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The Essential Energy

Code of Conduct

Foreword

What we expect of you at work

Our industry and business are facing unprecedented change and it's imperative we meet the challenges and capture the opportunities arising. Our *Code of Conduct* will help prepare our organisation for the future and includes our revised values, which are aligned with our strategic vision.

This *Code of Conduct* sets out the kind of behaviour expected of us by defining our corporate values and ethical principles. These values and principles must, at all times, form the basis upon which we act and make decisions.

Our first priority must be to ensure that we maintain and improve our safety culture and performance in all we do.

The code supports our approach to generating satisfactory and sustainable financial returns for our shareholders, reducing customer charges and achieving industry best practice. We can only do this by working together, embracing our new values and focusing on large-scale productivity improvement.

The code provides clear expectations from the outset, but does not attempt to be an exhaustive list of what to do in every aspect of our work. Instead, it outlines expected behaviours and provides a useful ethical framework to support each of you to make appropriate workplace choices.

At all times, we must act in the interests of our employees, customers, shareholders and stakeholders, and practise our corporate values to ensure we become a viable and sustainable business we can all be proud of.

John Cleland

Chief Executive Officer





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Our values

Our values and target behaviours define the standard of ethical behaviour we expect of each other and our communities expect from us. They form the basis for everything we do in our daily work life. They help guide us, shaping our actions and decision-making, to ensure we always act appropriately.



**Make safety
your own**



**Be easy to do
business with**



**Make every
dollar count**



**Be courageous,
shape the future**



**Be inclusive,
supportive and honest**

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What should I do?

- > Build your knowledge and understanding of Essential Energy's values and target behaviours
- > If you see things happening that don't seem to fit with our values, ask your manager/supervisor for clarification
- > Think about how you can live by the values as you go about your work.

If you would like to discuss any aspect of this information, you can speak to your manager/supervisor or your HR Business Representative.

Standards of personal and professional conduct

Employee integrity is an essential part of customer and community confidence and as an employee you have a major role to play.

Every employee must exhibit the highest ethical standards at all times. This includes taking pride in your work and behaving in a way that is consistent with the values and principles outlined in this code.

As an Essential Energy employee, you also need to operate within all the laws that apply to our company.

Failing to deal fairly or honestly with customers could be a breach of the Competition and Consumer Act 2010 and, if proven, could result in heavy fines for both the company and the relevant employee. More importantly, it will negatively affect our company's reputation and your personal reputation.

You are ultimately responsible for your own conduct and behaviour. This requires a thorough understanding of:

- > what your job is
- > how your job is to be performed
- > the results you need to achieve.

Essential Energy is committed to fairly and consistently managing responses to employees' conduct and behaviour through a Fair and Just Culture. We achieve this by providing an environment in which:

- > everyone knows what is expected of them
- > the right workplace behaviours are recognised and reinforced
- > the right responses are applied to the wrong behaviours.

Performing your duties

In performing your duties, you must:

- > act professionally at all times and never make (written or verbal) representations without first checking the underlying facts
- > act impartially, with integrity, be fair and do not mislead people
- > provide efficient and effective service to our customers
- > be honest in all your dealings and never be a party to anti-competitive behaviour
- > be prepared to demonstrate the reasons for your decisions
- > be alert to any conflicts of interest, real or perceived, and take appropriate steps to deal with them
- > protect the confidentiality of all information made available to you or to Essential Energy
- > look after and do not misuse Essential Energy's assets
- > not commit fraud or engage in other forms of corrupt conduct
- > comply with Essential Energy's policies and procedures and the company's operating licences
- > satisfactorily meet the requirements of your position and follow instructions that are reasonable and lawful and within your capability and training
- > abide by the law.

These standards apply to all Essential Energy employees, contractors, directors and officers.

What does inappropriate behaviour look like?

Inappropriate behaviour can take many different forms. Sometimes it's very obvious, but at other times it can appear to be 'just a bit of fun' between people. The big issue everyone needs to avoid is failing to act if they see inappropriate behaviour. The things to look out for include:

If you would like to discuss any aspect of this information, you can speak to either your manager/supervisor or your HR Business Representative. Policies relating to bullying and harassment can be found on Essentialnet.

- > insensitive jokes or name-calling
- > excluding and isolating people from conversations or activities such as overtime
- > pranks or practical jokes
- > not being sensitive to other people's cultural values.

Delegated authority

When making business decisions on behalf of Essential Energy, or if you are entrusted with a delegation, you should check that:

- > the decision or action is within your position's delegation
- > it complies with all decision-making requirements and policies and procedures required by the delegation and any relevant law
- > the decision and the evidence upon which it is based are properly documented.

If you are in any doubt about the limits of your delegation, you should talk to your manager/supervisor. A copy of the delegations policy (Sub-Delegation of Authority by the Chief Executive Officer) can be found on Essentialnet.

The "once removed" principle

If you are making a decision about an activity or purchase and there is a possibility that people might think you are gaining a personal benefit or that there may be a perception of a conflict of interest, you must inform your manager/supervisor and obtain approval. This must happen before you make the decision.

The "once removed" principle applies to an approval of expenditure within your delegated authority if it is possible that the goods or services to be purchased could give you some kind of personal benefit or a benefit for a family member.

Remember it is always better to tell your manager/supervisor that you are planning to do something – before you do it.

Behaviour towards others

Ethics and personal responsibility play a major role in the way we behave towards others in that we all need to respect each other.

Essential Energy has a set of target behaviours that demonstrate what is expected of us as employees in undertaking our duties and dealing with each other and our customers.

As an Essential Energy employee, you also need to:

- > follow all health and safety rules, policies and procedures and ensure that you work in a safe manner and don't put yourself or others at risk
- > treat customers and other employees with respect and be sensitive to their rights, provide appropriate assistance and, if necessary, provide guidance
- > lead by example and encourage your colleagues to exercise similar personal and professional behaviours
- > ensure that employees and resources are appropriately managed so that any risk of unethical behaviour is reduced
- > avoid and prevent any form of bullying, intimidation or harassment towards a fellow employee or any other Essential Energy stakeholder.

Alcohol and drugs

The influence of alcohol or illicit drugs could affect your ability to perform work safely. It is important that you arrive at Essential Energy work sites fit for work.

You must not come to work if you are under the influence of alcohol or illicit drugs. You must not consume alcohol or illicit drugs during working hours.

If you are taking medication that could affect your ability to perform work safely, you should inform your manager/supervisor, your HR Business Representative or your Health and Safety representative of the likely effects of the medication.

Conflict of interest

The perception of a conflict of interest could happen if there is a situation that leads a reasonable person to think you could be unfairly influenced.

You are at risk of having a conflict of interest if there is even a perception that your personal interests (or the interests of people close to you) will conflict with your ability to impartially perform your work duties. Conflicts of interest can be actual, perceived or potential.

A conflict of interest is:

- > actual when you are in a position to be influenced by your private interests while doing your job
- > perceived when you are in a position to appear to be influenced by your private interests while doing your job
- > potential when you are in a position whereby you may be influenced in the future.

Conflicts of interest are also categorised as pecuniary and non-pecuniary.

A pecuniary conflict of interest exists when a person has a financial interest or the capacity to make a financial gain or loss. Pecuniary interests include shareholdings, superannuation, spouse/partner financial interests, gifts and hospitality, and property ownership.

A non-pecuniary conflict of interest does not have a financial component. It can arise from personal or family relationships, or involvement in sporting, social or cultural activities.

Some conflict of interest examples:

- > knowing that you or your friends or relatives stand to benefit from a matter in which Essential Energy is involved
- > having a personal relationship with an Essential Energy business contact that goes beyond a normal professional working relationship
- > harbouring personal beliefs or attitudes that influence the impartiality of your advice or actions
- > using business information that you have acquired through your work with Essential Energy for personal gain
- > having a second job that compromises your integrity or affects on your ability to perform your employment with Essential Energy
- > engaging in party political activities or making adverse political comments that relate to Essential Energy's business.

Customers, suppliers and colleagues need to be confident that all decisions made by Essential Energy are fair and impartial. Because an individual employee is often the only person who is aware of the potential for conflict, they are responsible for identifying and disclosing any real or perceived conflict of interest.

Making a decision that is not impartial can be considered corrupt conduct.

If you think you have a conflict of interest, or other people may perceive there is a conflict of interest, you must talk to your manager/supervisor about how the situation can be resolved.

What should I do to manage conflicts of interest?

The six major options for managing conflicts of interest are:

- > **register** all potential conflicts of interest with your manager/supervisor and follow the approach determined with your manager/supervisor to manage the conflict
- > **restrict** your exposure to potential conflict
- > **recruit** an impartial third party to oversee the process that deals with the matter
- > **remove** yourself from the conflict issue or situation
- > **relinquish** the private interest causing the conflict
- > **resign** from your position.

If you would like to discuss any aspect of this information, you can speak to either your manager/supervisor or your HR Business Representative.



Acceptance of gifts and benefits

Essential Energy's Gifts and Benefits Policy allows Essential Energy employees to accept gifts and benefits up to a maximum value of \$100 in limited circumstances. Under no circumstances can you receive a gift or benefit where you suspect it to be a bribe or where it could be perceived to influence you carrying out your duties.

In particular you must never accept a gift or benefit where you have the ability or delegation to make decisions concerning the gift giver, such as procurement processes.

You may accept token gifts or benefits of a value less than \$25 (eg. promotional products such as pens, calendars, folders bearing company logo), gifts of hospitality where it is incidental to a meeting, conference or official business function, a prize "won" at an external business function when conducting official duties, ceremonial gifts on behalf of Essential Energy and gifts or benefits in gratitude on behalf of Essential Energy for hosting a business function, presenting at a conference, seminar or other function or hosting overseas or interstate delegations. Invitations are considered a benefit under Essential Energy's policy.

Essential Energy has defined a maximum value of \$100 for acceptable gifts and benefits, whether the total of an individual gift or the cumulative total of all gifts received from the same individual or organisation over a period of time. In accepting a gift or benefit, you should always consider the intent of the gift or benefit being offered and the public perception of receiving the gift or benefit before you accept.

You must never solicit or request any gift or benefit for yourself or anyone else (e.g. a family member), accept offers of cash or any financial incentives (gift vouchers, Fly Buys or similar schemes), accept gifts or benefits in the form of free or discounted entertainment, attendance at sporting events or concerts, travel or accommodation or accept any gifts or benefits of more than a token or incidental nature where you or your employees make decisions concerning the gift giver or it could be perceived to influence you in carrying out your duties.

You must report all gifts and benefits valued above \$25 to your line manager and then to ethics@essentialenergy.com.au within 10 business days.

If you are unsure what to do about a gift or benefit that is offered to you or that you have received, you should consult your line manager or the Chief Risk and Compliance Officer for guidance.

Offers of a gift or benefit made and refused must still be reported to your manager/supervisor. You must report any offer of a bribe immediately in accordance with the requirements in the Code of Conduct and advise the Chief Risk and Compliance Officer or your line manager immediately if you suspect you are being offered a gift or benefit of influence.



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Public comment

It is not appropriate for you to make public comment about, or on behalf of, Essential Energy. This includes statements to the media and using all types of social media, unless authorised by Essential Energy.

If you are asked to comment, please refer the enquiry to Essential Energy's Communications Team.

Outside working hours, if you undertake speaking engagements, express views in letters to newspapers, on social media, in books or in notices that appear in the public arena, or make statements at community meetings, you must avoid commenting on behalf of Essential Energy without prior approval from the Chief Corporate Affairs Officer.

Whenever you are or could reasonably be perceived to be associated with Essential Energy through your clothing, badges, company vehicle or any other identifier, including on social media, it is important that you see yourself as an ambassador for Essential Energy and conduct yourself accordingly.

This means you should comply with applicable laws (e.g. anti-discrimination, defamation, privacy, trade practices, copyright) and not make comments or publish content that is abusive, threatening, harassing, bullying, discriminatory, racist, sexist, defamatory, or is otherwise unlawful.

Giving references

Verbal references may be given about employees, if requested by third parties. However, written Supplier Acknowledgement Requests must not be given without the approval of the Procurement Team and the Head of Communications.

Corporate information

Information relating to our commercial activities is an important part of our business success and must be protected.

You must not use information about Essential Energy, its employees, customers or business relationships to gain personal advantage for yourself or others. You must also avoid the risk of damaging Essential Energy, other people or organisations through the misuse of corporate information. Similarly, you must also protect information from, or about, third parties. You should store all corporate records in accordance with Essential Energy's policies. More information about our corporate record-keeping requirements is available on Essentialnet.

Business information that is not confidential should be communicated accurately and in an honest and unbiased manner. If you are unsure whether information is confidential, ask your manager/supervisor. Employees are also responsible for protecting the privacy of personal information held by Essential Energy and are not permitted to make any unauthorised release of it. You should seek the advice of your manager/supervisor if you are asked to do so.

Dealings with former Essential Energy employees

When talking to, or in dealings with, former Essential Energy employees, you must not give them any confidential or personal information about other employees or contractors. Similarly, former Essential Energy employees must avoid divulging any confidential information about the organisation or their job, or to pass on any confidential information about Essential Energy, its employees, suppliers or customers. In any new job or business venture, you must not make use of any confidential information you gained during the course of your employment with Essential Energy.

Essential Energy resources

Our resources are vital to our business and exist solely to help us meet customer needs.

You are expected to be careful, efficient and economical in your use and management of the organisation's resources, including your work time.

Essential Energy's resources include:

- > material, tools, equipment and vehicles
- > cash, cheques, credit cards, accounts and securities
- > documents, records, data, information and systems
- > time and employees.

As a general rule, the company's resources cannot be used for private purposes without specific permission. However, employees are allowed to have reasonable personal use of the telephones, faxes, photocopiers, computers and mobile devices, including email and internet access for private purposes. Unauthorised interstate and international telephone usage (including calls and data) must not be made and you should be aware of the company's policy on the use of email and internet facilities.

Employees are also responsible for protecting the privacy of personal information held by the company and are not permitted to make any unauthorised release of it.

Motor vehicles are to be used in accordance with the policies and procedures dealing with the use of vehicles, which can be found on Essentialnet.

Essential Energy's resources and equipment must not be used in the course of secondary employment.



Secondary employment

We are committed to ensuring that employees undertake their duties with the highest degree of integrity and that no safety risks, conflicts of interest or contractual breaches result from other paid employment.

In some cases, secondary employment will not have any impact on an employee's job with Essential Energy. However, at other times this secondary employment could lead to a real or potential conflict of interest.

Some of the other major risks associated with secondary employment include fatigue, misuse of resources, security of information and availability for work.

Employees who wish to have a second job must complete an online declaration. For assistance or changes in previously declared secondary employment, contact HR Services on **1800 22 00 66**.

If you have an approved second job, while performing that second job you must:

- > not use Essential Energy's resources (such as tools, equipment, computer systems)
- > not use Essential Energy's information
- > not reveal information about Essential Energy's business strategies
- > be alert for any conflict of interest, real or perceived, and take appropriate steps to deal with them
- > take personal responsibility for your fitness for duty and be certain that the quality of your Essential Energy work is not affected.

Essential Energy can require you to cease any secondary employment that adversely affects your employment with Essential Energy and if you fail to do so, disciplinary action may be taken.



Political and community participation

Outside working hours, employees are free to pursue whatever political or community participation activities they are interested in – providing these activities do not interfere with their Essential Energy duties.

Unless authorised to do so, you should not use working hours or Essential Energy resources to conduct political or other business or social activities, or involve Essential Energy in your personal outside activities.

If you wish to nominate yourself as a candidate in a local government, state or federal election, you should seek your own independent legal advice on the relevant legislation and its impact on your individual employment circumstances.

In addition, if you intend nominating, you must immediately notify your manager/supervisor and General Manager so they can consider whether your nomination could create a conflict of interest. There are specific government policies that apply to employees who nominate for election.

Under no circumstances are Essential Energy funds to be used to make political donations. Further, employees cannot attend political events as representatives of Essential Energy.

If you are involved in volunteer and community work, you must not use Essential Energy's assets for this, or any other type of work, unless formally authorised to do so by your manager/supervisor.

Breaches of the code

Essential Energy is committed to the values, standards and principles outlined in this code.

Breaches may lead to disciplinary action in accordance with Essential Energy's discipline policy. This may lead to termination of employment and/or civil or criminal proceedings. Criminal matters will be reported to the police and/or other appropriate law enforcement or regulatory bodies.

Essential Energy must report suspected breaches that appear to involve corrupt behaviour by one or more employees to the Independent Commission Against Corruption (ICAC), which may elect to investigate the incident.

An ICAC investigation may result in criminal charges against individuals and findings against Essential Energy, if it is evident that there are shortcomings in its systems and processes.

If you are aware of any breach of this code, you must disclose it using the Ladder of Escalation on page 18. If you are aware of any involvement in fraud or corrupt conduct by others, you must make a disclosure as outlined in the 'Disclosing Possible Wrongdoing' section below.

All information will be treated in the strictest confidence.

“We are expected to conduct ourselves with the highest ethical standards as we go about our work.”

Disclosing possible wrongdoing

You are responsible for acting honestly and for disclosing any wrongdoing of which you become aware.

Instances of wrongdoing include corrupt conduct, maladministration, serious and substantial waste of public money, and breaches of the Government Information (Public Access) Act 2009. If you honestly believe on reasonable grounds this conduct has occurred, a confidential disclosure can be made in any of the following ways:

- > call the Corruption Hotline on **1800 808 322**
- > call an Essential Energy Disclosure Officer on **02 6589 8259**
- > send an email to **ethics@essentialenergy.com.au**
- > through Whispli, Essential Energy's secure whistleblowing platform: **essentialenergy.whispli.com**
- > call Essential Energy's Chief Risk and Compliance Officer on **02 6589 8942**
- > call Essential Energy's Chief Executive Officer on **02 6589 8333**.

You also have the option of contacting the following external authorities:

- > the Independent Commission Against Corruption (ICAC) – for corrupt conduct
- > NSW Ombudsman – for maladministration
- > NSW Auditor-General – for serious and substantial waste
- > Information Commissioner – for breaches of the Government Information (Public Access) Act 2009.

Modern Slavery

If you voluntarily make a disclosure about wrongdoing, you may be entitled to protection under the Public Interest Disclosures Act 1994. This law makes it a criminal offence for any person to take detrimental action in reprisal against a person who has made a public interest disclosure. Essential Energy is committed to ensuring that employees are not victimised as a result of such a disclosure.

However, you should be aware that protection is not available for disclosures that question the merits of government policy, or are considered to be an attempt to avoid dismissal or disciplinary action. It is a criminal offence under the Public Interest Disclosures Act 1994 to wilfully make a false or misleading statement when disclosing wrongdoing. More information on public interest disclosures is available on Essentialnet.

Modern Slavery

Essential Energy is committed to maintaining and improving systems and processes to avoid complicity in modern slavery or human rights violations related to our own operations, our supply chain, and our services. Any concerns regarding slavery and human trafficking as outlined in Essential Energy's Modern Slavery Statement should be reported to ethics@essentialenergy.com.au

For those not-so-easy-to-answer questions

Not all ethical decisions are clearly right or wrong. In fact, many complex situations we face in business fall somewhere in between.

When making decisions as an Essential Energy employee, you must use our values. Thinking through the following steps will help you to apply our principles and values in your decision-making.

Ethical decision-making model

Step 1: Define the issue

- > What's difficult about the situation?
- > Who else is involved and what's their perspective?
- > What effect does your behaviour have on them?

Step 2: Identify the underlying principles and values

- > How does Essential Energy's *Code of Conduct* require you to behave?
- > Do you have a personal conflict of interest?

Step 3: Consider the options

- > Think of alternative options and consider for each:
 - does it conflict with Essential Energy's principles and values in the *Code of Conduct*?
 - how could this affect Essential Energy and its different stakeholders?
 - what are the consequences if I take this option?
- > Get a second opinion from an independent, trusted person.

Step 4: Ethics quick test

- > What would your family, colleagues or manager/supervisor say about the decision you are about to make?
- > How would you feel if this was reported in a newspaper or on TV?
- > Would you be confident explaining your actions to external authorities?
- > How might your behaviour be viewed in one year or five years from now?
- > Would you be happy if you were treated this way?
- > Could the issue cause damage to your own reputation and that of Essential Energy?

Step 5: Make the right choice

- > Your behaviour must reflect Essential Energy's Code of Conduct and you must be able to justify your actions.
- > If you feel confident about the decision you have made following these steps, it is probably the right thing to do. If you're still in doubt, give your manager/supervisor a chance to discuss the issues with you, or talk to your HR Business Representative.
- > Remember that you are responsible for your own actions and decisions. It is your reputation and your integrity that will be judged by your family, friends and community. Making the right choice is always the best choice.

Ladder of escalation: ethical issues of concern

To play your part in raising concerns about ethical issues, there are several different options available to everyone at Essential Energy.

1: Speak up

If you see colleagues or contractors behaving in ways that may not fit with Essential Energy's *Code of Conduct*, ask yourself, 'Who should I raise my concerns with?'

Consider speaking with the person(s) concerned.

If possible, check with your manager/supervisor or trusted colleagues to see if they also think there might be an issue with what you have seen or heard.

If you have concerns about speaking with the person(s) involved or people in your workgroup, or concerns appear justified, then escalate the issue.

2: Escalate the issue/make a disclosure

Raise the issue with your manager/supervisor or to the immediate manager/supervisor of the person concerned.

If the manager/supervisor forms the opinion that you are making a disclosure about a potential breach of the *Code of Conduct*, they will either:

- > contact an HR Business Representative in cases of harassment, bullying or other people issues
- > contact a Disclosures Officer in cases of alleged corruption or criminal conduct.

If you are reluctant to raise the issue or make a disclosure to your manager/supervisor, you can:

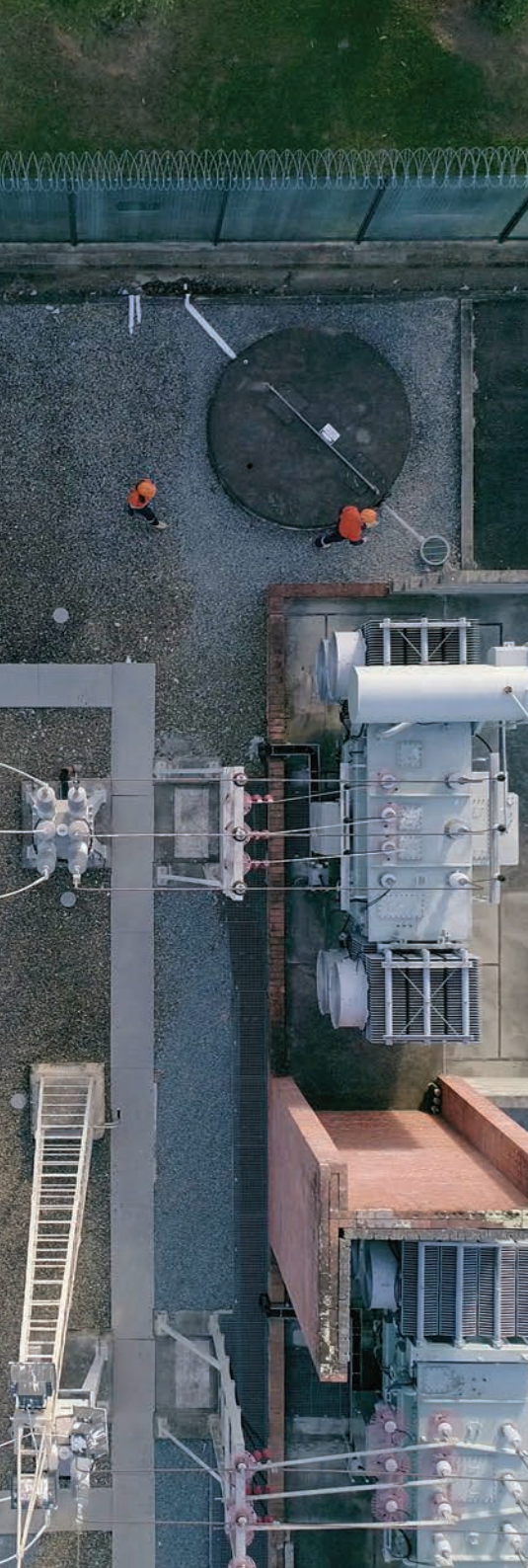
- > report your concerns through Whispli, Essential Energy's secure whistleblowing platform: essentialenergy.whispli.com
- > raise your concerns with your HR Business Representative for issues of harassment, bullying or other people issues
- > for other issues of concern or to make a confidential disclosure you can contact:
 - the Independent Commission Against Corruption (ICAC) – for corrupt conduct
 - NSW Ombudsman – for maladministration
 - NSW Auditor-General – for serious and substantial waste
 - Information Commissioner – for breaches of the Government Information (Public Access) Act 2009.

3: Seek external advice or report to an authority

If you believe there is a breach of the *Code of Conduct*, you have a responsibility to disclose the issue.

If you have concerns about reporting what you have seen or heard to Essential Energy, you can disclose suspected instances of:

- > corrupt conduct to the Independent Commission Against Corruption (ICAC) – (02) 8281 5999
- > maladministration to the NSW Ombudsman – (02) 9286 1000
- > serious or substantial waste to the NSW Auditor-General – (02) 9275 7100
- > breaches of the Government Information (Public Access) Act 2009 to the NSW Information Commissioner – 1800 463 626.



My ethics checklist

Rate yourself on a scale of 1 to 3

- 1 I need more information
- 2 I think I am on the right track
- 3 I know what is expected of me when I work at Essential Energy

- I know the behaviours I need to adhere to that support Essential Energy's Code of Conduct
- I know what to do if I suspect I have a conflict of interest
- I know how to report issues if I see something that might be out of step with our values
- If I see colleagues behaving inappropriately, I am prepared to speak up.

If you would like to discuss any aspect of this information, you can either speak to your manager/supervisor or call the Corruption Hotline on 1800 808 322.

“For us, ethics is about applying the principles and values in the *Code of Conduct* and our policies and procedures to help us make the right choice.”



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