

Modern Slavery Statement

Endeavour Energy Group
August 2020

Modern Slavery Act 2018 (Cth)

- This statement discloses the actions taken by the Endeavour Energy Group to address modern slavery in our business and supply chain, during the year ending 30 June 2020.
- This voluntary statement has been prepared to align with the requirements of the *Modern Slavery Act 2018* (Cth) and has been approved by the Board of:
 - Endeavour Energy Network Asset Partnership
 - Endeavour Energy Network Operator Partnership
 - Endeavour Energy Network Unregulated Partnership
 - Network Finance Company Pty Ltd
 - Endeavour Energy Network Management Pty Ltd.

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Who we are

Endeavour Energy distributes affordable, safe and reliable electricity to 2.4 million people, or one million connected customers, in homes and businesses across Sydney's Greater West, the Blue Mountains, Southern Highlands, the Illawarra and the South Coast. Our area includes Sydney's second airport, its surrounding Aerotropolis, and the NSW Government's priority land release areas in Sydney's North West and South West.

Over the next 20 years, these areas will be home to communities similar in size to Wollongong and Canberra. The population of Western Sydney is expected to increase by 900,000 over this time and we expect more than 20,000 new customers will connect to the network each year.

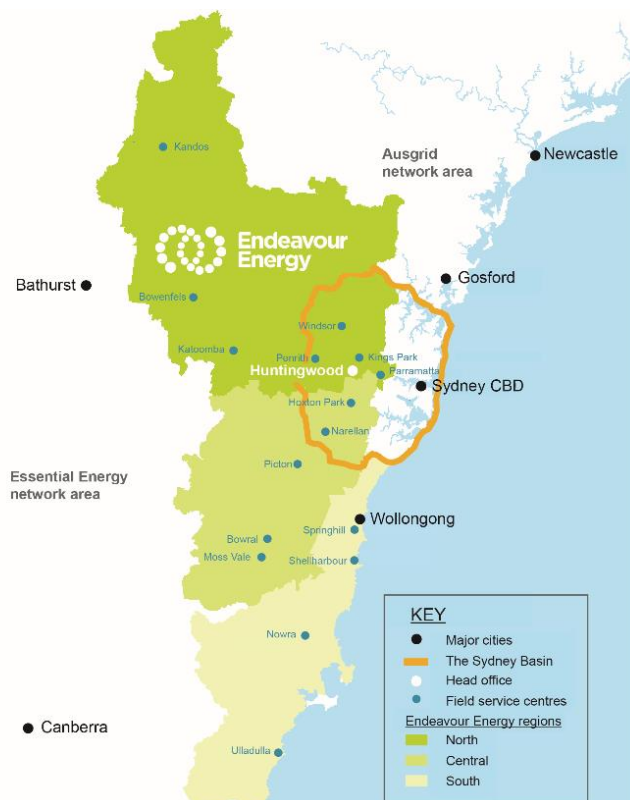
Due to rapid industry changes, we are transitioning from a traditional 'poles and wires' business to a distributed services operator. We're working with customers, stakeholders and regulators to help deliver a clean energy future where smart meters, batteries and solar enable customers to generate, store and sell back electricity into the grid.

We're also partnering with energy innovators to help customers take advantage of new technologies like electric vehicles, microgrids, and artificial intelligence.

We're 50.4% owned by a consortium of private investors operating under a 99-year lease with the remaining balance retained by the NSW Government. Endeavour Energy's head office is located at 51 Huntingwood Drive, Huntingwood, NSW, 2148. As at 31 July 2020, Endeavour Energy had approximately 1,700 employees.

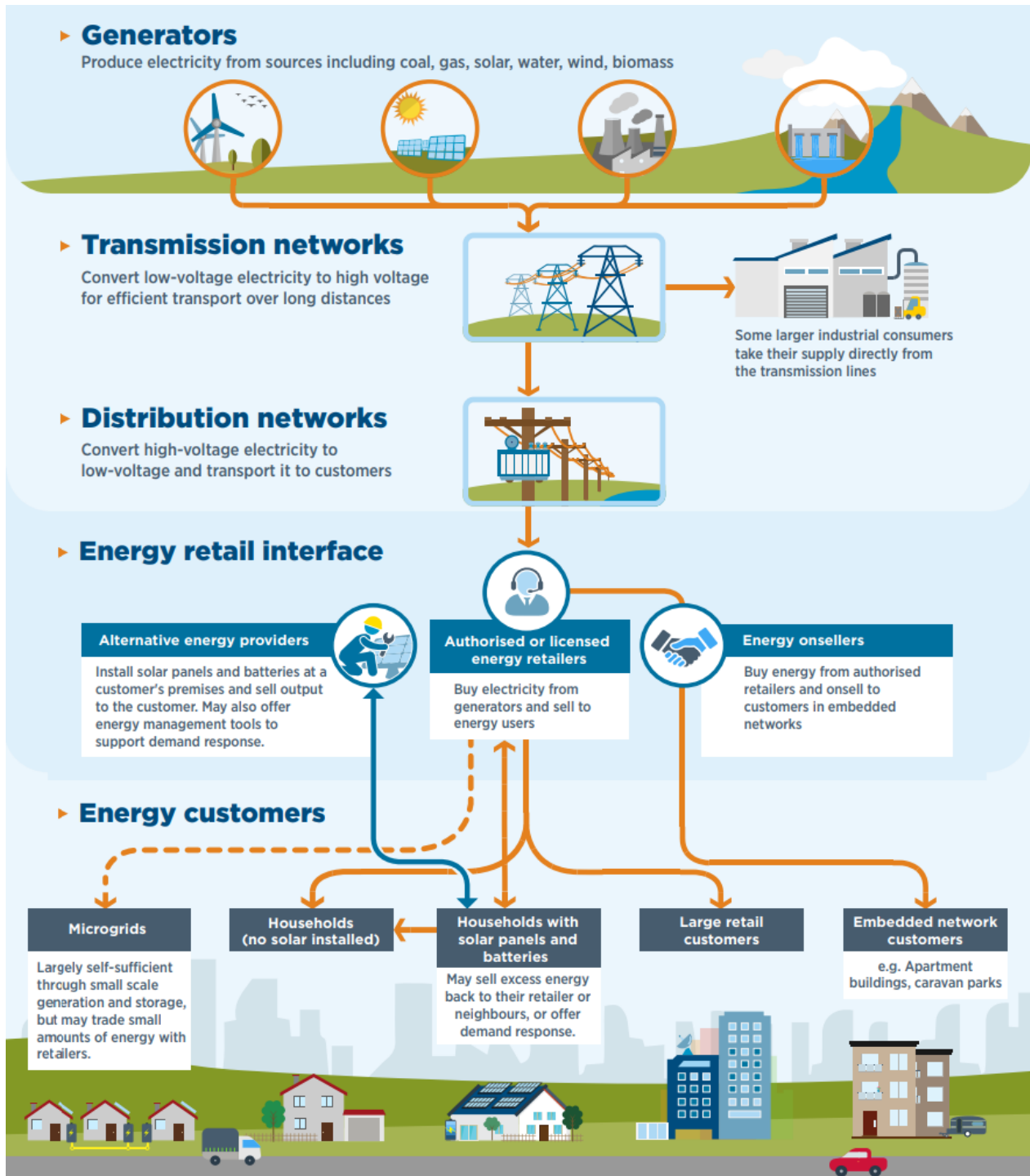
Where we operate

We build, own, operate and maintain an electricity distribution network that powers Sydney's Greater West, the third largest economy in Australia. The area includes the NSW Government's North West and South West priority growth areas of Sydney, established in 2005 to accommodate 500,000 new residents over 30 years. The priority growth areas, both similar in population size to Wollongong and Canberra, are the result of the biggest coordinated land release in NSW's history.



Our operating model

Endeavour Energy's distribution network comprises both large and small substations that are connected via high and low voltage overhead powerlines and underground cables. Most of Endeavour Energy's supply of electricity is taken from the generation source through TransGrid's transmission network at 132kV and 66kV. Our role in the provision of electricity to the general public is outlined in the diagram below.



Source: AER, *State of the Energy Market*, July 2020, p.25

Our network

Our network spans over 25,000 square kilometres. It is made up of more than 430,000 power poles and street light columns, 202 major substations and 32,600 distribution substations connected by nearly 60,600 kilometres (more than the distance from Sydney to London and back) of underground and overhead cables.

Our position on modern slavery

As a responsible and respected business, Endeavour Energy supports human rights and individual freedoms. The Group has no appetite for modern slavery within its operations and supply chain. This includes coercion, threats or deception used to exploit victims and undermine or deprive them of their freedom in accordance with the *Australian Modern Slavery Act 2018* (Cth).

Endeavour Energy is committed to ensuring there is no modern slavery in our supply chain or in any part of our business and is taking appropriate steps to ensure that any suppliers that we work with have a similar commitment.

Our Statement of Business Ethics sets out the mandatory requirements for all of our suppliers to:

- Not engage in any conduct or omission which may contravene any modern slavery laws
- Do all things required or necessary to mitigate or reduce modern slavery risks in their operations and supply chains
- Implement due diligence procedures for their own suppliers to ensure that there is no slavery, human trafficking or similar types of conduct in their supply chains
- Notify Endeavour Energy as soon as they become aware of a potential, suspected or actual breach by a supplier or its representatives of any modern slavery laws in connection with their engagement with Endeavour Energy
- Cooperate in good faith with Endeavour Energy in investigating circumstances relevant to any potential, suspected or actual breach of any modern slavery laws, whether or not notification has been given under the paragraph above.

We acknowledge the challenges of respecting human rights throughout our value chain and are committed to working with our suppliers and business partners to adopt principles and standards similar to ours.

Our governance framework

Endeavour Energy operates under a robust framework of corporate governance. This framework includes the processes by which the business is directed, controlled, and held to account; and is a key element in maintaining the integrity of the business and its culture of compliance.

Key elements of Endeavour Energy's corporate governance framework include our values, Code of Conduct, Statement of Business Ethics and supporting company policies and procedures.

Our employee and contractor rights

Endeavour Energy operates in a highly regulated environment. Its recruitment and engagement of employees and contractors is aligned with applicable legislation and governed by internal policies and procedures to comply with applicable legislative obligations.

Our supplier governance framework

Endeavour Energy has an existing supplier governance framework to assess suppliers against specific risk categories prior to contract award.

Since January 2019, modern slavery provisions have been included in standard contracts and provided to all new and existing suppliers where a contract is in place (73% of total annual spend). More than 646 contracts and variations have been executed with the new clauses. To date, all suppliers have accepted requirements or have updated contracts to comply with their own modern slavery frameworks.

The supplier governance framework is also supported by the supplier manufacturing facility accreditation program. This program evaluates manufacturing facilities for new suppliers or new equipment/products in the process of being approved to be installed in the network. Focus areas include ethics, health and safety and human and social responsibility (including employee remuneration and benefits) of manufacturers. Site

audits/inspections (both domestic and international) are carried out on an as required basis. Since 2017, two site audits/inspections have been undertaken by Endeavour Energy.

Our supply chain

In FY20 Endeavour Energy engaged with approximately 1,500 direct suppliers over 11 countries (including Australia). 98% of Endeavour Energy's total direct procurement spend is within Australia, with the greatest spend relating to vegetation management, civil and construction services, ICT and equipment and inventory.

The remaining 2% of total procurement spend is spread across 10 countries with the top 3 countries being Canada (0.67%), Singapore (0.52%) and France (0.37%). Goods and services from these countries relate to power transformers, software licences, recruitment and professional services.

Risk management

Risk appetite

Endeavour Energy's risk appetite is set by the Board and articulates our risk appetite in relation to modern slavery as follows:

The Group has no appetite for modern slavery, as defined in the Modern Slavery Act 2018 (Cth), within its operations and supply chain.

Risk assessment

Modern slavery risks are considered and assessed in line with and as part of Endeavour Energy's overall corporate risk framework. Where these risks are considered significant, they are outlined in Endeavour Energy's Corporate Risk Management Plan and mitigating actions discussed with Endeavour Energy's Audit and Risk Committee (a Board sub-committee).

Identified risks of modern slavery in our supply chain

Areas of risk identified include:



Construction and facilities management (transient/seasonal workforce)



Textiles suppliers (e.g. personal protective equipment)



Office supplies (e.g. tea/coffee, paper and other consumables)

Actions taken to address risks of modern slavery

The following actions have been undertaken by Endeavour Energy to address the risks of modern slavery practices in its operations and supply chains:

- A review of the Group Board policies and key constituent documents was conducted to assess if any required updating to reflect modern slavery requirements
- The revision of Endeavour Energy's board-approved risk appetite statement
- The Endeavour Energy Group updated its internal procurement practices to expressly require compliance with Modern Slavery requirements. This includes updating the pre-qualification questionnaire which requires prospective suppliers to confirm their compliance with modern slavery as a prerequisite to selection as a prospective supplier to the Endeavour Energy Group
- The Statement of Business Ethics was updated, distributed to all suppliers and published on the Endeavour Energy website

- Updated standard supplier contract templates to include relevant clauses on modern slavery requirements
- A supplier manufacturing facility accreditation program is in place as described above
- Modern slavery training was delivered by Ashurst Lawyers in July 2019 to key internal stakeholders across the business, including Procurement, Logistics, People & Culture, Asset Management, Governance Risk & Compliance and Legal teams
- The adoption of a revised Whistleblowing Policy which provides a mechanism for any person to confidentially and anonymously report concerns about reportable conduct, which includes modern slavery matters
- An assessment of indirect suppliers has been undertaken to ensure that these suppliers were engaged using appropriate modern slavery provisions.

Endeavour Energy will use key risk indicators (KRIs) to measure how effective we've been in combating slavery and human trafficking in our business and supply chains. KRIs we will use to measure our success include:

- Number of suppliers visited and audited under our supplier manufacturing facility accreditation program
- Number of suppliers confirming their compliance with modern slavery when completing Endeavour Energy's pre-qualification questionnaire (target 100%).

In addition, we have incorporated regular internal audits of the effectiveness of the controls listed above into Endeavour Energy's internal audit program.

Lastly, Endeavour Energy's whistleblowing mechanism will act as another check in this regard.

Governance

This statement has been prepared to align with the requirements of the *Modern Slavery Act 2018* (Cth) and has been approved by the Board of the Endeavour Energy Network Asset Partnership, Endeavour Energy Network Operator Partnership; Endeavour Energy Network Unregulated Partnership; Network Finance Company Pty Ltd and Endeavour Energy Network Management Pty Ltd on 27 August 2020.

This statement will be updated annually.



The Hon. Robert Webster

Chair