subsidiaries, Simply Energy Limited (**Simply**), and Western Energy Services Ltd (**Western**). It reports on the assessment of Modern Slavery risks, the governance framework and activities to minimise Modern Slavery risks in all entities' operations for

the twelve months ending 30 June 2023 ("FY23"). It has been approved by the Board of Contact Energy Limited.

Executive Summary

Contact is committed to creating a sustainable energy future for New Zealand and putting our energy where it matters. We value ethical collaborative relationships with our business partners and suppliers, and care deeply about the safety and wellbeing of our people, our customers, and communities, and the environment that we operate in.

Contact is committed to respecting human rights, and we recognise our role in upholding these rights. We are also committed to sustainable and responsible procurement activities in partnership with our suppliers. In line with these commitments, we are working to improve our operations and those of our supply partners with the goal of identifying, preventing, and remediating Modern Slavery risks.

We have made some good progress on these issues in FY23, including:

- identifying new procurement technology to improve visibility across our supply chain and identify exposure to Modern Slavery and broader ESG risks;

- increasing our focus on screening Tier 1 suppliers to ensure compliance with our Supplier Code of Conduct, which reflects our commitment to abolish Modern Slavery;
- developing a new Human Rights Policy which makes an explicit commitment to respect all internationally recognised human rights, including Modern Slavery risks;
- publishing a Human Rights Mitigation, Remediation and Reporting Guideline which defines the process by which Contact mitigates and remediates Human Rights (including Modern Slavery) risks, and reports annually on Code of Conduct breaches, including Human Rights issues;
- starting our rollout of Modern Slavery training to higher risk areas of the business;
- including a Modern Slavery risk assessment in our mergers and acquisitions process; and
- analysing the results of an initial screening to assess the environmental, social and governance practices and status of 79 suppliers, including questions about their policies, processes, actions and disclosures on Modern Slavery issues.

Key focus areas for FY24 will be to progress the development of our updated procurement system, deliver additional training for our people and integrate our Modern Slavery risk approach into additional business areas.

About Contact

Contact is one of New Zealand’s largest listed companies, employing 1,140 people and supplying electricity, natural gas and LPG products to nearly 395,000 customers throughout New Zealand. We also provide broadband to around 71,000 customers (all figures correct as at August 2023).

We generate electricity from hydro, geothermal and thermal fuel sources. We own and operate ten power stations: Stratford in Taranaki, Te Huka, Ohaaki, Poihipi, Wairakei and Te Mihi in Waikato, Whirinaki in Hawke’s Bay, and Clyde and Roxburgh in Central Otago. In addition, a new geothermal plant at Tauhara and an additional unit at Te Huka are under construction. In FY23, 93% of our electricity was produced from renewable hydro and geothermal stations, with natural gas and diesel-fired power stations being used to bridge any demand gaps.

Corporate structure

We have two operating segments, Wholesale and Retail. The Wholesale segment generates and sells electricity to the wholesale electricity market, commercial and industrial customers. The Retail segment sells electricity, natural gas, LPG, and broadband to mass market customers.

Simply and **Western** are both wholly owned subsidiaries of Contact. Simply is an energy solutions business which, together with Contact, is on a mission to accelerate New Zealand’s low-carbon transition and create a better, more sustainable New Zealand. It employs 65 energy specialists and energy innovators (as at July 2023) and works with a network of energy industry partners to design and set up innovative energy solutions.

Western is a specialist geothermal well services provider employing 38 people (as at July 2023) Based in New Zealand, Western provides services to domestic and international customers.

Please see our **2023 Integrated Report** for more information about Contact’s structure, operations, and supply chain.

Contact’s Framework

We care deeply about the health, safety and wellbeing of our employees and expect all our people to act honestly, with integrity and in accordance with the law, all the time. This expectation is enshrined in our Code of Conduct which applies to everyone working for Contact, including our Board of Directors, and underpins our corporate policy framework.

Contact has a comprehensive set of policies and procedures that articulate our values, ways of working and expectations of our team and suppliers. These are reviewed regularly. Our key corporate policies include:

- **Code of Conduct**
- **Supplier Code of Conduct**
- **Human Rights**
- **Inclusion and Diversity**
- **Discrimination bullying and harassment prevention**
- **Whistleblowing**
- **Risk Management**

Our **Corporate Governance Statement** outlines how our key policies operate, and the policies are on our **website**.

Contact’s Supply Chain

Contact purchases a diverse range of goods and services from nearly 2,000 suppliers. While most of these suppliers are based in New Zealand and Australia, the supplier footprint is global.

The goods and services we procure include:

- geothermal, hydro, and thermal power station supplies;
- IT hardware and software;
- vehicles;
- safety equipment;
- batteries;
- personal protective equipment/work wear;
- metering field services;
- facilities maintenance;
- construction services; and
- gas, electricity, and broadband services.

The graphic below shows an overview of our basic supply chain. As we develop our new procurement and supplier screening system we will build up a fuller picture of our suppliers, their industries and their areas of operation. This should help us to identify Modern Slavery risks and issues more accurately.

Our supply chain

1. We generate

We own and operate **10 power stations** and produce the majority of our electricity from our renewable hydro and geothermal stations. Our natural gas and diesel-fired power stations operate to ensure the lights stay on for New Zealanders when intermittent renewable plants cannot operate.



2. We trade

We sell the electricity we generate on the wholesale market. We purchase goods and services from more than **1,600 suppliers**. We also trade a range of financial products to manage our risk and create value.



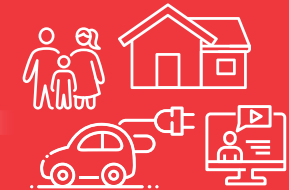
3. We innovate

We create **smart solutions** that are good for people (tiaki tangata) and the environment (tiaki taiao) to help customers, partners, suppliers and communities have a better quality of life. We are an innovative, safe and efficient generator, actively working with our customers, partners and suppliers to improve energy efficiency, reduce emissions and fight climate change.



4. We sell and serve

As a retailer we sell products and services to individuals and businesses to meet their energy and broadband needs. We have around **585,000 connections**.



Our impacts

HIGH

Generation

- Generation emissions and renewable energy supply
- Protecting and restoring biodiversity and other natural treasures
- Freshwater systems health
- Decarbonisation, demand flexibility and electrification
- Safe and resilient infrastructure

MEDIUM

Corporate activities

- Meaningful relationships with tangata whenua
- Generation emissions and renewable energy supply
- Decarbonisation, demand flexibility and electrification
- Community wellbeing
- Energy wellbeing and equity
- Safe and resilient infrastructure
- A thriving workforce
- Customer wellbeing and trust
- Sustainable procurement

Operational presence

- Freshwater systems health
- Protecting and restoring biodiversity and other natural treasures
- Community wellbeing
- Safe and resilient infrastructure

Customer service

- Decarbonisation, demand flexibility and electrification
- Energy wellbeing and equity
- Reliable energy supply
- Customer wellbeing and trust

Identification of Modern Slavery issues

There was no change in our risk profile for FY23, compared with FY22. Our ongoing review of Modern Slavery in our operations and supply chain has not identified any issues of concern.

Most of Contact’s suppliers are based in New Zealand and Australia, where local laws and enforcement activities ensure a lower risk of Modern Slavery. However, we do also rely on extensive global supply chains, and so are focussed on continuing to identify and mitigate Modern Slavery risks across our business. We have a framework in place to guide this work. This framework is evolving and will be continually reviewed and improved.

Currently we:

- Assess Modern Slavery risk factors in our operations and supply chain. During FY24 we will work to identify areas for further due diligence.
- Implement policies and procedures to address and reduce the risk of Modern Slavery.
- Regularly review the effectiveness of our actions and seek areas for improvement.

Operational risks

We consider that the risk of Modern Slavery occurring in our operations is low, as most of Contact’s people are employed directly (or are directly contracted) and are based in New Zealand, which is ranked in the lowest risk category in the Global Slavery Index. Accordingly, our operational risk assessment focusses on areas of the business that use contracted or third-party labour providers, as we have less direct visibility and control over these providers and their employment terms.

Contact’s subsidiary Western does some international work in countries which rank higher in the Global Slavery Index. In this context it is engaged as a consultant/supplier of specialist services for a project. While this can make it more challenging for Western to assess the extent to which local laws – including Modern Slavery laws – are being enforced, we expect all our partners to meet the expectations set out in our Supplier Code of Conduct. This includes an expectation that working conditions are safe and that workers are treated in a responsible way, with respect and dignity. We will continue to work with Western to raise awareness of Modern Slavery issues so that it is able to identify and potentially act on an issue where necessary.

Contact is committed to complying with all applicable laws and acting ethically and with integrity, as shown through our commitment to:

- Provide a safe, secure and healthy working environment.
- Ensure that everyone is treated fairly, with respect and dignity.
- Provide a workplace that is free from harassment and intimidation.
- Act lawfully, honestly, ethically and transparently.

We are taking significant steps to make responsible business practices a core element of our practices. This is evidenced by our joining the Dow Jones Sustainability™ Asia Pacific Index (DJSI Asia-Pacific) in December 2022, achieving the second highest

ranking of any New Zealand company. In late 2022 Forsyth Barr released its inaugural Carbon & ESG Ratings for New Zealand companies, awarding Contact an “A” rating and ranking us third out of the 57 New Zealand companies covered in the report.

2023 Modern Slavery risk management initiatives

During FY23 Contact has built on the actions taken in FY22 and has taken steps to improve and embed our Modern Slavery framework. Our FY23 initiatives are summarised below:

Responsible Procurement Framework

During FY23 Contact implemented a more robust process for assessing prospective suppliers under our Responsible Procurement Framework. This Framework was applied to our Tier 1 and high-risk suppliers during FY23. It includes:

- an updated **Supplier Code of Conduct** (April 2023); and
- a revised **Responsible Procurement Questionnaire**, which requires supporting evidence.

The Supplier Code of Conduct is the primary mechanism for addressing Modern Slavery risks in our direct supply chain. It establishes standards to ensure that working conditions in the company supply chain are safe, that workers are treated with respect and dignity, and that business operations with suppliers are ethical, social and environmentally responsible. The Code sets out Contact’s expectations that suppliers will work with us to meet these standards. Where these are not being met, suppliers are required to notify Contact and work with us to improve adherence. Those suppliers will be asked to take responsibility for training, monitoring, and putting in place corrective actions where needed.

These documents feed into the evaluation process for each supplier. If an issue were identified, the process would require Contact to:

- identify corrective actions where a supplier’s responses are not satisfactory;
- work with them to address and remediate the issue(s);
- monitor resulting action plans; and
- close them when the implementation is successfully completed.

We are currently updating our procurement system and investing in new procurement technology for the whole business to improve visibility across our supply chain to identify exposure to ESG risks, including Modern Slavery risks.

Tier 1 supplier Modern Slavery assessment

Contact’s “Tier 1” category of vendors accounts for 80% of procurement spend. In FY22 we began screening these suppliers under the **Responsible Procurement Framework** to assess their ESG practices and status.

In FY23 we assessed 79 Tier 1 vendors which accounted for 80% of spend in each business unit or were determined as “high risk” due to the geographical location of their businesses. (This is an increase on the 68 Tier 1 vendors screened in FY22. In FY 24 we are planning to assess our Top 100 discretionary spend suppliers which account for more than 90% of our total discretionary spend.)

Our analysis of the 79 Tier 1 suppliers raised no concerns about their approach to Modern Slavery issues. We were satisfied that they met Contact’s expectations in this area.

Upgrade to procurement system

During FY23 we began work to upgrade our procurement system and to introduce new technology to centralise all procurement and improve visibility across our supply chain to identify exposure to Modern Slavery and broader ESG risks. We are working towards implementing this new procurement system.

Modern Slavery training

Contact’s Legal team identified business areas at higher risk of encountering Modern Slavery issues and delivered **training sessions** to two of them during FY23. The training focussed on educating and providing information to help those teams understand Modern Slavery issues, the relevance of those issues for Contact’s operations and supply chain, and our responsibilities for complying with the Australian Modern Slavery Act.

New Human Rights Policy

Contact implemented a new **Human Rights Policy** which incorporates our commitment to mitigate, identify and remediate Modern Slavery risks including to prohibit the use of all forms of forced and compulsory labour, all modern forms of slavery and any form of human trafficking in our operations and supply chain.

New Human Rights Mitigation, Remediation and Reporting Guideline

Contact introduced a new **Human Rights Mitigation, Remediation and Reporting Guideline**. This Guideline defines our process for mitigating and remediating human rights risks (including Modern Slavery) and reporting annually on our approach to these issues. Under this process a designated group of three senior managers receives and reviews all Human Rights breach reports made through the whistleblower channel. It then meets to review each report and determine any necessary remediation steps, and any further mitigation required based on longer-term trends.

In parallel, we refreshed and raised awareness across the business of our whistleblower channel, through which employees can report any breach of Contact’s policies or any issues of concern.

In May 2023 we began to publish a **table** recording all Code of Conduct breaches, which will capture any human rights/modern slavery related breaches.

Mergers & Acquisitions

In FY23 we updated our Mergers and **Acquisitions due diligence document** to include the consideration of Modern Slavery risks.

We also ensure that we review the approach to human rights and Modern Slavery of our new joint venture partners. For example, our partner in a new solar energy development project, LightSource BP, has a robust approach to Modern Slavery.

Next steps

- Contact will continue to embed this Modern Slavery approach across the business during FY24 and further integrate it with our suite of ESG strategies.
- Work closely with our project partners to ensure a robust approach to identifying, assessing and mitigating modern slavery risks.
- Our updated procurement system, once implemented, will strengthen our ability to screen suppliers and provide reassurance that they meet our expectations around Modern Slavery standards.
- We will expand our in-person Modern Slavery training to selected business units as well as developing the all-staff online training module which incorporates it.
- New Code of Conduct online training for all Contact people being developed in early FY24 will include a human rights/Modern Slavery component, helping to raise awareness across the business.

Effectiveness of our Actions

Contact's effort to identify and address Modern Slavery risks throughout our supply chain is a continuous and evolving process.

All of our business units have a role to play in ensuring compliance, identifying and managing Modern Slavery risks, and reporting high or significant risks. Our ongoing assessment of the effectiveness of our Modern Slavery risk management will be undertaken in accordance with our Corporate Governance framework. The framework provides an informed and independent view of whether risk-based controls are in place and working as intended.

Contact's Business Risk and Assurance team plans to carry out a business-wide Modern Slavery review (including subsidiaries) in Q3 2024. The objective is to provide assurance that the controls, process and plan Contact has in place – including supplier management – will lead to improved compliance with regulatory obligations.

Contact will continue to use the following mechanisms to assess the effectiveness of actions taken:

- conduct reviews with executive management to ensure that there is an awareness and alignment on the processes implemented and future activities with regards to Modern Slavery risks; and
- review processes and procedures to ensure progress, and promote awareness of the issue of Modern Slavery.

Consultation and Approval Process

Consultation on the content of this Modern Slavery Statement included engagement with:

- Contact's Commercial and Procurement Specialists
- Business unit representatives with oversight of suppliers and subsidiaries assessed as potentially more exposed to risks of Modern Slavery practices
- Senior managers from the Legal, Commercial, Risk & Assurance and Procurement teams
- Contact's Senior Leadership Team

We intend to work even more closely with our subsidiaries, Western and Simply, on Modern Slavery issues during FY24.

This Statement was approved by the Board on 11 August 2023.



Robert McDonald
Chair
Contact Energy Limited



Mike Fuge
Chief Executive Officer
Contact Energy Limited