

Northern Ireland Electricity Networks Limited

Statement on the Prevention of Slavery and Human Trafficking - 2018

INTRODUCTION

Northern Ireland Electricity Networks Limited ('NIE Networks') has a zero tolerance approach to modern slavery and is committed to acting ethically and with integrity in all its business dealings and relationships and to implementing and enforcing effective systems and controls to ensure modern slavery is not taking place anywhere in its own business or in any of its supply chains.

NIE Networks is committed to ensuring there is transparency in its own business and in its approach to tackling modern slavery throughout its supply chains and expects the same high standards from all its contractors, suppliers and other business partners.

This is NIE Networks third statement on the prevention of slavery and human trafficking in response to the Modern Slavery Act 2015 ('the Act') and sets out the steps taken by NIE Networks during 2018 to prevent slavery and human trafficking in its business and supply chains.

This statement is made pursuant to section 54 of the Act and constitutes the NIE Networks statement for its financial year ended 31 December 2018.

NIE NETWORKS' BUSINESS AND SUPPLY CHAIN

NIE Networks is the owner of the electricity transmission and distribution networks in Northern Ireland and the operator of the distribution network, which serves around 880,000 connected customers.

All of NIE Networks' operations and its c1,200 employees are based in Northern Ireland and during 2018 NIE Networks invested around £89m (net of customer contributions) in the electricity infrastructure in Northern Ireland.

The company's annual procurement spend is around £130m across c800 suppliers. As all of its business is undertaken within Northern Ireland, NIE Networks considers that the risk of modern slavery is more likely to arise from its supply chain than from its own business operations.

Further details on NIE Networks can be found at www.nienetworks.co.uk.

STEPS TAKEN

NIE Networks seeks at all times to comply with employment law applicable in Northern Ireland and its contractual arrangements with providers of agency staff require that they achieve the same level of compliance.

Following on from its previous statements on the prevention of slavery and human trafficking, published in March 2017 and March 2018, NIE Networks has, during 2018, taken the following steps to prevent acts of modern slavery from occurring within its supply chains:

The [NIE Networks Policy on Modern Slavery](#) sets out the actions the Company will take to ensure the prevention of modern slavery, the roles and responsibilities from Board level down to each individual employee and the means by which any suspected incidences of modern slavery should

be reported. During 2018 the policy was reviewed and updated. Employees were briefed on the policy during the year.

In terms of managing the risk of modern slavery existing within its supply chains NIE Networks continued to implement the measures adopted during 2016 and 2017. NIE Networks uses the Achilles Utilities Vendor Data Base (UVDB), a portal for suppliers in the utilities industry, to pre-select suitable suppliers. A question set is included which enables NIE Networks (and other utilities) to assess the procedures a supplier has in relation to the prevention of slavery and human trafficking in its own organisation and supply chain. A similar set of questions is included in NIE Networks' E-Sourcing procurement system in order to capture those suppliers not using the UVDB portal. For those suppliers that NIE Networks enters into contracts with, provisions in respect of modern slavery are included in standard form contracts as part of contractors' ongoing obligations to comply with a number of ethical requirements set out in the NIE Networks 'Requirements for Contractors – Business Ethics' document.

Further to the training provided to the employees in the Procurement Department during 2017, training on the identification and prevention of slavery and human trafficking was provided to new employees within the Procurement Department and also to other relevant personnel involved in procurement processes.

During 2016 and 2017 an initial risk assessment of NIE Networks' 1st tier supplier base was undertaken, reviewing materials suppliers over a certain expenditure threshold and assessing risk based on both geographical area and information available on their approach to modern slavery and assessing key services suppliers. A reassessment of risk will be conducted during 2019.

In order to understand how effective these controls are to ensure that modern slavery does not exist within NIE Networks' supply chain, during 2018 external experts conducted audits of the activities of two suppliers identified as operating in high risk regions or industries. The audits found no incidents of modern slavery.

The specific work outlined above is complemented by a broader reinforcement of ethical business practices. NIE Networks' Code of Ethics, provides clear guidance to employees on the conduct required in the course of carrying out their work. Employees are encouraged to report any suspected wrongdoing, and the Whistleblowing Policy sets out the protections for employees in reporting serious malpractice at work. Those supplying services to NIE Networks are also expected to conduct themselves in accordance with the principles of the Code. Further information about NIE Networks' ethical business practices can be found in the [NIE Networks Code of Ethics](#).

APPROVAL

This statement was approved by the Board of Directors of NIE Networks on 6 March 2019.

Signed by: Paul Stapleton

A handwritten signature in blue ink, appearing to read "Paul Stapleton".

**Managing Director
Northern Ireland Electricity Networks Limited**

12 March 2019