



Modern Slavery Statement 2020

1 Introduction

This Statement is made by TransAlta Energy Australia (ACN 602 135 844) (**TEA, we, us, our**) for the financial year ending 31 December 2020 (**Reporting Period**) and sets out the actions we have taken to assess and address modern slavery risks within our operations and supply chain.

We are committed to ethical business practices and to respecting human rights across our operations and our supply chain. Our five core values are set out below which aligns well with the commitments espoused in this Statement.

- Safety – Ensure the health and safety of our people, partners and stakeholders
- Innovation – Develop and embrace innovative solutions to challenges. We will be pioneers in finding new and innovative ways to power economies and communities.
- Sustainability – Reduce the impact of resource use in everything we do
- Respect – Support our people, our partners, our communities and our environment. We value the perspectives and experiences of one another. Respect in the workplace and within our working relationships is paramount
- Integrity – This is the foundation of our business and we focus on honesty, transparency and doing what's right. Our commitment is to do what we say we will do.

These values define who we are and how we operate. They define our corporate culture. They reflect skills and mindset and provide a framework for everything we do.

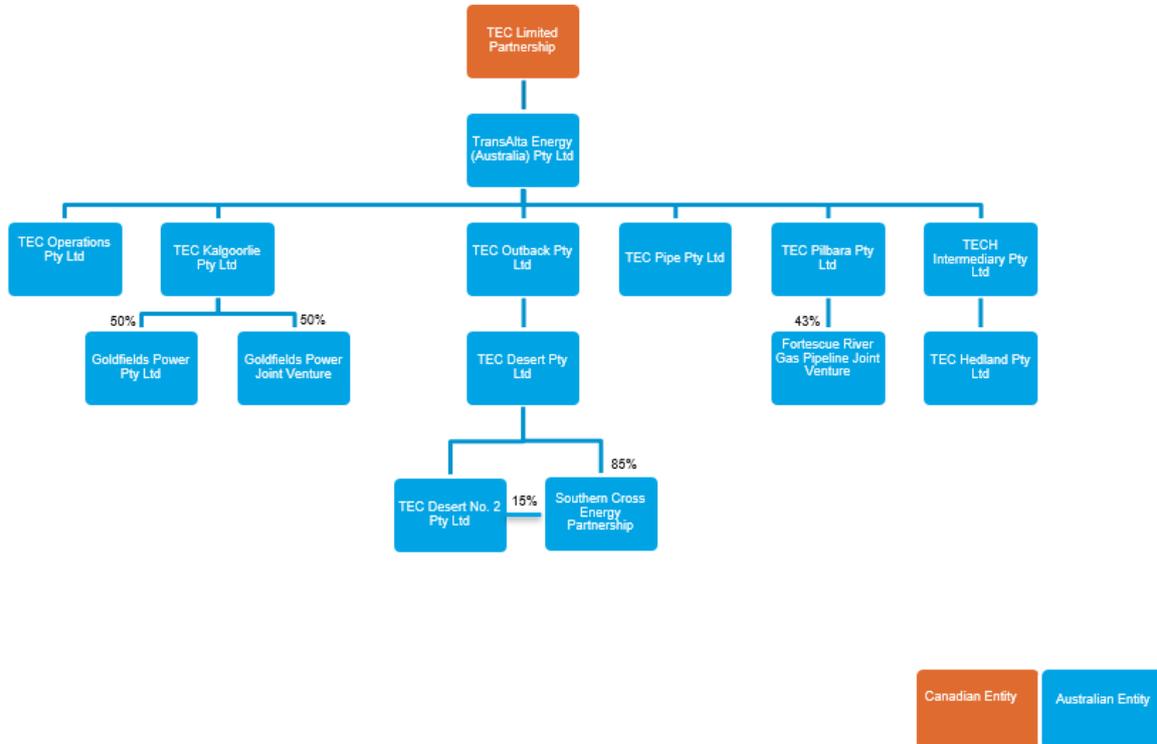
2 Our structure, operations and supply chains

2.1 Our structure

TEA's parent company is TEC Limited Partnership which is a Canadian entity whose ultimate parent company is TransAlta Corporation (**TAC**). TAC was founded and incorporated in Canada and owns, operates and develops a diverse fleet of electrical power generation assets in Canada, USA and Australia powered by solar, wind, hydro, coal, gas and energy storage. TAC's headquarters are based in Alberta, Canada.

TEA has been operating for over 20 years in Australia, and its head office is based in Perth, Western Australia.

Our corporate structure is depicted in the following diagram:



2.2 Operations

TEA operates primarily in the electrical power generation industry, with smaller operations in the electrical power transmission and gas transport industries. TEA provides generation to customers across Western Australia, from facilities connected to the South West Interconnected System, the North West Interconnected System and off-grid load customers.

We have a total of 84 employees in Western Australia across Finance, Business Development, Commercial, Engineering, EH&S, Corporate, Procurement, Operations and IT service lines. Of these employees, 81 are employed on a full-time basis, and 3 employees are part-time. Labour hire is used on a temporary basis, and is not used as part of our normal business operations. All staff are employed by TEC Operations Pty Ltd, a subsidiary of TEA.

Projects & Joint Ventures

TEA operates the following assets in Australia:

- South Hedland Power Station – 150MW power station located in the Pilbara region of WA. The combined-cycle natural gas generation facility is one of the most efficient plants in the region and is contracted to supply Horizon Power, the state energy utility serving residential and commercial customers in the region;
- Parkeston Power Station – 110MW power station located in the Goldfields region of WA. This asset is also connected to the South West Interconnected Grid and can export to this market.

This asset is owned by the Goldfields Power joint venture and TEA owns a 50% share. Parkeston plant has annual production of more than 433,000 megawatt hours.

- Southern Cross Energy assets – this comprises 4 power stations totalling a capacity of 300MW located in the Goldfields region of Western Australia. The stations are located in Kambalda, Kalgoorlie, Mt Keith and Leinster. Southern Cross Energy Partnership also owns and operates transmission lines in the same region. Our Southern Cross power stations are fueled by natural gas through the Goldfields Gas Transmission Pipeline, and when gas is not available, diesel through a variety of sources.

TEA also has two joint venture entities:

- Goldfields Power JV: TEA's share is 50% and we have an agreement to operate and maintain the power station
- Fortescue River Gas Pipeline JV: TEA's share is 43% and our JV partner operates and maintains the pipeline.

2.3 Supply chain

During the Reporting Period, TEA and its subsidiaries engaged 263 suppliers, with a total spend of \$24.9 million. The highest dollar spend (approximately \$8.3 million) was on major maintenance work on our turbines. Maintenance work is completed under a long term service agreement with one vendor (GE Gas Power), and most work is completed offshore in Houston, Texas.

All other work is generally completed on an ad hoc basis. We have preferred suppliers for certain types of goods and services, who are engaged as required according to business needs. During the Reporting Period we engaged suppliers from the following industries:

- Accommodation
- Cleaning services
- Cleaning supplies
- Communications
- Computer hardware / Software
- Consumables
- Contractors (which includes specialised trades such as High Voltage technicians and electrical qualified contractors as well as engineering and other professional contractors such as lawyers and tax/accounting advisors)
- Engineering
- Freight
- Fuel / Oil / Gas
- Insurance
- Labour hire
- Office supplies

- Parts and Equipment
- Professional services
- Property
- Raw materials
- Recruitment
- Security
- Training
- Waste services

Our suppliers are based in Australia, Canada, England, Germany, Netherlands and the United States of America. We appreciate, however, that some of these suppliers may be supplying goods that originate from other jurisdictions.

3 Modern slavery risks in our operations and supply chains

3.1 In our operations

We consider modern slavery risk occurring within our operations to be low for the following reasons:

- All site operational staff are hired in accordance with an enterprise agreement.
- All other staff are hired on common law contracts.
- Our parent company in Canada manages the remuneration process for the global company. In doing so, all roles are benchmarked against a number of different remuneration surveys. For the operational staff their remuneration is required to satisfy the BOOT test.
- Remuneration for contract based staff in Australia is above minimum wage and is based on market based rates.
- During the onboarding process checks are undertaken in relation to rights to work and whether they are choosing to work of their own free will.

3.2 In our joint ventures

We have consulted with the Fortescue River Gas Pipeline Joint Venture Manager around their processes and practices in relation to modern slavery. Specific risks in relation to modern slavery within our joint venture have not been flagged with us during the consultation process and we are satisfied that our joint venture manager has implemented processes to assess and address modern slavery risks within the operations and supply chain of the Fortescue River Gas Pipeline.

As Manager of the Goldfields Power Joint Venture this has been included in our assessment of risk in this Statement.

3.3 In our supply chain

We recognise that modern slavery risk are likely to exist in our supply chain, particularly in relation to the following higher risk sectors and products:

- Labour hire
- Cleaning services
- Computer hardware
- Safety equipment and work wear
- Fuel, oil and gas
- Accommodation
- Industrial / electrical consumables
- Raw materials / Textiles
- Electronics
- Freight
- Network equipment

Certain manufacturing regions and materials carry higher risk of modern slavery by virtue of the prevalence of modern slavery in particular countries. We recognise that a large number of our direct suppliers are likely to rely on global supply chains for the provision of goods and/or services provided to us which makes it challenging for us to have visibility across our supply chain beyond the first tier.

4 Actions taken to assess and address modern slavery risks

4.1 In our operations

Our Human Rights and Discrimination Policy was updated during the Reporting Period. It is a global policy that communicates our commitment to human rights in our operations and supply chain. The policy states that TransAlta will ensure that its personnel policies and practices in its operations around the world will respect the following fundamental rights:

- the right to a healthy and safe workplace;
- the right to non-discrimination in the workplace;
- the right to be free from cruel and unusual disciplinary practices;
- the prohibition of exploitative child labour; and
- the prohibition of forced labour and the avoidance of products produced by such labour.

Through consultation, training or contractual requirements, TEA strives to ensure that our contractors, suppliers, partners and customers respect these fundamental standards of human rights. Where possible, we avoid doing business with entities that do not observe these standards.

Our Corporate Code of Conduct sets out the expected behaviours of all our employees. We are committed to creating a work environment where all employees feel safe and are valued for the diversity they bring to our business. We do not tolerate discrimination or harassment, and are committed to honouring domestic and internationally accepted labour standards and support the protection of human rights.

Our Whistleblower Policy provides a mechanism for our employees, officers, directors and contractors to report, amongst other things, any actual or suspected ethical or legal violations. Whilst TEA had no reports of actual or suspected instances of modern slavery during the Reporting Period, if we considered that TransAlta had caused or contributed to modern slavery, we would seek to remedy the impact promptly, ensuring the safety and wellbeing of the victim(s) as priority and investigating the

circumstances in order to establish a corrective action plan in collaboration with the relevant individuals and stakeholders.

4.2 In our supply chain

We recognise the need to strengthen our procurement processes in order to incorporate modern slavery considerations. TEA is in the process of implementing a Supplier Code of Conduct, which will outline the minimum standards expected of its suppliers, including reference to modern slavery and human rights.

5 Assessing the effectiveness of our actions

During the course of our second reporting period, we will seek to roll out a Supplier Code of Conduct in Australia, and update our Australian Terms and Conditions and Vendor On boarding Process to include consideration and a term requiring suppliers to agree to our Supplier Code of Conduct. We will provide training to all our staff on modern slavery and the changes to the procurement processes so that our people are better equipped at identifying red flags and how to use our purchasing power to mitigate modern slavery risks in our supply chain. We will report to the Board on our progress as against the plan with a view to preparing a more comprehensive modern slavery statement in 2022.

6 Consultation and approval

TEA and its subsidiaries share a common set of policies and procedures and are managed by the same Managing Director and Leadership Team in Australia. Consultation on the contents of this Statement involved engagement with our owned or controlled entities. This was undertaken by creating a team of key stakeholders from across the business to review and compile the Statement.

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

This Statement was approved by the Board of Directors on 29th June 2021.

Signed by

DocuSigned by:

B6ADDA94534F40B...

Kelvin Koay

Managing Director