

Modern Slavery Statement 2021



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HORIZON
POWER

Our approach to modern slavery

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

The purpose of this statement is to outline the steps Horizon Power has taken during the financial period 1 July 2020 to 30 June 2021 to identify and address modern slavery across the organisation and our supply chains, and also set out our plans for future improvement.

We recognise that the shortened timeframe between the submission of our first statement in March 2021 due to the extended COVID19 deadlines and the submission of this statement in December 2021, has meant that we have had less opportunity to implement significant change. As a business we have spent the time in this reporting period and between statements focusing on internal staff education and developing and implementing staff capability and infrastructure in the modern slavery space to enable us to progress

delivering more impactful reporting in the future. We have also spent time responding to modern slavery surveys as a supplier which has given us an opportunity to experience the compliance issues from a supplier perspective and this will inform and improve our own processes in relation to surveying our supply chain.

Horizon Power remains committed to establishing and enhancing ways to detect modern slavery in our supply chain. We realise the importance of educating our employees and stakeholders about the negative impact that modern slavery has on the lives and wellbeing of global citizens and intend to ensure these concepts are reinforced with our employees.

Through our continued commitment to reporting, we are better equipping ourselves to recognise the risk for modern

slavery to occur within our supply chains. We advised in our previous Modern Slavery Statement that we expect our suppliers to ensure that all their employees and contractors are legally entitled to work and that our suppliers comply with the guidelines set out in the UN Guiding Principles on Business and Human Rights. We continue to foster this expectation with our suppliers and plan to enhance and develop our ability to detect modern slavery in our supply chain as we progress with our reporting on this important issue.

Our main focus in the 2022 reporting period is to develop a Supplier Code of Conduct to further enshrine our commitment to the eradication of modern slavery in our supply chain through engagement with our suppliers.

About Horizon Power

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

Our service area is vast and covers approximately 2.3 million square kilometres. Horizon Power operates in the Pilbara, Kimberly, Gascoyne, Mid-West and the southern region of Western Australia which includes the Southern Goldfields, Esperance, Hopetoun and

Norsemen. We have regional depots based in Karratha, Broome, Kununurra, Carnarvon, Esperance and Port Hedland, with administrative support being delivered from Perth.

Horizon Power operates 38 systems delivering power to 51,117 customer connections servicing more than 46,897 residents, communities and businesses. Our service area includes the North West Interconnected System (NWIS) in the Pilbara; the connected network covering

three interconnected systems in Kununurra, Wyndham and Lake Argyle; and 34 microgrids tailored to meet the unique needs of some of the most isolated and remote communities in the world.

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

Our ambition is to **deliver energy solutions** for regional growth and to help **establish** and **maintain vibrant communities**.

Our structure, operations and supply chain

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

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

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

Horizon Power employs 435 people situated in regional Western Australia, and its capital, Perth. We continue to engage our direct employees either by contract or under Enterprise Agreements which are approved by the Fair Work

Commission. This approach significantly lowers the risk of modern slavery within our direct team. For this reason, we focus our risk assessment and mitigation measures on the external entities comprising our supply chain through increased visibility over the employment terms and conditions of employees of our suppliers.

Horizon Power aims to create opportunities in the areas we operate for local suppliers through the procurement of local products and services where possible. We work closely with small business and community groups to create opportunities for economic recovery and investment in regional towns. Using local goods and services also provides us with the benefit of better insight into our modern slavery risk and the ability to make real and positive change should any modern slavery be identified in these areas.

Horizon Power has a global supply chain of approximately

1,500 direct suppliers. Many of Horizon Power's suppliers subcontract part of their contracted work scope to sub-suppliers. Horizon Power procures and sources products from a range of services including mining, cleaning, clothing and office supplies from a variety of locations including countries outside of Australia.

This reporting period has seen Horizon Power continue to engage with suppliers through a variety of methods ranging from one-off transactional purchase orders through to strategic operational and ongoing category contracts and high value one-off project spends. We continue to operate a centre-led procurement model which has been refined by the introduction of our new Procurement Policy. In our previous reporting period we committed considerable resources to reviewing and updating our Procurement Policy to ensure that our procurement processes are in alignment with our internal procurement policies, strategies and

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

During the course of the 2020 and 2021 financial year Horizon Power procured goods and services across a wide range of categories including goods and equipment which we now know come from countries with heightened modern slavery risk factors.

COVID19 has presented global supply chain challenges which we have been directly impacted by with lengthy delays and problematic supply of some of the goods we require to carry out our business. We also acknowledge the possibility that these increased demands have the potential to worsen conditions

for those already affected by modern slavery conditions.

In February 2021, Horizon Power entered into an incorporated joint venture with Ampcontrol Limited, establishing Boundary Power Pty Ltd. Horizon Power owns a non-controlling interest in Boundary Power. Boundary Power brings together Horizon Power and Ampcontrol's combined stand-alone power systems design, construction, deployment and operation expertise, unveiling a new, innovative series of stand-alone power systems to the market.

As a recently incorporated entity, Horizon Power intends on working with and encouraging Boundary Power to adopt systems which will assist it in assessing and managing modern slavery risks in its supply chain.

As we learn more about modern slavery and the forms in which it exists, we are able to more readily recognise that the diversity of the products and the services that we procure and the locations from which these goods and services originate may heighten the risk of modern slavery being identified in our supply chain. We continue to take our commitment to the identification and eradication of modern slavery seriously and are undertaking a continuous process of reform in relation to our policies and governance. Our business is adopting a systematic review process to areas such as procurement where steps can be taken to identify and eradicate any modern slavery from our supply chain.



Policy framework and governance

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

Our decisions are aligned to four Guiding Principles:

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

Horizon Power's corporate policies provide the framework for key aspects of the business' operations. They provide direction for employees,

directors, consultants and contractors as well as insights into our philosophies and values. The policy framework at Horizon Power currently includes the following policies and codes:

- **Procurement Policy** sets out our approach to procurement including the implementation of practices to identify modern slavery in our supply chain. We worked towards developing and adopting a

new Procurement Policy in this reporting period as part of our commitment to continuous improvement in this area.

- **Anti-Bribery and Corruption Policy** which ensures our organisation is conducted with integrity and free from bribery and corruption.
- **Code of Conduct** which sets the standards of ethical and professional behaviour applicable to our employees.

During this reporting period Horizon Power has reviewed and updated its policy framework to make clear commitments to social impact through procurement and synthesise our approach. As part of this process, Horizon Power implemented our Modern Slavery Strategy which will continue to provide our employees with guidance on identifying and addressing modern slavery in our supply chain. Our Modern Slavery Strategy influences and complements the way we undertake our procurement, the way we train and educate our people and the information we provide to our suppliers.

The Act requires that Horizon Power has a Code of Conduct setting out the minimum standards of conduct and integrity to be observed by our employees. By Signing up to our code of conduct our employees agree, and attest on an annual basis, to comply with Horizon Power's policies and procedures.

In addition to our policies, the terms and conditions of all contracts and purchase orders that we use when engaging with our suppliers include specific modern slavery provisions requiring that the suppliers comply with all applicable anti-slavery and human trafficking laws. We also

undertake due diligence at the time of supplier accreditation. As part of our Modern Slavery Strategy we intend to explore additional checks and balances which can be employed at the supplier on-boarding stage.

To supplement our existing policies and conduct codes we propose to implement a Supplier Code of Conduct. The Supplier Code of Conduct will enable us to express to our suppliers Horizon Power's position on issues such as modern slavery. It is our intention that in the future adopting and agreeing to the Supplier Code of Conduct will become a pre-requisite to working with Horizon Power as a supplier.

Assessment and mitigation of modern slavery risk

At Horizon Power our supply chain remains the area of greatest potential modern slavery risk.

We continued to devote on-going effort over the course of this reporting period to deepen our understanding of the specific types of human rights risks associated with different types of products, source countries and sectors. We prioritise our assessments of our suppliers' human rights performance based on risk.

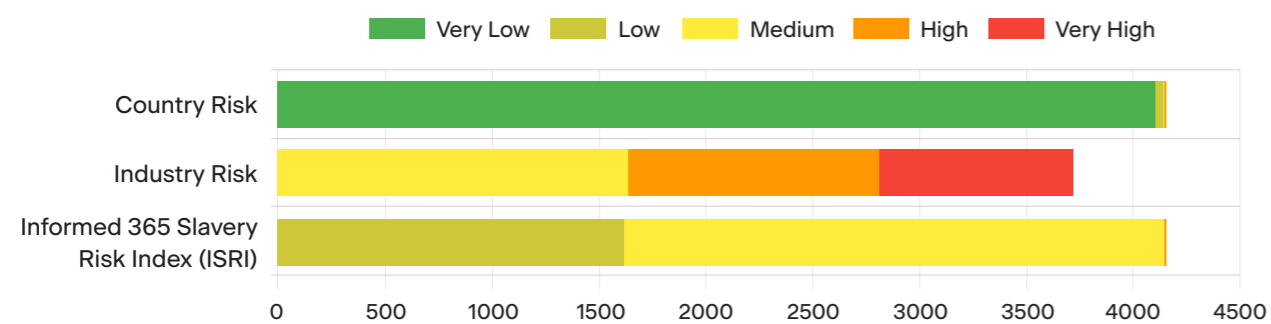
Horizon Power continues to be an active member of the Energy Procurement Supply Association (EPSA) an Asia Pacific not-for-profit association of energy industry procurement and supply professionals.

Through participating in this forum Horizon Power has been introduced to and engaged with Informed 365 which is an Australian based tech company that develops real-time digital platforms with analytics technology to assist with digital mapping and surveying of an entity's supply chain.

Horizon Power has committed to using the Informed 365 platform together with the self-assessment questionnaire issued through the platform to better understand our supply chain. In this reporting period we issued the survey to the first

tranche of our suppliers. In the first instance Horizon Power has targeted those suppliers currently engaged pursuant to high value contracts with the organisation. These suppliers have been issued with the self-assessment questionnaire for completion and subsequent analysis of the survey results.

Using the analysis tools available on the Informed 365 platform Horizon Power is able to determine the overall risk ratings of these high value suppliers. The current combined risk rating of our initial top tier suppliers is represented below:



- The risk rating of our first tranche of suppliers indicates that whilst the suppliers operate in countries which are predominantly considered to be low risk, the industry risks associated with the supply of power and the materials necessary to perform this service cannot be ignored and must be recognised in the way we approach modern slavery outcomes.
- We also recognise that whilst our first tier suppliers originate in regions we know to be low risk, the supply chains of those suppliers include sourcing goods from high risk countries and in industries which are known to have heightened modern slavery risk factors.
- Analysis such as the compilation of risk ratings enables us to target our

- approach within our supplier pool. To achieve our aim of continual improvement in the modern slavery space we intend to expand our surveyed pool of suppliers each reporting period and in doing so to centralise and consolidate our reporting data.
- This financial year we have leveraged our modern slavery strategy to mitigate the risk of modern slavery in our supply chain. Since our last report we have further developed this strategy to include:
 - prioritising our commitment to buying close to home where doing so is in line with our organisation processes and embedding this commitment in our new Procurement Policy and through our commitment to enter into an Implementation Agreement in relation to

- the Western Australian government Buy Local Policy
- amending any new contract templates and continuing to monitor our existing contract and purchase order documents to require that suppliers are engaged with appropriate requirements seeking to encourage compliance with modern slavery legislation
- continuing to issue the self-assessment questionnaire to our suppliers and to include a broader range of suppliers. We intend to focus initially on those identified in the higher risk categories
- conducting internal seminars and delivering training to our employees on the topic of modern slavery and identification of these practices in our supply chain.

Measuring Effectiveness

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

- issuing annual self-assessment questionnaires to further tranches of suppliers and compile and review results
- utilising the tools provided in Informed 365 to categorise new suppliers and review risk ratings
- set targets for undertaking further staff education on modern slavery risks and
- continual improvement and updating of our procurement procedures and precedents
- continue to consult with relevant industry bodies and associations to share ideas and strategies and find out what other organisations are doing in this space
- continue to map our growing supply chain

The future

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

During the 2021/2022 financial year Horizon Power is planning to further develop our Modern Slavery Strategy.

This strategy will include for the next reporting period:

- continuing to educate our employees including sharing knowledge, discussing approaches and building on existing knowledge to address the modern slavery issue
- continuous review and, when required, amendment of the terms and conditions of our contracts and purchase orders

- extending the self-assessment questionnaire to suppliers across all risk rating categories and undertaking further analysis of the results to best target our future strategies

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

- implementing modern slavery reporting into our custom procurement software to enable surveying and monitoring of a broader category of suppliers

- developing and implementing our Supplier Code of Conduct
- researching and leveraging off what others are doing in the modern slavery space to capitalise on any developments which may assist us in our continuous improvement journey

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

'This Modern Slavery Statement was approved by the Board of Horizon Power on 21 October 2021.'



Stephanie Unwin | CEO



Samantha Tough | CHAIR OF THE BOARD



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