

Modern Slavery Statement

Financial Year Ended 30 June 2021 (FY21)

This is the first Modern Slavery Statement prepared by ZEN Energy. The Board of ZPH Investments Pty Ltd wholeheartedly endorses the values and aims encompassed by the *Modern Slavery Act (Cwlth 2018)*, acknowledging that ZEN Energy is early in the journey to achieve those aims.

Introduction to ZEN Energy

ZEN Energy is an integrated energy retailing and wholesale trading business.

Its retail business sells electricity to Government and business customers:

- long term foundational contracts with the SA Government (10-year term), CSIRO (10-years) and SA Chamber of Minerals and Energy (5-years)
- sourcing matching hedges from the wholesale business to secure long-term margins
- a business plan to expand to other Government, semi-government and RE100 customers throughout the National Electricity Market

The wholesale business interacts with the market:

- to source power and LGCs to supply the retail business' customer load via derivative contracts and Purchased Power Agreements with renewable energy generators
- to execute trading strategies, particularly in relation to LGCs and carbon-abatement products
- to write tolling agreements in relation to energy storage assets

The business has an energy services division that supplies rooftop solar and battery equipment to corporate and residential customers. This capability is a value-add for the retail contracts.

ZEN Energy will apply its project development capability to source cost-effective energy generation and storage supply; and to originate valuable investment opportunities for its asset portfolio.

Reporting Entities, Structure and Operations

In July 2020 the shareholders in Sunshot Energy Pty Ltd (a wholesale energy trading business) acquired the majority ownership of ZEN Energy Retail Pty Ltd by way of Demerger from SIMEC Energy. The parent company is ZPH Investments Pty Ltd, the Board of which provides oversight of each of the operating entities of ZEN Energy. The first year of operations focused on bringing the two businesses together under one management team, establishing a strong capital foundation, winning a 10-year extension to the contract to supply the South Australian Government, developing the business growth strategy and gaining the synergies of merging the wholesale and energy retail business to form ZEN Energy.

The majority ownership of both businesses is ultimately held by ZPH Investments Pty Ltd. The Board of ZPH Investments Pty Ltd (“the Board” in this report) has managed the reporting entities as one business since early 2021.

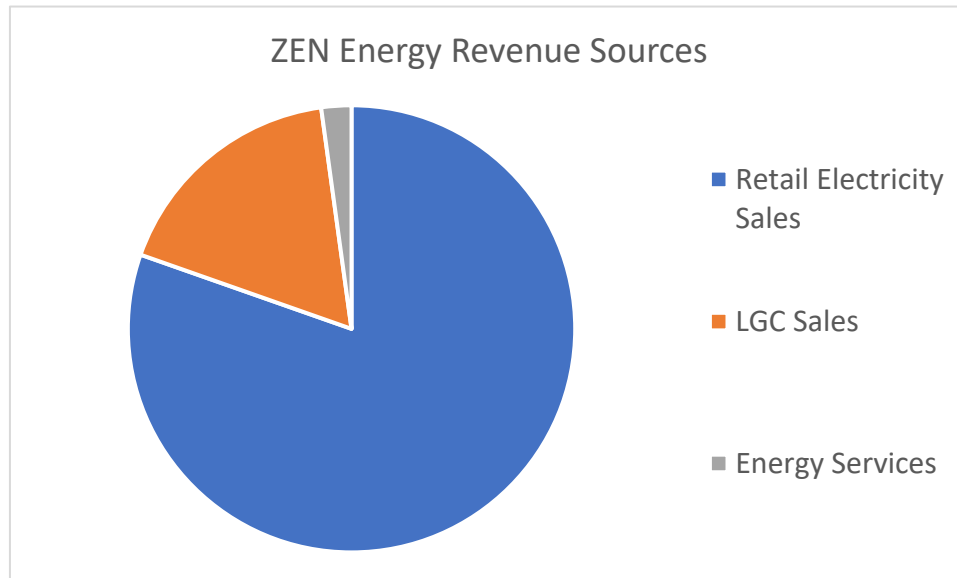
Accordingly, this report covers the following entities, together called ZEN Energy in FY21:

- ZEN Energy Retail Pty Ltd (“ZER”, the entity obliged to report under the Modern Slavery Act) and its parent, ZEN Power Holdings Pty Ltd; and
- Sunshot Energy Pty Ltd, and its operating subsidiaries:
 - Sunshot Energy Trading Pty Ltd
 - Sunshot Derivatives Pty Ltd, and
 - Sunshot Developments Pty Ltd
- the parent company, ZPH Investments Pty Ltd

This report covers all operating entities listed above, all jointly operated under common management, systems, processes, and Board oversight. The Board of ZPH Investments Pty Ltd provides oversight and governance to all of the operating entities of ZEN Energy.

ZEN Energy operations covered the following activities in FY21:

- Sale of retail energy to customers located predominantly in South Australia but also New South Wales and Victoria
- Purchase of wholesale energy from AEMO and via Power Purchase Agreements with 2 Victorian-based solar farms
- Purchase of electricity risk management products including electricity swaps, Caps, and Settlements Residue Auction products (SRA’s) from various wholesale market participants located in Australia
- Purchase and sale of Certificates related to renewable electricity, including Large Scale Generation Certificates (LGC’s), Small Scale Certificates (STC’s) and related products. These products may be purchased on market or sourced directly from solar or wind farms
- Sale of systems for rooftop solar and battery systems for commercial and residential applications (“Energy Services”). These activities include design of systems, the acquisition of small-scale renewable energy components, and the engagement of contractors to install those products



In future, the ZEN Energy operations are expected to expand to projects designing and building renewable assets such as solar farms or electricity storage facilities.

Modern Slavery Risks in ZEN Energy

As all of ZEN Energy's customers are based in Australia, the upstream supply chain was the focus for the Modern Slavery risk assessment. The risks were assessed based on whether the supplier of goods or services was likely to:

- source materials from a High Risk Country* (with a focus on solar panels and electrical components)
- have overseas operations
- provide electricity or green energy certificates from a solar, wind farm or battery source

This initial risk assessment identified the following key areas of Modern Slavery risk for ZEN Energy:

- Ten (10) suppliers of hardware components which are likely to be sourced from a High Risk Country. These supplies support the Energy Services segment of the business. Six (6) of the suppliers in this category provide solar panels. Of these six, one is an OEM and five are distributors. The OEM prepares an annual Corporate Social Responsibility Report and Modern Slavery Statement.
- Two providers of electrical power and LGC's from solar generation facilities located in Victoria.
- Eight (8) providers of LGC's from solar, wind and woodwaste generation facilities across the eastern states of Australia
- One provider of an electricity swap and LGC's tied directly to a solar generation facility in NSW

* The High Risk Countries assessed were based on the Global Slavery Index (2018) estimate of the top 9 countries in terms of total slaves, viz. India, China, Pakistan, Nth Korea, Nigeria, Indonesia, Dem Rep Congo, Russia, Philippines

Actions Taken

In FY21, the Board and management relied primarily on procurement systems and processes inherited with the ZER retail energy business to minimise the risk of Modern Slavery in our supply chain. The assessment was carried out by management across all of the operating entities and reviewed by the Board.

Since 30 June 2021, and up to the date of this report, the following key actions have been undertaken:

- The Board has developed and approved a Modern Slavery Policy which has been deployed to all employees
- An assessment of the supply chain risks was undertaken to evaluate at a first pass the key areas of risk within the business and its supply chain
- A Supplier Code of Conduct was developed, including expectations related to Modern Slavery
- A new system has been deployed to monitor all business risks, compliance and action plans, including those related to Modern Slavery
- The standardised employee induction process has been enhanced to deploy the ZEN Energy Code of Conduct and Modern Slavery policy to all new employees

In FY22 the following additional actions are planned:

- Deploy the Supplier Code of Conduct to all high risk suppliers and all new suppliers
- Conduct evaluations direct with High Risk suppliers to assess their sources of materials and labour, and assess their actions related to Modern Slavery
- Enhance ZEN Energy's risk assessment process related to new projects to ensure Modern Slavery is properly assessed at each key stage of a new project
- Evaluate the strategy for procurement of goods and services for future renewable energy projects to minimise the risk of Modern Slavery in the supply chain. Enhanced due diligence will be implemented for Modern Slavery risk as potential Suppliers from High Risk Countries provide Requests for Proposals on new projects

For FY22, completion of these planned actions will enhance ZEN Energy's understanding of the key elements of the business which may be exposed to Modern Slavery in the current and future supply chain and allow it to develop a 2022 strategy for minimising that risk as the business grows and develops new electricity generation assets. Progress on these actions will be reported to the Board on a quarterly basis; the Board will assess the effectiveness of those actions and determine whether additional actions or other changes are required to ensure good progress toward the minimisation of Modern Slavery risk in ZEN Energy.

The Board of ZPH Investments Pty Ltd approved the release of this Statement at its meeting held December 14, 2021.



Raymond Spencer
Chair, ZPH Investments Pty Ltd