

STATEMENT OF BUSINESS ETHICS



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FOREWORD



Essential Energy values its strong business relationships with its many suppliers and contractors.

We aim to foster relationships that deliver the highest standards of safety, respect, performance and integrity for employees, suppliers and the customers and communities we serve.

We seek to form these relationships with organisations that share our commitment to conducting business according to the highest ethical standards, while complying with all relevant laws and regulations.

All Essential Energy directors, managers and employees are expected to observe the law and abide by our ethical framework, as set out in our *Code of Conduct*, policies and procedures.

This Statement of Business Ethics sets out the key business principles we apply in our dealings with our business partners. We expect our business partners to also apply these principles in their dealings with us.

Each principle is designed to ensure that our relationships generate good value, and are transparent and fair.

For additional information about this Statement of Business Ethics please contact our **Manager, Corporate Services on 13 23 91.**

If you wish to discuss an ethical issue, please contact the **Essential Energy Corruption Hotline on 1800 808 322.**

Essential Energy welcomes your contribution to our business success and in turn, looks forward to playing a part in yours.

A stylized, handwritten signature in black ink, appearing to read 'G. Humphreys'.

Gary Humphreys
Acting Chief Executive Officer

ABOUT US

Essential Energy operates and maintains an electricity network that delivers essential network services to homes and businesses across 95 per cent of NSW and parts of Southern Queensland.

Essential Energy also provides water and sewerage services through its operating division, Essential Water, to more than 10,000 homes and businesses in Far West NSW.

Procurement decisions are based on guiding principles that ensure we continue to deliver value for money solutions and remain accountable to our customers and shareholders. These principles are further explained in the Guiding Principles section of this Statement of Business Ethics.



OUR CODE OF CONDUCT

Our employees are expected to abide by our *Code of Conduct*.

Our *Code of Conduct* booklet is available at: essentialenergy.com.au



OUR VALUES

Essential Energy employees are required to understand and support our corporate values. These five values and their associated behaviours are the basis for everything we do.

We expect that our business partners, suppliers and contractors will act according to these same values.

	<p>SAFETY EXCELLENCE</p> <ul style="list-style-type: none">• Put safety as your number one priority• Do not participate in unsafe acts, and challenge unsafe behaviours• Think before you act• Lead by example• Take responsibility for the health and safety of yourself and others.
	<p>RESPECT FOR PEOPLE</p> <ul style="list-style-type: none">• Treat all people with respect, dignity, fairness and equity• Demonstrate co-operation, trust and support in the workplace• Practise open, two-way communication.
	<p>CUSTOMER AND COMMUNITY FOCUS</p> <ul style="list-style-type: none">• Deliver value and reliable service to our customers and communities• Use resources responsibly and efficiently• Be environmentally and socially responsible.
	<p>CONTINUOUS IMPROVEMENT</p> <ul style="list-style-type: none">• Look for safer and better ways to do your job• Improve our financial performance• Support innovation to add value to our business.
	<p>ACT WITH INTEGRITY</p> <ul style="list-style-type: none">• Act honestly and ethically in everything you do• Be accountable and own your actions• Follow the rules and speak up.

GUIDING PRINCIPLES



In addition to reviewing supplier business practices in line with our corporate values, Essential Energy uses the following guiding principles when assessing suppliers' proposals before awarding contracts:

SAFETY

Health and safety is Essential Energy's number one priority. Working in a high risk industry means we must be vigilant about helping our employees, communities, contractors and suppliers remain safe during their work and dealings with us. We require our contractors and suppliers to have a similar commitment to health and safety.

VALUE FOR MONEY

Value for money does not always mean selecting the lowest price. Essential Energy will balance all relevant factors including ethical business practice, compliance with specifications, quality, whole-of-life costs (including disposal), reliability and timeliness when selecting suppliers.

OPEN, FAIR AND HONEST

Essential Energy operates as an open, fair and honest business partner and as a State Owned Corporation, our business dealings are open to public scrutiny. As such, the NSW Auditor-General, the Independent Commission Against Corruption (ICAC) and the NSW Ombudsman have the power to examine our operations.

ESSENTIAL ENERGY PROCUREMENT

All procurement activities are conducted through strict policies and procedures.

We expect transparency by all stakeholders in the procurement cycle including:

- obtaining sources of supply
- obtaining quotations or proposals covering price, availability and capability from suppliers
- placing orders for goods and services
- receiving and accepting the goods and services
- authorising payments to suppliers.

In the interest of a fair and competitive marketplace we apply the same evaluation and selection process to all prospective suppliers.

Tenderlink is our electronic tendering solution. Essential Energy tenders are posted on: tenderlink.com/essentialenergy

Further information on the Essential Energy procurement principles can be found on: essentialenergy.com.au



WHAT YOU CAN EXPECT FROM US

Essential Energy requires its tendering (through requests for quotes/ proposals/ tenders, expressions of interest and requests for information), contracting and purchasing policies, procedures and practices to be generally consistent and in line with NSW Government guidelines and reflect high standards of ethical conduct.

HOW WE WILL ENGAGE YOU

- Goods and services are ordered using an approved method such as a purchase order
- If a contract is awarded, we will include information on the preferred ordering method. You should question any order that does not refer to a purchase order
- You may receive confidential or proprietary information in your dealings with us. This should not be released to other parties unless specifically authorised by Essential Energy.

WHAT WE EXPECT FROM YOU

BE COMMITTED TO SAFETY

Being an Essential Energy supplier means that you are required to maintain compliance with the Work Health and Safety Act 2011, the Work Health and Safety Regulations 2011 and any other relevant laws, regulations, codes or standards, as they relate to Essential Energy's Network operation.

This means you must:

- demonstrate and maintain an outstanding and measurable safety record
- provide evidence of your safety excellence and a Health and Safety (H&S) management system
- advise us of H&S risks for activities undertaken for Essential Energy, and your methods for effectively managing them

- notify Essential Energy of any incidents and H&S performance issues associated with activities undertaken for Essential Energy
- adhere to Essential Energy's alcohol and drugs policy which applies to all workers¹ on our sites. No worker is permitted to be impaired by the use of alcohol or illicit drugs while working on Essential Energy sites and all workers may be subject to our drug and alcohol testing regime while on our sites
- maintain adequate insurance coverage including workers' compensation, public liability, professional indemnity and motor vehicle as applicable.

ADHERE TO OUR CORPORATE VALUES

When doing business with, or responding to a tender from, Essential Energy we expect all suppliers, potential suppliers, contractors and potential contractors to operate in a manner that is in line with our corporate values.

This means that you must:

- follow our stated policies and procedures
- provide accurate and reliable information when required/requested
- declare conflicts of interest (actual, potential or perceived) as soon as you become aware of them
- act ethically, fairly and honestly in all dealings with Essential Energy
- take all reasonable measures to prevent the disclosure of confidential information
- help us prevent unethical practices in our business dealings
- treat Essential Energy employees and customers with respect.

1. A worker is an employee, contractor, supplier, trainee or volunteer.

WHAT WE EXPECT FROM YOU

COMPLY WITH NSW GOVERNMENT LOBBYING PROTOCOLS

All Essential Energy employees and in-house contractors are considered 'NSW government officials' in the NSW Lobbyist Code of Conduct 2014, as set out in the Lobbying of Government officials (Lobbyists Code of Conduct) Regulation 2014. This means they have specific obligations, which include only dealing with lobbyists who are on the Electoral Commissions Register of Third-Party Lobbyists. Details can be found on the website lobbyists.elections.nsw.gov.au

A lobbyist is any person or organisation whose business includes being contracted or engaged to represent the interests of a third party to a NSW government official. If you feel that your potential communication with Essential Energy may place you in this category you are advised to consult the Electoral Commission Register of Third-Party Lobbyists website lobbyists.elections.nsw.gov.au and ensure you are registered, prior to making contact with Essential Energy.

COMPLY WITH THE COMPETITION AND CONSUMER ACT 2010

The Competition and Consumer Act 2010 is in place to ensure that organisations do not engage in business practices that will restrict or limit competition.

In particular, you must:

- never discuss or reach an understanding or arrangement with a competitor about supplies, prices, terms, tenders, other competitors or other competitive factors
- never try to influence another supplier's or competitor's dealings with Essential Energy
- never offer gifts, inducements or incentives to Essential Energy employees
- not take advantage of others' disadvantage by acting unfairly or unconscionably

- not supply goods and services in a manner that contravenes the Competition and Consumer Act 2010 or other legislation
- not mislead or deceive through your advertising, predictions, opinions or other material that you either supply, or omit to supply us.

CONSEQUENCES FOR NOT COMPLYING

Comply with the NSW Code of Practice for Procurement, which includes a new section on Building and Construction. This can be located online at: procurepoint.nsw.gov.au

Demonstrated corrupt or unethical conduct could lead to:

- termination of contracts
- loss of future work
- loss of reputation
- investigation for corruption
- matters being referred for criminal investigation.



GUIDANCE NOTES

GIFTS AND BENEFITS

Essential Energy has a 'no gifts' policy. This means that under no circumstances can our employees receive a gift from a third party. You must never offer inducements or incentives to Essential Energy employees.

If a gift or benefit is offered to our employees they are required to immediately report this as a breach of the Statement of Business Ethics and our employee *Code of Conduct*.



You must immediately report to us any instance in which our employees seek or induce a gift or benefit from you.

COMMUNICATION BETWEEN PARTIES

To minimise the risk of a perceived inappropriate influence being brought to bear on the business relationship, all communication should be clear, direct and accountable.

You are not permitted to discuss Essential Energy's business or information publicly in the media, online or in any other publication or at any event without prior approval.

ESSENTIAL ENERGY'S EMPLOYEES AND ASSETS

Essential Energy's *Code of Conduct* addresses secondary employment. You must never try to engage Essential Energy's employees to provide services to your organisation that would not normally be provided under the agreement by which you are operating.

The same is true for Essential Energy's assets. Inappropriate or unapproved use of any of Essential Energy's equipment may result in the termination of your services.

CONFLICTS OF INTEREST

Customers, suppliers and Essential Energy employees need to be confident that all decisions made by Essential Energy are impartial.

All Essential Energy employees are required to avoid conflicts of interest and to disclose any actual, perceived or potential conflicts of interest. Essential Energy extends this requirement to its suppliers. Some examples of conflicts of interest are:

- knowing that an Essential Energy employee (or their friends or relatives) stand to benefit from a matter in which you are involved
- having a personal relationship with an Essential Energy employee that goes beyond a normal professional working relationship
- using business information that you have acquired through your work with Essential Energy for personal gain
- engaging in party political activities or making adverse political comments that relate to Essential Energy's business.

CONFIDENTIALITY

Essential Energy expects each of its suppliers to take all reasonable steps to protect any confidential information received, unless required to disclose it by law.

CONTRACTORS

All contractors and sub-contractors are required to comply with this Statement of Business Ethics. If you engage sub-contractors in your work for Essential Energy, you must make them aware of this Statement of Business Ethics.

INTELLECTUAL PROPERTY RIGHTS

In business relationships with or for Essential Energy, parties will respect each other's intellectual property rights and will formally negotiate any access, licence or use of intellectual property.

WHO TO CONTACT

QUESTIONS ABOUT THIS STATEMENT OF BUSINESS ETHICS

For additional information about this Statement of Business Ethics or Essential Energy's procurement process, please contact

Essential Energy

**Manager, Corporate Services by phone:
13 23 91.**

REPORTING POSSIBLE WRONGDOING

If you wish to provide information about suspected wrongdoing, please contact Essential Energy directly, as set out below.

Instances of wrongdoing include corrupt conduct, maladministration, serious and substantial waste of public money, and breaches of the Government Information (Public Access) Act 2009.

As of September 2015, Corrupt Conduct has been defined to include any person (whether public official or not) that could impair public confidence in a number of ways including collusive tendering. If you honestly believe on reasonable grounds that this conduct has occurred, it can be reported in any of the following ways:

By phone:

Corruption Hotline 1800 808 322

By email:

reportcorruption@essentialenergy.com.au

Online:

essentialenergy.com.au

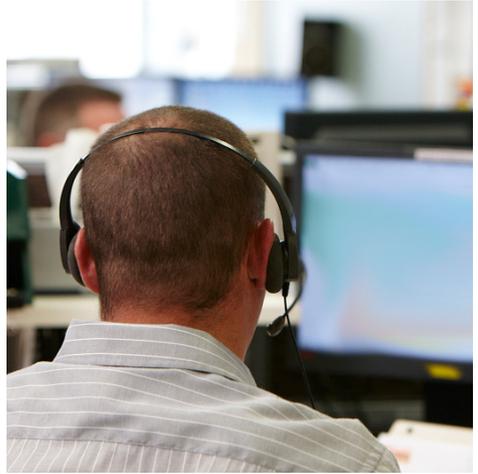
By letter:

Manager of Internal Audit

Essential Energy

PO Box 5730

Port Macquarie NSW 2444



If you voluntarily make a report 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 and independent contractors (i.e. a person engaged by Essential Energy to provide services) are not victimised as a result of such a disclosure.

You should be aware however, 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 willfully make a false or misleading statement when reporting wrongdoing.



Published 2016