

Modern Slavery Statement 2023

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1. Introduction

This is the Modern Slavery Statement ("Statement") produced by Flexitricity Limited, Velox Power Limited, and Distributed Power Holdings Limited and their subsidiaries covered in this joint statement ("we", "us", "our", "Companies"). This Statement formalises covered companies' commitment to human rights across their activities and seeks to implement this commitment throughout their operations. In the Statement, we outline the steps the organisations have taken in 2023 to limit modern slavery risks in their businesses and supply chains.

This Statement relates to the financial year ended 31 December 2023. The Statement was compiled using the requirements of the UK Modern Slavery Act 2015 ("UK Act") and the Australian Modern Slavery Act 2018 ("Australian Act"). This Statement has been prepared as a joint Statement.

2. Organisation Structure and Supply Chains

2.1. Company Overview

Flexitricity Limited ("Flexitricity") operates in Great Britain and has been an innovative market participant for over 10 years addressing customer demand side response and demand management as decarbonization accelerates, seeking to create cost savings for energy consumers whilst also enhancing grid support during periods of system stress and higher power prices. The Flexitricity managed assets comprise an aggregated over 1GW of distributed flexible energy from a wide range of different assets owned by customers across Great Britain. Flexitricity's financial year end is 31 March 2024.

Velox Power Limited ("Velox Power") is a UK business dedicated to creating a portfolio of grid supporting, clean gas generation assets addressing power system security issues arising from the growth of intermittent renewables capacity in the GB power system. Velox Power develops, constructs, owns, and operates a diverse portfolio of projects located at multiple sites across the United Kingdom. Over 70 employees, employed by Velox Power Services 2 Limited, support over 300 MW portfolio of both operational and development stage assets across 23 sites in England, Wales, and Scotland. Velox Power's financial year end is 31 December 2023.

Distributed Power Holdings Limited ("DPHL") is a holding company for a collection of renewable and clean gas generation sites across Scotland and England providing clean baseload generation to the grid using landfill gas and fugitive methane recovery. DPHL's year end is 31 December 2023. Red Rose Infrastructure Limited ("Red Rose") is a holding company within DPHL group. Red Rose's year end is 31 December 2023. The group also provides management, accounting, operation, maintenance, and administration services to the Velox Power and Red Rose Groups. Velox Power Services 2 Limited financial year end is 31 December 2023.

2.2. Organisation Structure

This Statement applies to the companies listed below:

- Flexitricity Limited
- Velox Power Limited
- Distributed Power Holdings Limited
- Red Rose Infrastructure Limited
- Velox Power Services 2 Limited

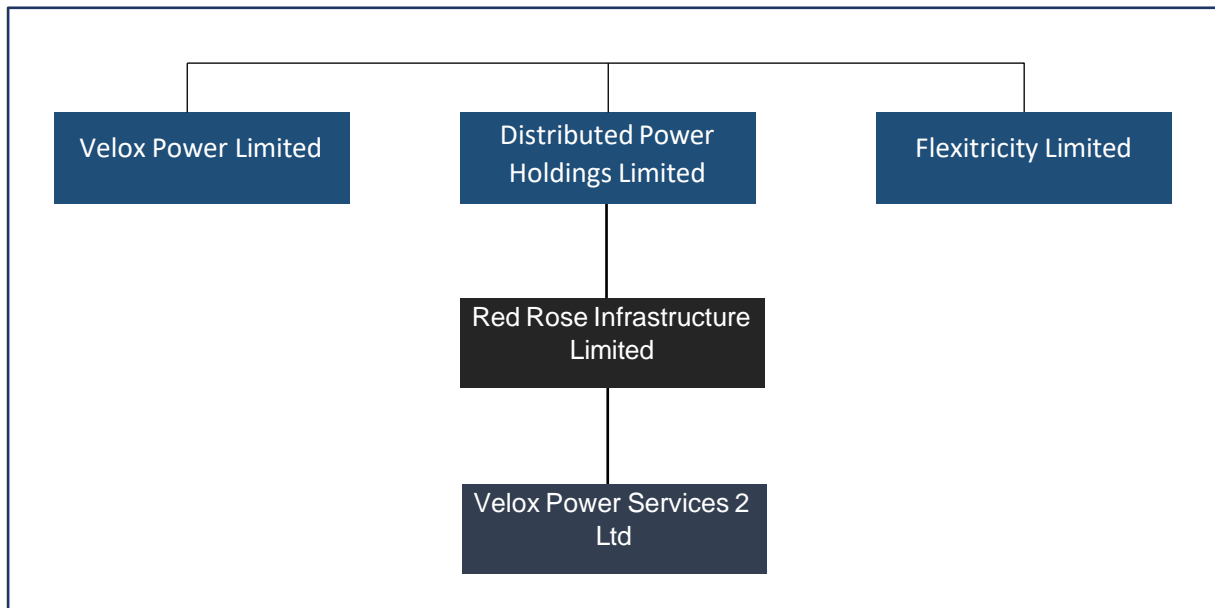


Figure 1: Organisation structure of the companies covered by this joint Statement

Flexitricity Limited and Velox Power Limited are required to produce a Modern Slavery Statement under the UK Act as a UK corporation having surpassed the minimum turnover threshold in the 2023 financial year. DPHL and its subsidiaries are reporting on a voluntary basis as they do not meet the minimum revenue threshold of £36 million turnover threshold in the UK. Velox Power and Flexitricity operate as separate legal entities but combined operationally under the “Flexitricity” brand. References to Flexitricity policies in section 3 therefore cover both Flexitricity, Velox Power and DPHL and its subsidiaries. Alastair Kerr, Flexitricity’s Chief Financial Officer, is responsible for modern slavery and for signing off this Statement.

3. Policies

3.1. Policy Overview

We have a framework of policies and processes in place to identify and mitigate potential and actual human rights impacts, including modern slavery, resulting from our business operations as well as the relationships associated with our operations.

Policies include:

- [Flexitricity Human Rights Policy](#) – the purpose of this policy is to provide guidance on the commitment of respecting human rights across domestic and global operations and supply chains. Flexitricity has a unique role to play in investing in and fostering ethical business practices that help to eradicate modern slavery and protect human rights.
- [Flexitricity Supplier Code of Conduct](#) - the Supplier Code of Conduct is designed to articulate our expectations and requirements for all suppliers, a term which includes all companies or individuals (other than employees) that supply goods, materials or services to Flexitricity.

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- [Whistleblowing Policy](#) - The purpose of this policy is to explain how employees should address a situation where they suspect that something unlawful or unsatisfactory is happening in the Company.

Moreover, the Company retains further codified policies and procedures relating to Supplier Due Diligence, Responsible Contractors, and Financial Crime and Money Laundering.

3.2. Communication and Enforcement

The Human Rights Policy, Supplier Code of Conduct, and Whistleblowing Policy are all easily accessible having been published on Flexitricity's website. Policies and procedures including those relating to Environmental, Social and Responsibility ("ESR") are easily accessible to employees and are required to be read and signed upon employment. We have a supplier onboarding policy which includes any necessary due diligence and is followed before engagement with the suppliers. In embedding these processes and standards, we ensure that suppliers are not only providing reliable, cost effective and high-quality services, but are also providing fair wages and benefits and ensuring a healthy and safe working environment to and for their workers, at all times in compliance with applicable law.

Any concerns related to human rights impacts in the Companies' operations or in its supply chain are reported in accordance with its whistleblowing framework. All Team Members are expected to report known or suspected violations of applicable laws, regulations, policies and the Companies' broader ethical standards. Our Supplier Code of Conduct ("Code") is enforced through the following mechanisms:

- (1) New and existing contracted suppliers are required to comply with our Code and demonstrate their commitment to doing so.
- (2) Suppliers who engage sub-contractors in the course of providing goods or services to us must make them aware of our Code, monitor compliance with this Code and to notify us of any breaches and take reasonable steps to address, remedy and prevent repetition of any breach of this Code or possible breaches of this Code.
- (3) Compliance with our Code will be used as part of our supplier evaluation, selection and contract management process. This is complemented by the Modern Slavery Questionnaire which must be completed by suppliers before procurement is agreed.
- (4) When a supplier does not meet our requirements, corrective action plans may be established and monitored for progress. The Company may terminate the relationship or seek other courses of action with suppliers that violate our Code. The Companies shall determine whether violations of this Code have occurred and, if so, shall determine appropriate penalties for any party who has violated this Code. Penalties for a supplier's noncompliance with the Code may include removal from assigned work projects, reduction in assigned hours, termination of contract, prohibition as a supplier, and claims for damages. Certain violations of this Code may require the Companies to refer the matter to the appropriate governmental or regulatory authorities for investigation or prosecution. No failure by the Companies to discipline a supplier, terminate a business relationship or take other steps to enforce this Code, any applicable contract or any policy, shall be deemed or construed to be a waiver of the Companies' right to do so or a waiver of any other right of the companies under this Code, any applicable contract or any policy.

4. Risk Assessment and Management

An overview of our target approach to human rights and modern slavery risk assessment and management is outlined in the framework below.

Approach to Modern Slavery Risk Assessment and Due Diligence		
Process	Details	Engagement
Centralised controls	<ul style="list-style-type: none"> Amber list of assessed suppliers in place Modern slavery due diligence and contractual tools available to the team for use Human rights and modern slavery training Due diligence controls 	Expert external advice on inputs to controls
Initial Risk Assessment	<ul style="list-style-type: none"> Initial human rights, health, safety, and environmental track record due diligence Processes to identify medium and high-risk suppliers and contractors Modern slavery, human rights and ESG centrally integrated into tender processes 	Supplier Owner
Supplier Due Diligence	<ul style="list-style-type: none"> Modern slavery, health and safety and environmental questionnaire Direct questioning of potential suppliers has been implemented for particular major and higher risk suppliers 	Technical advisers and Supplier Owner
Traceability, Contracts and Assurances	<ul style="list-style-type: none"> Purchase orders and contracts for high-risk suppliers can be used for alignment with Supplier Code of Conduct, Human Rights Policy Documented provenance of origin may be required Termination rights if processes are found in breach may also be included in final contracts 	Legal counsel
Site Visits and Independent Audits	<ul style="list-style-type: none"> Site visits and/or audits may be required by third-party experts for major procurements Third-party expert audit companies may also be engaged Includes physical inventory, payment record, purchase orders and invoice reviews 	Third-party auditors
Governance and Aligned Decision-making	<ul style="list-style-type: none"> Active consideration of human rights at Board level Suppliers have been rejected and/or terminated based on human rights, fair or safe work or other concerns similar issues previously 	Internal governance forums

Modern slavery risk assessment is conducted and embedded in our decision-making processes. A detailed modern slavery questionnaire is typically required prior to the selection of major third-party providers, whether it be at the tender evaluation stage, the onboarding of a new supplier, regular reassessment of an ongoing supplier, or the assessment of an investment opportunity.

The following is a high-level summary, identifying the four modern slavery risk factors¹:

Four Main Modern Slavery Risk Factors	
Vulnerable populations	Migrant workers, base-skilled workers
Business models structured around high-risk work practices	Outsourcing, third party contractors, labour hire companies, instances in which workers are charged high fees that could result in debt-bondage
High risk product and service categories	Raw materials, services procurement (building services, cleaning, maintenance, IT), branded or unbranded company goods (e.g. promotional goods or corporate clothing), travel and accommodation, security and maintenance, waste disposal, manufacture of hardware and software
High risk geographies	Modern slavery can and does occur in all countries. All regions should be considered. However, some present as higher risk due to conflict, high instances of bribery and corruption, absence of law, or regions under governments that are unable to or do not fulfill their duties to protect human rights

Based on our modern slavery risk assessment and due diligence processes, we have identified the risk profile of our supply chains as predominately low. This risk profile is partly a result of the nature of business and operations, which are focused on the UK, as well as our supplier base also being mainly in the UK. In addition, importantly, the human rights risk assessment and due diligence processes in place have resulted in the mitigation of high-risk levels relating to modern slavery in our supply chains, as companies have been excluded from tender on human rights and ethical grounds previously. Likewise, ongoing risk management and monitoring has led to our low risk rating, with the Board taking the prompt decision in 2021 to terminate contracts with sanctioned counterparties following the Russian invasion of Ukraine, for example.

5. Due Diligence Processes

In addition to the policies described above, we seek to undertake a detailed Modern Slavery Due Diligence assessment of major third-party suppliers, based on a questionnaire that has been constructed with the support of third party legal counsel, with specific expertise in human rights.

This questionnaire and the overall framework has assisted the Companies, our advisors, Board and/or our employees to conduct due diligence on third parties with a human rights/modern slavery risk lens. This questionnaire is used to inform the decision-making process prior to the selection of a third party whether it be at the tender evaluation stage, the onboarding of a new supplier, regular reassessment of an ongoing supplier, or the assessment of an investment opportunity.

¹ <https://assets.kpmg/content/dam/kpmg/au/pdf/2019/modern-slavery-guide-for-companies-investors-feb-2019.pdf>

Preliminary due diligence is performed on major or assessed high risk third parties, and seeks to assess modern slavery risk in the early stages of scoping out whether or not to:

- onboard a new supplier;
- continue with an existing supplier at contract renewal point;
- progress particular bidders in the tender evaluation process; or
- progress investment opportunities.

Preliminary due diligence checks are designed to highlight red flags which can indicate a risk of modern slavery, such as:

- workers being required to pay fees or costs for recruitment including travel costs, and visa processing costs;
- employers withholding worker identity documents such as work permits, visas, or passports;
- poor working conditions;
- prison workers or workers in government camps or forced labour camps;
- workers being required to work to pay off debts owing to their employer;
- employers not providing written contracts of employment to workers.

A six-step process is implemented in preliminary due diligence to assess the risk profile of a third party, including policy review, desktop searches, as well as geographic and sectoral exposure assessments. If the party receives a low preliminary risk profile, the third party can be progressed to the decision-making process. A medium or high preliminary risk profile, however, necessitates detailed due diligence assessment.

Detailed due diligence entails providing the third-party organisation with a detailed modern slavery questionnaire and related FAQs, requesting its completion and submission within a specified timeframe. We also conduct further desktop searches using any additional search portals/subscription sites/resources that were not previously made available during the Preliminary Due Diligence. After this additional information and documentation gathering, we will determine a final risk rating for the third party.

Findings assessed to be high risk (or at times all levels of risk) will then be raised to the Board, where it is elected that suppliers may be taken further in the tender process, whereupon a decision will be made on a case-by-case basis by the Board and external advisers as to whether the consideration of the third party should be discontinued. While ongoing purchases are relatively limited in the business, engaged third parties will be subject to the ongoing risk assessment and management processes outlined in the section above.

6. Training

Human rights, modern slavery, and ESG requirements, in addition to those relating to financial crime and anti-money laundering, are integrated into the Companies' Supplier Code of Conduct and key team members undertook a high level of training during the 2021 and 2022 years. This was further improved on in the subsequent 2023 financial year. The Companies adopted and integrated further training procedures and processes relating to modern slavery in 2023.

The Supplier Code of Conduct and embedded practices across investment, procurement and senior leadership teams aim to integrate modern slavery best practice and training into day-to-day operations for our staff and reminds colleagues of our principles relating to modern slavery, our approach to ethical decision-making, and how to raise issues and concerns.

7. Key Performance Indicators

We are committed to continual improvement and strengthening our Supply Chain Human Rights programme. We have developed modern slavery KPIs that will be used going forward to measure the effectiveness of our programme in 2024.

KPI 2024	Objectives
Training	Provide appropriate levels of modern slavery training to colleagues, including: <ul style="list-style-type: none"> ▪ New starters ▪ Teams considered ‘at higher risk’ of slavery ▪ Teams and key decision makers involved in engagement in supply chain selection and assessment ▪ Board members
Continued investigation into modern slavery	<ul style="list-style-type: none"> ▪ Engage directly with suppliers in relation to human rights issues, where deemed particularly high risk or appropriate. ▪ Take remedial actions necessary during initial and ongoing due diligence processes.
Risk management and monitoring for modern slavery risks	Maintain due diligence records on suppliers and embed modern slavery risk monitoring into broader risk management governance forums.

8. Statement Approval

The Board of Directors has approved this statement for our financial year ended 31 December 2023.

This statement has been completed pursuant to the requirements of section 54 of the UK Modern Slavery Act 2015, as well as the Australian Modern Slavery Act 2018. This Statement has been prepared as a joint statement.

It applies to all companies listed below, including those not required by law to produce a Modern Slavery Statement.

- Flexitricity Limited
- Velox Power Limited
- Distributed Power Holdings Limited
- Red Rose Infrastructure Limited
- Velox Power Services 2 Limited

This statement was signed by:



Alastair Kerr

Chief Financial Officer

on 20 June 2024