

Modern Slavery Statement 2025

Reporting period: July 2024 - June 2025



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About this Statement

This Statement covers Essential Energy's ongoing commitment towards eradicating modern slavery from our operations and supply chains.

The submitting entity is Essential Energy which qualifies as a reporting entity under the *Modern Slavery Act 2018* (Cth). This Statement covers all entities within Essential Energy and reports on the state of operations, structure, management framework and activities undertaken during the reporting period 2024-25, 1 July 2024 to 30 June 2025.

For this Statement Essential Energy identifies as being the principle governing body and reporting entity in accordance with the *Modern Slavery Act 2018* (Cth). Essential Energy does not own or control any entities with reporting obligations, with which a joint statement or process of consultation would be conducted under Section 16 of the Act.

This Statement also covers reporting obligations under the *Modern Slavery Act 2018* (NSW) and actions taken in-line with the NSW Anti-slavery Commissioner's Guidance on Reasonable Steps. For this reporting period, the Commissioner has not yet raised any significant operational issues on which Essential Energy is required to report.

The UN Guiding Principles on Business and Human Rights (UNGPs) are the authoritative guide on expectations for businesses on preventing and addressing involvement in human rights harm. The UNGPs provides a framework for how a business should respond depending on its relationship to the harm. It is the expectation that businesses: take proactive steps to ensure their activities do not **cause** or **contribute** to adverse human rights impacts and address such impacts when they occur; and seek to prevent or mitigate adverse human rights impacts that are **directly linked** through to their operations, products or services by their business relationships.

Appropriate action is dependent on the degree of involvement to the adverse event and relationship to the harm. The case studies undertaken during this reporting period and information contained within this Statement are aligned to the UNGPs framework.

In this Modern Slavery Statement ("Statement"), unless otherwise stated, the use of "us", "our" and "we" refers to Essential Energy ("the reporting entity"). Any reference to "year" or "reporting period" relates to the financial year 2024-25, 1 July 2024 to 30 June 2025, unless stated otherwise. All dollar figures presented in this Statement are in Australian dollars unless otherwise indicated.

Message from the Chair and Chief Executive Officer

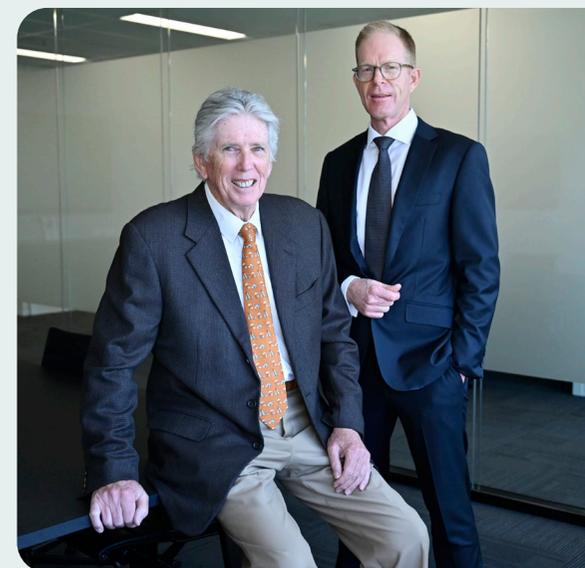
We are pleased to present the sixth edition of Essential Energy's Modern Slavery Statement, prepared in accordance with our obligations under the *Modern Slavery Act 2018* (Cth) and the *Modern Slavery Act 2018* (NSW). The effective management of modern slavery risks forms part of Essential Energy's broader commitment to sustainability, regional development and building resilient communities. This Statement outlines our progress and continuous improvement efforts during the reporting period from 1 July 2024 to 30 June 2025.

Essential Energy's network spans 95 per cent of New South Wales and parts of southern Queensland, placing us in a unique position to serve regional, rural and remote communities. As we support these communities through the energy transition, fostering a safe, fair and inclusive culture remains central to our organisational values.

Essential Energy is committed to reviewing and enhancing our systems, processes and policies to effectively identify and manage modern slavery risks. We stand firmly against all forms of modern slavery, including forced labour, child labour, debt bondage, human trafficking, domestic servitude, sex trafficking and workplace exploitation. We maintain confidential reporting and grievance mechanisms to support the identification and resolution of issues related to modern slavery and human rights.

We continue to build internal capability and understanding through education, awareness training and collaboration with industry peers and suppliers.

These partnerships provide valuable insights into our supply chains and help refine our approach to managing modern slavery risks. We recognise the importance of understanding the risks within our operations and supply chains and take responsibility for the role we play. With supply chains located both within Australia and offshore, our strategy remains practical, targeted and impactful.



Essential Energy is committed to reviewing and enhancing our systems, processes and policies to effectively identify and manage modern slavery risks.

This Statement outlines our approach to modern slavery risk management and the actions undertaken throughout the reporting period. The Board of Essential Energy approved this Statement on 27 November 2025, reflecting our shared commitment to upholding human rights and addressing modern slavery risks.

Doug Halley
Chair

John Cleland
Chief Executive Officer

Acknowledgement of Country

The lands on which we work and live is Country for 48 First Nations – from Wiljali Country on the plains of Far Western New South Wales (NSW), to Ngarigo Country in the high Snowy Mountains and Bundjalung Country on the sub-tropical North Coast, as well as more First Nations across the diverse landscape that is regional, rural and remote NSW and parts of southern Queensland.

We acknowledge the Traditional Custodians of the lands on which our company is located and where we conduct our business, and we acknowledge all Aboriginal and Torres Strait Islander peoples across Australia. We pay our respects to ancestors and Elders, past and present. We are committed to honouring Aboriginal and Torres Strait Islander peoples' unique cultural and spiritual relationships to the land, waters and seas and their rich contribution to society.

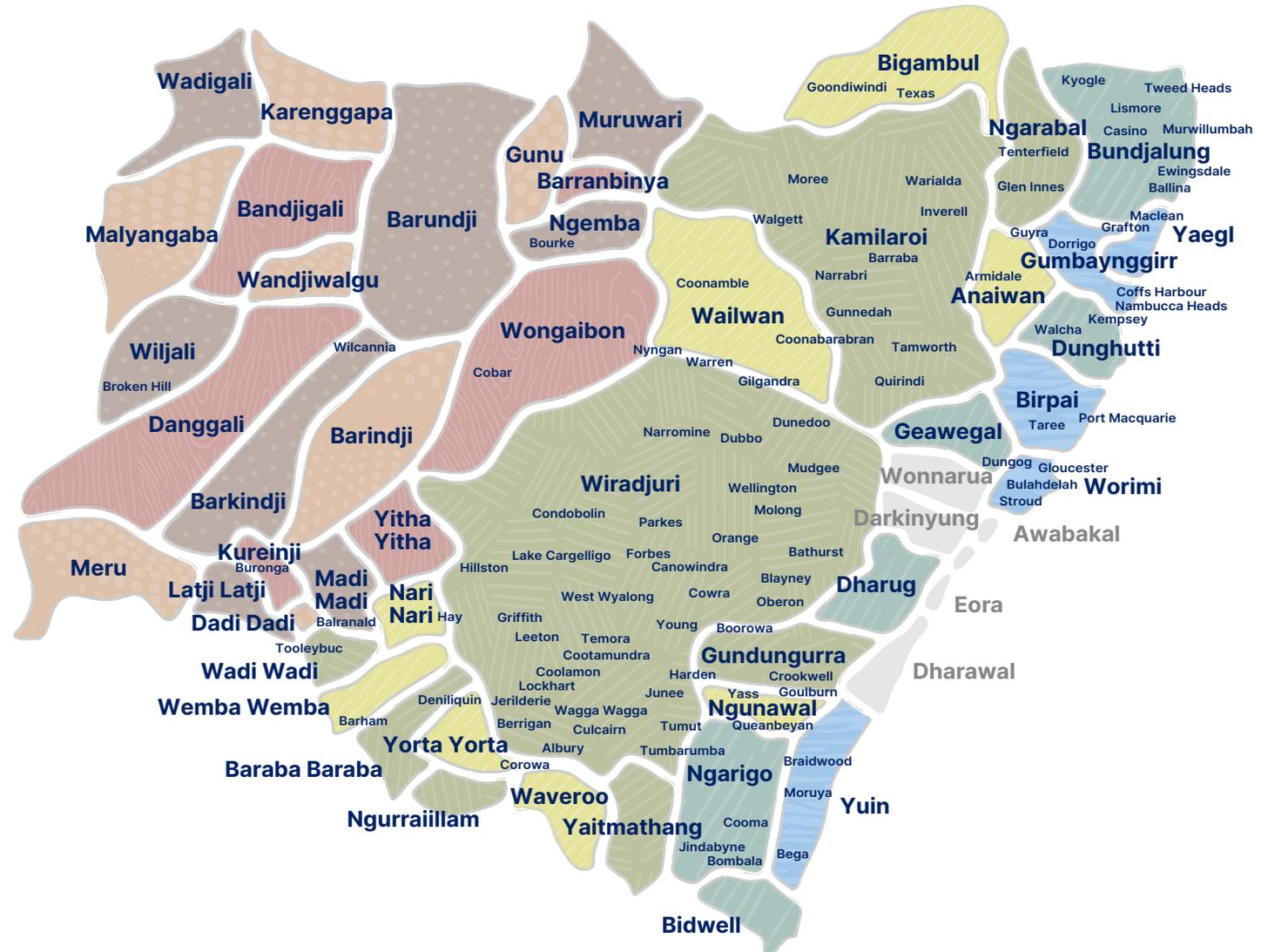
FIRST NATIONS AND OUR NETWORK AREA

48

First Nations

96

depot locations



For map notes and information sources see: essentialenergy.com.au/acknowledgement

About Essential Energy

Essential Energy is a State Owned Corporation established under the *Energy Services Corporations Act 1995* (NSW) and the *State Owned Corporations Act 1989* (NSW) to provide services critical to the economy and infrastructure for NSW. We build, operate and maintain the electricity distribution network across 95 per cent of NSW and parts of southern Queensland – one of Australia’s largest electricity networks.

Essential Water

In the Far West of NSW, Essential Water, an operating division of Essential Energy, delivers secure water supply to 10,500 customers in Broken Hill, Menindee, Silverton and Sunset Strip, as well as rural customers. Reliable sewerage services are provided to 9,700 customers in Broken Hill. Essential Water is not a separate legal entity.

Intium

In 2023, Essential Energy established a wholly owned subsidiary entity, Intium Pty Ltd (Intium).

Intium’s mission is to transform Australia for a clean energy future, by pioneering transformative change in complex and emerging energy services, that create sustainable impact. It will do this by focusing on business-to-business customers across Australia, providing complex and emerging energy services including network connections, electric vehicle charging infrastructure, electrification and advisory services. Intium does not meet the

definition of a reporting entity under section 5 of the *Modern Slavery Act 2018* (Cth).

Employees

Essential Energy is one of the largest employers in regional NSW, with approximately 3,910 employees based at depots and offices in 96 communities. Essential Energy is committed to the safety, health and psychological wellbeing of its employees, and creating a workplace that is safe, respectful and inclusive for everyone – consistent with the values of our organisation.

Our Inclusion and Diversity (I&D) Strategy has been developed within the context of Essential Energy’s Corporate Strategy, and the People

and Safety division’s strategy. The vision of the I&D Strategy is “An inclusive and diverse workforce, reflective of the communities we serve, where people can bring their whole selves to work every day”.

Customers

With more than 900,000 customers – including homes, hospitals, schools, businesses and community services – and more than 183,000 km of overhead powerlines, traversing 737,000 square kilometres of landmass, Essential Energy is an economic enabler for regional, rural and remote communities. Our electricity distribution network is funded through a five-yearly

distribution network revenue determination made by the Australian Energy Regulator (AER) in accordance with the National Electricity Law and National Electricity Rules Economic Regulatory Framework. We aim to continuously improve safety performance for employees, contractors and the community, along with the reliability, security and cost efficiency of the network, and to reduce our environmental impact where efficient to do so. We keep our customers’ network charges as low as possible while delivering an acceptable Return on Capital Employed to our shareholders.

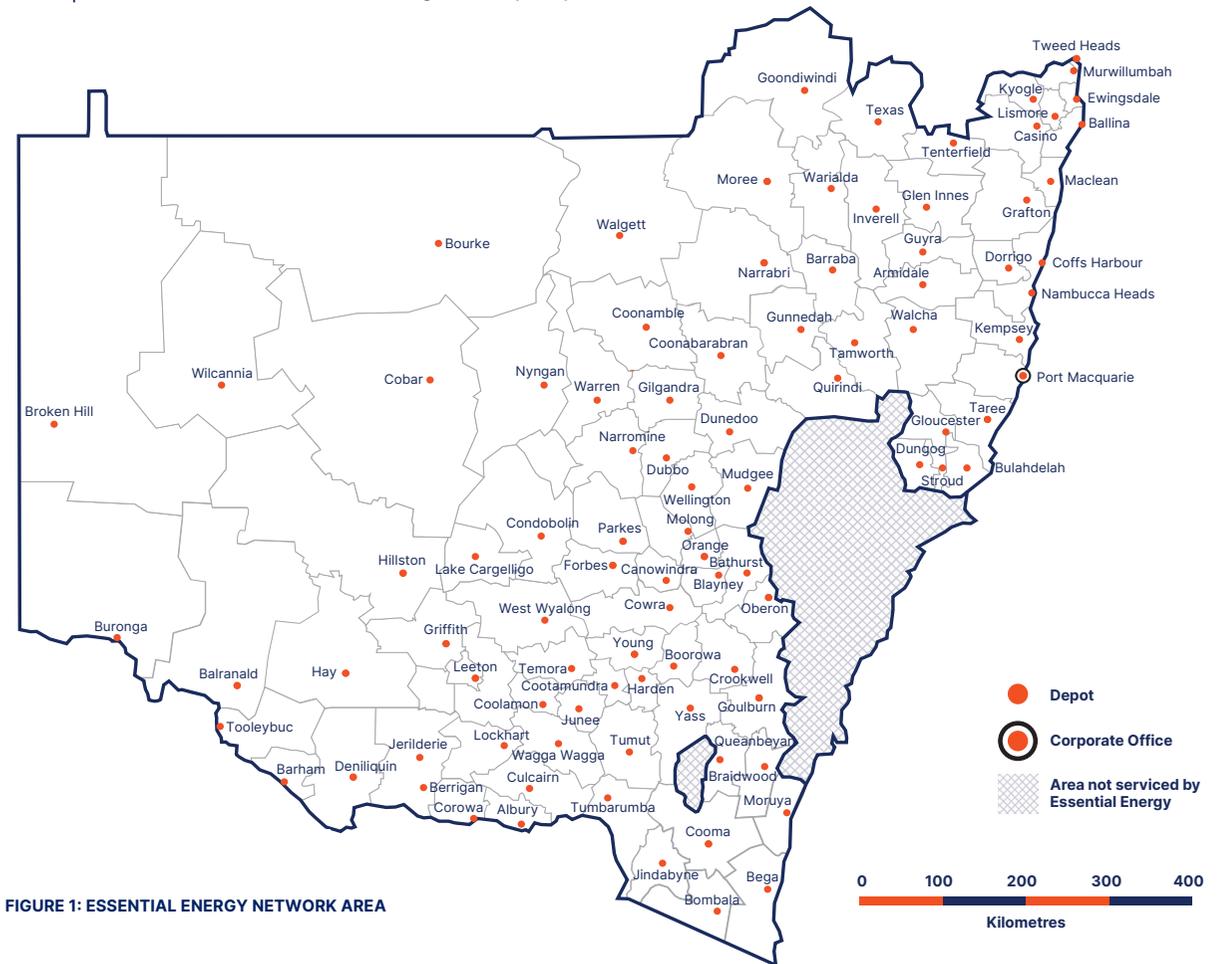


FIGURE 1: ESSENTIAL ENERGY NETWORK AREA

Our Vision

Empowering communities to share and use energy for a better tomorrow.

Our Purpose

To enable energy solutions that improve life.

Our Values



Make safety your own



Be easy to do business with



Make every dollar count



Be courageous, shape the future



Be inclusive, supportive and honest

Essential Energy supply chain

Overview

Essential Energy spends more than \$640 million annually across more than 2,400 direct suppliers. We procure a diverse range of goods and services to support our core business of operating and maintaining the network. Our key areas of expenditure are shown in figure 2 below.

Although the majority of annual spend is with direct suppliers based within Australia (99.3 per cent as shown in figure 3 below), it is critical that we take a risk-based approach and look further into our supply chains, especially those that extend offshore. We continue to investigate effective and reliable ways in which to increase visibility into our supply chains, such as the investigation into solar panels detailed later in the Statement.

Emerging business

The energy industry is undergoing rapid transformation, driven by the transition to net zero emissions, the emergence of new technologies, and evolving customer expectations. Essential Energy is committed

to building a shared energy future with our customers, empowering communities to use energy for a better tomorrow, while staying focussed on the environmental, economic and social sustainability of our operations.

In addition to assessing high-value procurement categories and high-risk geographical locations, we are proactively expanding our focus to include emerging spend areas that support network growth and the energy transition. These include microgrids, Stand Alone Power Systems (SAPs), Battery Energy Storage Systems (BESS), energy distribution infrastructure projects, and Customer Energy Resource Management systems (CERMs).

As we undertake procurements requiring innovative products and services, we recognise the importance of embedding modern slavery risk management from the outset. This means proactively investigating supply chains, tions to understand potential risks. By integrating these practices into our procurement process, we aim to uphold our commitment to sustainable sourcing and ensure that our support for electrification and network resilience does not come at the expense of human rights.

The following case study serves as a recent example of 'seeking to understand' risks early in the procurement process.

FIGURE 2: ADDRESSABLE SPEND KEY PROCUREMENT CATEGORIES

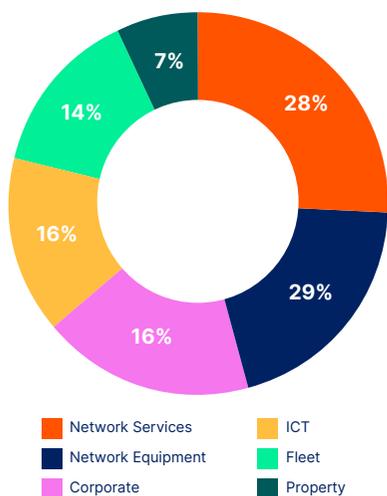
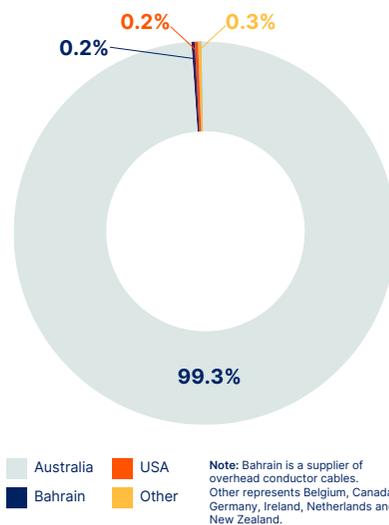


FIGURE 3: ADDRESSABLE SPEND BY GEOGRAPHIC LOCATION



CASE STUDY

Solar panels supply chain deep dive

As part of our commitment to modern slavery risk management and procurement sustainability, Essential Energy conducted a deep dive into the global supply chains for solar panels.

Solar panels are key components required to deliver our forecast investments in Microgrids and Stand Alone Power Systems (SAPS), both of which are new spend areas where understanding our modern slavery risks is critical.

Solar panels are essential to our decarbonisation and resilience goals. However, global supply chains, particularly in raw material sourcing and manufacturing, present significant modern slavery risks.

Over 40% of the world's solar-grade polysilicon is produced in China's Xinjiang region, where forced labour allegations have triggered international scrutiny and import bans such as the Ughur Forced Labor Prevention Act (UFLPA).

Our mapping exercise included:

- ▶ Identifying major global solar panel manufacturers, and those which are exporting to Australia.
- ▶ Reviewing manufacturing facilities located across China, Malaysia, Vietnam, and South Korea.
- ▶ Cross-referencing manufacturers with watchlists, such as UFLPA, and NGO reports to identify any allegations of modern slavery or human rights abuses related to these manufacturers.
- ▶ Investigating upstream polysilicon producers, with Xinjiang flagged as a high-risk geographic region, and alternatives in Germany, South Korea, and Malaysia showing stronger compliance.

This work has strengthened our understanding of solar panel supply chains and highlighted key risk areas. These insights will inform future procurement decisions, targeted supplier engagement, and traceability efforts to ensure our energy transition does not compromise human rights.

Risk management

Essential Energy has entered its sixth year of applying a continuous improvement framework for modern slavery risk management. The framework ensures compliance with reporting requirements and supports our intent to deliver a positive impact through our commitments.

At Essential Energy, modern slavery management is encompassed under the businesses' broader approach to sustainability and corporate risk management. This approach enables multiple areas of the business to be involved in helping to manage continuity of supply and mitigating modern slavery risks.

Figure 4 outlines our approach to modern slavery management. Each of the steps is described, along with actions taken this reporting period to mitigate the risks of modern slavery in our supply chains for goods and services procured.

FIGURE 4. FRAMEWORK FOR MODERN SLAVERY MANAGEMENT



Step 1. Governance

Essential Energy upholds the highest standards of corporate governance. Our Board, Executive Leadership Team (ELT) and relevant committees play a crucial role in providing guidance and leadership to ensure alignment with organisational objectives. This encompasses fostering transparency, integrity, responsibility and performance in our dealings with suppliers. These principles are fundamental to the long-term sustainability and continuous success of our business. To address a wider scope of sustainability related risks, including modern slavery, that may affect our supply chain, we have brought subject matter experts into our business. Regular updates regarding modern slavery are provided to the Board, Board committees and the ELT.

Regarding our suppliers, we have comprehensive requirements implemented into agreements. All suppliers are expected to adhere to our Statement of Business Ethics, as well as our policies and standards regarding ethical business practices, safety and environmental considerations. A modern slavery clause, which accompanies all purchase orders issued to suppliers, requires suppliers to ensure their employees and contractors working within their organisation have legal authorisation to work, and that there is no presence of modern slavery or human rights violations in the manufacturing or provision of products and services to Essential Energy.

Policies and procedures

- ▶ [Code of Conduct](#)
- ▶ [Statement of Business Ethics](#)
- ▶ Building a Respectful Workplace Procedure
- ▶ Procurement Policy
- ▶ Source to Contract Procedure.

Our Procurement framework addresses commercial considerations, the mitigation of risk, compliance with regulatory requirements and guidelines and the requirement to act and be seen to act fairly, ethically and responsibly. It clarifies our business objectives, values and goals for market engagement.

Modern Slavery governance related touchpoints

Leadership

- ▶ Board and ELT oversight
- ▶ Internal subject matter experts

Policy Documents

- ▶ Organisational policies
- ▶ Procurement procedures and work instructions

Training & Awareness

- ▶ Mandatory employee training
- ▶ Supplier awareness pack

Procurement Framework

- ▶ Procurement sustainability strategy
- ▶ Procurement Category Risk Assessment (Heatmap)

Reporting

- ▶ Internal audit review
- ▶ NSW Government
- ▶ Attorney-General's Department (Commonwealth)

Sourcing & Tendering

- ▶ Sourcing requirements
- ▶ Modern Slavery contract clauses
- ▶ Third-party supplier risk monitoring

Supplier Onboarding

- ▶ Supplier registration
- ▶ Supplier qualifications



Step 2. Risk Assessment

Essential Energy's operations

As a major regional employer, we are committed to upholding and demonstrating the highest standards for workplace ethics and responsibilities. We have policies, processes and procedures in place to ensure fair and respectful treatment of all people in our employment, as well as documented grievance and remediation mechanisms for anonymous reporting.

The following examples have the potential to occur without proper oversight and controls in place: forced labour, forced overtime, wage theft and deceptive recruiting. We recognise the following as examples of relevant populations that are at greater risk of falling victim to modern slavery: workers in lower skilled work or hazardous work, workers with intersectional social vulnerabilities, people living with disabilities and temporary migrant workers.

In addition to the policies and procedures noted in the Governance section, there are additional internal policies covering a wide range of Human Resource areas:

- ▶ employment conditions
- ▶ learning and development
- ▶ pay and entitlements
- ▶ performance management
- ▶ recruitment and
- ▶ workplace culture.

CASE STUDY

Temporary migrant worker spotlight

OVERVIEW:

According to the Walk Free Foundation's Global Slavery Index, an estimated 41,000 people are living in modern slavery across Australia. An estimated 16,000 of these are believed to reside in New South Wales.

Temporary migrant workers in Australia, particularly in New South Wales (NSW), face a greater level of risk of modern slavery. These workers are often employed in regional, rural, and remote areas, where they are vulnerable to various forms of exploitation. Some common grievances include deceptive recruitment practices, underpayment or withholding of wages, restricting or withholding superannuation, excessive deductions, passport or document confiscation, debt bondage, and dangerous working conditions. High-risk industries include agriculture, horticulture, and meat processing, but any low-wage, low-skilled, temporary, or casual workforce could be at risk.

INTERNAL HIRING PRACTICES:

Essential Energy's hiring practices are designed to build a strong foundation to foster the critical supply of talent that will support Essential Energy's strategic initiatives and position Essential Energy as an inclusive and diverse employer, and an employer of choice. Integrated with our organisational corporate strategy, workforce planning and talent management activities, our recruitment practices support performance, productivity and cultural objectives, as well as activating the workforce of the future and creating a positive candidate experience.

Essential Energy does not currently sponsor visas; however, we do employ people on independent permanent or temporary visas and utilise sub-contracted labour which may also be performed by visa workers. As such, there is a potential risk of modern slavery regarding temporary migrant workers within our operations. At Essential Energy, people employed on existing permanent or temporary visas have the same employee rights, are employed under the same Enterprise Agreements or Employee Contracts and must undergo the same checks prior to employment as citizens and permanent residents.

SUPPLIER'S HIRING PRACTICES:

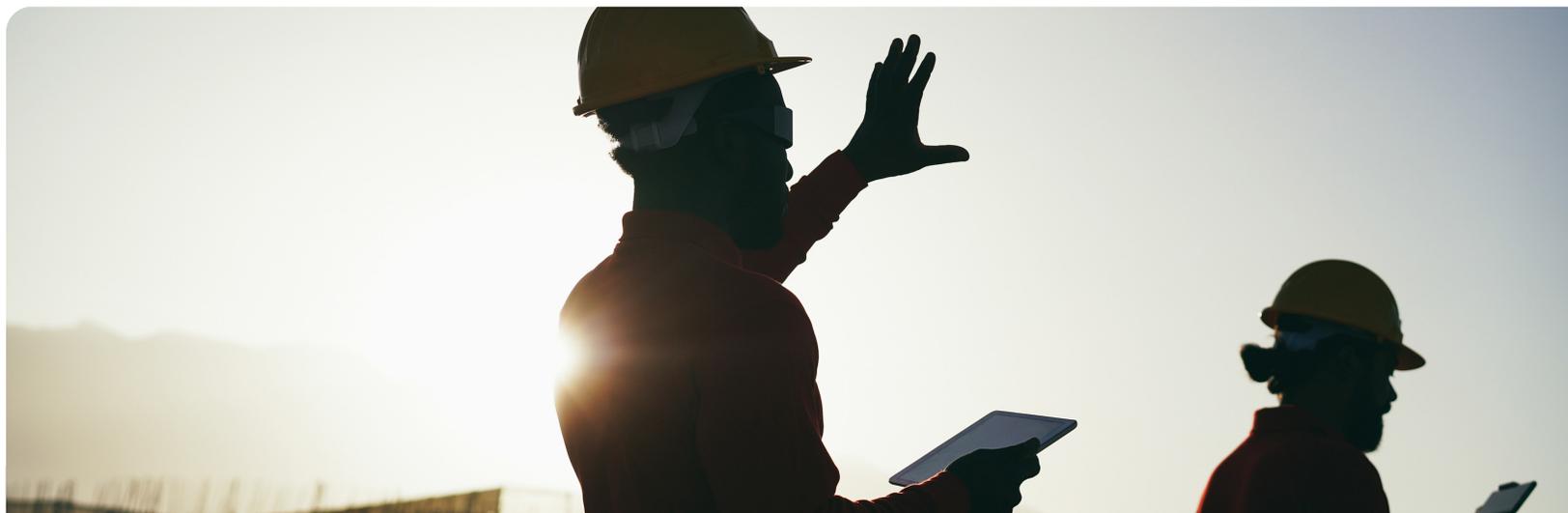
As part of the refresh of the sustainability requirements, we now have multiple questions we can ask our suppliers during the tender

process relating to human rights, temporary migrant workers and hiring practices.

Additionally, a select group of suppliers were invited to complete a short survey focusing on hiring practices and management of temporary migrant workers within their operations including any sub-contracting. Suppliers from facilities management, cleaning and construction industries were invited to participate. The responses received to date have been encouraging in terms of supplier's awareness of responsibilities, local and international labour laws, internal policies and procedures, grievance mechanisms and an overall proactive management approach to mitigating modern slavery risks.

SUMMARY:

Essential Energy has policies, processes, and procedures in place to ensure fair and respectful treatment of all people in their employment, as well as documented grievance and remediation mechanisms for anonymous reporting. The development and implementation of sustainability requirements relating directly to human rights, temporary migrant workers and supplier's hiring practices will enable greater insights into our supply base and the level of risk in particular procurement categories.



Third-party supplier risk monitoring update

Access to reliable and relevant data and tools is crucial for effective supplier risk monitoring and decision-making. A review of our third-party supplier risk monitoring capabilities in 2024 led to the adoption of a new third-party supplier risk monitoring tool. Implementation and training for the new third-party supplier risk monitoring tool has been completed, and users can now utilise both the ongoing risk monitoring service for real time access to critical supplier information and ad-hoc financial risk reports.

A range of areas are being monitored for each supplier such as general company overview, financial health and stability, cyber security risks, ESG monitoring, public or legal filings, adverse media events, sanctions, corporate ownership and linkage in an easy to view platform. Over 170 critical suppliers have been added to the ongoing monitoring service, where information is updated real time and alerts notifications have been set up for major changes. It was important to not have a static monitoring service, so as the business needs change, our supplier base changes or risks develop we can add additional suppliers to the ongoing monitoring service.

The ad-hoc financial health checks are a snapshot in time and focus on financial risk factors impacting a business. These one-off reports can be run during the tender process as part of the overall due diligence undertaken on potential suppliers.

Having access to both these services enables comprehensive access to a large range of supplier information at all stages of the procurement lifecycle, from onboarding potential suppliers to renewing high-value contracts. Additional resources have also been developed to assist users in deciding which service is appropriate for their needs, as well as step by step instructions.

The new third-party risk monitoring capabilities complements our existing modern slavery supplier assurance and enhance our capabilities by providing real time access to a broader range of information and insights about our suppliers and supply chain risks at the click of a button.

Risk types and factors

The below is a high-level summary of the different risks and risk factors relating to our purchasing categories and subsequent supply chains.

TABLE 1: MODERN SLAVERY RISK FACTORS



High-Risk Business Models

Businesses that rely heavily on outsourcing, subcontracting, or temporary and casual labour are more susceptible to modern slavery risks. These models can lead to less control over labour practices and increased vulnerability to exploitation.



High-Risk Geographies

Operations or suppliers in regions with weak labour laws, high levels of corruption, or conflict are more susceptible to modern slavery. Countries with poor enforcement of labour rights are particularly high-risk.



High-Risk Industries

Certain industries, such as agriculture, construction, textiles, and electronics, are more prone to modern slavery due to the nature of the work and the prevalence of low-skilled labour. These industries often rely on vulnerable workers who may be exploited.



Lack of Transparency

Insufficient visibility into the operations and practices of suppliers can increase the risk of modern slavery. Companies need to ensure they have robust mechanisms in place to monitor and audit their supply chains effectively.



Supply Chain Complexity

The more complex and extensive a company's supply chain, the higher the risk of modern slavery practices occurring at some level. This complexity can make it difficult to monitor and control labour practices throughout the supply chain.



Vulnerable Populations

Groups such as migrant workers, refugees, and individuals from low socio-economic backgrounds are at higher risk of exploitation. These populations may lack legal protections and be more susceptible to coercion and abuse.

TABLE 2: PROCUREMENT CATEGORIES AND MODERN SLAVERY RISK FACTORS

PROCUREMENT CATEGORIES	PRODUCTS AND SERVICES	MODERN SLAVERY RISK FACTORS					
Corporate	<ul style="list-style-type: none"> ▶ Labour hire and services ▶ Cleaning services ▶ Personal protective equipment (PPE) and garments ▶ Travel and entertainment 					<ul style="list-style-type: none"> ▶ Temporary and contract labour force ▶ Manufacturing in high-risk geographic regions ▶ Offshore textile industries ▶ Vulnerable populations employed 	
Fleet	<ul style="list-style-type: none"> ▶ Fleet products and services ▶ Electric Vehicles including batteries 						<ul style="list-style-type: none"> ▶ Manufacturing in high-risk geographic regions ▶ Raw material extraction of cobalt and lithium ▶ Complex supply chains ▶ Vulnerable populations employed
Information and Communications Technology (ICT)	<ul style="list-style-type: none"> ▶ ICT hardware ▶ Telecommunications service 						<ul style="list-style-type: none"> ▶ Offshore service providers ▶ Manufacturing in high-risk geographic regions ▶ Complex supply chains
Network equipment	<ul style="list-style-type: none"> ▶ General equipment ▶ Cables ▶ Solar panels ▶ Batteries 						<ul style="list-style-type: none"> ▶ Manufacturing in high-risk geographic regions ▶ Raw material extraction ▶ Complex supply chains ▶ Solar panel manufacturing in Xinjiang Uyghur Autonomous Region (China)
Network services	<ul style="list-style-type: none"> ▶ Vegetation management ▶ Construction and civil works. 						<ul style="list-style-type: none"> ▶ Temporary and contract labour force ▶ Raw material extraction ▶ High-risk components for construction materials and machinery.

Step 3. Due diligence

Supplier assurance qualification

This year, we once again successfully met our internal target to complete a modern slavery assurance qualification with suppliers representing 95 per cent of our annual addressable spend. Reporting improvements have been made this year, with assurance rates now monitored and reported during monthly procurement performance reviews. Reviewing the assurance rates each month ensures greater visibility for the procurement team and continuously identifies any suppliers who we may need to engage to complete their modern slavery assurance.

During this reporting period year, we invited more than 800 existing suppliers to complete our internal qualification resulting in our assurance rate being 95.9 per cent. Consecutively meeting our internal target of 95 per cent, demonstrates the effectiveness of our continued actions. Additionally, this year, all our top 100 suppliers, by addressable spend, have completed a modern slavery assurance qualification.

A process enhancement that was introduced in March 2024, requires all new suppliers to complete the modern slavery assurance qualification during the registration process. During this reporting period, this resulted in over 1,000 newly registered suppliers successfully completing our internal modern slavery assurance qualification. This enables us to communicate our expectations to potential and new suppliers before they commence business with Essential Energy and provide further awareness of modern slavery and the forms it can take. Completion of the qualification is required before a business can become a registered supplier.

Our internal modern slavery assurance qualifications have been captured in our Enterprise Resource Planning (ERP) system, with our external modern slavery assurance captured by the software product provided by Informed365. Combining these resources provides the data for ongoing tracking and reporting as our supplier base changes.

Step 4. Grievance and remediation

The Essential Energy Code of Conduct outlines our corporate values and ethical principles and sets out the behaviours expected of all employees and contractors. The Statement of Business Ethics reflects our position on modern slavery and human rights for suppliers. Both documents establish clear channels for reporting instances of non-conformance related to modern slavery as well as any other compliance concerns.

Mechanisms are in place for employees and third parties to report suspected or detected illegal activities or breaches of policy, including for non-conformance to our Code of Conduct and Statement of Business Ethics. This includes anonymous reporting options for employees and third parties to communicate any concerns of modern slavery or human rights violations.

Grievance mechanism and reporting

Formalised and documented procedures are in place to ensure all reported wrongdoing is investigated. To facilitate this, we use the industry-leading product Whispli, which is a secure and confidential whistleblowing platform. Whispli enables employees, contractors, suppliers and the public to report misconduct or concerns they may have regarding Essential Energy's operations. We also have a corruption hotline number, a dedicated ethics email and dedicated personnel. More information and resources are publicly available on the [Report corruption, maladministration or serious substantial waste](#) page on the Essential Energy website.

Reports received are assessed for investigation and managed in a systematic, fair, timely and transparent manner. Reports received may also be referred by Essential Energy to law enforcement

agencies such as the Australian Federal Police or other relevant agencies where appropriate, based on the nature of the report.

If a non-conformance to modern slavery or human rights violation is identified within our supply chain, our approach is to engage directly with the suppliers and seek to remedy the issue. We are committed to working in collaboration with our suppliers to understand and resolve issues, ensuring a balanced and pragmatic approach is adopted and decisions made are consistent with Essential Energy's values and ethics. For this reporting period, no grievances or non-conformance events relating to modern slavery or human rights violations were reported through the self-reporting mechanisms, or via the internal corruption hotline or ethics inbox.





CASE STUDY

Assessing the effectiveness of our grievance mechanism

A grievance mechanism is a system or process that allows individuals or groups to raise and report grievances or complaints, such as misconduct or wrongdoing, and seek remedy. The effectiveness of our grievance mechanisms is crucial for ensuring trust and utilisation by those it serves. In alignment with the UN Guiding Principles on Business and Human Rights (UNGPs) expectations, our intent is to ensure accessible and reliable grievance mechanisms, policies, and procedures for employees, customers, and suppliers.

REVIEW:

The review of our grievance mechanisms focused on assessing it against the UNGPs eight effectiveness criteria. Below is a summary of the findings:

Legitimacy: The Whistleblowing Policy and reporting mechanisms establish clear roles and responsibilities for various officials, including the Chief Executive Officer, Chief Risk and Compliance Officer, and Disclosure Officers.

Accessibility: The Whistleblowing Policy is externally accessible on Essential Energy's website and internally via the intranet. This ensures that it is easily accessible to all employees, suppliers and customers. It provides multiple channels and clear step-by-step instructions for reporting grievances, including via phone, email, and the confidential whistleblowing platform (Whispl). The confidential whistleblowing platform ensures security and anonymity to protect those making disclosures.

Rights based Approach: The Whistleblowing Policy aligns with the NSW Public Interest Disclosures Act 2022 (Act), ensuring that whistleblowers' rights are protected. Additional links and information to external sources, such as to the Act and Ombudsman's guidelines, are made readily available. This ensures that individuals have access or know where they can access external, third-party information to ensure they are aware of their rights. There are also instructions for making reports outside of Essential Energy.

Transparency: Dedicated resource pages are available internally and are also published on the external facing Essential Energy website. Details of

how Essential Energy personnel will communicate with whistleblowers is also clearly detailed, including acknowledging receipt of reports, providing updates, and informing them of investigation outcomes.

Predictability: Clear step-by-step instructions for reporting misconduct or grievances are provided within policies, procedures and on the whistleblowing platform. Additional information, such as how reports are managed, the protections available to whistleblowers and timelines for acknowledging and investigating reports, aim to clearly set out expectations.

Equity: Whistleblowers are protected from detrimental action and provisions for support through Human Resources and the Employee Assistance Program are made available. Individuals are encouraged to report any and all potential wrongdoing without the responsibility of determining the type or severity of the report. This removes the onus from the individual to determine how a report needs to be managed and allows them to focus on the issue they wish to raise.

Based on engagement and dialogue: The messaging and language used is clear, informative, supportive and encourages a "speak up" culture. Multiple reporting channels are available, with an emphasis on the importance of using the one that makes the individual feel most comfortable.

A source of continuous learning: The Whistleblowing Policy includes provisions for regular reviews and audits to ensure compliance and effectiveness. It also mandates annual reporting to the NSW Ombudsman.

SUMMARY:

Overall, the existing grievance and reporting mechanisms in place are well aligned to the effectiveness criteria provided by the UNGPs. Clear communication of the available mechanisms will continue to be of importance to ensure our stakeholders are aware of their rights and responsibility to report any and all misconduct. Our aim is to continuously assess and enhance the effectiveness of these processes against best practice and endeavour to foster trust and encourage utilisation by those they serve.

Remediation in action

OVERVIEW:

In December 2024, Brazilian authorities conducted an inspection at a construction site for a large automotive brand which led to the immediate halt in operations, citing allegations of:

- ▶ Human trafficking
- ▶ Labour violations
- ▶ Poor living conditions
- ▶ Forced labour.

These allegations were brought to the attention of the Fleet and Procurement teams within Essential Energy. At the time of the allegations and investigation the automotive brand in question was not part of the Essential Energy current fleet of cars, however it was raised that future purchases were in the pipeline.

A desktop investigation was conducted into the allegations and other relevant information to assess the impact of such an event and provide a recommendation to the Fleet team (and other internal stakeholders) regarding the purchasing of goods from this supplier.

- ▶ Investigation of allegations
 - Review of all relevant and credible information available regarding the allegations
 - Understanding of modern slavery risks and events related to this supply chain and supplier
 - Supplier's response to allegations
- ▶ General market research
 - Category and industry research
- ▶ Modern slavery risk assessment
 - Modern slavery risk research, identification and assessment
 - Amnesty International Oct 2024 report

- ▶ Assessment of the findings of the investigation and of the impacts of the allegations
- ▶ Internal procurement recommendation.

RECOMMENDATION:

In negotiating future purchases, clearly communicate to the supplier that Essential Energy is aware of the situation in Brazil and broader allegations levelled at the industry. Furthermore, Essential Energy considers allegations of Modern Slavery and human rights violations seriously, and that we will be monitoring the supplier's response and future activity, which may influence future purchases.

SUMMARY:

In line with best practice, the aim of the investigation and internal purchasing recommendation was to promote transparency by working with stakeholders to expose and proactively mitigate instances of modern slavery.

Punitive actions such as ceasing or postponing purchases could have a negative effect by hiding modern slavery or transferring the issue to another customer. Separately, as a customer we should not rely solely on government agencies or regulation to address modern slavery and need to continually communicate our expectations to suppliers.

In proceeding to engage with this supplier, and other suppliers in higher risk products and services, it was recommended to communicate Essential Energy's stance on modern slavery and our approach to promote transparency across supply chains, as a means of identifying where it may occur, so that appropriate actions can be taken.

We continue to monitor our supply chains, and as new information becomes available it will be considered in our purchasing decisions.



Step 5. Embedding

Continued industry collaboration

During this reporting period, Essential Energy continued its membership of the Energy Procurement Supply Association (EPSA) consortium, and Informed365 which provides synergistic industry-based risk assessment and assurance. The survey developed by EPSA, and facilitated through Informed365, is designed to capture modern slavery risk information from suppliers. Each consortium member is then able to use this information to trigger continuous improvement initiatives.

Essential Energy is also actively engaged in other collaboration efforts focusing on modern slavery, human rights and sustainability more broadly. We continue to seek opportunities to collaborate and share learnings with industry peers, as well as those outside of our industry, as we work towards a collective goal of eradicating modern slavery.

Awareness and education

To raise awareness, educate and empower our workforce and suppliers, we have created modules on modern slavery awareness and education for our employees and suppliers. Topics covered by these modules include:

- ▶ background information on the *Modern Slavery Act 2018* (Cth)
- ▶ definition of modern slavery and its different manifestations
- ▶ potential impacts of modern slavery practices on our supply chain
- ▶ real-life examples of modern slavery occurrences
- ▶ steps to take if there is a suspicion or detection of modern slavery or human rights violation.

The employee awareness training module is mandatory for all new employees joining Essential Energy. Approximately 3,200 employees have completed the training module, as of 30 June 2025.

The supplier awareness training module is easily accessible on the Essential Energy website for all suppliers. Information about modern slavery and access links to the supplier awareness training module was directly sent to more than 100 existing suppliers during this reporting period.



The employee awareness training module is mandatory for all new employees joining Essential Energy. Approximately 3,200 employees have completed the training module, as of 30 June 2025.

Embedding sustainability requirements into procurement activities

As part of our procurement sustainability strategy, we have applied sustainability requirements for all sourcing activities worth more than \$500,000. The sustainability requirements cover a range of topics, including modern slavery and human rights, environmental protection, mitigating climate risks, community support and engagement and waste management.

These requirements seek to understand a supplier's maturity and activities in these areas. As with other sourcing requirements, a weighted score is attributed to the responses during the evaluation process, contributing to the overall supplier assessment.

2025 Refresh of sustainability requirements

After conducting a review of effectiveness and collecting feedback from internal stakeholders last year, the scope and useability of the sustainability requirements for major sourcing activities was refreshed during this reporting period. In line with the UNOPS Sustainable Procurement Framework, the original five questions developed in 2023 were expanded to eighteen separate questions covering areas of economic, environmental, and social sustainability. Expanding the number of questions to eighteen allows greater specificity and flexibility based on risk and procurement needs.

The social sustainability questions focus on areas such as human rights, temporary migrant workers, workplace diversity, hiring practices, community engagement, health and safety management and sustainable sourcing practices. Questions focusing

on environmental and economical sustainability cover multiple subjects such as waste management, circular economy, emissions, energy and water management.

As part of the refresh, a tool was developed for the procurement team to use, which includes built-in guidance for each of the eighteen questions. This tool also organises questions into dynamic libraries based on the purchasing category and related risks. A mapping exercise was conducted to identify the most material questions for each purchasing category based on the insights from the Category Risk Assessment (Heatmap) completed during the last reporting period. This enables users to quickly identify the questions most material to the sourcing activity being undertaken. A minimum weighting for sustainability requirements has been set as part of the overall assessment criteria of strategic sourcing.

Step 6. Reporting and monitoring

Progress against current commitments

Table 3 summarises the actions undertaken during this reporting period which demonstrate how current commitments have been addressed.

TABLE 3: SUMMARY OF ACTIONS UNDERTAKEN IN FY25

COMMITMENTS	FY25 COMPLETED ACTIONS
Progress our broader approach to procurement sustainability strategy, including modern slavery	<ul style="list-style-type: none"> ✓ Refresh of the Procurement Sustainability Strategy, identifying Modern Slavery as a key focus area under the Pillar of Improving Procurement Practices. ✓ Case studies that support our outcomes-based approach to procurement sustainability
Integration of modern slavery and sustainability into our tender documentation	<ul style="list-style-type: none"> ✓ Comprehensive refresh of sustainability requirements for strategic procurements and targeted application in all major sourcing activities ✓ Review and initial development of practical sustainability KPIs as part of overall contract performance management to accompany the refreshed sustainability requirements
Awareness and training for modern slavery and sustainability, including monitoring of employee session completion rates	<ul style="list-style-type: none"> ✓ Ongoing monitoring and training of employees within Essential Energy ✓ Continuous tracking and monthly internal reporting of the percentage of addressable spend with suppliers who have completed modern slavery assurance, to maintain 95 per cent assurance rate
Continued industry and external stakeholder engagement	<ul style="list-style-type: none"> ✓ Ongoing engagement through industry working groups, reference groups and other external resources ✓ Continued engagement with the Office of the NSW Anti-Slavery Commissioner
Continued engagement with suppliers to share understanding, expectations and actions	<ul style="list-style-type: none"> ✓ Identification and engagement with suppliers in procurement categories with a high-risk rating for modern slavery ✓ Modern Slavery Assurance extended to over 800 existing suppliers and over 1,000 newly registered suppliers
Ongoing modern slavery compliance and reporting	<ul style="list-style-type: none"> ✓ Review of effectiveness of grievance mechanism for the reporting of non-conformance events linked to modern slavery or human rights violations
Improve monitoring and management of modern slavery risks	<ul style="list-style-type: none"> ✓ Fully implement the third-party supplier risk monitoring tool that was selected in 2023-2024 ✓ Integrate Category Risk Heatmap Tool insights into everyday procurement activities, including the refreshed sustainability requirements.

Table 4 summarises future actions that will be undertaken in 2025-26 to continue to support our commitments. Assessing and improving our reporting effectiveness and maturity will continually be undertaken to ensure we are not only meeting our reporting obligations (including any future updates) but will also ensure we meet the expectations of our stakeholders and the communities we serve.

TABLE 4: SUMMARY OF FUTURE ACTIONS

COMMITMENTS	FUTURE ACTIONS
Progress our broader approach to procurement sustainability strategy, including modern slavery	<ul style="list-style-type: none"> ▶ Continue to investigate high-risk procurement areas to support our outcomes-based approach to modern slavery risk management and procurement sustainability ▶ Proactively investigate new spend areas that support the energy transition through network growth and resiliency strategies, such as microgrids, Stand Alone Power Systems (SAPs), Battery Energy Storage Systems (BESS), distribution projects and Consumer Energy Resource Management systems (CERMs). ▶ Review Modern Slavery commitments and develop roadmap FY26 and beyond
Integration of modern slavery and sustainability into our tender documentation	<ul style="list-style-type: none"> ▶ Investigate opportunities to include sustainability requirements and contract clauses into minor sourcing (less than \$500,000) procurements ▶ Introduction of targeted contract KPIs for procurements identified as high-risk through the category Risk Assessment
Awareness and training for modern slavery and sustainability, including monitoring of employee session completion rates	<ul style="list-style-type: none"> ▶ Ongoing monitoring and training of employees within Essential Energy ▶ Continuous tracking of the percentage of addressable spend with suppliers who have completed modern slavery assurance, to maintain 95 per cent compliance rate
Continued industry and external stakeholder engagement	<ul style="list-style-type: none"> ▶ Ongoing industry and peer engagement ▶ Continued engagement with the Office of the NSW Anti-Slavery Commissioner
Continued engagement with suppliers to share understanding, expectations and actions	<ul style="list-style-type: none"> ▶ Identification and engagement with suppliers in high-risk procurement categories
Ongoing modern slavery compliance and reporting	<ul style="list-style-type: none"> ▶ Review of the remediation process for the reporting of non-conformance events linked to modern slavery or human rights violations.
Improve monitoring and management of modern slavery risks	<ul style="list-style-type: none"> ▶ Continue to monitor critical suppliers through the third-party supplier risk monitoring tool that was selected in 2023-2024.

Appendix 1: Alignment of Statement to section 16

The below table identifies the relevant headings in this Statement and how they align to Section 16 of the *Modern Slavery Act 2018* (Cth) (the Act), mandatory criteria for modern slavery statements.

MANDATORY REQUIREMENT	SECTION OF STATEMENT	
a. Identify the reporting entity	About this Statement	2
	About Essential Energy	4
b. Describe the reporting entity's structure, operations and supply chains	About Essential Energy	4
	Risk Management – Step 2: Risk Assessment	6
c. Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls	About Essential Energy	4
	Risk Management – Step 2: Risk Assessment	6
	Case Study: Solar Panels	5
d. Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes	Risk Management - Steps 1,2,3,4 and 5	6
	Risk Management – Step 6: Reporting and monitoring	13
	Case Study: Temporary migrant worker spotlight	7
	Case Study: Assessing the effectiveness of our grievance mechanism	10
e. Describe how the reporting entity assesses the effectiveness of these actions	Case Study: Remediation in action	11
	Assessing the effectiveness of our actions	10
f. Describe the process of consultation on the development of the statement with any entities the reporting entity owns or controls	Risk Management – Step 6: Reporting and monitoring	13
	About this Statement	2
g. Any other information that the reporting entity, or the entity giving the statement, considers relevant.	About Essential Energy	4
	Acknowledgement of Country	3
	Message from CEO and Chair	2
	Appendix 1: Alignment of Statement to section 16 of the <i>Modern Slavery Act 2018</i> (Cth).	14

