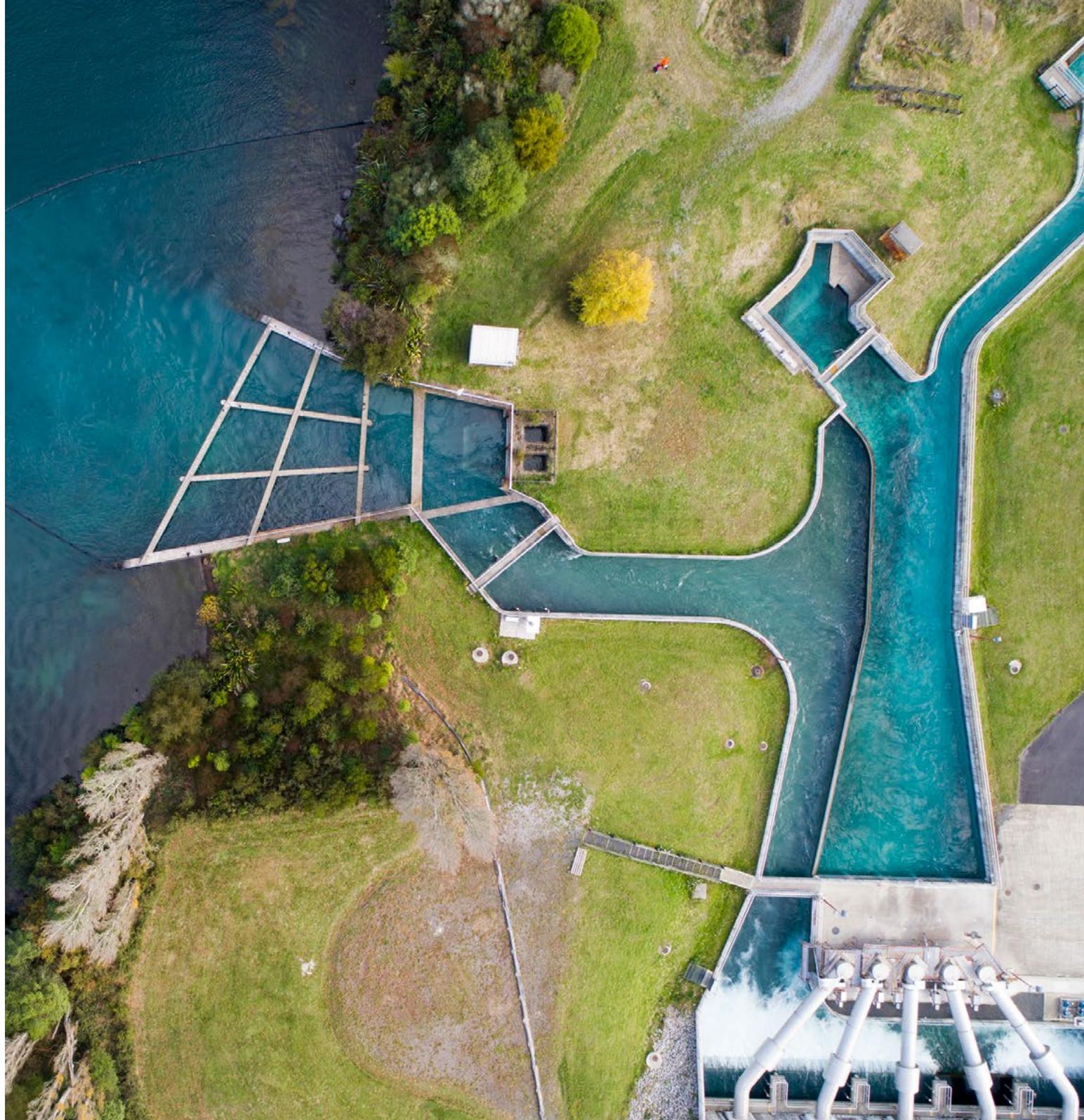




# Modern Slavery Statement

2022



# 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, our customers, and communities, and the environment that we operate within. 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 and manage whenua, awa and other taonga in the spirit of Te Tiriti. 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.

Contact is currently working to deliver on Contact26 – our strategy to build a better Aotearoa New Zealand by leading the country's decarbonisation. This strategy is underpinned by our commitment to strong environmental, social and governance practices, a focus on operational excellence and the ongoing transformation of how we work. In FY22 we have worked to improve our processes and procedures and to review our contractual controls to better manage Modern Slavery risks.

This Statement is made jointly on behalf of Contact Energy Limited ("Contact") and its wholly owned subsidiaries, Simply Energy Limited ("Simply"), and Western Energy Limited ("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 2022 ("FY22"). 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 within.

- 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 preventing, identifying and remediating modern slavery risks.
- We have made some good progress in FY22, including running a Modern Slavery risk workshop for key staff, commissioning an external consultant to carry out a survey and report on results, developing a Sustainable Procurement Framework and initiating a review of our suite of corporate policies to ensure compliance with our approach. However, we recognise that there is still work to be done to improve our policies, frameworks and practices across our business and supply chain.

- Key focus areas for FY23 will be to cement our Sustainable Procurement Framework into the business, identify and act on any training requirements for our people and embed our Modern Slavery risk approach across the business.

## About Contact

Contact is one of New Zealand's largest listed companies, employing nearly 1,200 people and supplying electricity, natural gas and LPG products to 580,000 customers throughout New Zealand. We also provide broadband to around 71,000 customers (all figures correct as at August 2022).

We generate electricity from hydro, geothermal and thermal fuel sources. We own and operate 11 power stations: Stratford in Taranaki, Te Rapa, 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 is under construction at Tauhara as well as an additional unit at Te Huka. In FY22, 87% 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.

Contact has two wholly owned subsidiaries: Simply Energy (**Simply**) and Western Energy (**Western**).

**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 more sustainable, better New Zealand. It employs 64 energy specialists and energy innovators (as at June 2022) and works with a network of energy industry partners to design and set up innovative energy solutions. Contact acquired Simply in late 2020.

**Western** is a specialist geothermal well services provider employing 33 people (as at June 2022) Based in New Zealand, Western provides services to domestic and international customers. Contact acquired Western in early 2021.

Please see our **2022 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 for directors, employees and contingent workers of Contact which 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:

- Supplier Code of Conduct
- **Code of Conduct**
- **Human Rights**
- **Inclusion and Diversity**
- **Anti-bribery and corruption**
- **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.

Contact's "Tier 1" category of vendors accounts for 80% of procurement spend in a financial year. In FY22 we used 1,522 vendors and spent around NZD\$561m on procurement. 80% of that spend (approximately NZD\$450m) was spent with 68 Tier 1 vendors (4% of all vendors).

# Our supply chain

## 1. We generate

We own and operate **11 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 **2,000 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 thousands of individuals and businesses to meet their energy and broadband needs.



## Risks of modern slavery practices in our operations and supply chain

Our ongoing review of Modern Slavery risks in our operations and supply chain has not identified any material risks. There was no change in our risk profile for FY22, compared with FY21.

As Contact relies on extensive global networks, we 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:

1. Assess Modern Slavery risk factors in our operations and supply chain;
2. Prioritise focus areas for further due diligence;
3. Implement policies and procedures to address and reduce the risk of Modern Slavery; and
4. Develop a process to regularly review the effectiveness of our actions and seek areas for improvement.

Contact implemented the **Supplier Code of Conduct** in April 2021. This is a 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. It sets out Contact's expectations that suppliers will work with us 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, reporting and putting in place corrective actions where needed.

In April 2021 Contact also implemented a **Commercial and Procurement Guideline** outlining the process for appointing new suppliers, conducting supplier due diligence, establishing supply arrangements, executing supply contracts, making purchases and placing orders. Our Commercial and Procurement Guideline requires prospective suppliers to respond to a questionnaire (within RFP processes). We ask them to identify, address, and report on the risks of Modern Slavery practices in their business operations and supply chains. Their answers contribute to an overall score, which is used to assess and appoint the successful respondents. Contact's procurement framework has been revised and strengthened during FY22, as set out in the "2022 Modern Slavery risk management initiatives" section below.

Simply requires its suppliers to adhere to the Supplier Code of Conduct and follow the Commercial and Procurement Guideline. Discussions are underway with Western to better understand its use of those documents, with the goal that the same standards will be applied to all suppliers throughout Contact's supply chain by the end of FY23.

## 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 modern slavery 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 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: for example, we are working toward meeting the criteria of international sustainability indices, in particular the Dow Jones Sustainability Index.

In line with our commitment to acting ethically and with integrity throughout the business, we worked with an external consultant during FY22 to identify the high-risk industries in our supply chains, with reference to the Global Slavery Index (**GSI**). Most of Contact's suppliers representing industries at high risk of modern slavery practices are based in New Zealand and Australia, where local laws and enforcement activities ensure a lower risk of modern slavery. We identified three suppliers, with a combined Contact spend of around NZD\$900,000, based in countries deemed "high risk" for modern slavery according to the GSI.

Work is underway to develop an appropriate risk management process around these higher risk suppliers.

As Contact's operations rely on global networks, we will continue to identify and (where possible) take action to rectify risks in global supply chains. We are working to improve our understanding of suppliers' modern slavery risks, and to make our procurement process even more robust. During FY22 we asked all Tier 1 suppliers to complete a Supplier Assessment in order to identify a range of human rights risks, including those associated with modern slavery. The survey results will help us to better identify, manage and mitigate any relevant risks.

## 2022 Modern Slavery risk management initiatives

Our assessment and management of modern slavery risks is underpinned by our corporate governance system. This system comprises Contact's Corporate Governance Statement; Constitution; Board and Committee Charters, our Supplier Code of Conduct and various Policies (available [here](#)).

The Contact Board has adopted corporate policies and procedures that reflect best practice. We follow the principles and recommendations of the NZX Corporate Governance Code and the requirements of the Australian Modern Slavery Act 2018.

We recognise the risk of Modern Slavery within our operations and throughout our supply chain. During FY22 Contact has built on the actions taken in FY21 and has taken steps to improve and embed its Modern Slavery framework. Our FY22 initiatives are summarised below:

### Review by external consultant

Contact engaged PWC to undertake a comprehensive review of the steps taken in FY21 and to deepen our collective understanding of Modern Slavery risks in our operations and supply chains. The resulting report (**PWC Report**) has guided our work in strengthening and embedding our approach to Modern Slavery risks across the business.

### Tier 1 supplier Modern Slavery risk assessment

We initiated a comprehensive evaluation process of all our Tier 1 suppliers. This included a questionnaire, which has been rolled out and will shortly be evaluated. The questionnaire asked:

1. Does your organisation have a commitment, policy or process that prohibits modern slavery in all its forms? If so, please describe.
2. Does your organisation undertake actions to identify, investigate and remedy the risk and

any instances of modern slavery within your operations and supply chain? If so, please describe.

3. Does your organisation publicly disclose information on its efforts to address modern slavery practices under any Modern Slavery/ Human Rights laws? If so, please describe.

### Modern Slavery Risk Workshop

Contact and PWC delivered a Modern Slavery Risk Workshop for key personnel across the group. The workshop focussed on educating and providing information to assist stakeholders to better understand Contact's role in respecting human rights; its responsibilities for complying with the Australian Modern Slavery Act and the impact of modern slavery on Contact's operations and supply chain.

### Contract template review

We reviewed our standard supplier contract templates to identify the need for appropriate terms and conditions to manage modern slavery risks.

### Corporate policies review

Contact initiated a review of our suite of corporate policies with the goal of strengthening them from a human rights perspective and embedding them across the business. This work will continue through FY23.

### Formal Modern Slavery governance model

Contact established a formal governance model to ensure more robust oversight of our efforts to manage and address Modern Slavery risks across the business. It will be implemented during FY23.

### New Sustainable Procurement Framework

Contact is currently implementing a Sustainable Procurement Framework (also referred to as the Sustainable Fact Sheet) which will create a more robust process for assessing prospective suppliers. Contact will provide this Framework, together with the Supplier Code of Conduct and the Supplier Questionnaire and Declaration to suppliers before they are engaged, and then on an annual basis

as part of our Supplier Relationship Management process.

Under the new Framework suppliers must commit to the Supplier Code of Conduct; respond to the Questionnaire and return it to Contact with a signed declaration. These documents will feed into the evaluation process for each supplier. Contact will identify corrective actions where suppliers' responses are not satisfactory, and work with the supplier in question to address and remediate the issue(s). We will monitor the resulting action plan and close it when the implementation is successfully completed.

The new framework will be applied to our Tier 1 and high-risk suppliers initially, with other suppliers being included over time.

### Next steps

Contact plans to embed our Modern Slavery approach across the business during FY23 and integrate it with our suite of ESG strategies by the end of FY24. We will use the PWC Report to guide our work to strengthen and integrate our approach to Modern Slavery risks, and to identify areas for new or renewed effort. Targeted in-person training on Modern Slavery risks is planned for selected business units.

### 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 actions taken to manage modern slavery risks 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 will use the following mechanisms to assess the effectiveness of actions taken:

- I. 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.
- II. Where applicable, Contact will supplement this with cross-functional reviews between the People Experience, Procurement, Compliance and Legal teams, to align and ensure that the different functions of the business are aware of progress and to allow updates.
- III. Contact will continue to review processes and procedures to ensure progress and promote awareness of the issue of Modern Slavery.

The implementation of the Sustainable Procurement Framework, Commercial and Procurement Guideline, Supplier Code of Conduct and Supplier Questionnaire has raised the level of awareness of Contact's policies, procedures, and obligations around Modern Slavery risks in our operations and procurement. The responses to the FY22 Supplier Questionnaire will inform our assessment of the effectiveness of our actions and guide efforts to improve our approach. Contact's Legal and Compliance team will continue to focus on our implementation of the Modern Slavery approach and monitor for any reported grievances.

### 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, Procurement and Sustainability teams
- Contact's Procurement Steering Group
- Contact's Senior Leadership Team

We expect to expand our consultation with our subsidiaries during FY23.

This Statement was approved by the Board on x/x/2022.

**Robert McDonald**  
Chair  
Contact Energy Limited  
14 December 2022

**Mike Fuge**  
Chief Executive Officer  
Contact Energy Limited  
14 December 2022