



Modern Slavery Act Statement 2021



Contents

Important Information	1
CEO message	2
Key achievements in FY21	3
1. Introduction	4
2. AGL's Structure, Operations and Supply Chain	5
3. Managing Modern Slavery at AGL	9
4. Consultation with Acquired Entities	19
5. Looking to the future	21
Appendix A	22
Appendix B	23

Important Information

This Modern Slavery Statement (Statement) is made pursuant to s16(1) of the Modern Slavery Act 2018 (Cth) (Act), and sets out the risks of modern slavery in AGL Energy Limited's (AGL's) operations and supply chains, the actions taken to assess and address those risks during the financial year, and how we assess the effectiveness of those actions.

The Statement covers the financial year ending 30 June 2021 (FY21) and applies to AGL, the AGL entities considered reporting entities under the Act (which are listed in Appendix A), and the controlled subsidiaries of AGL. A full list of AGL subsidiaries is included in our FY21 Annual Report. The Statement also covers all brands which are part of the AGL Group, including:

- AGL
- Southern Phone Company
- Perth Energy
- Powerdirect
- Connect Now
- Click Energy
- Solgen (including Sol Distribution)
- Epho
- OVO Energy

In FY21 AGL made the following acquisitions:

- On 30 September 2020, AGL completed the acquisition of Click Energy Group Holdings Pty Ltd (Click Energy), a wholly owned subsidiary of ASX-listed amaysim Australia Limited, adding more than 215,000 services to customers across New South Wales, Victoria, Queensland, and South Australia.
- On 31 March 2021, AGL became Australia's leading commercial solar provider, following the acquisition of Epho Holding Pty Ltd (Epho) and Solgen Energy Group (Solgen).
- In April 2021 AGL acquired a 51% stake in OVO Energy Pty Ltd (Ovo) from OVO Energy, a UK digital energy retailer and developer of Kaluza, a new energy retail technology platform.

References to 'AGL', 'we', or 'our' throughout this Statement includes all AGL subsidiaries covered by this Statement, unless otherwise specified.

Board approval

The Statement was approved by the Board of Directors of AGL, which is the holding company of the AGL Group of Companies, on 7 December 2021.

CEO message



I am pleased to present AGL's Modern Slavery Statement for FY21, which has been prepared in accordance with the requirements of the Act.

At AGL we have a passionate belief in progress – technological and human – and a relentless determination to make things better for our employees, our communities, the Australian economy, and our planet. We also know that our success as a company depends greatly on how we demonstrate exemplary ethical behaviour.

As a leading supplier of energy and other essential services to Australian customers, we understand that the nature of our business means that we are exposed to modern slavery risks in our operations and supply chain. Accordingly, we have a responsibility to ensure these risks are identified, understood and appropriately managed.

We acknowledge that eradicating modern slavery is a complex task. It is a task that requires a global response from governments, businesses, and the international community. As a proud Australian organisation with a history of more than 180 years, we have an important role to play, and are committed to continuing to improve our ability to identify and address the risk of modern slavery within our organisation, our supply chain and the communities in which we operate.

In this, the second Modern Slavery Statement prepared by AGL, I am pleased to report that significant progress has been made in maturing AGL's processes relating to modern slavery risk identification and management. I am proud of the effort and progress that has been made throughout FY21 and endorse the commitment we collectively share to do more work on this important social issue. This commitment will also be honoured by AGL Australia and Accel Energy, the two new companies that will be created following the proposed demerger of AGL in the fourth quarter of FY22.

A handwritten signature in blue ink, appearing to read 'G. Hunt', written over a light blue horizontal line.

Graeme Hunt
Managing Director &
CEO

Key achievements in FY21

Summary of Improvement Activities

AGL has continued to develop, enhance and embed initiatives across the organisation to better identify, assess and address the risk of modern slavery within our operations and supply chains. The key initiatives delivered in FY21 have been summarised below, which are also linked to the focus areas set out in the 'Looking to the Future' section of AGL's FY20 Modern Slavery Statement

Identifying and Assessing Risk

Implemented a Modern Slavery Framework
p. 9

Implemented a Modern Slavery Working Group Charter
p. 10

Implemented an enhanced Supplier Code of Conduct Questionnaire
p. 16

Developed a Supplier Risk Management Framework
p. 16

Addressing Risks (Mitigation & Remediation)

Reviewed and updated our Sourcing Risk Checklist
p. 14

Assessed all potential suppliers rated as medium to high risk of modern slavery
p. 14

Assessed all material suppliers for compliance with the Supplier Code of Conduct
p. 15

Commenced a "back-book" review of our counterparties
p. 15

Enhancing our Processes

Rolled out an organisation wide, executive-led awareness campaign
p. 14

Included Supplier Code of Conduct clause in all Precedent Contracts during the reporting period
p. 15

Established requirements to agree on a Corrective and Preventive Actions Plan with suppliers and counterparties
p. 17

Engaging with Stakeholders

Engaged with potential suppliers to encourage improvement
p. 15

Defined Key Compliance Indicators within our Modern Slavery Framework
p. 18

Implemented the monitoring of counterparties via 3rd party due diligence system
p. 18

Defined minimum requirements regarding compliance with our Supplier Code of Conduct
p. 16

1. Introduction

In an increasingly complex and interconnected world, maintaining effective oversight and transparency over all potential sources of modern slavery risk in an organisation's operations and supply chains has never been more challenging. Acquisitions, new products and services, and new suppliers (including the supply chains of these suppliers) have the potential to increase the complexity of modern slavery related risks an organisation faces. At the same time, community awareness of the extent of modern slavery practices both in Australia and globally, and expectations on organisations to understand and manage these risks effectively, continue to evolve and increase.

As a provider of essential services with a proud history serving Australia for more than 180 years, AGL takes its responsibility to meet and exceed these expectations seriously. AGL's Purpose - Progress for Life affirms our determination to make life better for customers, our people, our communities, the Australian economy, and the environment. At an enterprise level, AGL's Purpose, taken together with our Values and policies, guide the decision making of our company, our directors, and our people.

As part of delivering a better life for our customers, our people and our communities, AGL respects the dignity and human rights of all people. As noted within AGL's Human Rights Policy, we understand that it is our responsibility to respect, uphold and contribute to the realisation of human rights, and to endeavour to avoid complicity in human rights abuse.

Social Licence is one of AGL's three strategic priorities, alongside Growth and Transformation. AGL is committed to building and maintaining community trust in all that we do, and has an ongoing focus on increasing the awareness and capabilities of our people in identifying and addressing modern slavery risks in the conduct of our business dealings. This focus is also supported by AGL's Code of Conduct, which sets out the standards of responsibility and conduct required of every director, employee and contractor while working at AGL, and our commitment to conduct our business in accordance with applicable laws, regulations, and our internal policies and procedures. Our Code of Conduct specifically requires our people to act in a way that preserves human rights – including taking steps to prevent modern slavery in our operations and supply chains. All AGL people are required to adhere to the Code of Conduct and are required to undertake Code of Conduct compliance training on an annual basis.

AGL's commitment to human rights is further demonstrated through AGL being a signatory to the United Nations Global Compact (UNGC) for the fifth straight year. By participating in this voluntary initiative, AGL supports the ten principles of the UNGC on human rights, labour, environment, and anti-corruption. AGL is committed to making the UNGC and its principles part of the strategy, culture, and day-to-day operations of our company.

Taken together, AGL's strategic priority of Social Licence, our Purpose, Values, and focus and participation in the UNGC set out AGL's commitment to eliminate modern slavery, and drive decision making and prioritisation for ongoing enhancements to AGL's modern slavery risk management practices. This Statement, and the work undertaken throughout FY21 to continue to enhance our modern slavery risk management practices, align to and are underpinned by these core principles of AGL.

Our Values:

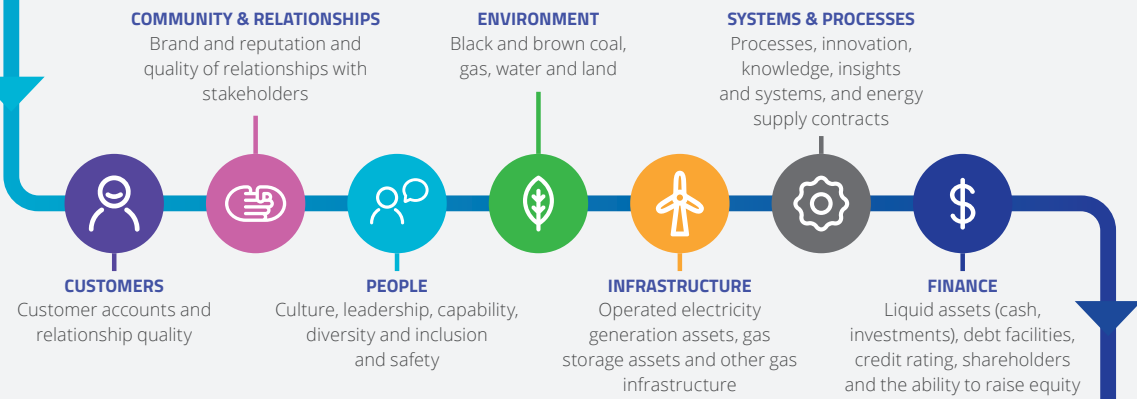
- Care in every action
- Integrity always
- Better together
- Deliver your best
- Shape tomorrow

2. AGL's Structure, Operations and Supply Chain

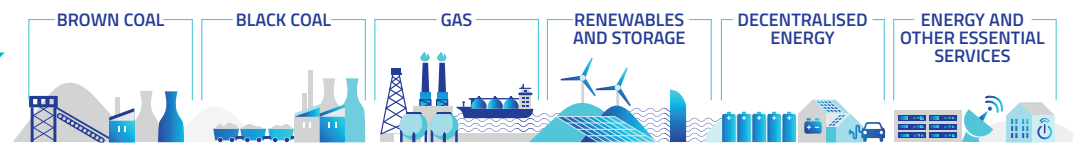
Our value creation model depicts how we create value through seven Business Value Drivers, by identifying our key inputs, the activities we perform, and the resulting outputs and outcomes in terms of value creation.

Inputs

We use a range of resources and relationships (or 'capitals') to create value and deliver on our strategy and business purpose. These are grouped under seven Business Value Drivers, and the inputs are summarised as follows:



Activities



Outputs

We generate 43.7 TWh of energy annually, and in turn supply around 39.4 TWh of electricity and around 153.8 PJ of natural gas as well as telecommunication and energy-related products and services to residential, small and large business and wholesale customers.

Value creation outcomes

We maximise the value created for shareholders and other stakeholders by operating our business and assets efficiently and effectively; managing risks; investing in people, systems and processes; securing efficient financing; minimising our environmental footprint; developing and delivering the right products and services; engaging with stakeholders and ensuring we maintain our licence to operate. These outcomes are disclosed on each Business Value Driver scorecard.



2. AGL's Structure, Operations and Supply Chain (continued)

2.1 Our Structure and Operations

AGL is an Australian company (ABN: 74 115 061 375) registered in New South Wales that supplies energy and other essential services to residential, small, and large businesses and wholesale customers.

The principal activities of AGL in FY21 comprised the operation of energy businesses and investments, including electricity generation, gas storage, the sale of electricity and gas to residential, business and wholesale customers and the retailing of broadband and mobile services.

In FY21, AGL managed its business in three key operating segments, Customer Markets, Integrated Energy, and Investments which are summarised as follows:

- **Customer Markets** – Customer Markets is responsible for the retailing of electricity, gas, telecommunications (broadband/mobile/voice), solar and energy efficiency products and services to residential, small, and large business customers.
- **Integrated Energy** – Integrated Energy operates AGL's power generation portfolio and other key assets, including coal, gas and renewable generation facilities, natural gas storage and production facilities, and development projects. The Trading and Origination component of Integrated Energy manages price risk associated with procuring electricity and gas for AGL's customers, manages AGL's obligations in relation to renewable energy schemes, and controls the dispatch of AGL's owned and contracted generation assets, third party gas agreements and associated portfolio of energy hedging products.
- **Investments** – Investments is comprised of AGL's interests in the ActewAGL Retail Partnership, Powering Australian Renewables (PowAR) (previously known as Powering Australian Renewables Fund (PARF)), Energy Impact Partners' Fund, Energy Impact Partners' Fund SCSp, Activate Capital Partners, Solar Analytics Pty Limited, Sunverge Energy Inc, Ecobee Inc, RayGen Resources Pty Ltd, Honey Insurance Pty Ltd and Ovo Energy Australia Pty Ltd.

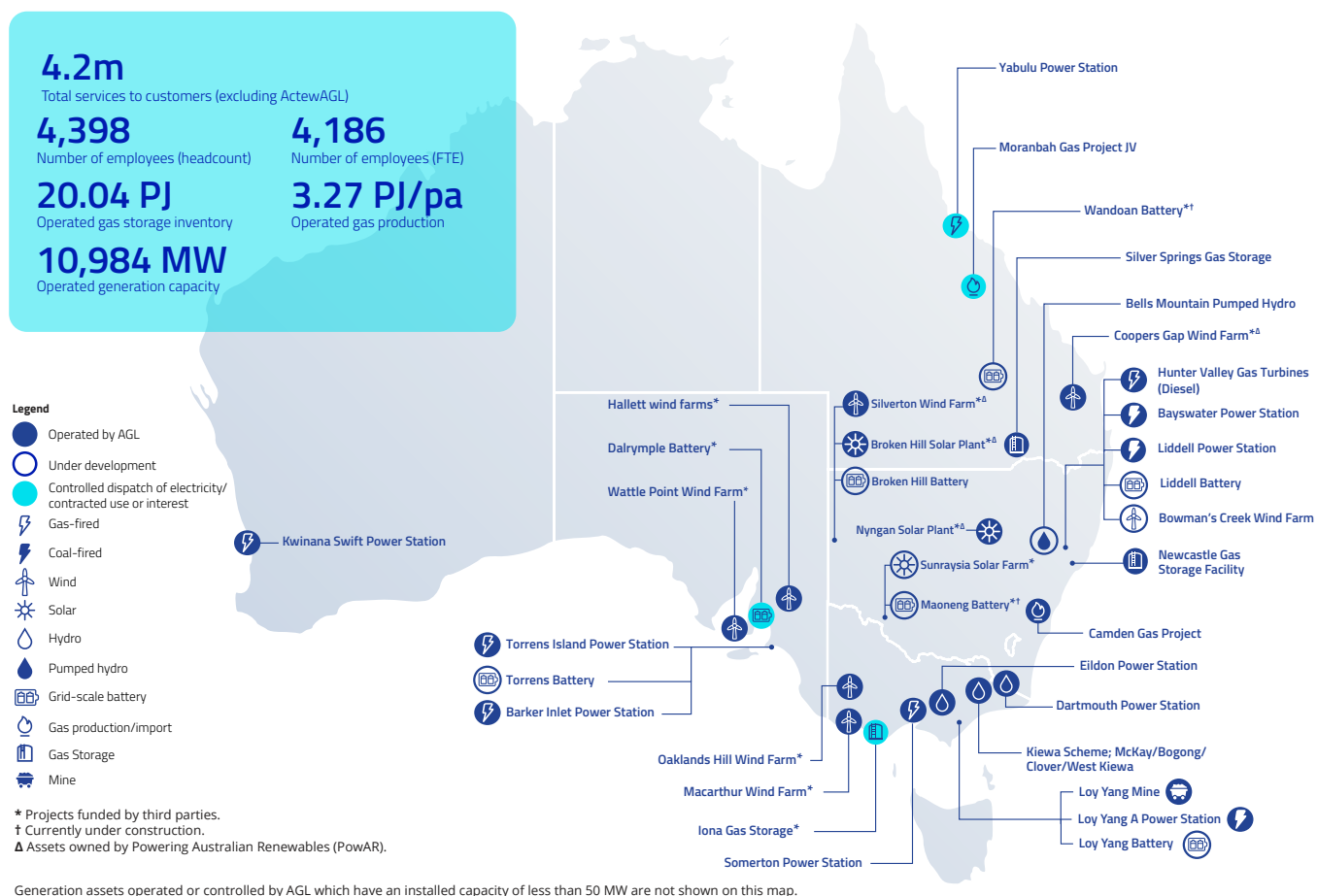
AGL manages and reports a number of expense items including information technology, under Centrally Managed Expenses. These costs are not formally attributable to operating segments, and as such the management of these functions are the responsibility of various corporate leaders.

Other functions relevant to the management of modern slavery related risks include:

- **Procurement:** Responsible for procurement strategy, policy, and processes. Procurement has overall responsibility for setting AGL's approach to procurement and developing related policies and procedures.
- **People and Culture:** Responsible for employee policies and processes, including those relating to recruitment. Third-party recruiters, who have been confirmed to have processes for managing labour rights issues including modern slavery, are also used.
- **Group Risk, Compliance, and Insurance (GRCI):** Responsible for overseeing the enterprise obligation for managing modern slavery risks, chairing AGL's Modern Slavery Working Group, and attending industry forums. GRCI provides oversight of the risk identification, assessment, and management process, with the various business areas undertaking the day-to-day management of their risks.

2. AGL's Structure, Operations and Supply Chain (continued)

The map below shows the energy assets which we operate or invest in, including key projects from our development pipeline.



Our People

AGL operates in accordance with the labour laws of Australia and upholds the right to freedom of association and the right to collective bargaining, as affirmed within AGL's Human Rights Policy. As at the end of FY21, AGL had a workforce of 4,398 employees and 44% were covered by collective bargaining agreements. All our people are required to complete Code of Conduct training on commencement of employment and annually thereafter, which includes guidance on how to raise a grievance via our whistleblower processes.

Subsidiaries and Acquisitions in FY21

This Statement is submitted as a joint statement and therefore applies to all brands and legal entities which form part of the AGL Group. It is important to note that whilst there are many distinct legal entities within the AGL Group, the AGL Group operates with a single overarching governance structure that is supported by uniform systems and processes that allow a consistent risk management approach to be adopted for the management of operational and supply chain risks (including modern slavery risks). This structure embeds ongoing consultation and engagement across the AGL Group as a whole, which includes extensive consultation as part of the development of this Statement.

As detailed in the Important Information section, AGL acquired Click Energy, Epo and Solgen in FY21. In addition, AGL acquired a 51% stake in Ovo. Whilst Click Energy was fully integrated into the operations of AGL during FY21, the operations of Epo, Solgen and Ovo had not yet been fully integrated. Accordingly, their structure, operations and supply chains are summarised as follows.

2. AGL's Structure, Operations and Supply Chain (continued)

Epho's Structure, Operations and Supply Chain

The Epho group of companies consists of Epho Pty Ltd, Epho Services Pty Ltd, Epho Asset Management Pty Limited, and BTPS1 Pty Ltd, all of which are wholly owned by Epho Holding Pty Ltd. It is an organisation comprised of 28 employees of which 22 are full time, with the balance being part time and contract workers. Its operations consist of the development, delivery, management and maintenance of renewable distributed energy resources for commercial and industrial customers.

Epho Pty Ltd designs industrial and commercial solar systems and provides the engineering, procurement and construction to deliver them. Epho Services Pty Ltd (Epho Services) provides operation and maintenance services for commercial solar systems. Epho Asset Management Pty Limited (Epho Asset Management) owns and manages solar systems. Epho's financial solutions include providing their customers with solar energy under a Power Purchasing Agreement (PPA) where the solar energy generated is purchased by the occupant of the industrial building, while the ownership and operation of the system rests with Epho Asset Management. BTPS1 Pty Ltd also operates as the owner of solar systems. Its main categories of suppliers include solar equipment manufacturers and distributors, and subcontractors. In FY21 the Epho group engaged over 300 suppliers.

Solgen's Structure, Operations and Supply Chain

The Solgen Energy Group consists of Solgen Energy Pty Ltd and Sol Distribution Pty Ltd (Sol Distribution), both owned by SEGH Pty Ltd. Solgen's operations cover the full lifecycle of solar power systems: from planning and approvals to project management, civil works, construction, operation, and maintenance. Other services include the delivery of solar energy through PPAs and synthetic PPAs where the customer pays for the energy generated through a solar system owned and maintained by Solgen. Sol Distribution focuses on the resale of solar products and offers solar power system design assistance, product advice, and access to a network of certified installers nationwide. Solgen has a total workforce of 75 full-time employees. Similar to Epho, Solgen's main categories of suppliers include solar equipment manufacturers and distributors, and subcontractors. In FY21 Solgen engaged over 600 suppliers.

Ovo's Structure, Operations and Supply Chain

OVO Energy Pty Ltd trading as Ovo Energy Australia (OEA) is an energy retailer which retails electricity to residential customers in New South Wales, Queensland, South Australia, and Victoria. The OEA team consists of 24 employees based in Melbourne.

OEA provides customer service and billing capabilities through billing platforms and contact centres located at its Melbourne office. OEA manages its wholesale market risk through hedging strategies which provide acceptable management of wholesale costs and prudential requirements. OEA's main operating segment is customer/consumer markets.

OEA's supply chain includes over 180 direct suppliers who provide a variety of goods and services from various countries. Key categories of operational expenditure include labour, professional & consulting services, IT services and software and office expenses. The majority of OEA's addressable spend was made to Australian-based suppliers (although some of these are subsidiaries of foreign-owned entities).

OEA's supply chain also includes the procurement of energy and energy-related products for its customers and operations.

2.2 Our Supply Chains

AGL's supply chain includes over 3,000 direct suppliers who provided a variety of goods and services sourced from 21 countries, with a procurement addressable spend of ~\$1.4 billion (AUD ex.GST) in FY21. Key categories of spend include contingent labour, engineering, consulting, manufacturing, construction, IT services and software. The majority of AGL's procurement addressable spend (>96%) was paid to Australian-based suppliers (although some of these are subsidiaries of a foreign owned entity).

Over 40% of AGL's annual procurement addressable spend is attributable to its 17 material supplier partners. A material supplier partner is defined as a supplier who provides goods and services that are considered material in nature to AGL, for which heightened contractual monitoring processes are in place. These suppliers provide AGL with technology services, plant and equipment, printing and mail lodgement, professional services, machine installation and maintenance, telecommunications, construction, and maintenance services.

Wholesale Markets

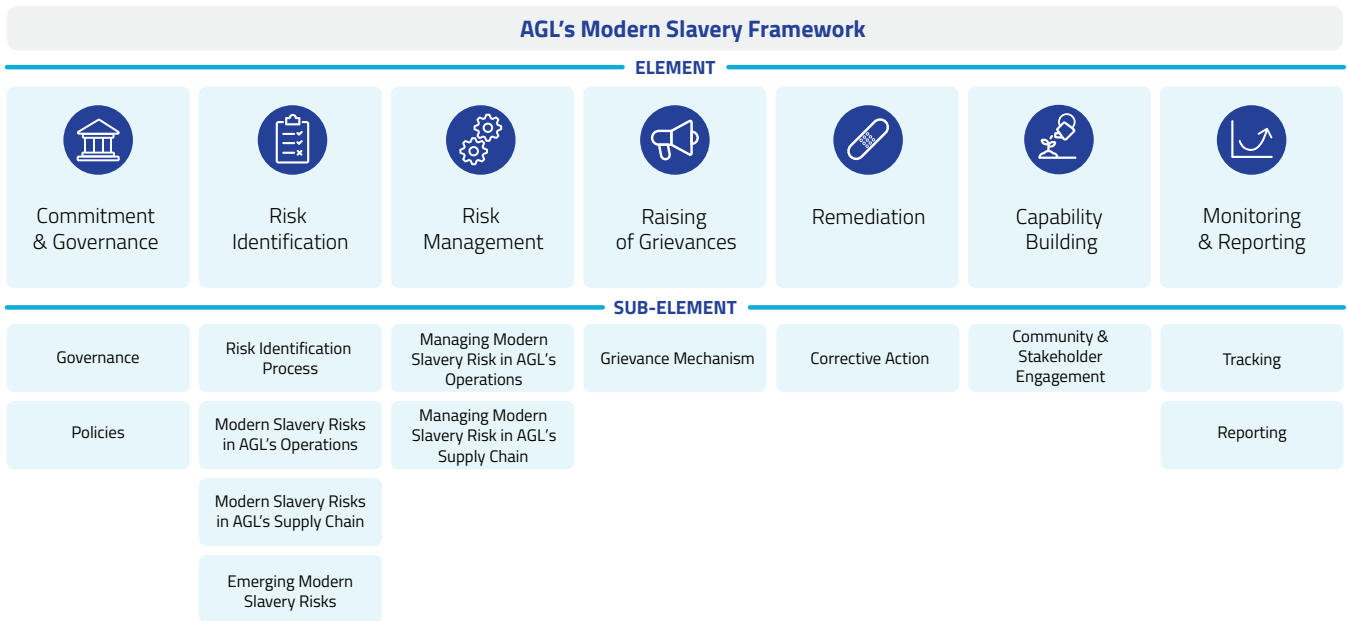
AGL's supply chains also include the procurement of energy-related products for its customers and operations, which are referred to as 'Wholesale Markets.' Through these activities, AGL has over 200 counterparties. The supply chain includes the following types of supply arrangements:

- Electricity supplied to our customers is predominantly purchased from the Australian Energy Market Operator (AEMO), which is a legislated body that manages the electricity and gas systems and markets across Australia. Various power generation companies, both domestic and foreign owned, supply the electricity procured by AEMO.
- Gas and other fuel for generation, including coal, is purchased from upstream producers or other wholesalers, with additional contracting of required transportation and transmission services to deliver to AGL's sites or customers.
- Renewable certificates are purchased from producers through standalone contracts or PPAs.

In addition, the Wholesale Markets business area maintains contractual relationships with counterparties to manage price risks.

3. Managing Modern Slavery at AGL

AGL is committed to continuing to better understand and more effectively manage the risk of modern slavery within our operations and supply chain. Acknowledging the importance of continuous improvement, AGL has developed a 'Modern Slavery Framework' which sets out the key elements and sub-elements required to effectively manage modern slavery risks, and to support the development of prioritised improvements in a coordinated and focused manner. The framework also provides AGL with the ability to assess the effectiveness of actions taken to manage modern slavery risks over time. The various elements and sub-elements of the program are depicted in the below image.



AGL's Modern Slavery Framework, developed in the first half of FY21, is based on a benchmark analysis of external best practices within the areas of modern slavery and human rights. These best practices were drawn from reference materials that included the *UN Guiding Principles on Business and Human Rights*, the Ethical Trade Initiative's *Human Rights Due Diligence Framework*, and the *Modern Slavery Risks, Rights & Responsibilities – A Guide for Companies & Investors* published by the Australian Council of Superannuation Investors.

3.1. Commitment & Governance

The 'Commitment and Governance' element sets out AGL's approach to governing the management of modern slavery risk, and includes the key policies, frameworks and standards in place that articulate AGL's commitment to effective management of modern slavery risk.

3.1.1 Governance

AGL has defined clear roles, responsibilities and accountabilities for the management of modern slavery related risks throughout the organisation.

The AGL Board is ultimately responsible for the governance of AGL. The role of the Board is to safeguard AGL's interests and to protect and foster sustainable value creation while taking into account the reasonable interests of shareholders, employees, customers, the communities in which AGL operates and other relevant stakeholders.

The Board reviews and approves AGL's strategic direction and provides oversight of management. Additionally, the Board is responsible for guiding AGL's company culture by establishing the "tone from the top" and by monitoring the implementation of, and broader adherence to, AGL's core Values, policies and related processes. This includes monitoring AGL's approach to the management of both financial and non-financial risks.

The Board has delegated to AGL's Chief Executive Officer (CEO) the authority to manage AGL's day-to-day affairs. The CEO has authority to sub-delegate to the AGL Executive Team. The Executive Team is accountable to the CEO for identifying, assessing, managing, reporting, reviewing, and monitoring risks that may impact the achievement of AGL's strategic, operational, and commercial objectives, and ensuring that there are systems in place to maintain adherence to these policies.

The Enterprise Leadership Team (comprised of direct reports to the Executive Team) is responsible for overseeing human rights and modern slavery risks within AGL's operations and supply chains. The day-to-day responsibility for managing these risks sits within each business unit. The business units themselves are responsible for implementing processes and controls to ensure compliance with AGL's policies and standards – including AGL's Human Rights Policy.

3. Managing Modern Slavery at AGL (continued)

Modern slavery related risks are managed in accordance with AGL's standard risk assessment and management process. Business unit embedded risk teams work within their relevant areas to identify, assess and monitor modern slavery risks and their treatment on an ongoing basis. Further, specific teams are responsible for monitoring compliance with organisational wide policies, such as those relating to supplier sourcing.

GRCI has carriage of the AGL enterprise-wide risk management function. GRCI is responsible for supporting the business to incorporate human rights considerations into relevant policies, standards, frameworks and action plans and associated training programs as relevant. In addition, AGL has appointed a Modern Slavery Subject Matter Expert (SME) within GRCI. The primary role of the SME is to support the Modern Slavery Working Group and provide expert advice where required, for example in the conduct of risk assessments and the evaluation of new suppliers.

AGL's Group Audit function provides independent and objective assurance to AGL on the effectiveness of governance, risk management and internal controls, including those relevant to AGL's modern slavery risks.

Since the Act came into force, a Modern Slavery Working Group (Working Group) has been operational at AGL. The Working Group consists of senior management from functions such as Procurement, People & Culture, Social Licence, Sustainability, GRCI as well as compliance and risk management teams within relevant operational areas of the business. The purpose of the Working Group is to drive the implementation and continuous improvement of AGL's actions and controls to adequately manage modern slavery risks in our operations and supply chains, and to support compliance with our reporting obligations under the Act. The Working Group achieves its purpose by:

- Promoting the organisation's obligation to respect and protect human rights (including the management of modern slavery related risk);
- Providing leadership and sponsorship to support the implementation of actions and controls to adequately manage modern slavery risks;
- Providing strategic guidance and recommendations to assist in the development of policies, processes, and initiatives to counter modern slavery;
- Identifying emerging risks associated with modern slavery (for example due to business change or in response to third party information); and
- Creating a forum where members can share experiences, knowledge, and best practices that help the organisation mature its approach to modern slavery.

Led by the General Manager of GRCI, the Working Group participated in the planning and execution of actions completed throughout the reporting period, and actively participated in the preparation of this Statement.

In FY21 AGL's primary governance uplift activity related to the development and publication of the Modern Slavery Working Group Charter (Charter). The Charter codifies the scope of work, membership, and roles and responsibilities of the Working Group. The Working Group is supported by GRCI and sponsored by two members of the AGL Executive Team (Executive Sponsors). Among other responsibilities, each Executive Sponsor serves as a spokesperson to higher levels of management to ensure that modern slavery has broad visibility across the organisation and receives relevant support from the Executive Team and senior management.

3.1.2 Policies

As also summarised in Section 1 above, AGL has well defined and established policies that articulate AGL's commitments to ethical behaviour, and more specifically to the prevention of modern slavery in our supply chains and operations. These policies are underpinned by our Purpose, *Progress for Life*, and our Values, which are summarised below:

Our Values

- **Care in every action:** Physical and psychological safety first; Responsible and sustainable in all our actions; Always considering our environment; Putting yourself in other people's shoes.
- **Integrity always:** Doing the right thing; Being open and accountable; Having courageous conversations; Keeping our promises.
- **Better together:** Breaking down silos; Being respectful and inclusive of all; Seeking out diverse perspectives; Building collaborative partnerships.
- **Deliver your best:** Going the extra mile for our customers; Constantly looking to improve; Staying resilient when setbacks happen; Making excellence part of every day.
- **Shape tomorrow:** Having courage to explore new possibilities; Embracing opportunities to grow; Approaching challenges with a can-do attitude; Keeping the future in focus.

Supporting our values, AGL's Code of Conduct sets out the standards of responsibility and conduct that are required when working at AGL. AGL's Human Rights Policy sets out AGL's commitment to respect the dignity and human rights of our employees, customers, and the communities in which we operate. The purpose of our Human Rights Policy is to ensure that our employees and business partners:

- Operate in a way that supports principles relevant to human rights, which includes taking action to ensure we are not causing, contributing, or directly linked to human rights abuses, and seeking to prevent or mitigate any human rights impacts;
- Understand that it is our responsibility to respect, uphold and contribute to the realisation of human rights through our operations, business relationships and supply chains; and
- Endeavour to avoid complicity in human rights abuses.

3. Managing Modern Slavery at AGL (continued)

Through this policy AGL, our employees and our subsidiary and affiliate entities acknowledge our moral and legal obligation to ensure that all workers are treated fairly, both within our own organisation and within the organisations we do business with. This includes ensuring workers' rights to freedom of association and collective bargaining, freedom from slavery, servitude, forced, compulsory and child labour, fair and just working conditions, protections for unemployment, just and favourable remuneration, reasonable limitations to working hours, reasonable rest and leave, and freedom from discrimination in respect of employment and occupation. AGL implements this commitment through its Code of Conduct, Diversity and Inclusion Policy, Health, Safety and Environment Policy, Supplier Code of Conduct and Whistleblower Policy and other internal policies and standards relating to contingent workers and recruitment.

Our Human Rights Policy is guided and informed by internationally and domestically recognised human rights standards, including the *Universal Declaration of Human Rights*, the International Labour Organisation's *Declaration on Fundamental Principles and Rights at Work*, the *United Nations Guiding Principles on Business and Human Rights*, and the *United Nations Global Compact Principles*. Our Board approved Human Rights Policy is communicated internally to our employees and externally on our website.



3.2. Risk Identification

AGL has taken proactive steps, aligned to its standard risk management practices summarised in Section 3.3 below, to specifically identify and assess the risks of modern slavery inherent to AGL's operations and supply chain.

3.2.1 Risk identification Process

AGL's ongoing modern slavery related risk assessment process is informed by risk indicators identified through considering the nature of AGL's business, operations and supply chains. The below risk indicators were initially identified in preparation for AGL's FY20 Statement with the support of an independent consultancy firm with specialist knowledge of modern slavery risk.



Vulnerable populations: Groups of people more likely to be exposed to harm, or unable to advocate for themselves in exploitative situations. The level of worker vulnerability, and risk of poor labour practices and exploitation are recognised to be higher in contexts where base skill labour is relied upon.



High risk business models: Business models that rely on third parties for the provision of services - often labour hire. Outsourcing reduces company visibility over third-party recruitment practices and provision of worker entitlements.



High risk sectors or categories: Products and services regarded as having more significant inherent modern slavery risk including industries that rely heavily on low-skilled labour and/or involve menial and repetitive work, often performed at night-time or in remote locations.



High risk geographies: Countries or regions which are known to have higher human rights (and modern slavery) risks. High risk geographies include countries and regions vulnerable to bribery and corruption, or without strong labour laws and governance.

To ensure the risk indicators initially identified continued to remain relevant and an accurate reflection of AGL's inherent risks of modern slavery, AGL undertook the following key activities in FY21:








1. Material changes to AGL's structure, operations and supply chains since the FY20 Statement were analysed, to determine whether these changes impacted on the risks initially identified. This included changes in product / service offerings, internal restructures, changes to processes, and investments / acquisitions made throughout the year;
2. Input was sought from key areas of the business, including business unit risk teams and the Modern Slavery Working Group; and
3. Central review of documentation relevant to AGL's modern slavery risk was undertaken (such as Business Unit risk registers, sourcing risk assessments and external risk documentation) to identify any changes to the inherent risk of modern slavery at AGL.

Based on this updated assessment, the risk indicators identified as part of AGL's FY20 Statement continue to be the most relevant risk factors, and therefore continued to be used to inform AGL's risk assessment process in FY21. However, the outcomes of detailed risk assessment saw minor changes in AGL's modern slavery risk profile, which are detailed in the following sections.

3. Managing Modern Slavery at AGL (continued)

3.2.2 Modern Slavery Risks in AGL's Operations

Through the Modern Slavery Risk Assessment process, AGL identified the following FY21 modern slavery risks inherent within our operations:

Operations		Key Risk Indicators
Offshore Labour	AGL engages offshore labour through third parties in geographies which are inherently more likely to face modern slavery risks (including labour hire services, data processing and call centre personnel). Accordingly, workers may be subject to forced labour or child labour. AGL has comparatively less visibility over practices employed through these arrangements outside of Australia.	 
Engagement of labour via third parties (including subcontracting)	AGL utilises third party recruitment firms to engage onshore contingent labour. AGL also engages with third parties for the provision of services, who may sub-contract aspects of the service delivery to other organisations. In these cases, AGL has comparatively less visibility over practices employed through these contracting arrangements. For example, the risk of forced labour may be relatively higher when third parties are engaged to provide labour.	 
Acquisitions, Investments and Joint Ventures	Depending on the sector, acquisitions, investments in or partnerships with other organisations can expose AGL to high-risk business models, vulnerable populations, or high risk geographies. In FY21, AGL acquired two solar supply and installation businesses. Refer to Section 3.2.4 below for further detail on the specific modern slavery related risks identified as being associated with this industry.	  

Modern Slavery risks inherent in AGL's operations have remained largely consistent with those identified in FY20, with the exception of those risks identified in FY20 that related to a project at Crib Point in Victoria. This project would have imported natural gas into the south-eastern Australian states for industrial, commercial, and residential gas customers from 2024 or earlier. In May 2021, AGL confirmed that it would cease any further development of the proposed liquefied natural gas import jetty at Crib Point resulting in the removal of this potential modern slavery risk from AGL's operations.

3.2.3 Modern Slavery Risks in AGL's Supply Chain

The table below illustrates the key modern slavery risks that may be present in AGL's supply chains:

Supply Chain		Key Risk Indicators
Sourcing of Battery and Solar Products	The procurement of renewable technology is considered a high-risk industry for modern slavery due to risks present throughout the supply chain. Cobalt used as a raw material in the manufacturing of batteries may be at risk of being sourced through child and forced labour in the Democratic Republic of the Congo. Polysilicon used in the manufacturing of solar products has been associated with the exploitation of Uyghur and Kazakh minorities in Xinjiang, China. The supply of key materials from certain geographies associated with modern slavery risks makes it challenging for AGL to influence supplier practices.	  
Solar Installations	Solar installations are considered an area of modern slavery risk in the construction sector. Solar installation works include complex and informal subcontracting, labour hire, often involving multiple sub-contracting arrangements, and low barriers to entry for labour hire providers. A predominantly migrant workforce also increases the risk in this area, due to worker reliance on recruitment intermediaries who may exploit this reliance, and / or due to language barriers. Where installations consist of large-scale solar installation in remote areas, the sites' remoteness may increase the complexity of required oversight by AGL as well as by regulators and unions, meaning that there are unique risks associated with these installations and with this sector in general.	  
Sourcing of Electronic Goods (e.g., laptops, modems, and mobiles)	The electronics manufacturing industry is a high-risk industry for modern slavery due to the low profit margins and tiered production system typically associated with the industry. Manufacturing often takes place in less developed countries with minimal legal and regulatory protections, hence there may be less oversight over labour rights. In addition, modern slavery risks are present within the supply chains of these products, particularly in the sourcing of raw materials from high-risk geographies.	  
Cleaning, Maintenance and Security Services	These categories of work are considered relatively high risk due to factors including remote work locations, manual labour, on demand work and diminished visibility over sub-contracting arrangements.	  
Power Purchasing of Renewable Certificates	The renewable energy industry is considered relatively higher risk for modern slavery, specifically in the form of forced labour and debt bondage - due to risks present throughout the supply chain, from sourcing raw materials to the manufacturing of solar panels.	

3. Managing Modern Slavery at AGL (continued)

3.2.4 Emerging Modern Slavery Risks in AGL's Solar Supply Chain

As part of AGL's ongoing modern slavery related risk identification and assessment processes, risks associated with its solar operations and supply chain have become an increasing area of focus, particularly in light of AGL's acquisition of two leading commercial solar companies (Epho and Solgen) in March 2021.

While playing a critical role in Australia's transition to a low carbon future, AGL has observed a heightening risk of modern slavery in its solar panel supply chain. A number of allegations have been reported with regards to the Uyghur and Kazakh minorities in the Xinjiang region of China being used as forced labour in the sourcing of polysilicon and the manufacturing of solar products. As the Xinjiang region is estimated to supply over 45% of the polysilicon used in solar panel construction (with 75% produced in China), any alleged modern slavery has the potential to impact a large part of the global solar panel industry and supply chain.

As a leading Australian solar installer, AGL takes these reports seriously and is committed to taking proactive steps to reduce the risk of modern slavery in its solar panel supply chain and operations. In addition to the activities described in subsequent sections of this Statement to manage AGL's modern slavery risks more generally, the following proactive steps have been taken to assess and manage this specific risk:

- *Acquisition due diligence:* the industry risk associated with modern slavery was identified through due diligence conducted as part of the acquisitions of Solgen and Epho. The risks identified through the due diligence process informed the proactive steps that AGL would need to undertake to address the risk of modern slavery post acquisition. Specifically, the identified risks confirmed the need to further engage solar suppliers on the subject of modern slavery via the supplier review process summarised below.
- *Existing and Potential Supplier Review:* as AGL's solar panel installers were only acquired in late FY21, all solar panel related suppliers are currently undergoing risk assessment considering the inherent risk of modern slavery in the solar supply chain. The risk assessment includes:
 - Conducting reputational background checks against existing and potential solar suppliers. These checks are currently being completed through an independent third-party platform that provides AGL with information associated with Environmental, Social and Governance (ESG) claims relating to a supplier within the last 10 years. These background checks will identify where any supplier has been the subject of allegations relating to modern slavery and will inform AGL's risk assessment.
 - Requesting suppliers to complete AGL's ESG Questionnaire which provides further insight into the supplier's management of risks associated with Human Rights, Labour Rights and Modern Slavery.
 - Further contacting existing and potential solar suppliers and requesting that they provide details on the source of any solar grade polysilicon used in their modules to allow AGL to make a preliminary determination on whether there is the prospect of Uyghur and Kazakh forced labour involved in the total or partial manufacture of their modules.
- *Contractual requirements:* All preferred suppliers of Solgen and Epho are being transitioned to standard AGL contracts which require them to meet AGL's modern slavery requirements. In the event that suppliers are unable to meet AGL requirements, contracts contain termination rights which may be exercised by AGL.

AGL acknowledges that the above activities are partly qualitative in nature, meaning that there are inherent limitations associated with the insights gained from these activities. The current COVID-19 pandemic together with other geographical restraints, prevent AGL from attending the premises of our suppliers to verify their claims of compliance with some aspects of the engagement and with the requirements of our Supplier Code of Conduct. Despite these restrictions AGL is committed to taking further proactive steps throughout FY22 to ensure it understands the modern slavery risks associated with its solar supply chain and the steps that need to be taken to mitigate, and where necessary remediate those risks.



3.3. Risk Management

AGL is committed to ensuring that risk management practices are embedded into all business processes and operations in order to drive consistent, effective and accountable action, decision making and management practice. A strong risk management culture is critical to enabling AGL to achieve its strategic, operational and commercial objectives and can also be a source of competitive advantage. Modern slavery-related risks, both at an operational and supply chain level are managed by the business in accordance with AGL's standard risk management and assessment processes.

Below, we have set out the key risk initiatives or activities implemented to manage the risks of modern slavery within our operations and our supply chains.

3.3.1 Managing Modern Slavery Risk in AGL's Operations

As noted in Section 3.2.2 above, most of the risks of modern slavery identified within AGL's operations relate to the management of labour, and specifically to the risks of forced or child labour. Below, we have set out AGL's key approaches to ensuring appropriate hiring and workplace conditions are in place for both AGL employees and labour sourced through third parties, and in ensuring all stakeholders understand AGL's requirements in these areas.

3. Managing Modern Slavery at AGL (continued)

Communication and Awareness

The effectiveness of AGL's processes and systems designed to identify and address modern slavery risk rely on the capability of our people. Through various mechanisms, AGL is committed to raising awareness within and outside of our organisation of the risks of modern slavery and increasing our collective capability to manage this risk effectively.

Sharing information and building awareness of broader human rights-related issues both within and outside of AGL is fundamental to the success of our commitment to respect human rights, and in ensuring that our employees and business partners act in a way that is consistent with our policies, standards, and corporate values. It also provides our people with the capability to identify the risks of modern slavery in our operations and supply chain and allows them to understand what steps need to be taken to assess and manage those risks.

AGL's Human Rights Policy is communicated to employees via internal communication channels and is referred to in relevant training programs undertaken by the business. In addition, a modern slavery risk microsite is available on our intranet where employees have access to information about AGL's Modern Slavery Framework and FY20 Modern Slavery Statement. AGL's Supplier Code of Conduct is provided to our suppliers and is also publicly available on our external website.

In FY21, an internal and external communication campaign was launched to raise further awareness of our modern slavery work and commitments, and to share the publication of our first Modern Slavery Statement. The internal campaign included communications led by the Modern Slavery Program's Executive Sponsors. The external campaign included the publication of our FY20 Statement on our external website and included posts on our social media channels.

Hiring and Workplace Conditions

As noted in Section 3.1.2 above, AGL has clear policies and standards that require that all workers are treated fairly. AGL recruits permanent employees through its internal recruitment function. Contingent workers are sourced and paid by a contracted third-party recruitment firm via a third-party service agreement. The recruitment firm is the employer of this cohort of contingent workers.

To better understand AGL's workforce and to guard against the risk factors associated with vulnerable populations, both permanent employees and contingent workers are subject to a mandatory and uniform background check process. At a minimum, these background checks establish the candidates' true identity, and confirm whether candidates are of sufficient age to perform the role and have the required working rights.

All permanent employees are paid salaries within carefully established salary bands and/or pursuant to modern award pay rates. AGL's service agreement with the recruitment firm stipulates that the firm is required to ensure that every contingent worker is paid above the minimum amount required under the relevant modern award. AGL has the right under the services agreement to audit the recruitment firm which enables AGL to verify if contingent workers are being paid in accordance with their legal entitlements. The recruitment firm engaged by AGL has a strong track record of managing this risk on behalf of its clients.

3.3.2 Managing Modern Slavery Risk in AGL's Supply Chain

Throughout FY21, AGL has further strengthened existing frameworks and processes designed to understand the risks of modern slavery within our supply chain, to consider these risks in our supplier selection, and to manage our suppliers on an ongoing basis with the aim of reducing, and ultimately eliminating, modern slavery risk. Below, we have set out the key activities in place to identify, assess and address the risk of modern slavery within our supply chain.

Supply Sourcing

AGL has defined procurement principles and procedures that comply with all relevant laws and regulations and that are required to be followed by all employees to ensure procurement activities are consistently applied across the organisation. Having robust, transparent, and consistent procurement practices is key to proactively identifying and addressing modern slavery risks embedded within AGL's supply chain.

Due diligence of suppliers

AGL takes a risk-based approach to the engagement of its suppliers. Where AGL requires the selection of a new supplier to procure goods or services – or the renewal or extension of an existing contract, a Sourcing Risk Checklist must be completed by the business sourcing owner before commencing any sourcing activity. The purpose of the Sourcing Risk Checklist is to identify key risks inherent in the procurement of the relevant goods and services, and their associated risk rating based on an assessment against relevant key risk indicators. The Sourcing Risk Checklist also determines required supplier due diligence activities, including the relevant AGL stakeholders that must be engaged as part of the sourcing activity, to ensure all risks are appropriately considered, including modern slavery related risks.

The Sourcing Risk Checklist takes into consideration the modern slavery risk indicators summarised in Section 3.2.1 to assess the sourcing activity. These indicators take into account relevant factors including the industry the goods or services fall under, the skill level applicable to the services and whether labour is being provided under a labour hire service.

In FY21, the Sourcing Risk Checklist was enhanced to consider the cumulative effect of more than one risk indicator on the resulting inherent risk rating alongside other commercial factors like the production, processing, or delivery of AGL products and services and the contract's value. The outcome of this assessment allows AGL to better identify and focus attention on sourcing activities which have a medium to high inherent modern slavery risk rating. In circumstances where the Sourcing Risk Checklist rates a sourcing activity as a medium to high-risk rating for modern slavery, all potential suppliers must undergo a Modern Slavery Evaluation which involves a two-step process led by AGL's Modern Slavery SME:

- *Reputational background check of the supplier:* A supplier background check is conducted through a third-party platform that provides information on any known ESG claims or issues related to the supplier. Those claims and issues are assessed by AGL's Modern Slavery SME to provide an ESG risk exposure assessment for the supplier.

3. Managing Modern Slavery at AGL (continued)

- *Modern Slavery Questionnaire is completed by the prospective supplier:* This questionnaire sets out a series of questions that provide information relating to how the supplier identifies, assesses and manages its modern slavery risks. Questions include whether the supplier has relevant policies, processes and systems in place to manage modern slavery risks, and whether the supplier has encountered any instances of modern slavery in the last 5 years.

The results of both assessments are reviewed holistically by the Modern Slavery SME, who provides the business sourcing owner with a modern slavery evaluation, together with recommendations on any remediation actions required to be taken before engaging the preferred supplier.

In FY21, AGL's Modern Slavery SME evaluated 46 potential suppliers (all suppliers/sourcing activities identified to be moderate or high risk for modern slavery due to the nature of the sourcing). The majority of evaluations related to the procurement of battery and solar components and installations, construction-related services associated with the maintenance of our generation sites, and the sourcing of electronic products, including those required for the delivery of our broadband services. In instances where improvement opportunities were identified (i.e., where there was opportunity for the supplier to uplift its process or policy documentation around the management of its modern slavery risks), the business sourcing owner was asked to share those opportunities with the supplier, together with AGL's Human Rights Policy. Where the evaluation results for a supplier were considered unacceptable, the SME recommended that the supplier should not be engaged.

On completion of due diligence activities and on the successful selection of a supplier, contract negotiations commence using the AGL Precedent Contracts. The AGL Precedent Contract templates include a mandatory clause requiring the supplier to comply with AGL's Supplier Code of Conduct. The standard clause provides AGL with the right to issue the supplier with a questionnaire seeking information about the supplier's approach to business and performance of the contract. This allows AGL to compare the supplier's performance to the requirements of the Supplier Code of Conduct and also provides a right to audit against compliance with that code.

During the reporting period:

- All AGL Precedent Contracts executed included the standard Supplier Code of Conduct clause; and
- Our 17 material supplier partners completed the Supplier Code of Conduct Questionnaire (referenced on page 16), with all material suppliers providing evidence of being 100% compliant with AGL's Supplier Code of Conduct.

Due diligence of Wholesale Markets' counterparties

Distinct from the supplier assessment processes referenced above, prospective Wholesale Markets' counterparties are screened and selected through a bespoke procurement process due to the nature of the activities performed and related regulatory requirements. Prospective Wholesale Markets' counterparties involved in the physical supply of commodities must complete a "Know Your Customer" questionnaire as part of the onboarding process. In addition, these counterparties are screened to identify modern slavery risks using an externally sourced end-to-end third-party due diligence workflow tool. Where any high risks associated with modern slavery are identified during the onboarding process, those risks are escalated to the Modern Slavery SME to determine whether remediation actions are required before proceeding with the engagement.

Once the counterparty is onboarded, the Wholesale Markets team performs ongoing monitoring of the counterparty using the same due diligence workflow tool. In FY21, the Wholesale Markets' team commenced a "back book" review of existing counterparties which resulted in additional due diligence work being undertaken on those counterparties that were assessed as being high risk. There were no remediation actions arising out of the performance of this additional due diligence work.

Supplier Code of Conduct

AGL's Supplier Code of Conduct outlines the minimum ESG standards of behaviour that we expect from our suppliers. It covers ethical business, human rights, labour practices, modern slavery, supply chain and supplier diversity and community engagement expectations. The Code recognises that AGL's operations and Social Licence can be significantly impacted by the actions of its supply chain. To mitigate these ESG impacts, the Code makes the following commitments:

- Engage with suppliers that share similar values and commitments to AGL;
- Support our suppliers and their supply chains to reduce the ESG impact of the goods and services they provide to AGL;
- Contribute to the development of local communities affected by AGL's operations; and
- Provide training to all employees engaged in supply chain management on company expectations for responsible sourcing of goods and services.

Modern Slavery Feedback – A Case Study

Our tender process provides AGL with an opportunity to educate and uplift tenderers' modern slavery practices by providing feedback on a tenderer's response to our Modern Slavery Questionnaire. For example, in October 2020 AGL conducted a tender for the sourcing of a high output gas compressor for our gas operations. During the first round of evaluations, one of the tenderers failed to adequately demonstrate their commitment to prevent modern slavery. The supplier's evaluation results were shared with the supplier. Post feedback the supplier worked proactively with its parent company to have the parent company endorse a modern slavery policy that set out its commitment to respect internationally recognised human rights throughout their global operations. The policy was presented back to AGL by the end of the tender process.

3. Managing Modern Slavery at AGL (continued)

AGL expects its suppliers to read and understand our Supplier Code of Conduct, and to ensure that their business and supply chain meet the Code's requirements and comply with all laws applicable to their business. This requirement is included as a standard contractual term in AGL's procurement contracts.

During the reporting period, AGL developed a Supplier Code of Conduct Questionnaire to assess our suppliers' compliance with our ESG minimum requirements, which was implemented in the fourth quarter of FY21. To establish good governance and to meet our internal and external reporting requirements, AGL has mandated that its material suppliers need to complete the Supplier Code of Conduct Questionnaire on an annual basis so that their compliance with the Supplier Code of Conduct can be assessed. The supplier's response to the questionnaire dictates whether AGL needs to develop a Corrective Action Plan with the supplier to address and remediate the supplier's non-compliance with the Code.

In FY21, AGL also developed a Supplier Risk Management Framework that sets out AGL's end to end approach for managing risk with our suppliers. Our Supplier Risk Management Framework outlines the end-to-end risk management approach and accountabilities for the management of new and existing suppliers and defines minimum requirements regarding compliance with AGL's Supplier Code of Conduct. It is aligned with the UNGC principles and the International Labour Organisation's (ILO) *Declaration on the Fundamental Principles and Rights at Work* and is consistent with industry and market expectations.

The goal of the Supplier Risk Management Framework is to put in place a supplier risk management methodology that ensures AGL only engages with suppliers whose values and commitments align with our Values and Purpose, and that afford us the opportunity to influence our suppliers and their supply chains to reduce the ESG impact of the goods and services they provide to AGL.

The Supplier Risk Management Framework will apply to all supplier engagements across AGL going forward. As it was developed towards the end of the FY21 reporting period, AGL business areas are currently reviewing their processes in comparison to the requirements of the framework and will uplift existing practices, where necessary, to comply with the framework during the FY22 year.

Ongoing Supplier Management

In addition to assessing our suppliers during sourcing, AGL's Supplier Management Standard supports the ongoing management of risk, including modern slavery risk, throughout the life of the contract via a requirement for business units to appoint a business contract owner for each procurement contract owned by the business unit. In accordance with the Supplier Management Standard, the business contract owner must actively manage the contract to ensure the risks associated with the goods and/or services, and the supplier are regularly reviewed, effectively monitored, and managed.



3.4. Raising of Grievances

AGL seeks to avoid causing or contributing to human rights violations across our operations and supply chains, or those of our business partners. We encourage all our employees, business partners, communities, and customers to report any concerns relating to our activities and suspected violations of our policies, including our Human Rights Policy.

3.4.1 Grievance Mechanisms

Creating a supportive environment where our people feel safe to speak up is one of AGL's core Values which underpins our workplace culture. There are various ways in which our employees can raise concerns regarding conduct occurring at AGL or in relation to AGL. Under the AGL Code of Conduct, employees and contractors are encouraged to report concerns relating to observed behaviours or where there is a reasonable suspicion of a breach of AGL's Code of Conduct, to their immediate leader. In circumstances where the report concerns their leader or if the person is not satisfied with how their leader is treating the matter, the matter can be reported to their business partner in People & Culture or to the Executive Team member responsible for their business unit. Suppliers are required to notify AGL of any actual or suspected breach of the Supplier Code of Conduct by the supplier or by their supply chain. In addition to these mechanisms, AGL's current and past employees, officers, contractors, suppliers (including employees of suppliers), and their associates are able to report and express any concerns relating to our activities and suspected violations of our policies, Values and/or legal requirements via our Whistleblower Protection Policy. AGL has two channels through which grievances or concerns about matters covered by the AGL Whistleblower Policy can be raised. Individuals are able to report the matter internally to any of our eligible recipients (which include AGL's Executive Team) or make a report anonymously via our whistleblowing hotline.

No grievances relating to human rights were raised via these channels during FY21. Should such a grievance be raised in the future, in accordance with the AGL Whistleblower Policy, AGL will assess the information reported, request further information if required, and determine an appropriate course of action.

3. Managing Modern Slavery at AGL (continued)



3.5. Remediation

AGL recognises that where we have caused or contributed to modern slavery and human rights violations, immediate and appropriate steps must be taken to remediate those violations and to prevent them from happening in the future.

As outlined in our Whistleblower Policy, if a disclosure is lodged under the policy, AGL will treat the disclosure sensitively and seriously, and will deal with it fairly and objectively. Any investigation will be conducted in a timely manner and will be fair and independent from any persons to whom the disclosure relates. Investigations will generally be overseen by the Whistleblower Investigation Officer and where necessary, other people, including employees (for example the General Manager Group Audit or external advisers), may also be asked to assist or conduct an investigation.

As outlined in our Human Rights Policy, should AGL be suspected of causing or contributing to a human rights violation, we are committed to investigating, addressing, and responding to any concerns and taking the appropriate corrective actions if required. AGL's Investigation Framework sets out the minimum standards that must be followed for investigations conducted by AGL. The Framework stipulates that any investigation needs to be tailored to address the specific allegations that are the subject of review. The Framework provides guidance in respect of investigations relating to the AGL Whistleblower Policy and to other more general investigations.

As noted in Section 3.4, no grievances relating to human rights were raised via any of our grievance mechanisms during FY21, resulting in AGL having no cause to remediate any human rights violations during the reporting period.

3.5.1 Corrective Actions

AGL's new Supplier Risk Management Framework, introduced at the end of FY21, requires a Corrective and Preventive Actions (CAPA) Plan be developed for those suppliers who have been assessed as being non-compliant with AGL's Supplier Code of Conduct. In instances where a new supplier is assessed as being non-compliant with the Supplier Code of Conduct, the Supplier Risk Management Framework requires senior management to approve the onboarding of the supplier and the CAPA Plan for that supplier.

The business contract owner is responsible for managing and agreeing the CAPA Plan with the supplier. This will typically involve developing and agreeing Key Performance Indicators (KPIs) and targets, and implementing monitoring and reporting requirements. The CAPA Plan must, at a minimum, outline the issue and conduct root-cause analysis (if applicable), develop corrective and/or preventive actions, establish timeframes and accountability for implementation, and require the supplier to provide evidence of progress against the identified actions, targets and KPIs, either in writing or via an audit.



3.6. Capability Building

AGL recognises that eradicating modern slavery is a complex task that requires a global response from governments, businesses, and the international community. Accordingly, AGL proactively collaborates on broad stakeholder initiatives and builds partnerships with government agencies, the community, peer companies in essential services and experts to support long-term prevention and mitigation of modern slavery and human rights violations.

3.6.1 Community & Stakeholder Engagement

AGL participates in various external forums to identify ways to enhance our modern slavery risk management practices on an ongoing basis, and to contribute to the enhancement of modern slavery risk management practices more generally.

In FY21, AGL continued to participate as a member of the Clean Energy Council Risks of Modern Slavery Working Group (RMS Working Group). As set out in its Charter, the RMS Working Group serves as a forum for members to share actions and experiences in meeting the reporting requirements under the Act, and to provide a platform for members to discuss and collaborate on efforts to manage modern slavery risks within their supply chains. The RMS Working Group also provides updates on regulation relevant to modern slavery and shares advice provided by the Commonwealth Government's Modern Slavery Expert Advisory Group. Participation in the Working Group is ongoing, with members meeting on a quarterly basis.

As a signatory of the UNGC and member of the Global Compact Network Australia (GCNA), AGL participated in the GCNA Modern Slavery Community of Practice during the reporting period. The purpose of the Community of Practice is to provide a structure that allows members to discuss challenges and obstacles facing Australian businesses with respect to managing and communicating modern slavery risks and implementing the Act. It also allows members to discuss modern slavery best practices and to build on their modern slavery capabilities so that they are best positioned to respond to the requirements of the Act, global developments and risks relating to the management of human rights. The Community of Practice meets quarterly.

3. Managing Modern Slavery at AGL (continued)



3.7. Monitoring & Reporting

Our approach to managing risks associated with human rights is constantly evolving as we learn from our experience and the experiences of others, and as we refine our processes and engage with our suppliers. In accordance with the commitments set out in our Human Rights Policy, we are committed to leveraging our experiences to further enhance the approach we take to protect and uphold human rights moving forward.

In FY21 AGL established tracking and reporting mechanisms across our modern slavery risk management that:

- support continuous improvement in our approach to modern slavery;
- assess the effectiveness of our actions; and
- manage our reporting obligations under the Act.

3.7.1 Tracking

AGL's Modern Slavery Framework provides management with a defined structure for planning, monitoring, and reporting on the actions taken as part of our Modern Slavery Program. By establishing the Framework, AGL expects to drive improvement through structured measurement and assessment of our maturing capacity to effectively manage modern slavery risks and their adverse impacts on human rights.

To assist with monitoring activities, the AGL Modern Slavery Framework includes 50 Key Compliance Indicators (KCI) that measure specific elements and sub-elements of the Modern Slavery Framework. These KCIs have been identified through review of external best practices, including modern slavery analysis and reviews developed by external stakeholders, such as investor and human rights groups. The KCIs relate to actions and controls that an organisation is recommended to implement to effectively identify, address, and remedy its modern slavery risks. Monitoring of these KCIs has commenced and will continue throughout FY22 to support the identification of improvement areas going forward.

Also, in order to objectively track, measure and assess our suppliers' compliance with AGL's expectations and to acknowledge any improvement actions undertaken by them, our new Supplier Risk Management Framework sets out AGL's ESG minimum requirements for compliance with our Supplier Code of Conduct, as well as conformance thresholds and non-conformance classifications.

In FY21, the Wholesale Markets business area introduced a process that supports the ongoing monitoring of counterparties through a third-party due diligence system. The system provides weekly and monthly monitoring alerts that highlight relevant watchlists relating to Sanctions, Politically Exposed Persons (PEP), State-Owned Enterprises, Enforcements and other risk related matters. The alerts are reviewed and actioned accordingly.

In addition to the monitoring measures described above, Group Audit provides independent, objective assurance to AGL on the effectiveness of governance, risk management and internal controls, including periodically reviewing areas relevant to AGL's modern slavery risks.

3.7.2 Reporting

At a business unit level, modern slavery risks, issues and control improvements are reported to the Business Unit Risk Governance Committee which is tasked with managing all key risks and compliance obligations relevant to the business unit. At an organisation-wide level, GRCI regularly reports material risks and compliance matters to the Audit Risk Management Committee (ARMC) which is an AGL Board committee. The ARMC meets five times per year and its remit includes the responsibility to monitor the implementation of policies and procedures for identifying, assessing, monitoring and managing risk.

The ARMC reviews and discusses the management of these material risks with senior management with a particular focus on the operation and implementation of mitigating controls. The ARMC also monitors the effectiveness of AGL's risk policies, procedures, and management practices.

GRCI also reports to the ARMC on the progress of our annual Modern Slavery Statement and submits the Statement to the ARMC for its endorsement before it is approved by the Board.

4. Consultation with Acquired Entities

4.1 Consultation with acquired entities

As described in Section 2.1, AGL acquired Click Energy, Eppo, Solgen, and a 51% interest in Ovo during FY21. A consultation process was undertaken with those entities that were independent or partially independent of AGL's Modern Slavery Program during the reporting period, namely Eppo, Solgen and Ovo, in order to understand their approach to identifying, assessing and managing modern slavery risks.

Prior to acquisition of these entities, due diligence processes were conducted, which included understanding the risks associated with each of the organisations and included an assessment of modern slavery related risks. Upon acquisition, AGL conducted more detailed risk assessment workshops to identify and assess the risks of modern slavery inherent in the operations and supply chains of Ovo, Eppo and Solgen. These workshops included representatives from AGL's Group Risk team and key members of the management of the newly acquired subsidiaries, and identified the risks and the risk management actions in place designed to mitigate the risk of modern slavery and identified action plans to address any deficiencies identified. The findings from the consultation process as they relate to modern slavery are set out below, together with an overview of the planned actions for integrating and/or creating further alignment of these entities with AGL's Modern Slavery Program over FY22.

4.1.1 Eppo and Solgen

Eppo – Modern Slavery Commitments

Eppo's commitment to respecting human rights is reflected in its commitment through various policies to provide an environment where employees and others in the workplace are treated fairly, with respect, and in accordance with all employment laws and legal requirements relating to health and safety standards. Eppo has embedded into its operations policies and procedures aimed at ensuring employees (whether full-time, part-time, or casual) and all persons performing work at the direction of, or on behalf of Eppo (such as contractors, subcontractors, agents, consultants, and temporary staff) are provided with a safe and healthy work environment. In addition, employees are provided with access to an Employee Assistance Program that offers confidential phone counselling and online support for employees and their family members in relation to either work or personal problems which may be impacting their health and mental welfare.

Eppo employees are required to ensure they do not engage in any unlawful conduct towards other workplace participants, clients, or others with whom they come into contact through their work, and to make sure that they do not aid, abet, or encourage other persons to engage in unlawful conduct. Employees are required to report any unlawful conduct that they see occurring to others in the workplace in accordance with established complaint procedures.

Solgen – Modern Slavery Commitments

Solgen's commitment to respecting human rights is set out in its *Social and Governance Policy* which establishes the social and governance principles adopted by the Solgen Energy Group. These principles include the company's commitment to not contribute to any practice where there may be potential abuses of human rights or exploitation, and to respect human rights, health and safety, indigenous rights, and industrial rights, including those of the people in their supply chain and employed by business partners.

Solgen's business management is founded on the tenets of conducting its business ethically and in accordance with good corporate governance that incorporates robust compliance and risk management practices. Solgen's *Code of Conduct and Ethics* requires all employees to ensure that they conduct themselves with honesty and integrity, including a responsibility to report the dishonesty of others. To this end, Solgen encourages its employees to report any wrongdoing in good faith and in an environment free from victimization through the grievance mechanisms available to employees and described in its *Whistleblower Policy*.

Eppo's and Solgen's Modern Slavery Risks

Due to the nature of their operations within the solar energy industry, Solgen and Eppo's main modern slavery risks are those related to the sourcing of solar products and the installation of solar systems; both of which have been drawn out in AGL's FY21 modern slavery risk assessment. Given the modern slavery risks associated with the solar industry, AGL initiated a program of work to assess Solgen's and Eppo's solar suppliers by requesting that suppliers complete AGL's ESG questionnaire. As part of this work, solar suppliers were required to disclose the source of any solar grade polysilicon used in their modules and to provide any additional information to assist AGL in making a preliminary determination as to whether there is a prospect of Uyghur and Kazakh forced labour being associated with the manufacturing process of their products. Further, reputational background checks for all solar suppliers to Eppo and Solgen were conducted.

The responses to our information requests and the results of the reputational background checks (which were both underway at the time of preparing this Statement) help to inform the steps that need to be undertaken to mitigate, and where necessary remediate risks of modern slavery.

To date the modern slavery review work completed with Solgen and Eppo has confirmed that both organisations understand the modern slavery risks that need to be managed within their operations and supply chains. The work being undertaken by the Integration Working Group referred to below, coupled with the policies and procedures referenced above, will support both organisations to continue to actively manage this risk on an ongoing basis.

4. Consultation with Acquired Entities (continued)

Integrating Solgen and Eppo into AGL

Upon acquisition of Solgen and Eppo in late FY21, AGL initiated a program of work with both Solgen and Eppo to integrate the entities into AGL's organisation. This includes ensuring that AGL's policies, processes and systems covered by our Modern Slavery Framework apply to both entities. The integration work is aimed at ensuring Solgen and Eppo and their associated operations align and comply with AGL's approach to modern slavery and to human rights more generally. To this end, an Integration Working Group has been established which is comprised of key personnel who are engaged in AGL's solar business and AGL's customer business more generally.

Over the course of FY22 the Integration Working Group will be undertaking a program to support AGL's solar business that will assist with the ongoing identification, assessment and monitoring of modern slavery risks facing the solar industry. The effectiveness of these measures and associated remediation actions will be assessed in FY22. The strategy will be described in more detail in our FY22 Modern Slavery Statement.

4.1.2 OVO Energy Australia (OEA)

OEA – Modern Slavery Commitments

OEA has appointed an OEA board committee which, together with senior AGL stakeholders, will oversee the management of its modern slavery policies and standards.

In May 2021, OEA adopted AGL's Code of Conduct. The adoption of AGL's Code of Conduct confirms OEA's commitment to act in a way that preserves human rights which includes taking steps to prevent modern slavery in OEA's operations and supply chains. Formal training on the Code of Conduct is completed by all OEA personnel.

OEA encourages employees, contractors, and suppliers (including employees of suppliers) to raise concerns in line with AGL's Whistleblower Policy which has also been formally adopted by OEA. OEA also offers an Employee Assistance Program (EAP) service to provide confidential counselling for employees and their families to ensure the OEA workplace is a safe and sustainable place to work.

OEA's Modern Slavery Risks

OEA's most significant modern slavery risks relate to the procurement of goods and services, in particular laptops and electronic goods, contingent labour, and cleaning and maintenance services for the company's offices. Although not specifically tailored for the management of modern slavery and human rights, OEA has a Third-Party Management Policy which outlines a due diligence process that must be undertaken before entering into a contract with a third-party vendor for the supply of services. A key control within the due diligence process requires the engagement of suppliers that align to the OEA's values and commitments, and that the strategies and goals of the supplier do not conflict with those of OEA.

OEA acknowledges that ensuring the effectiveness of the systems and processes that the organisation has in place, or has introduced to manage modern slavery risks, is critical to achieving OEA's overarching objectives. Going forward, OEA will continue to take actions to assess and improve the effectiveness of its modern slavery risk management framework by:

- Evaluating the company's own activities against activities of AGL and best industry practice;
- Analysing any complaints or grievances received through the adopted whistleblower mechanism or other channels;
- Periodically reviewing relevant governance documents, processes, and procedures; and
- Periodically completing a human resources health check that is validated with AGL stakeholders.

5. Looking to the future

We are proud of the achievements delivered in FY21 and are committed to continuously improving modern slavery risk management relating to our operations and supply chains. Whilst significant progress has been made in this reporting period, we acknowledge that there is more work to be done.






At the conclusion of FY21, AGL confirmed its intention to undertake a demerger to create two leading energy businesses with separate listings on the Australian Securities Exchange. Under the demerger proposal AGL will become Accel Energy Limited, an electricity generation business focussed on the accelerating energy transition. Accel Energy will demerge a new entity, AGL Australia Limited, a multi-product energy-led retailing and flexible energy trading, storage, and supply business. AGL Australia will retain the AGL brand.

AGL intends to hold a scheme and general meeting to enable shareholders to vote on the proposal to complete the demerger in the fourth quarter of FY22. This is subject to final AGL Board, ATO and relevant regulatory, court and shareholder approvals.

If the demerger is approved, Accel Energy Limited will be the reporting entity for the FY22 Modern Slavery Statement.

As we navigate through the demerger process, we remain committed to the work being completed to manage our modern slavery risk while at the same time taking preparatory steps to ensure Accel Energy and AGL Australia are well placed to continue this work in the event that the demerger is approved.

Our focus areas planned for FY22 include:

Focus area for future improvement	Initiatives
 Commitment & Governance	<ul style="list-style-type: none"> • Further embed and operationalise the Modern Slavery Framework across the organisation via the Modern Slavery Working Group. • Put in place appropriate governance arrangements to ensure Accel Energy and AGL Australia can commence the effective management of modern slavery risks on and from 1 July 2022. • Continue work with external stakeholders to identify best practices and embed these practices within existing business procedures. • Increase collaboration across our industry to leverage the experience of others.
 Risk Identification and Management	<ul style="list-style-type: none"> • Re-assess modern slavery risks across business units with particular attention given to our solar operations and supply chain, and to the transportation of goods. • Establish specific modern slavery risk profiles for Accel Energy and AGL Australia.
 Remediation	<ul style="list-style-type: none"> • Build on our existing remediation procedures that are to be activated in instances where modern slavery is discovered in our operations or supply chain. • Raise awareness relating to our existing grievance procedures.
 Capability Building	<ul style="list-style-type: none"> • Conduct modern slavery education campaigns across the business, and monitor the effectiveness of the education campaign.
 Monitoring	<ul style="list-style-type: none"> • Refine and drive continuous improvement in our processes to assess suppliers for modern slavery risks. • Continue to incorporate modern slavery contractual provisions for new and existing supplier relationships.

Appendix A

The following AGL subsidiaries are reporting entities in their own right, having met the reporting threshold under the Act in FY21.

- AGL Sales Pty Limited
- AGL Electricity (VIC) Pty Ltd
- Victorian Energy Pty Limited
- AGL South Australia Pty Limited
- AGL Loy Yang Partnership
- AGL Loy Yang Pty Ltd
- AGL Hydro Partnership
- AGL HP1 Pty Limited
- AGL Macquarie Pty Limited
- AGL Retail Energy Limited
- AGL Wholesale Gas Limited
- AGL Generation Holdco Pty Ltd
- AGL Generation Proprietary Limited
- Powerdirect Pty Ltd
- Perth Energy Holdings Pty Ltd
- Perth Energy Pty Ltd
- SEGH Pty Ltd

A full list of AGL subsidiaries is available in our FY21 Annual Report. This report is available on our website.

Appendix B

Mandatory reporting criteria	Section(s) in this Statement	Page Reference
S16(1)(a) Identify the reporting entity	Important Information	1
S16(1)(b) Describe the reporting entity's structure, operations and supply chains	Section 2	5
S16(1)(c) Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls	Section 3	9
	Section 3.2	11
S16(1)(d) Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes	Section 3	9
	Section 3.3	13
S16(1)(e) Describe how the reporting entity assesses the effectiveness of these actions	Section 3.7	18
S16(1)(f) Describe the process of consultation with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity giving the statement)	Section 2.1	7
	Section 4	19
S16(1)(g) Include any other information that the reporting entity, or the entity giving the statement, considers relevant	Section 3.1	9
	Section 3.4	16
	Section 3.5	17
	Section 3.6	17
	Section 5	21

