

Modern Slavery Statement

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Foreword

United Energy depends on our team of more than 200 employees and our 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 or supporting customers connect clean energy technology – and we rely on at least 340 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 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.

In our first Modern Slavery Statement, we are pleased to report that our businesses have taken significant steps to understand and address the risk of modern slavery within our supply chain.

These actions include assessing all operational and supply chain procurement activities, updating policies to consider modern slavery risks and sustainability sourcing, and introducing training for employees involved in buying goods and services.

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 we look forward to reporting on our progress.



Peter Lowe
Chairman



Tim Rourke
Chief Executive Officer

Quick guide

Requirement of the Act

Identify the reporting entity, section 16(1)(a)

Describe the reporting entity's structure, operations and supply chains, section 16(1)(b)

Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entity that it owns or controls, section 16(1)(c)

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, section 16(1)(d)

Describe how the reporting entity assesses the effectiveness of these actions, section 16(1)(e)

Describe the process of consultation with any entities the reporting entity owns or controls and the entity giving the statement, section 16(1)(f)

Other relevant information, section 16(1)(g)

Details of approval by the relevant principal governing bodies, section 16(2)(b)

Where to look in our Statement

"Corporate structure and reporting entities", page 5

"About us", pages 4 - 6

"Modern slavery risks in our operations and supply chain", pages 8 – 9

"Our approach to assessing and addressing modern slavery risks", pages 10-12

"Measuring our effectiveness", page 13

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"Board approval", page 15

Section one

About us

Who we are

United Energy Distribution Holdings Pty Ltd is the holding company for the United Energy group (United Energy, or UE), which owns and operates the United Energy electricity distribution network.

A CK Infrastructure-led consortium owns 66 per cent of United Energy with the balance owned by SGSP (Australia) Assets Pty Ltd, also known as Jemena.

Our business

We distribute electricity to more than 700,000 customers across east and south east Melbourne and the Mornington Peninsula. Ninety per cent of our customers are residential. We manage a network of 215,000 poles and over 13,000 kilometres of wires. Electricity is received via 78 sub transmission lines at 47 zone stations, where it is transformed from sub transmission voltages to distribution voltages.



Key statistics

- Regulated asset base \$2.5 billion
- 10,034 km overhead distribution lines
- 3,374 km underground distribution lines
- Reliability 99.99%

Corporate structure and reporting entities

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 2020. It is a joint statement made on behalf of the following reporting entities:



This statement covers the activities of these entities and all entities owned or controlled by them that are not themselves reporting entities.

All references to our, we and us within this statement refer to United Energy Distribution Holdings Pty Ltd and the entities it owns and controls.

Board and management structure

Our Board of Directors oversees our strategic direction and performance and provides support to our Executive Management Group. The Board consists of five directors: two independent directors including the Chair, two shareholder appointed directors and the Chief Executive Officer. The following committees have also been established to assist with the responsibilities of the Board:

- **Audit and Risk Committee** – assists with financial reporting, maintaining an efficient system of internal control and promoting an ethical culture. Is also 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.

United Energy 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: responsible for asset management, planning and design of upgrades and augmentations to the electricity network.

Service Delivery: responsible for project delivery and project management, network control & operations, management of UE's external field workforce, and delivery of the works program.

Finance: responsible for the financial management of the group, procurement, commercial property management and corporate risk.

People, Culture and Legal: responsible for health, safety and environment; HR Operations and Recruitment; Legal; and Organisational Development.

Corporate Affairs: responsible for stakeholder engagement; marketing, sponsorship and community partnerships; and Internal and external communications.

Information Technology: responsible for the strategy, planning and delivery of information technology.

Strategy & Customer Group: responsible for delivering strategic initiatives (including Beon Aerial Services), internal audit services, driving customer service improvement across the whole organisation and the primary point of contact for our customers.

Regulation: responsible for regulatory reset and compliance strategy and pricing.

People

As at December 2020, United Energy employed 228 people. We also acquire shared services from the Victorian Power Networks group and 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
United Energy group	228
United Energy CEO and EA	2
Information Technology	30
Service Delivery	86
People, Culture and Legal	8
Corporate Affairs	2
Finance	30
Regulation	1
Strategy and Customer Group	11
Electricity Networks	58

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 December 2020, we have approximately 340 active suppliers. Of this approximate 340 suppliers, 95% (based on their direct engagement business locations) are based in Australia with

a small number based overseas in the USA, New Zealand, Canada, Hong Kong, Ireland, Sweden, Singapore and India. The vast majority of our Australian vendors are based in Victoria.

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

Our procurement strategies aim to ensure the right suppliers are selected taking into account a range of non-price factors including safety performance, labour practices and values alignment, and supporting the communities in which we operate.

Section two

Modern slavery risks in our operations and supply chain

United Energy's focus on human rights has increased with the introduction of the modern slavery legislation. While it was always critical our suppliers complied with their contractual obligations, including labour laws, it was not a specific focus of our procurement team to monitor human rights risks across our supply chain. In 2020, this changed.

During 2020, 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: United Energy 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 95% of United Energy's 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.

For all countries with direct engagement business locations in offshore locations, we used the 2018 Global Slavery Index published by Walk Free¹ to determine each country's vulnerability to Modern Slavery.

The 2018 Global Slavery Index provides a country by country ranking of the number of people in modern slavery, as well as an analysis of the actions governments are taking to respond, and the factors that make people vulnerable.

Country	Vulnerability to Modern Slavery	Goods and services sourced from this area
India	55.5 / 100	IT Services
Hong Kong	24.7 / 100	Software, communications
USA	15.9 / 100	Communications, IT hardware, software
Singapore	13.4 / 100	Software
Ireland	10.4 / 100	Software
Canada	10.2 / 100	Software
Sweden	4.3 / 100	Network equipment
New Zealand	1.9 / 100	Network equipment

¹ <https://www.globallslaveryindex.org/resources/downloads/#gsi-2018>

Section three

Our approach to assessing and addressing modern slavery

Overview

Our focus during 2020 was to build further understanding about the risk of modern slavery within our supply chain. We have focused on actions that will provide a foundation for further initiatives and deliver longer-term outcomes:

- **Supplier risk assessment** - Conducted a preliminary risk analysis of our supply chain, having regard to factors such as geographic location, industry sectors and the products and services supplied
- **Policy** - Reviewed existing policies and procedures, including our Procurement and Purchasing Policy, to embed consideration of modern slavery risks into our normal business processes
- **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
- **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 or varied in 2020. 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
- **Supplier modern slavery self-assessment** - Prepared a modern slavery self-assessment survey, to be completed in 2021 by our high risk and higher contact value vendors. This survey was delivered in early 2021 and survey responses are currently being received. The results of this survey and corresponding actions will be described in our 2021 statement
- **Enabling reporting** - Our Whistleblower Program offers people employed by us or our suppliers, and their families, a convenient, safe and independent way to report concerns, and protection for people who make a disclosure.

Corporate Governance

United Energy's **Board** is responsible for the corporate governance and strategic direction of the United Energy group. Its responsibilities specific to the management of modern slavery include:

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



United Energy has established a number of Committees to assist the Board in the execution of its duties. The **Audit and Risk Committee** oversees and makes recommendations to the Board on United Energy’s risk profile and ensures appropriate policies and procedures are adopted. The Committee also assists the Board with its responsibilities to oversee regulatory compliance. The Audit and Risk Committee has specific direction from the Board to consider modern slavery risks as they apply to our business and supply networks.

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.

The risk of modern slavery within the supplier chain has been identified as an emerging risk and will be formally incorporated into the Enterprise Risk Framework within 2021.

Our culture

We have 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 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, 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.

Whistleblower Policy - encourages 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

United Energy's procurement team has undertaken Modern Slavery Act training, delivered by the Procurement Governance Team, to strengthen knowledge of modern slavery risk management. The training was conducted in December 2020 and included the broader human rights agenda including key human rights issues within the energy services sector and provided an overview of United Energy process and documents.

Section four

Measuring our effectiveness

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

During 2020, we focused on establishing 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.

There were no modern slavery risks raised for remediation in our supply chain in 2020: we expect this to change as our risk assessment, identification and response systems mature. 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.

In future periods we aim to further build on our capacity to measure and evaluate the effectiveness of our actions to address the risks posed by modern slavery.

Impact of COVID-19

COVID-19 has increased economic and social uncertainty, with 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.

Section five

Stakeholder engagement and consultation

The content of this statement applies to all entities owned and controlled by United Energy.

Subject matter experts across all business units were involved in preparing and reviewing this statement.

As the directors of each reporting entity are the same, and the group is managed by a single executive management team, uses the same policies and processes and shares 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 our business, our risk team and our executive management team.

Consultation was undertaken at Board level through presentations to and feedback from the Audit and Risk Committee and consideration and approval of this statement by the United Energy Board.

Section six

Additional information

A large focus for future action will involve monitoring and evaluating our performance over time and we look forward to delivering this progress in future modern slavery statements. In particular, during 2021 we plan to:

- Enrol representatives of our procurement team with Energy Procurement Supply Association (EPSA). EPSA is an Asia–Pacific not-for-profit association composed of energy industry procurement and supply professionals. This will enable us to improve how we benchmark our approach to addressing modern slavery issues relative to our industry peers
- Continue to provide a program of regular modern slavery training across our workforce to maintain awareness and best practice
- Conduct an annual modern slavery risk assessment of our operations and supply chains
- Conduct an initial survey to better understand the extent of modern slavery risk in our supply chain and how our key and high risk suppliers are addressing modern slavery risk
- Enhance our initial modern slavery questionnaire to focus on potential modern slavery risks as we learn more about our supply chains
- Develop a process for regular monitoring of modern slavery risks including actions when found such as a company-wide approach to remediation
- Continue to add anti-modern slavery obligations to our supplier contracts

Board approval

This statement was approved by the Board of United Energy Distribution Holdings Pty Ltd on 9 June 2021.

Company information

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Whistleblower Hotline

Speak-up Anonymous

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