



Modern Slavery Statement - 2021



Powercor
AUSTRALIA

CITIPOWER

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Foreword

Victoria Power Networks depends on our team of 2,141 employees and contractors to deliver reliable, affordable, safe and flexible electricity to customers.

Managing risk is integral to what we do. The safety of our people and the community we serve underpin our policies, systems and processes. We understand our responsibility extends beyond our business, to the third parties supplying us goods and services so we can deliver our services.

Our operations are varied - from maintaining poles and wires, inspecting and cutting trees, building large-scale solar farms or supporting customers to connect clean energy technology – and we rely on at least 1,188 active suppliers to deliver the products and materials we need to deliver our services.

We work hard to choose the right suppliers and take into account a range of non-price factors including safety performance, labour practices and values alignment, and supporting the communities in which we operate. We will not tolerate any form of modern slavery in our business, or knowingly conduct business with anyone who does.

Over the past 12 months since our first modern slavery statement, we have taken several actions to evaluate our supply chains, including risk assessments of our supply categories and suppliers including updating policies to consider modern slavery risks, implementation of a new supplier's code of conduct, as well as a new procurement sustainability statement and developed training for all employees about modern slavery which will be deployed during 2022 across the business.

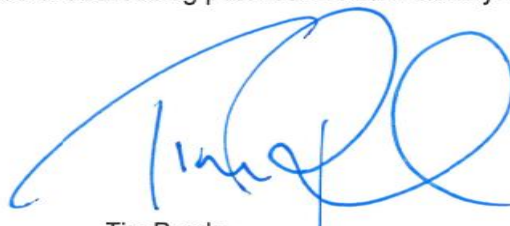
We are proud of our work to encourage our employees to speak up if they see something wrong. Everyone should feel safe to report inappropriate or illegal behaviour, including possible modern slavery, and our Whistleblower Program provides an anonymous channel for all employees, contractors and suppliers to do so.

Under our roadmap, we will work with our peers to further minimise modern slavery risks, improve our training and conduct our annual risk assessments of our operations and supply chains that will provide further actions that we will address.

Continual improvement will be a key focus of addressing potential modern slavery issues and I look forward to reporting on our progress.



Peter Tulloch
Chairman



Tim Rourke
Chief Executive Officer

1: About us

Who we are

Victoria Power Networks (VPN)

Victoria Power Networks Pty Ltd is the holding company for the VPN group, which owns and operates the CitiPower and Powercor electricity distribution networks and the Beon energy solutions business.

Our ownership is divided between [CK Infrastructure](#), [Power Assets Holdings](#) and [Spark Infrastructure](#).

CK Infrastructure and Power Assets Holdings, which are listed on the Hong Kong Stock Exchange and members of the CK Group, hold a 51 per cent stake in VPN. The CK Group operates in over 50 countries with about 310,000 employees.

Spark Infrastructure, an entity owned by funds managed or advised by Kohlberg Kravis Roberts & Co. L.P. and/or its affiliates, Ontario Teachers' Pension Plan Board and Public Sector Pension Investment Board, owns the remaining 49 per cent of VPN. Spark Infrastructure invests in essential energy infrastructure.

Our businesses

CitiPower and Powercor electricity distribution networks

Our networks distribute electricity to more than 1.1 million homes and businesses across Melbourne's CBD, inner and western suburbs and through central and western Victoria.

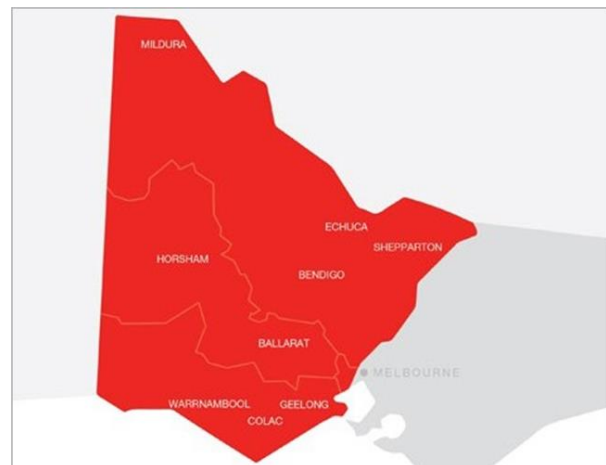
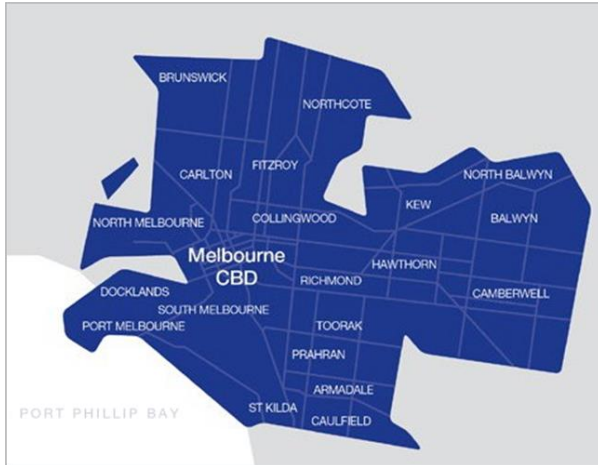
In the CitiPower network, electricity is distributed in the region via a network comprising over 7,500 kilometres of wires, supported by more than 58,123 poles and associated infrastructure.

The Powercor network comprises over 88,400 kilometres of wires, supported by more than 577,420 poles and associated infrastructure.

Our networks are also supporting our state as it transitions to more renewable power.

The CitiPower and Powercor networks are also accommodating new ways of generating, using and transporting electricity to enable homes and businesses to maximise the benefits of low emissions opportunities and technologies. This includes enabling the uptake of residential solar panels and batteries, as well as large scale-renewable energy generation.

Both networks are considered among the most efficient and reliable across the National Electricity Market.



	Urban	Rural
Network type		
Network area	157 km ²	145,651 km ²
Customers	342,669	835,781
Underground lines	43%	14%
Network poles	58,123	577,420

Beon Energy Solutions

Beon Energy Solutions is a future-focused energy solutions business with a heritage in safety and reliability, and a commitment to become much more.

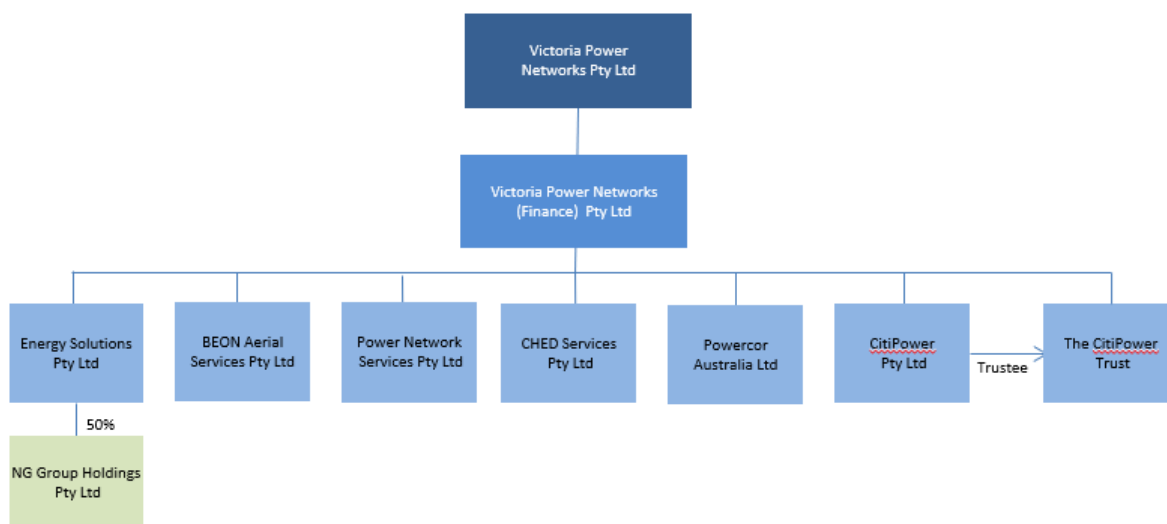
Beon is a leader in the deployment of large-scale renewable energy and infrastructure projects, with extensive expertise in design, construction and maintenance. This includes an enviable track record of partnering with clients to reduce costs and project timelines, managing project risk and complexity, leading to faster commissioning without compromising safety and quality.

We have a significant focus on deployment of renewable generation and supporting the delivery of Australia's energy transition. This experience includes the construction or connection of nearly 2 GW of renewable generation assets and the on-going operations & maintenance activities of numerous solar farms.

Beon's clients include some of the largest electricity utilities, infrastructure and renewable developers, commercial and industrial companies and transport network operators across Australia.

Corporate structure and reporting entities

The entities owned or controlled by VPN, all of which are Australian entities that are headquartered in Melbourne, are shown in the following diagram:



This modern slavery statement has been prepared and published in accordance with the *Modern Slavery Act 2018* (Cth) for the calendar year ended 31 December 2021. It is a joint statement made on behalf of each of the following reporting entities:

- Victoria Power Networks Pty Ltd (ABN 37 116 940 820)
- Victoria Power Networks (Finance) Pty Ltd (ABN 68 101 392 161)
- CitiPower Pty Ltd (ABN 76 064 651 056)
- The CitiPower Trust (ABN 75 569 155 798)
- Power Network Services Pty Ltd (ABN 94 123 230 240) and
- Powercor Australia Ltd (ABN 89 064 651 109).
- CHED Services Pty Ltd (ABN 14 112 304 622)
- Energy Solutions Pty Ltd (ABN 32 610 914 059)

The statement covers the activities of the reporting entities, along with the activities of entities owned or controlled by the reporting entities that are not themselves reporting entities, being:

- Beon Aerial Services Pty Ltd (ABN 39 639 114 257)
- NG Group Holdings Pty Ltd (ABN 24 607 658 293)

NG Group Holdings Pty Ltd is a joint venture that is 50% owned by the VPN group and 50% owned by unrelated third parties. All other members of the VPN group are 100% owned. The VPN group is currently considered to have control of the NG Holdings joint venture for the purpose of AASB 10 due to the financial support it has provided. The VPN group does not have day-to-day management control of the NG Holdings joint venture.

All references to our, we and us within this statement refer to Victoria Power Networks Pty Ltd and the entities it owns and controls.

Activities undertaken by each entity

Victoria Power Networks Pty Ltd is the holding company for the group.

Victoria Power Networks (Finance) Pty Ltd engages in corporate financing and financial risk management activities for the VPN group. This includes entering financing arrangements with entities outside the VPN group and providing financing arrangements to members of the VPN group.

The CitiPower Trust owns the CitiPower electricity distribution network, which is operated by CitiPower Pty Ltd as trustee of The CitiPower Trust.

Powercor Australia Ltd owns and operates the Powercor electricity distribution network.

Energy Solutions Pty Ltd, trading as Beon, conducts the Beon energy solutions business.

Power Network Services Pty Ltd provides electricity network services to CitiPower and Powercor, including in relation to customer projects, network development, asset maintenance and replacement and mobile generation.

CHED Services primarily provides corporate, strategic and IT shared services to CitiPower, Powercor and other entities in the VPN group. It also provides similar services to other utilities, such as United Energy and SA Power Networks.

Beon Aerial Services Pty Ltd has been established to create an internal capability to conduct airborne LiDAR surveys of electricity distribution networks.

NG Distribution Holdings Pty Ltd is the holding company for the Next Generation Electrical group, which provides engineering, procurement and construction services to deliver renewable energy solutions, such as solar farms, commercial rooftop solar and microgrids.

Board and management structure

The Board of Directors of VPN oversees our strategic direction and performance and provides support to our Executive Management Team. The following committees have also been established to assist with the responsibilities of the Board:

- **Audit Committee** – assists with financial reporting, maintaining an efficient system of internal control and promoting an ethical culture.
- **Risk Management and Compliance Committee** – responsible for reviewing the risk profile of the business and oversight of risk management process, while ensuring appropriate procedures are in place to comply with legal obligations.
- **Remuneration Committee** – reviews and makes recommendations on remuneration arrangements for our people.

The NG Holdings joint venture has a separate board that consists of directors appointed by each of the shareholders. The VPN group appoints two of the four directors, including the Chair. NG Holdings is managed by its management team, which does not include VPN representatives or employees.

VPN is managed by an executive management team, which is led by the Chief Executive Officer and consists of general managers and chief officers from each of our business units:

Electricity Networks: Our Electricity Networks business unit manages our network assets, including our control room. They also are accountable for planning and design of upgrades and augmentations to the electricity network.

Network Services: Our Network Services business unit is comprised of major projects, maintenance, field services, design, customer programs and delivery management.

Beon Energy Solutions: Beon is a leader in the deployment of large-scale renewable energy and infrastructure projects, with extensive expertise in design, construction and maintenance.

Finance: The Finance business unit is responsible for the financial management of VPN covering financial control, regulatory reporting, strategic financial planning, treasury and taxation. Finance also covers operational functions spanning revenue management, procurement, commercial property and facilities management, payroll, corporate risk and insurance.

People, Culture and Legal: Our People, Culture and Legal business unit provides practical, value-add advice and services to support the achievement of our strategic objectives and living our values, including health, safety and environment; HR Operations and Recruitment; Legal; and Organisational Development.

Corporate Affairs: Our Corporate Affairs business unit provides internal and external support for our customers, helping manage risk and optimise outcomes.

By engaging with external stakeholders, educating them on the role of distribution businesses and supporting our customers to make informed energy choices, they build greater understanding of the value our networks bring to the energy supply chain.

The functions include stakeholder engagement; marketing, sponsorship and community partnerships; and Internal and external communications.

Information Technology: Our IT business unit is responsible for the strategy, planning and delivery of information technology.

Strategy & Customer Group: Our Strategy and Customer Group is responsible for delivering strategic initiatives (including Beon Aerial Services), managing business improvements and process documentation, maintaining ISO certification, provision of change management services and provision of internal audit services. The Group is also responsible for driving customer service improvement across the whole organisation and are the primary point of contact for our customers and electricity retailers.

Regulation: Our Regulation business unit has two areas of responsibility: Regulation (which includes the regulatory reset and compliance), and Regulatory Strategy & Pricing.

People

As at 31st December 2021, our businesses employed 2,141 people:

- CitiPower and Powercor 1,962
- Beon 133
- NG Holdings 46

We also engage supplementary labour from contracted labour hire agencies on an as needs basis.

The number of employees working in each business unit is as follows:

Organisational Unit	Total Headcount excl Supplementary Labour
VPN CEO and EA	2
Electricity Networks	121
Network Services	1247
Beon Energy Solutions	133
Finance	130
People, Culture and Legal	68
Corporate Affairs	10
Information Technology	118
Strategy and Customer Group	248
Regulation	18
NG Holdings (joint venture)	46

Our people are located at 14 depots across central and Western Victoria, our Bendigo-based customer contact centre and our CBD headquarters, and in separate premises for Beon and NG Holdings.

Supply chains

We do not manufacture the products we use in our businesses. We buy them from suppliers, many which purchase components from their own suppliers. We also buy services.

As at 31 December 2021, we have approximately 1,188 active suppliers. Of this, 98% (based on their direct engagement business locations) are located in Australia, with the majority in Victoria. A small number are located overseas in Canada, China, United Kingdom, Ireland, New Zealand, Sweden, Switzerland, Israel, the Netherlands and the USA.

The products we buy range from energy infrastructure materials (power cables, transformers, line hardware, poles, protective equipment, public lighting materials, solar panels, inverters, PV mounting equipment) to IT hardware, fleet and network associated consumables. Significant services include asset inspection, construction and maintenance, facilities management, solar services, traffic management, and IT and professional services.

We work hard to choose the right suppliers and take into account a range of non-price factors including safety performance, labour practices and values alignment, and supporting the communities in which we operate.

Our Progress since our last statement

Since our first statement in 2020, we have put a high focus on the improving our knowledge of modern slavery and the associated risks within our supply chains.

As a result, we have developed a **Supplier Code of Conduct** to ensure our suppliers are aware of their labour and human rights obligations, expected behaviours, minimum ethical and moral standards and corporate governance including discrimination.

We have conducted our supplier surveys to understand how our suppliers are performing with modern slavery and the challenges they are facing.

Following on from our initial supplier survey, we are now working with the Energy Procurement Supply Association and informed 365, to ensure our suppliers are only having to fill in one supply survey and understand how we can evolve to better manage our supply chain risks.

We have developed a companywide modern slavery training program to raise the awareness of the risk of modern slavery across the business, including an opportunity for people to report suspected risks to the procurement team for evaluation and assessment.

We have assessed supply chain risks by category and developed to understand and validate inherent risks in our supply chain to develop a plan to control the risks as best we can.

We are continuing to add modern slavery clauses to all new and varied contracts and have developed a new sustainability procurement statement which describe the procurement approach for future engagements. **Sustainable Procurement Statement** will be launched in June 2022.

2: Modern slavery risks in our operations and supply chain

VPN recognises that the greatest modern slavery risk exists from our external supply chains.

During 2021, we conducted a modern slavery risk-mapping assessment. The analysis was undertaken on our operational and supply chain procurement activities focusing on supplier expenditure by sector and geography.

The outcomes of our analysis have been summarised into these two key areas.

Industry risk

Based on supplier industry and expenditure, our top three key risk sectors can be classified as construction, electrical equipment and employment services – each of which has a unique risk profile.

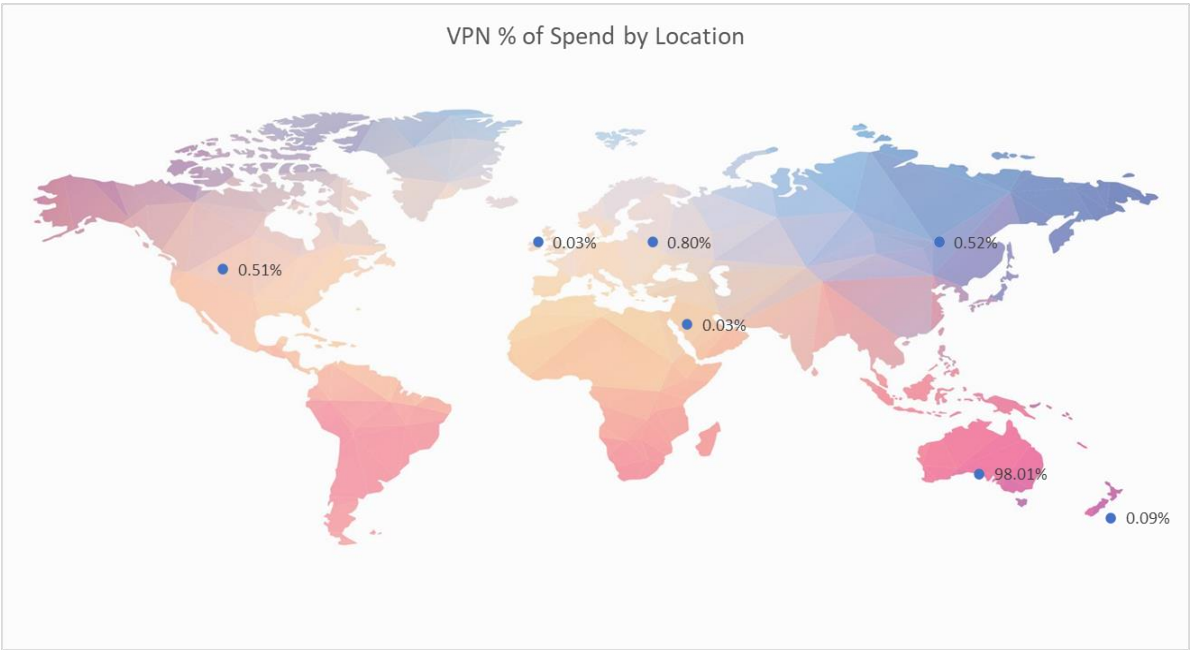
Construction & Engineering: The construction sector, which includes civil engineering companies and large-scale contractors, is characterised by large and complex international supply chains as well as local and overseas manual labour. This sector sources goods and materials which originates in countries or geographic regions with the potential of weaker working conditions and regulations.

Electrical Components & Equipment: This industry includes companies that supply electric cables and wires, electrical components, or equipment not classified in the Heavy Electrical Equipment sub-industry. Similar to construction, the electronics industry typically has long international supply chains for its raw materials manufacture and product assembly.

Human Resource & Employment Services: VPN typically sources these services from Australian companies with local labour contracts. Whilst these services are typically lower risk in Australia, the direct impact on people means this sector carries an inherent modern slavery risk. Suppliers in this industry provide business support services relating to human capital management, including employment agencies, training, payroll and benefit support services, retirement support services and temporary labour hire agencies.

Geographic risk

As 98% of VPN' suppliers are based in Australia, a nation with democratic governance, strong rule of law, minimal internal conflict and healthy economic development, the geographic modern slavery risks are low.



Country	% of Spend
Australia	98.01%
Sweden	0.78%
China & Hong Kong	0.52%
USA	0.43%
New Zealand	0.09%
Canada	0.08%
Israel	0.03%
Ireland	0.03%
Netherlands	0.01%
Switzerland	0.01%
United Kingdom	0.01%

3: Our approach to assessing and addressing modern slavery

Overview

VPN has undertaken various steps to understand and address the risk of modern slavery within our supply chain. We have focused on programs which will provide a foundation for further initiatives and deliver longer-term outcomes:

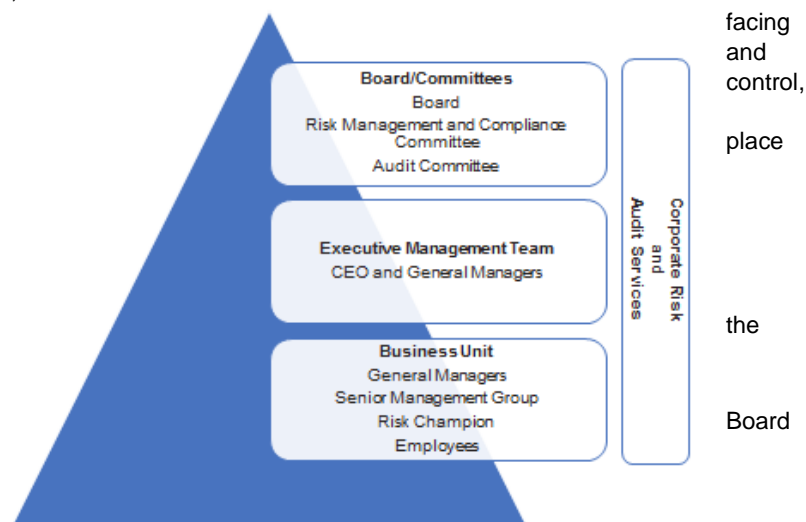
- **POLICY** - Reviewed existing policies and procedures, including our Procurement and Purchasing Policy, to embed the consideration of modern slavery risks into our normal business processes, particularly when tendering and selecting suppliers, and included principles of sustainable sourcing
- **CONTRACT TERMS** - From October 2019, we amended all procurement contracts and standard purchase order terms to include anti-slavery and human trafficking clauses and have included those terms in all standard form contracts entered in 2021. Amongst other things, these clauses require our suppliers to tell us as soon as they become aware of any actual or suspected slavery or human trafficking in their supply chain, and to require the same of their suppliers. In addition, any contracts entered into before this date are reviewed at the time of contract variance, to ensure that anti-slavery and human trafficking clauses are added into the contract variation
- **SUPPLIER RISK ASSESSMENT** – During 2021 we have undertaken detailed risk assessments with a particular focus on geographic location, industry sectors and the products and services supplied to us (refer section 2 for the details);
- **SUPPLIER MODERN SLAVERY SELF - ASSESSMENT** – Early in 2021 we undertook our first modern slavery supplier self-assessment survey. The survey results raised some concerns over the visibility of modern slavery in the respective vendors supply chains. Further investigation with each of the suppliers indicated there was some misunderstanding of the questions that were asked, which led to suppliers providing ambiguous results. As a result of this survey and follow up with our suppliers, we feel the self-assessment survey highlighted a strong visibility of the risks in their supply chains and desire to further improve. The survey's initial target is our high risk and higher contact value vendors representing 75% of our total supply chain spend;
- **TRAINING** - Delivered modern slavery training to our procurement team to raise awareness and knowledge of modern slavery risks, our responsibility to mitigate those risks and report on our progress as well as how to address these concerns if identified;
- **ENCOURAGING REPORTING** - We are committed to creating and maintaining an open and honest working environment in which people employed by us or our suppliers, and their families, are able to raise concerns regarding suspected breach of law, our policies and procedures and our Code of Conduct. This includes raising concerns about modern slavery. We encourage reporting of wrongdoing by providing a convenient, safe and independent reporting mechanism, and protection for people who make a disclosure.

Corporate Governance

The **VPN Board** has overall responsibilities for the corporate governance and strategic direction of the VPN Group. Its responsibilities specific to the management of modern slavery include:

- Compliance with the Code of Conduct;
- Ensuring that significant risks the Group have been identified that appropriate and adequate monitoring, accountability and reporting mechanisms are in

VPN has established a number of **Committees** to assist the Board in the execution of its duties. The Risk Management and Compliance Committee oversees and makes recommendations to Board on VPN’s risk profile and ensures appropriate policies and procedures are adopted. The Committee also assists the with its responsibilities to oversee compliance statute and regulations.



Risk management

Management of risk is an integral part of our business. It is reflected in policies, systems and processes. This includes our strategic planning process, performance management and overall governance.

The business uses an “Enterprise Risk Management” approach to provide a comprehensive and consistent process to manage and report on business risk exposures through identification of strategic, operational and emerging risk, determining accountability for those risks, assessment of controls and the control environment and ensuring that there are adequate resources to manage the risks.

The business has a formal Enterprise Risk Management Framework that is consistent with the International Standard for Risk Management (AS/NZS ISO 31000:2018) and includes six-monthly reviews of business risk exposures.

The framework ensures structure are in place to facilitate effective risk identification, analysis, monitoring and reporting. Regular reporting to the Board via the Risk Management and Compliance Committee is also a key component of the framework.

The Executive Management Team (EMT) has executive oversight of risk management throughout the business. The Corporate Risk Team present to the EMT members on a regular basis on the results of the risk profiling.

During 2021, the risk of modern slavery was formally incorporated into our Enterprise Risk Framework.

Operational due diligence

We take a proactive approach to modern slavery due diligence internally by creating a positive culture where our people are comfortable speaking up and are aware of their rights. Our policies and procedures (listed below) provide guidance and clear information to our employees about their rights and responsibilities. Leaders across our business are encouraged to be aware of and be vigilant around instances of modern slavery within our workforce – both employees and contractors. We support and comply with Australia’s strong workers’ health and safety legislation which acts as a mitigating factor to modern slavery risks within our workforce.

Policies and procedures

In addition to our governance structure set out above, we maintain and implement a range of policies and procedures to mitigate modern slavery risks in our operations and supply chains. These include our:

Health and Safety Policy - the health and safety of our employees, contractors, customers and the community is our highest priority. Supporting and complying with Australia's strong workers' health and safety legislation also acts as a mitigating factor to modern slavery risks within our workforce and supply chain.

Procurement and Purchasing Policy - provides direction on ensuring the procuring and purchasing of goods and services meet regulatory, business and governance requirements.

Supplier Code of Conduct – outlines ethical standards in behaviours that suppliers as partners, will aim to meet when conducting business with CitiPower and Powercor.

Whistleblower Policy - purpose is to encourage reporting of wrongdoing that is of a legitimate concern by providing a convenient and safe reporting mechanism and protection for people who make a disclosure. This policy is directed for use by our employees or contractors and their families, our suppliers and their families.

Employee Handbook Code of Conduct - provides guidance to our employees on our Company Values, code of conduct, relationships with suppliers, and reporting a concern.

Enterprise Risk Management Policy and framework - enables key stakeholders to understand and respond to the risks that may affect business objectives, effectiveness and efficiency

Supplier compliance - administered through the insertion of an anti-modern slavery clause in our contracts and purchase order standard terms

Training

VPN's procurement team has undertaken Modern Slavery Act training, to reinforce the key objectives of the modern slavery risk management framework. The training was conducted in December 2021 and included the broader human rights agenda including key human rights issues within the energy services sector and provided an overview of VPN process and documents.

4: Measuring our effectiveness

We are committed to measuring the effectiveness of our modern slavery risk management.

Over 2021, we focused our attention on risk identification and management processes, building employee awareness and knowledge through training and have reviewed our relevant policies and procedures to ensure they support our management of modern slavery risks.

Fortunately, there were no modern slavery risks raised for remediation in our supply chain in 2021. In the event we identify an instance of modern slavery within a specific supplier's operations or supply chain, we will work with that supplier to remediate the issues and risks identified in our assessment. When we can't achieve a satisfactory resolution, we will implement other measures, including terminating our relationship with the supplier.

Our Whistleblower Program provides an effective mechanism for reporting and escalating any issues of concern to employees of us or our suppliers, or their families, and we are committed to maintaining an environment where legitimate concerns are able to be reported without fear of retaliatory action or retribution, and anonymously if required.

Impact of COVID-19

COVID-19 has increased economic and social uncertainty, with profound disruption to supply chains through changed demand, forced border closures and changed production conditions. We acknowledge that the effects of COVID-19 have potentially heightened the risks of modern slavery, particularly where our products originate in developing countries. Our approach to managing this has involved maintaining our supplier relationships through open communication and collaborating with our people, peers and peak bodies with respect to the risks of modern slavery.

5: Stakeholder engagement and consultation

The content of this statement applies to all entities owned and controlled by Victoria Power Networks Pty Ltd. As the directors of Victoria Power Networks Pty Ltd are also directors of each other reporting entity in the group, and the group is managed by a single executive management team, uses the same policies and processes, and shares many of the same suppliers, we have provided a single consolidated description of our actions to address modern slavery risks and this statement has been prepared on a 'whole of group' basis.

The working group that co-ordinated preparation of this statement included representatives from our procurement, sustainability, corporate affairs and legal teams and received input from each of our operating businesses, our risk team and our executive management team.

Consultation was undertaken at Board level through presentations to and feedback from the Risk Management and Compliance Committee and consideration and approval of this statement by the VPN Board.

This statement was approved by the Board of each reporting entity (or in the case of The CitiPower Trust, the board of its trustee) on March 2022.

6: Additional information

In 2021 we had a significant task of increasing our knowledge of modern slavery and improving our visibility of supply chain risks. In 2021, we undertook and implemented the following activities:

1. Enrol in Energy Procurement Supply Association and Informed 365
2. Development of Modern Slavery training for deployment across the workforce
3. Detailed Modern Slavery Risk Assessments for all Categories of supply
4. Undertook our 1st Modern Slavery supplier survey
5. Updated our supplier survey questions to increase visibility
6. Development of a companywide approach to the remediation actions, when a Modern Slavery risk or risk are identified
7. Ongoing enhancement and updates to our supplier contract clauses, including references to our new Supplier Code of Conduct

In 2022, we have plans to:

1. Deploy company-wide training to raise the profile of modern slavery across the whole organisation.
2. Run our second modern slavery survey, leveraging the Informed 365 survey platform across all of our suppliers.
3. Reevaluate our risk assessments for all categories of supply
4. Raise awareness on what to do if you see or suspect modern slavery in our business; and
5. Launch the sustainable procurement statement.

Company information

Victoria Power Networks

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Melbourne VIC Australia

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Mailing address:
Locked Bag 14090

CitiPower Pty Ltd

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Powercor Australia Ltd

General Enquiries 13 22 06

www.powercor.com.au

Whistle-blower Hotline

Phone: 1800 035 400 (in Australia)

Email: speak-upanonymous@stipline.com.au