



Modern Slavery Statement

2019 – 2020

Introduction

This statement outlines the steps taken by Western Power to mitigate the risk of modern slavery and human rights breaches in its business and supply chain in accordance with the *Modern Slavery Act (2018)*, for the financial year ending 30 June 2020.

Western Power is committed to working to ensure the highest integrity in relation to human rights. Modern slavery is a global risk that may arise through supply chains and business operations of an entity, even in developed markets.

No entity can certify that they are guaranteed to be slavery free as the risk is always present.

Western Power recognises its responsibility to identify and address modern slavery risks within its operations and procurement practices and consider whether any aspect of these practices contributes to, or perpetuates, human rights issues both within Australia and abroad.

Western Power's Modern Slavery Statement details the risks that currently exist in the business, and the policies and procedures Western Power aims to put in place to minimise or prevent its involvement in any practices that carry a risk.



Electricity Networks Corporation trading as Western Power (Western Power) is a West Australian statutory corporation formed pursuant to the Electricity Corporations Act 2005 (WA). Western Power has a Board comprising predominately independent directors and is accountable to the Western Australian Minister for Energy.

Our business operations

Western Power builds, maintains and operates the electricity network in the South West corner of Western Australia. The Western Power network forms the vast majority of the South West Interconnected Network (**SWIN**), which together with electricity generators, comprises the South West Interconnected System (**SWIS**).

Western Power services 2.3 million customers across the State from residential and commercial to local and state government agencies and authorities.

Western Power's vast transmission and distribution network connects Western Australians to a wide range of both traditional and renewable energy sources. Western Power's network is comprised of 103,000km of wires, 275,000 streetlights and 153 substations.

As part of its drive to provide greater customer choice, Western Power is leveraging technologies to evolve its grid to connect renewables and distributed energy resources such as community batteries, stand-alone power systems and microgrids.

Western Power employs a diverse range of people in operational, technical and professional roles to deliver its essential service to the community. The majority of Western Power's locally based employees are engaged through direct employment contracts on a permanent, fixed/maximum term or casual basis.



Our suppliers

Western Power has formed relationships with its suppliers around the world to support it in conducting its business. Western Power has a global supply chain to procure the goods and services to build, maintain and operate its vast transmission and distribution network that powers the lifestyles of Western Australians living within the SWIS.

Western Power's suppliers provide network infrastructure construction, property and fleet services, primary plant and materials as well as the enterprise support and professional services to operate its business.

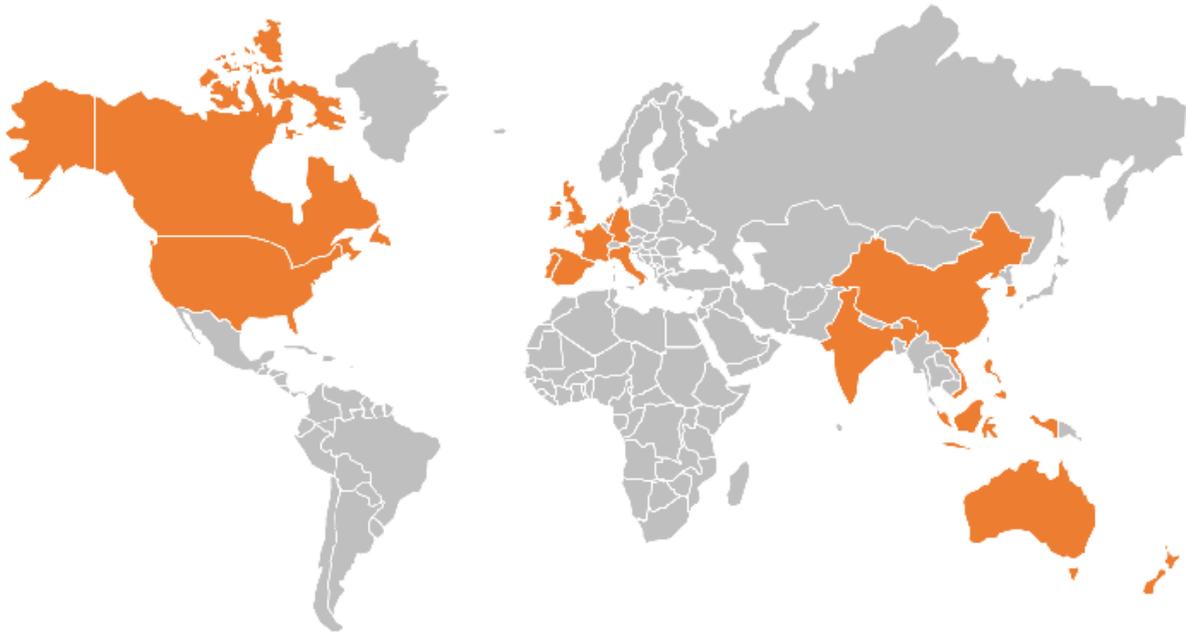


Figure 1: Western Power's supply chain encompasses companies that are located in the orange highlighted countries



2+ Million people connected



1,450+ active suppliers



793 active contracts



across 19 countries

Modern slavery risks facing Western Power

Modern slavery risks exist in both business operations and supply chains.

Operations risk

Western Power has identified that there may be an operational risk with the workforce it engages via labour hire services agreements. This is due to no direct employment contract existing between Western Power and the worker.

Supply chain risk

The Energy Procurement Supply Association (**EPSA**) is an Asia Pacific not-for-profit energy industry organisation of procurement and supply professionals that bring members together to share information and collaborate.

Western Power has valued the opportunity to work with EPSA to address the risks of modern slavery and, together with other EPSA members, create sustainable business benefits for all members.

One such benefit, in conjunction with Action Sustainability (an expert in sustainable business practices), has been the development of the Respecting Human Rights in our Supply Chain Whitepaper ([Whitepaper](#)).

This was an important first step in assisting EPSA members understand human rights concepts within the procurement context, and to develop the capability to identify, manage and report on human rights issues. EPSA members worked together to map the risks of human rights issues and identify where high-risk factors exist in their supply chains.

The complexity of supply chains, employment of vulnerable populations, operating in environments that are at a higher risk of delivering poor social, locational or political outcomes, using high risk business models or work practices, and the absence of controls were the criteria used to develop a heatmap of supplier categories with high and moderate human rights risks.

Supplier categories were identified as:

- Cleaning services
- Safety equipment and workwear
- Human resources, contractors and temporary field labour
- Security services and equipment
- Logistics
- IT managed services
- Traffic management
- Meters, parts supply
- Line hardware
- Cables
- Switchgear



Using this industry-based risk analysis, Western Power identified 73 of its suppliers operating in potentially high-risk categories and has focused on these suppliers for further due diligence in this first reporting period. Western Power has not yet expanded this risk assessment to incorporate other risk factors, such as geography and individual work practices.

Each of Western Power's suppliers have their own suppliers, which may connect Western Power to modern slavery risks. An example is renewable energy generators that use batteries with cobalt.

Western Power understands that the labour required to mine, and supply cobalt is often characterised by modern slavery practices such as forced labour, and the worst forms of child labour.

This statement does not provide a detailed analysis of how Western Power may be connected to those risks beyond the first tier, except to the extent that those suppliers are in the categories above.

Our strategy to face modern slavery

Operations

Most Western Power employees have their employment governed by one of two Enterprise Agreements, these agreements are negotiated with employees and approved by the Fair Work Commission.

Prior to engagement, Western Power's Human Resources process requires verification of identity (including age), qualifications and working rights. This process reduces any modern slavery risks associated with employees in Western Power's organisation by ensuring that Western Power only employs staff that it considers to be working of their own free will.

Where possible, Western Power makes every effort to exhaust the local market (i.e. Australian citizens and permanent residents) when recruiting for vacancies. Where Western Power is unable to find a suitably qualified local candidate, Western Power may look to engage a migrant worker. In this rare circumstance, the services of an Immigration Services provider are used to ensure all immigration laws are complied with.

Regarding labour hire services, Western Power has contractual relationships with only the most reputable labour hire services agencies. Any fees and insurances payable to the suppliers under these contractual arrangements are in addition to modern award legislation hourly rates and minimum superannuation contributions paid to the worker.

Western Power conducts regular audits on its labour hire services suppliers to ensure standards of verification processes for its own employees are the same for workers engaged via labour hire services agreements.

Supply Chain

A key driver of Western Power's Sustainable Procurement Standard developed in 2019 is on supplier engagement. Western Power's Supplier Code of Conduct outlines the business' expectations of its suppliers, including human rights practices.

Western Power's suppliers are required to comply with the International Bill of Human Rights and ensure they are taking adequate steps to mitigate the risk of child, forced or involuntary labour in their entire operation. From August 2019, all Western Power suppliers are required to acknowledge and agree to compliance with the Supplier Code of Conduct when they register their interest or commence transacting with Western Power.

This is a key starting point in ensuring Western Power's suppliers understand that modern slavery is prevalent in supply chains and be aware of its relevance to their business and procurement practices.

Western Power has been working proactively with a group of global mining, energy and resource companies along with some EPSA members to develop a standardised 'Modern Slavery Self-Assessment Questionnaire' (**SAQ**).

Recognising that the industry has shared supply chains, the SAQ was designed to highlight the modern slavery risks facing Western Power suppliers, improve transparency and identify areas for further investigation. After an initial trial of the SAQ, Western Power has refined the questions to ensure the information gathered enables Western Power to identify the extent and location of its suppliers' supply chains, along with the business mechanisms and policies in place that underpin their due diligence processes.

The SAQ has been sent to the higher risk suppliers identified with EPSA's risk mapping exercise (discussed above.) The SAQ responses have been reviewed, and suppliers further categorised as those Western Power is comfortable with, in terms of the steps they are taking to mitigate modern slavery risk in their own supply chains, and those that Western Power will work with further throughout the second reporting period to understand the risks they are facing and influence the mitigation methods they are using.

To help remediate any risks of modern slavery that may exist in Western Power's business, Western Power has expanded its grievance policy and whistleblowing mechanism to include human rights complaints. This enables employees, contractors and the general public to raise concerns about modern slavery, as well as fraudulent behaviour, safety concerns and unfair practices either directly with Western Power or anonymously through a third-party hotline (**STOPLine**).



Effectiveness

Western Power understands that it will continue to face modern slavery risks and its efforts to mitigate these risks will evolve. In order to assess the effectiveness of its measures put in place, Western Power will be recording and reporting on several key performance indicators (**KPIs**) including the number of:

- SAQs completed, and steps taken to upskill Western Power suppliers in assessing and addressing modern slavery risks
- training sessions undertaken for employees to increase awareness of modern slavery
- suppliers that have agreed to undertake modern slavery improvements following Western Power's risk assessment
- annual reviews of supplier responses to Western Power's SAQ to monitor improvement.



Next Steps

During the 2020-21 financial year Western Power will continue to refine its efforts in identifying and mitigating the risks of modern slavery in line with best practice advice¹. Building on learnings so far, and in line with the UN Guiding Principles, Western Power will develop and implement a Modern Slavery Framework which will include:

- a modern slavery guide for employees to respond to suppliers who have been identified through their SAQ response as having an unacceptable level of risk
- an update to Western Power's supplier-facing website to highlight modern slavery as a key focus and provide further information and resources to assist suppliers in assessing and addressing their own modern slavery risks
- an expansion of the risk mapping exercise undertaken by EPSA to move beyond industry specific risks to identify individual supplier risk including a review of suppliers in Western Power's supply chain operating in jurisdictions identified as high risk by the Global Slavery Index

¹ Advice on best practice taken from KPMG's *Modern Slavery Risks, Rights & Responsibilities Guide*.

- systemising SAQ implementation to reach suppliers identified in subsequent risk mapping and ensure annual updates
- updating contractual terms and conditions (in new or extended contracts) to include the obligation on Western Power's suppliers to respond to annual audits (such as the SAQ) and disclose information about the suppliers they use. The contractual terms will also reiterate Western Power's requirement for suppliers to comply with the Modern Slavery Act, implement appropriate controls and notify Western Power immediately if they become aware of any modern slavery actions within their supply chains
- updating procurement guidelines to ensure risks are proactively considered by evaluating modern slavery in Western Power's upfront sourcing processes and tendering events
- investigating best methods to continue Western Power's supply chain mapping to reach lower tier indirect suppliers within its supply chain
- continuing training its Human Resources and Commercial teams to ensure they are confident in identifying modern slavery risks and can execute remediation practices.

2020-21 focus area

Western Power's operating landscape is rapidly transforming from poles and wires to a flexible modular grid that includes distributed resources such as solar panels, batteries and electric vehicles.

The manufacturing process of batteries is well known to include areas of high risk for modern slavery practices such as forced labour and child labour.

Along with the actions listed above Western Power will undertake a focused review of the suppliers providing community batteries and stand-alone power systems and seek to partner with them over the coming year to mitigate our shared risks.

Western Power is committed to the continued engagement, assessment and collaboration within its internal business and with external suppliers to provide transparent disclosure of its activities, and the potential modern slavery risks associated with them.

This statement was approved by the members of the Board of Western Power on 01 December 2020.



Ed Kalajzic
Chief Executive Officer

For additional information or questions please
lodge your query via our website
my.westernpower.com.au/contact-us/

If you'd like to let us know about suspected
wrongdoing, please contact Western Power
directly on either
13 10 87 (General) or 1300 304 550 (STOPline).



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This information is available in
alternative formats if requested

