

Northern Powergrid slavery and human trafficking statement for the year ending 31 December 2019 (the "Statement")

This Statement has been published in accordance with section 54(1) of the Modern Slavery Act 2015. It sets out the steps taken by the Northern Powergrid Holdings Company group of companies (the "Group") during the year ending 31 December 2019 to prevent modern slavery and human trafficking in its business and supply chains. The Group companies covered by this Statement are detailed in Annex 1.

Organisation structure

The core business activity of the Group is the distribution of electricity in the North East of England, Yorkshire and Northern Lincolnshire by its subsidiary companies Northern Powergrid (Northeast) Limited and Northern Powergrid (Yorkshire) plc, both of which are authorised distributors under the Electricity Act 1989. Additional business activity is undertaken by Northern Powergrid Metering Limited, which is a provider of conventional and smart meter assets, Integrated Utility Services Limited (UK and Ireland), which provide engineering contracting services and CalEnergy Resources Limited which holds interests in hydrocarbon permits in Australia, Poland and the United Kingdom. The Group's supply chain is located in the United Kingdom and internationally for the provision of both goods and services.

Policy in relation to slavery and human trafficking

The Group (which is owned by Berkshire Hathaway Energy ("BHE")) has adopted the BHE Core Principles and BHE Code of Business Conduct. The Core Principles define the Group's values and vision, and acts as the framework by which the Group holds itself accountable. The Core Principle of 'Regulatory Integrity' underpins the Group's commitment to comply with all laws wherever it does business and the expectation that all employees manage their activities in a manner that is compliant with all laws, rules, regulations and corporate policies. The BHE Code of Conduct requires adherence to the highest level of ethical conduct and fair dealings with all customers, suppliers and competitors.

Assessment and management of risk

The Group has established the following measures in order to reduce the risk of slavery and human trafficking taking place in its business or supply chain:

Due diligence processes and policies

- a) A policy has been developed and implemented for the recruitment and selection of employees to ensure that all persons employed by or engaged to provide services for the Group are suitable for appointment, appropriately qualified and can be lawfully employed. Consequently, all aspects of employment are carried out in accordance with current employment and other relevant legislation. The policy applies to all potential employees of the Group, including those who are employed by a third party agency. Where the Group engages agencies to provide services, it must be satisfied that the service provider has in place similar and effective policies and procedures;
- b) Employees are treated with respect and the Group believes that it should recognise and reward employees appropriately as they work towards meeting its business' goals. Terms and conditions of employment have been developed and implemented in order to meet both individual and business needs. Employees are covered either by collective bargaining arrangements, which are only changed through an official consultation and/or negotiation process with the appropriate recognised Trade Union, or by personal contracts, which are agreed with the relevant individual on a personal basis;

- c) A "speaking up" policy is in place so that members of staff are able to raise any instances of unethical acts, malpractice or impropriety with line or senior management or via an international, anonymous help line operated by an independent company;

Managing supply chain risks

- d) A supplier registration system is used for the majority of the goods and services the Group procures. The system, operated by Achilles Information, is known as the Utilities Vendor Database (the "UVDB") and includes pre-qualification questions that suppliers are required to answer as part of the UVDB registration process regarding their approach to slavery and human trafficking. Those questions include whether the suppliers have published a statement on the prevention of slavery and human trafficking within their organisations. In the event that a supplier has not met the requirement to publish such a statement, it may lead to exclusion of that supplier from the process. The system also includes an annual verification process for high risk requirements, which may result in site audits of the suppliers concerned, and, as part of which, any issues identified as being associated with the supplier's compliance with the Modern Slavery Act 2015 would be addressed;
- e) The Group's standard terms and conditions contain clauses which oblige a supplier of goods to comply with all regulations relating to the manufacture, labelling, packaging, storage, handling and delivery of the goods. Suppliers of services are required to provide services in accordance with good industry practice and all applicable laws, all legislation, and all rules or regulations of any kind, including all related official guidance including codes of practice;

Training

- f) All employees are required to complete annual training on the Code of Business Conduct, which includes a section on obligations to non-employees and the expectation to not take advantage of anyone through any unfair practice. A training session on the Modern Slavery Act 2015 has been provided to specific employees in management and senior management positions, including in Human Resources and Procurement. It is intended that refresher training sessions will be held so that such employees continue to have an awareness of issues associated with slavery and human trafficking.

This Statement was approved by the board of Northern Powergrid Holdings Company on 16 April 2020 in respect of the year ended 31 December 2019 and applies to the Northern Powergrid companies detailed in Annex 1. Where relevant, this Statement will be updated on an annual basis.



Phil A Jones
President and Chief Executive Officer
16 April 2020

Annex 1.

Northern Powergrid (Yorkshire) plc
Northern Powergrid (Northeast) Limited
Integrated Utilities Services Limited
Northern Powergrid Metering Limited