



Modern Slavery

Financial Year 22

People. Power. Possibilities.



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Statement on Reporting Entity

This joint statement has been prepared in relation to the mandatory reporting requirements of the Modern Slavery Act 2018 (the Act) for the period 1 July 2021 to 30 June 2022. It covers NSW Electricity Networks Operations Pty Limited (ACN 609 169 959) and NSW Electricity Networks Assets Pty Limited (ACN 609 169 922) (together referred to as we, us, our or Transgrid). No other entities in the Transgrid group of companies met the reporting entity criteria under the Act during this period.

Our central, shared procurement function has prepared this joint Modern Slavery Statement on behalf of the relevant entities, in collaboration with our Risk, Compliance, People & Culture, Supply Chain and Legal teams – and drawing on the expertise of external parties.

This Statement has been reviewed and approved by the Boards of Directors of NSW Electricity Networks Operations Pty Limited and NSW Electricity Networks Assets Pty Limited.

Principal governing body approval

This Modern Slavery statement was approved on 14 December 2022 by the principal governing body of NSW Electricity Networks Operations Pty Limited and NSW Electricity Networks Assets Pty Limited as defined by the Modern Slavery Act 2018 (Cth) (“the Act”).

Signature of responsible member

This Modern Slavery statement is signed by a responsible member of NSW Electricity Networks Operations Pty Limited and NSW Electricity Networks Assets Pty Limited as defined by the Act.

Mr Jeremy Maycock, Chairman of the Board for NSW Electricity Networks Operations Pty Ltd as trustee of the NSW Electricity Networks Operations Trust (TOT)

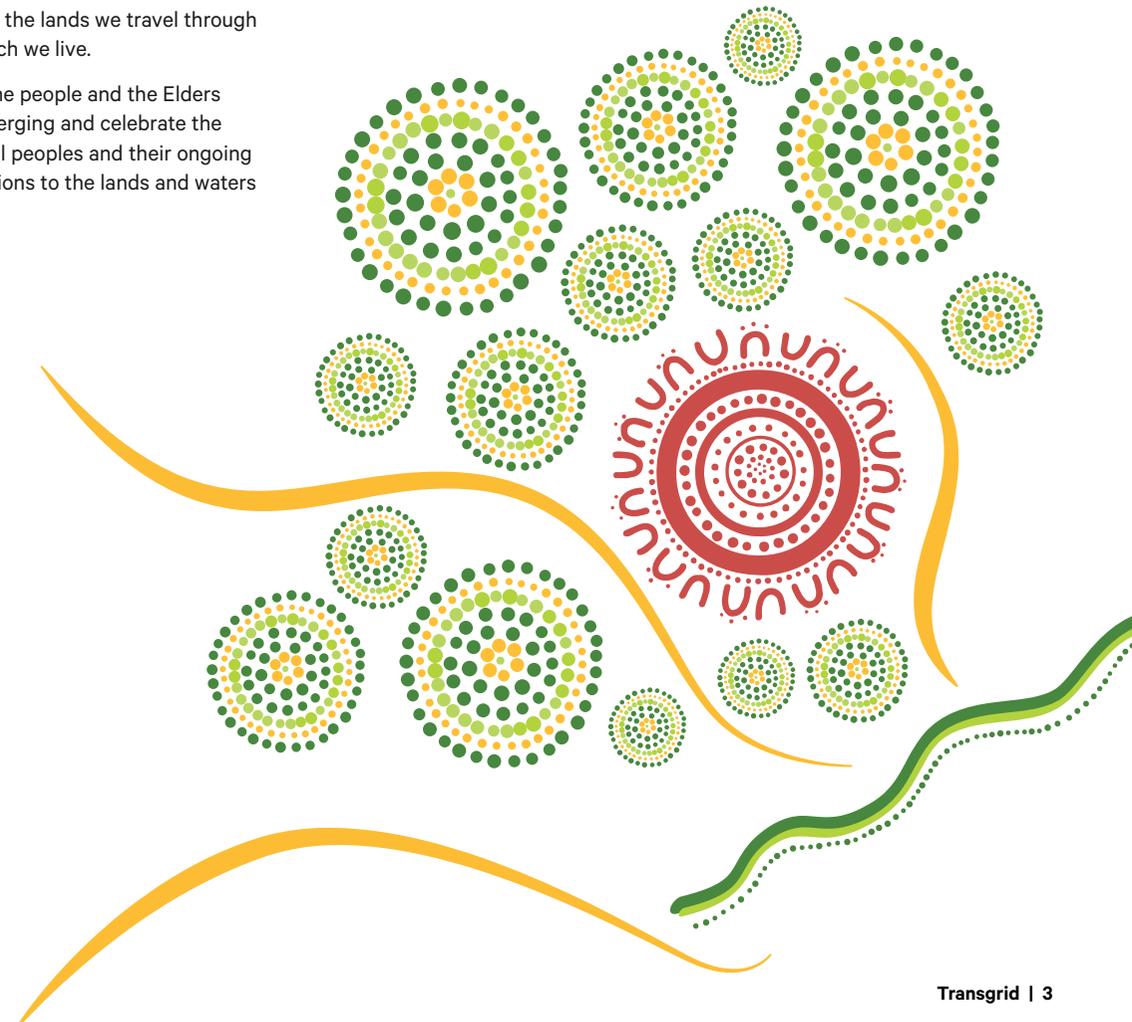
Dr Warren Mundy, Chairman of the Board for NSW Electricity Networks Assets Pty Ltd as trustee of the NSW Electricity Networks Assets Trust (TAT)

Acknowledgement of Country

In the spirit of reconciliation, Transgrid acknowledges the Traditional Custodians of the lands where we work, the lands we travel through and the places in which we live.

We pay respects to the people and the Elders past, present and emerging and celebrate the diversity of Aboriginal peoples and their ongoing cultures and connections to the lands and waters of NSW and the ACT.

Artist: Sherrie Anderson, Yura Ngura Indigenous Advisory Manager





1. CEO message

Brett Redman, Chief Executive Officer, Transgrid

Transgrid recognises the imperative of the United Nations Guiding Principles on Business and Human Rights to prevent, address and remedy any human rights abuses committed in our business operations and supply chain. We do not accept modern slavery at any point in our operations and supply chain and have just completed the second year of our 3-Year Roadmap to formally incorporate the consideration of modern slavery risk into our business. As the backbone of the National Electricity Market, Transgrid is supporting the competitive wholesale electricity market and the transition to a cleaner energy future, enabling electricity trading between Australia's three largest states along the East Coast. Human rights issues are becoming an increasingly important consideration for energy companies and their procurement teams to consider as our Supply Chain relies on a diverse global market. Transgrid has a relatively low risk of modern slavery in our domestic operations because our employees are covered by an enterprise agreement. However, we know we have a high-risk supply chain with low visibility, high volumes of unskilled migrant labour in developing economies that may lack human rights governance. Major risks include the worst forms of child labour, forced labour and debt bondage.

Visibility sits at the core of agile supply chain management.

We are conscious that, as we lead Australia's transition to a clean energy future, we are part of a massive technological transformation in a time of great uncertainty. We can therefore consider our risks for modern slavery are likely increasing. We are also mindful that our efforts to identify modern slavery risks are occurring during a period of significant disturbance. Disruptors such as COVID-19, trade wars and geopolitical conflict are increasing the risk of human trafficking. At the same time, lockdowns in China have impacted shipping delays and shifts in production and increased labour risks. These issues are forecast to worsen, creating increased urgency in our efforts to manage human slavery risk.

Transgrid is working to improve transparency and traceability across our supply chain to capture these risks. As we do, we are also looking to build network agility and improve our ability to manage supply chain risk proactively. We acknowledge that we are in the early stage of our modern slavery journey as we are in the process of understanding whether there is forced labour, human trafficking and slavery-like practices within the layers of our supply chain.

Transgrid is looking to build network agility, proactive risk engagement and supplier transparency in our supply chain. We are beginning to embrace the circular economy by reducing waste and pollution, keeping materials in use for longer periods and minimising our impact on the natural environment. We believe that this can reduce demand for products with high modern slavery risks. As Transgrid is focusing on the transition to a clean energy future, without sacrificing grid security and reliability, Australia's electricity supply and demand will change dramatically. Alleviating modern slavery in Transgrid depends not only on identifying risk, taking action and measuring effectiveness, but also culture change, business transformation and embracing circularity and transparency in the business that we do.

Transgrid is committed in leading the transition to a clean energy future, whilst ensuring our commitment to respect and protect human rights in our operations and supply chain.

December 2022





Our commitment

We do not tolerate modern slavery within Transgrid's operations and supply chain. We proactively look for and take action to prevent trafficking in persons, slavery, servitude, forced marriage, forced labour, debt bondage, deceptive recruiting for labour or service and the worst forms of child labour. Our approach is to assess risk, mitigate risk, remediate risk and build capability.

We report transparently on our progress every year, being open about challenges, gaps and works in progress. We are in the early stages of embedding modern slavery mitigation mechanisms into our operations and supply chain and seek to learn from those ahead of us on this journey.

Our modern slavery journey



2020



Compliance



2021



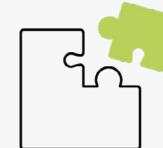
Development



2022



Researching and engaging



2023



Implementing and embedding



2024



Monitoring and evaluating





FY22 highlights

During the year, we fulfilled the commitments of our 2021 Modern Slavery statement by:



Launching our Modern Slavery Working Group, with cross business heads discussing risks and opportunities quarterly



Investigating systems to capture Tier 1 Modern Slavery risks on our risk management platform



Continuing our sector collaboration with the Energy Procurement Suppliers Association at regular meetings



Deep Dive into cleaning and PPE suppliers

In addition to fulfilling our commitments for 21/22, we have:



Updated our standard purchasing conditions on modern slavery Clause (22) compliance with modern slavery laws



Performed a supply chain deep dive across our top 40 suppliers by value



Developed our Modern Slavery Policy



Held four Modern Slavery Working Group meetings

Sustainable Development Goals (SDGs)

Transgrid sees our work to address modern slavery in the context of the SDGs. The primary SDG we are supporting is SDG 8, which directly calls for the end of trafficking and modern slavery.

“Take immediate and effective measures to eradicate forced labor and end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labor, including recruitment and use of child soldiers and by 2025 end child labor in all its forms.”

But our efforts also support other SDGs, including:



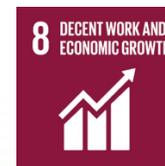
Eliminate all forms of violence against all women and girls in public and private spheres, including trafficking and sexual and other types of exploitation.



Achieve the sustainable management and efficient use of natural resources (assisted by our supply chain work to harness the circular economy).



End abuse, exploitation, trafficking and all forms of violence against and torture of children.

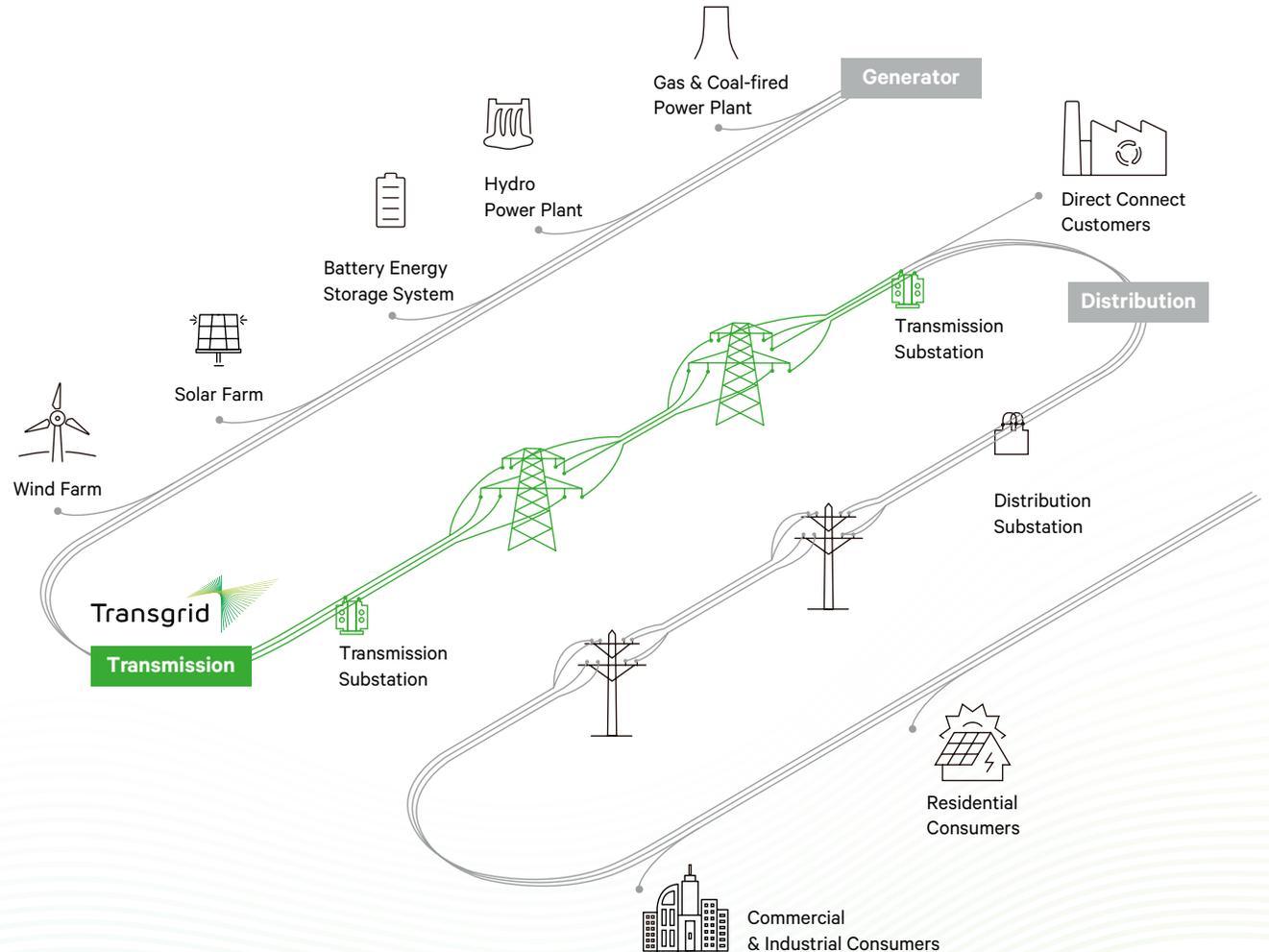




2. Our structure, operations and supply chain

Transgrid operates Australia's most important electricity transmission network, maintaining and upgrading the backbone of the National Electricity Market. Our network transports electricity from multiple generation sources, including wind, solar, hydro, gas and coal power plants, to large directly connected industrial customers and the distribution networks that deliver it to more than three million homes and businesses.

As a major transmission network service provider, Transgrid is leading the transition to Australia's clean energy future. The traditional coal system that served our country for decades is nearing the end of its life, to be replaced by wind and solar generation. We are building the infrastructure needed to support a renewable-based energy system.





Our structure

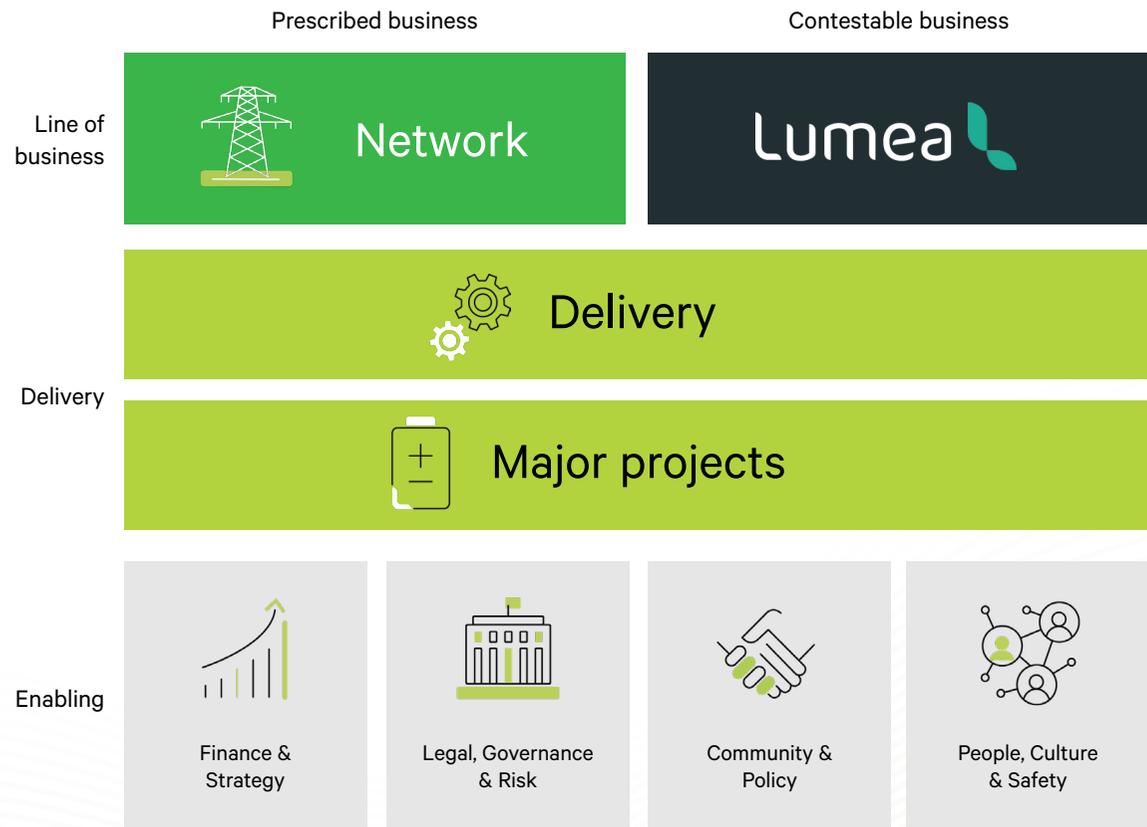
This is a joint statement covering NSW Electricity Networks Assets Pty Limited, which owns the network assets, and NSW Electricity Networks Operations Pty Limited, which operates the network. No other entities in the Transgrid group of companies (see Appendix 1) met the reporting entity criteria under the Modern Slavery Act 2018.

The two reporting entities are separate and independent, operating at arm's length, each with its own board and governance structure.

Within the Transgrid group, the NSW Electricity Networks Operations Pty Limited is the only operational entity that employs a workforce and procures goods and services. All activities that may introduce the risk of modern slavery are consolidated in this entity.

NSW Electricity Networks Assets Pty Limited has a Management Services Agreement with NSW Electricity Networks Operations Pty Limited to provide policies, processes and back office support, including a centralised, shared procurement function.

Transgrid organisation chart





Our operations

Transgrid operates and manages the high voltage electricity transmission network in NSW and the ACT.

We deliver a range of essential transmission, infrastructure and telecommunications services to enable customer access to low cost energy while meeting the growing needs and expectations of our customers. Our operations are managed and delivered in two key areas, both covered by this report:

Prescribed services

This is the largest part of our business, which operates and manages the transmission and telecommunication assets acquired from the NSW State Government in 2015 by way of a 99-year lease and a Sale and Purchase Agreement. The Australian Energy Regulator is responsible for the economic regulation of Transgrid's prescribed services business under the National Electricity Rules. This business is headquartered in Sydney, with regional offices in Western Sydney, Newcastle, Orange, Tamworth, Wagga Wagga and Yass.



Non-prescribed business services

Our commercial arm, Lumea, is an essential energy infrastructure provider, which is helping to accelerate Australia's energy transition by connecting renewable energy generators to the National Energy Market. The business provides integrated energy management and large-scale energy storage solutions to wholesale, government and emergency services customers. Lumea is also one of the leading telecommunications providers to renewable projects in Australia, with a focus on regional areas, data transmission and emergency broadcast services.

Operations



121

substations and switching stations



4 million

households connected to renewable energy system



5

interconnectors to Queensland and Victoria



13,160km

high voltage transmission lines and underground cables



6

warehouses



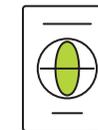
1,218

local employees



80%

on an Enterprise Agreement



24

employees on a visa



80

employees have indicated that their first language is not English



109km

underground cables



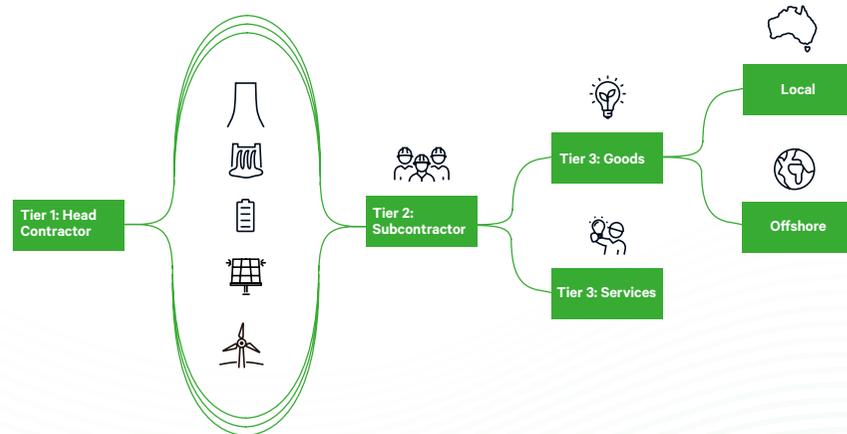
Our supply chain

As the only private owner of the electricity grid in NSW/ACT, coupled with \$11 billion dollar projects in the pipeline for new renewable energy infrastructure, Transgrid has a strong voice in the market. Our procurement function is in an influential position to protect human rights both directly through purchase decisions and indirectly by influencing product design and potentially the products and services used by these suppliers (our indirect supply chain).

Our Tier 1, direct supply chain primarily consists of construction, network equipment, facilities management, advisory and corporate services companies. These entities are largely headquartered in Australia.

We have more than 3,000 suppliers in our domestic and international supply chains. To create a strong, resilient supplier base, we are working to standardise, streamline and simplify our supply chain. At the same time, we are expanding our social procurement with minority businesses that have ethical practices. More diverse suppliers are essential to help us build Australia's future grid, manage network integrity and deliver excellent customer service.

Many of our Tier 1 suppliers, such as the head contractors on major projects, purchase goods and services on our behalf, sometimes from overseas. We therefore acknowledge that our indirect supplier base, and modern slavery risks, will extend further, with risks increasing in Tier 3 and Tier 4.



Supply chain spend by category

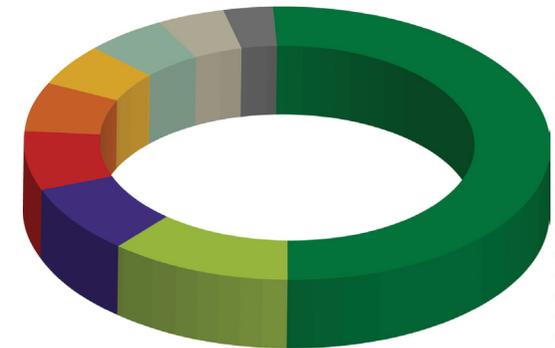
Looking at our nine supplier categories, the majority of our total spend is in construction services and network equipment. These services and products are primarily provided by local Australian suppliers.

Ongoing impacts of the COVID-19 pandemic – creating less reliable shipping of offshore products and reducing our access to offshore suppliers.

In the context of today's rapidly changing global energy mix and acceleration towards decarbonisation, the relationships between traditionally distinct sectors are rapidly shifting, resulting in considerable supply chain crossover.

Total FY22 spend \$619.6m

Construction Services	51%
Network equipment	11%
Corporate Services	8%
Network Services	7%
Information Technology	6%
Advisory Services	5%
Technical Services	5%
Facilities Management	4%
Fleet	3%



3,435 suppliers

\$619.6m spend



Our strategy

People are at the heart of everything we do, from providing essential service on the network to transforming and planning our business for the future. Power is our core business. We are the builders and maintainers of Australia's critical energy infrastructure. Possibilities reflect the innovation we are harnessing to build new transmission, stronger connectors and reliable system security so different types of renewable energy can get to market.

Transgrid is working with a broad range of stakeholders to build Australia the energy system we need to thrive in a clean energy future. Our partners in this important work include State and Federal Governments, the Australian Energy Market Operator (AEMO) and other transmission and distribution network service providers.



Vision

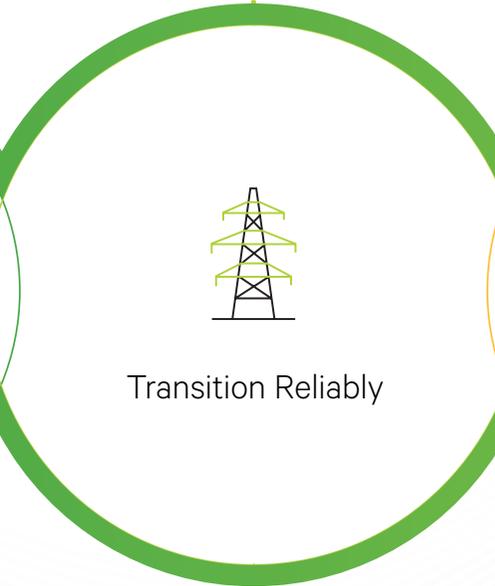
Lead the transition to a clean energy future



Purpose

Make a better system for Australians

Our Three Pillars are:



Consumers:
Enable energy prices to reduce in line with NSW Government targets



3. Risk identification

We consider modern slavery risk in our operational workforce to be low. We do not employ vulnerable populations and all our employees are based in Australia.

Around 80% of Transgrid employees are covered by the Transgrid Enterprise Agreement 2020, an instrument collectively negotiated with Transgrid employees and their employee representatives. All other employees are employed on employment contracts underpinned by Australian workplace laws.

Transgrid representatives meet regularly with employee representatives and their Union representatives to consult on changes within the business that have an effect on employees.

Further, Transgrid have a suite of comprehensive employment policies and procedures in place, including grievance mechanisms that mean our risk of modern slavery is low. The Enterprise Agreement includes a Dispute Resolution Procedure, and a procedure on Consultation Regarding Workplace Change.

Policies and procedures include:

- Anti-discrimination Harassment and Bullying Policy
- Fatigue Management Procedure
- Grievance Management Procedure
- Whistleblower policy.

High risk supply chain

Several opaque areas in Transgrid’s complex supply chain are prone to modern slavery risk.



Raw materials

The smelter phase of extractive projects may rely on unregulated artisanal mining from high-risk geographies prone to instability and corruption, resulting in a risk of the worst forms of child labour and forced/unpaid labour.



Construction industry

Skills shortages and the temporary nature of this work means labour is frequently outsourced to third-party contractors, raising the risk of deceptive recruitment and bonded labour also a reliance on vulnerable migrant population.



Logistics and transport

These sectors are known to force contracts by threat or duress, resulting in an unsafe number of work hours, or non-payment for non-driving work such as loading and waiting.

We identify and mitigate modern slavery risk using an internally developed supplier risk matrix scoring system. This year, our assessment indicated four high/moderate risk categories:



Network equipment

Transformers, static var compensators, synchronous condensers, capacity banks and HV components are primarily sourced from Asia.



Personal Protective Equipment (PPE)

Garments manufactured offshore have been identified.



Electronics

Hardware components and services are primarily manufactured and provided by back offices.



Construction labour

Employment practice visibility can be limited when Tier 2 or Tier 3 companies subcontract low-skilled or unskilled labour for construction projects.



Growing construction risk

Australia's construction industry is prone to modern slavery risk. In the last year, Transgrid has been increasingly aware that, as we deliver the infrastructure to decarbonise our energy network, our increased engagement with the construction industry may introduce new modern slavery risks.

Current construction projects in our network

During the year, our major projects marked key milestones including the start of construction on Transgrid's \$1.8 billion EnergyConnect project which will help revolutionise the National Electricity Market. Work on upgrades to interconnectors between Queensland and NSW (QNI) and Victoria and NSW (VNI) continued to approach completion with the Powering Sydney's Future Project reaching the final stage of work to secure the future energy supply to Sydney CBD and surrounds.

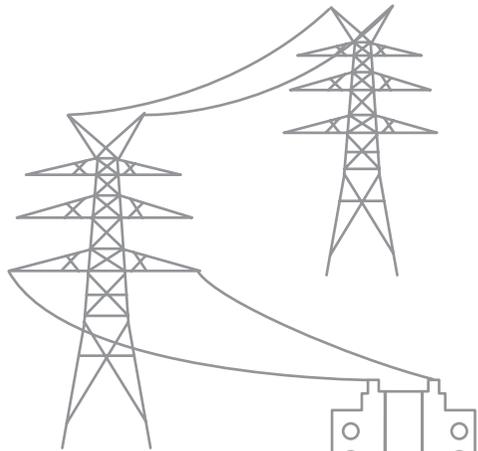
As Sydney's population grows, this project is securing a reliable electricity supply for the city through economically viable solutions with minimal community and environmental impacts. In May 2022, we completed installation of a new 20-kilometre 330kV underground cable.

During construction we also installed conduits for extra cables, to minimise disruption to local communities when extra network capacity is required in the future. Powering Sydney's Future has created more than 140 jobs and will inject \$285 million into the NSW economy.

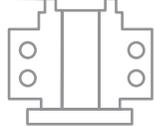




Exposé on high risks in Transgrid Supply Chain



Transmission towers and cables use steel, concrete, copper.



Transformers use steel, concrete, copper.



Our staff wearing PPE made from textiles such as cotton



Construction projects employ numerous labour hire agencies



Freight, transportation, logistics and a lack of visibility in our supply chain.



Grid batteries use cobalt and lithium



Our fleet of 432 cars that includes 18 electric vehicles use cobalt and lithium in batteries which have a high risk of the worst forms of child labour and forced labour



Our buildings use electronics

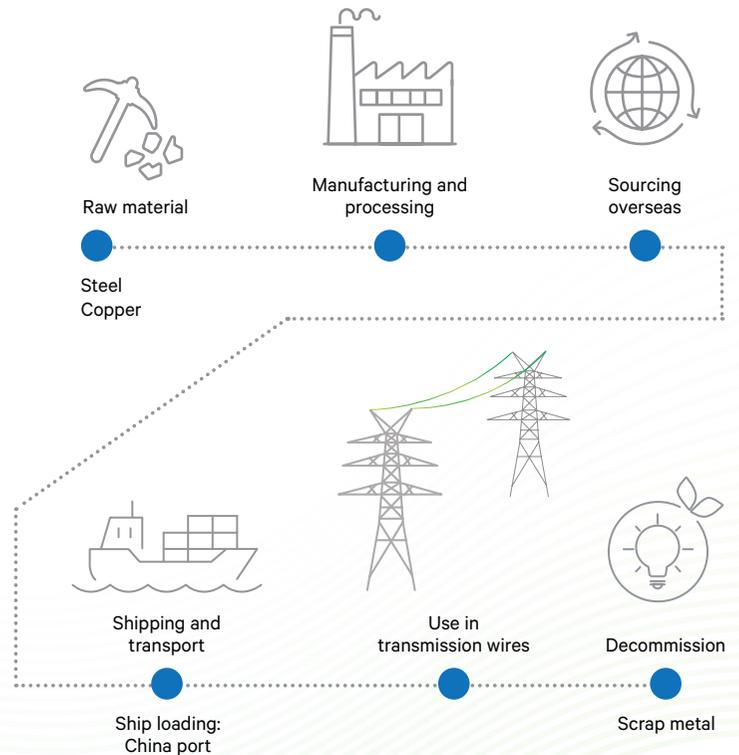


Types of Modern Slavery risks:

- Forced labour
- Deceptive recruitment
- Worst forms of child labour
- Debt bondage
- Lack of transparency

Case Study: Value Chain of Cobalt

Cobalt is an essential component of rechargeable lithium-ion batteries. It powers most electronic gadgets, including smartphones and laptops, and electric vehicles. Some cobalt is extracted from artisanal mines that have reports of the worst forms of child labor. Children have been reportedly subject to working 12 hour days, with health and environmental risks particularly in the Democratic Republic of Congo.



List of Goods Produced by Child Labor or Forced Labour <https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods>
House of Representatives Standing Committee on Transport, Communications and Infrastructure, Parliament of Australia Ships of Shame: Inquiry into Ship Safety (1992) 36 – 37 ('Ships of Shame Report').



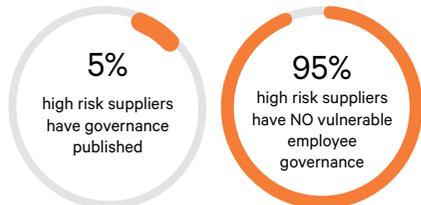
Supply chain deep dive

During the year, Transgrid investigated our high spend and risk suppliers to better understand the type and significance of risk within our supply chain. Transgrid's top 40 suppliers by high risk and high spend across categories of PPE, cleaning, construction, offshore network equipment and electronics represent 72% of our total spend.

Data capture for supply chain risk



Employee governance to protect vulnerable workers



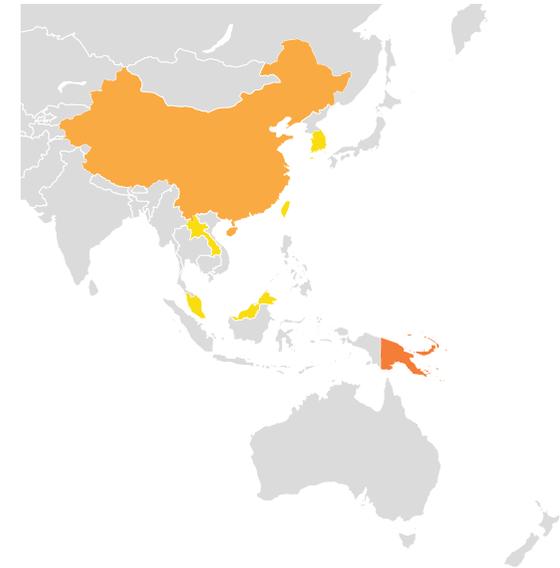
Trangrid's Geographic Risk based on Government Response Rating (Global Slavery Index):

Risk assessment factors:

- What tier does supplier have visibility over
- Remediation
- Grievance
- Training
- Mitigation: contract clause, audit, alternative supply
- ISO20400 certification
- Business model risks
- Government response rating
- Country of manufacture / geopolitics
- Industry
- Organizational risk
- Vulnerable population
- Supply chain procurement categories
- Complexity of supply chain

High risk country of manufacture are:

- 30-39.9 **CCC** Japan, Laos, Malaysia, Mongolia, South Korea, Taiwan
- 20-29.9 **CC** China, South Korea
- 10-19.9 **C** Papua New Guinea
- <0-9.9 **D**



See appendix 2 for criteria on global slavery index government response rating.

Our top findings were:

Our deep dive on our high risk/ high spend suppliers have unveiled that:



This deep dive will inform our work in FY22/23 on which suppliers to target and how to effectively embed our modern slavery mitigation mechanisms.



4. Actions taken

At Transgrid, we recognise we are on a journey to embed modern slavery alleviation in our supply chain. This year, our actions to build our capability to identify, mitigate and remediate modern slavery risk included introducing our first Modern Slavery Policy, joining our industry in collaborating around supplier data, formalising human rights due diligence and raising modern slavery awareness throughout our organisation.



Introducing a Modern Slavery Policy

In FY22, Transgrid launched our first Modern Slavery Policy, which is based which is based on ISO20400 Sustainable Procurement Standards.

- Transgrid will not engage in any Modern Slavery practices and will comply with all laws relating to Modern Slavery. Transgrid will take all steps reasonably necessary to ensure that its contractors, agents or other associated parties (associated) do not engage in, and its supply chains do not involve modern slavery practices
- Transgrid rejects all forms of modern slavery and recognises that modern slavery is never acceptable in any of its forms
- To respond to modern slavery in a manner that is comprehensive, effective, timely, coordinated and consistent with the Modern Slavery Act
- Transgrid will maintain strong due diligence with clear roles and responsibilities, with effective remediation mechanisms, and account for how to address impacts on human rights
- Transgrid must provide holistic, gender sensitive, trauma informed, victim centred protection and support to all victims and survivors of modern slavery in our operations
- Transgrid will use its market presence to influence and engage with suppliers, partners, and stakeholders to effect the change in their relevant practices
- Transgrid recognises the important role it plays and the wider energy sector plays in making a significant contribution to the global effort to eradicate modern slavery.

Case study: Modern slavery contract negotiations

During the year, a category manager escalated an issue of a proposed supplier departure from our modern slavery contract terms. The Social Procurement Analyst identified a credible incidence of modern slavery, involving one known incidence of forced labour and one incidence of child labour in 2020 at an offshore site. We engaged directly with the supplier to assess their modern slavery policies and established that they had adopted appropriate measures in relation to the allegations. We were also presented with documentation that the supplier had subsequently identified, disclosed and remediated instances of modern slavery. Contract negotiations resulted in an agreed clause by both parties. The supplier remains on our high-risk list. To see Transgrid's full modern slavery governance library, please refer to page 25 in Appendix 2.



Improving Risk Assessment

In FY22, we joined the Informed365 platform to help our sector gather accurate reporting on human rights and modern slavery risks across clients, suppliers and sub-contractors, including organisations that might usually be seen as competitors. Informed365, which aligns with GRI, ISO20400, CDP and TCFP, allows the non-profit Energy Procurement Supply Association (EPSA) to share questionnaire data of mutual suppliers at an industry level. With suppliers only having to complete questionnaires once – not multiple times for multiple clients – Informed 365 removes the modern slavery reporting burden, encouraging better and more transparent reporting. At the same time, the industry can take a collaborative to addressing modern slavery risk, sharing information and best practice.

This year, we took a targeted approach with Informed365, using it with Tier 1 suppliers that fall into both our high-risk and high-spend categories. The self-assessment questionnaires they completed, which dug into their business controls, and the goods and services in their supply chain, were assessed and scored by our Social Procurement Analyst, revealing a few gaps in good practice.

While this information is useful, we are mindful of the limitations of self-assessment questionnaires. One size does not fit all. Small and medium enterprises are not captured by the reporting regulations and therefore do not always have the policies and frameworks of larger organisations. Nor do they have the resources to answer survey questions. Suppliers tend to complete questionnaires in a compressed timeframe and their responses are limited by the way a survey narrows in on answers to questions.

Updating standard purchasing conditions

Updated our standard purchasing conditions on compliance with modern slavery laws:

- Suppliers to not engage in modern slavery practices
- Supplier must notify Transgrid upon becoming aware of any compliant or allegation that the Supplier or its contractors, agents or other associated parties have engaged in modern slavery
- Supplier will provide Transgrid with all relevant information as reasonably sought by Transgrid.

Appointing a Social Procurement Analyst

To keep the business focused on modern slavery, in March 2022, Transgrid appointed a full-time Social Procurement Analyst in the Supply Chain team. The role is responsible for governing and running our Modern Slavery Working Group and working closely with different business functions to embed modern slavery mitigation techniques in Transgrid. The Social Procurement Analyst also performs a continuous research role, ensuring Transgrid is aware of developments in the Modern Slavery Act, domestic and international standards, and informed of ongoing geo-political and other emerging modern slavery risks. Finally, they are involved in modern slavery negotiations with suppliers, working to come to cooperative resolutions that work for all parties while still managing risk.





Driving momentum via our Modern Slavery Working Group

Transgrid's cross-functional Modern Slavery Working Group met four times during the year, looking at areas for improvement. Key topics included improving human rights due diligence, integrating our Modern Slavery Policy into existing risk management processes and communicating how impacts are addressed.

Topics we have covered this year



Tracking risk and accountability

Transgrid uses a hazard and risk management system that allows the tracking, management, investigation, reporting and auditing of hazards, incidents, risks, waste disposal and compliance for Transgrid. The system puts a workflow structure around the process and provides a central repository for previous and current risks, issues, incidents and event information. This informs accurate reporting and ongoing improvement.



Developing a human rights due diligence framework

Recognising that modern slavery is a subset of broader human rights violations, during the year we developed a holistic human rights due diligence framework. The framework will help us to prevent and manage human rights risk, including modern slavery, and encourage engagement, negotiation and collaboration to prevent them.



Risk Assessment

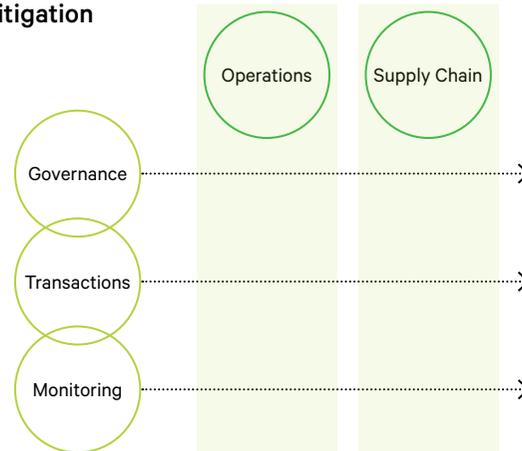
Assess and score high risk, high spend suppliers

- Category
- Country
- Commodity
- Vulnerability of workers
- Supply chain structure
- Government response rating
- Organisational risks
- Hidden risks

Rank risks by severity and degree of responsibility



Mitigation



See Appendix 3 for more.



Remediation

- Anonymous whistleblower service
- Business Ethics Policy
- Modern Slavery Register
- Review remediation and grievance mechanisms
- Support services for staff
- Rules for monitoring improvements of termination with suppliers
- Develop remediation guideline



Capability

- Provide business wide training
- Regular report
- Surveys through Informed365
- Building supplier relationships
- Assess procurement process
- Support suppliers who have modern slavery in their operations before looking for alternative sources



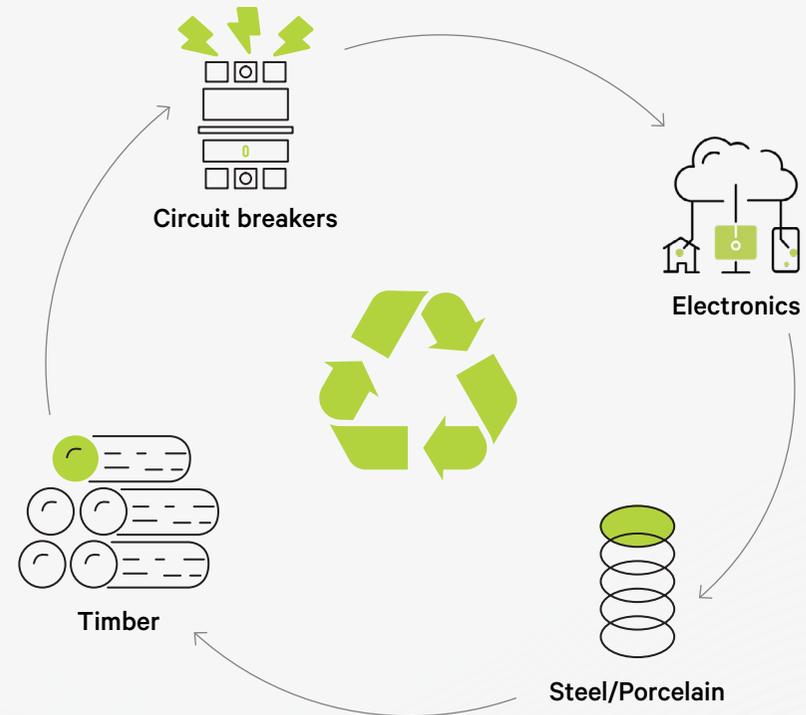
Introducing internal training and engagement

The training, which began in August 2022, educates employees about what modern slavery is, indicators of modern slavery and our mandatory reporting obligations. The effectiveness of the training will be assessed in December 2022. This module also will be completed at every new employee's induction and complemented by our Responsible Sourcing intranet page. In addition, Transgrid's contract terms stipulate that our suppliers train their staff on modern slavery.



Case Study: Circular economy

In FY22, Transgrid's move towards the circular economy included recycling and repurposing high risk modern slavery products such as:



Although recycling and re-use does not reduce our demand for these goods, it can reduce demand for them in other parts of the economy.



5. Assessing the effectiveness

Transgrid uses multiple mechanisms to verify whether our actions to assess and address modern slavery risks are working.

Groups and individuals monitoring our progress

The effectiveness of Transgrid’s modern slavery program is tracked, critiqued and evaluated by two key internal stakeholders:

- **Modern Slavery Working Group** – One of the functions of the Modern Slavery Working Group is to assess the effectiveness of the modern slavery program. In this regard, the Working Group receives guidance and input from the Chief Risk Officer, General Counsel, General Manager of Compliance, Sustainability Manager, GM of Health, Safety and Environment as well as representation from Human Resources, Supply Chain category managers, and communications.
- **Social Procurement Analyst** – At the heart of our modern slavery efforts, our new Social Procurement Analyst helps us benchmark against modern slavery risk mitigation and reporting trends, best practice and regulator standards and updates. We also benchmark our progress against industry peers through EPISA, allowing us to identify improvement opportunities in the program.

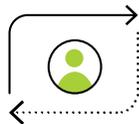
Our metrics



Capability

Measure

- Regular engagement and feedback
- Tracking modern slavery e-learning module completion
- Collaborating with similar businesses at external working groups



Supply Chain

Measure

- Number of suppliers that have improved their modern slavery response from last year Future
- Percentage of high-risk suppliers screened and monitored via third party platform / percentage of spend
- Percentage of contracts with modern slavery clauses
- Percentage of contract negotiations on modern slavery
- Number of suppliers who completed the questionnaire
- Number of departures from the modern slavery contract terms



Operations

Measure

- Number of modern slavery incidents identified
- Number of human rights grievances reported
- Number of people that completed modern slavery training Future
- Governance: annual review of modern slavery policy, due diligence framework, risk assessment, supplier code of conduct, contract terms review, standard of behaviour for suppliers and staff.



Progress against Transgrid's 3-year modern slavery roadmap

In FY22, we completed the majority of our target actions and made some progress into those planned by FY23.

Target action	Action	FY2x	Status
Compliance	Risk assessment	Risk-assess Tier 1 suppliers	FY20 ●
	Risk assessment	Create Self-Assessment Questionnaire	FY20 ●
	Risk mitigation	Review systems and update general contract	FY20 ●
	Capability	Train key sourcing decision makers	FY20 ●
	Capability	Sector collaboration project through EPSA	FY20 ●
Development	Risk assessment	Review Tier 1 risk assessment	FY21 ●
	Risk mitigation	Include modern slavery in strategic supplier meetings	FY21 ●
	Risk mitigation	Update and communicate new Terms & Conditions	FY21 ●
	Risk mitigation	Include Ethics commitment in supplier onboarding	FY21 ●
	Capability	Develop Modern Slavery Roadmap	FY21 ●
	Capability / Risk assessment	Launch cross-functional Modern Slavery Working Group	FY22 ●
	Risk assessment	Investigate systems to capture Tier 1 modern slavery risks	FY22 ●
Researching and engaging	Risk mitigation/capability	Develop Modern Slavery Policy	FY22 ●
	Risk mitigation	Include Modern Slavery advisor in supplier negotiations	FY22 ●
	Risk assessment	Deep dive into high risk category – Cleaning and PPE offshore network, electronics, construction	FY22 ●
	Capability	Continue sector collaboration	FY22 ●
	Capability	Continue Modern Slavery working group	FY22 ●
	Capability	Develop intranet page	FY23 ●

Key:

● Completed ● Almost complete ● In progress

Target action	Action	FY2x	Status
Implementing and embedding	Risk mitigation	Embedding MS Tender Question	FY23 ●
	Risk assessment	Develop checklist for procurement team	FY23 ●
	Risk mitigation	Review contract clauses and embed in all supplier contracts	FY23 ●
	Risk mitigation/capability	Review effectiveness of Modern Slavery Policy	FY23 ●
	Risk mitigation/Remediation	Review effectiveness of grievance mechanism	FY23 ●
	Remediation	Develop Grievance Mechanism	FY23 ●
	Remediation	Develop Human Rights Due Diligence Framework	FY23 ●
	Capability	Train all staff	FY23 ●
	Capability	Continue sector collaboration	FY23 ●
	Capability / Risk mitigation	Embed modern slavery mitigation within procurement process and supplier on boarding	FY23 ●
	Capability / Risk mitigation	Include modern slavery in supplier forums and training	FY24 ●
Monitoring and evaluating	Risk assessment	Social Procurement Analyst to Deep dive into tier 2 suppliers	FY24 ●
	Capability, Operations and Supply Chain which is being done in FY23	FY24 auditing high risk suppliers ad hoc	

Forward commitments

In the coming year, our modern slavery goals include introducing:

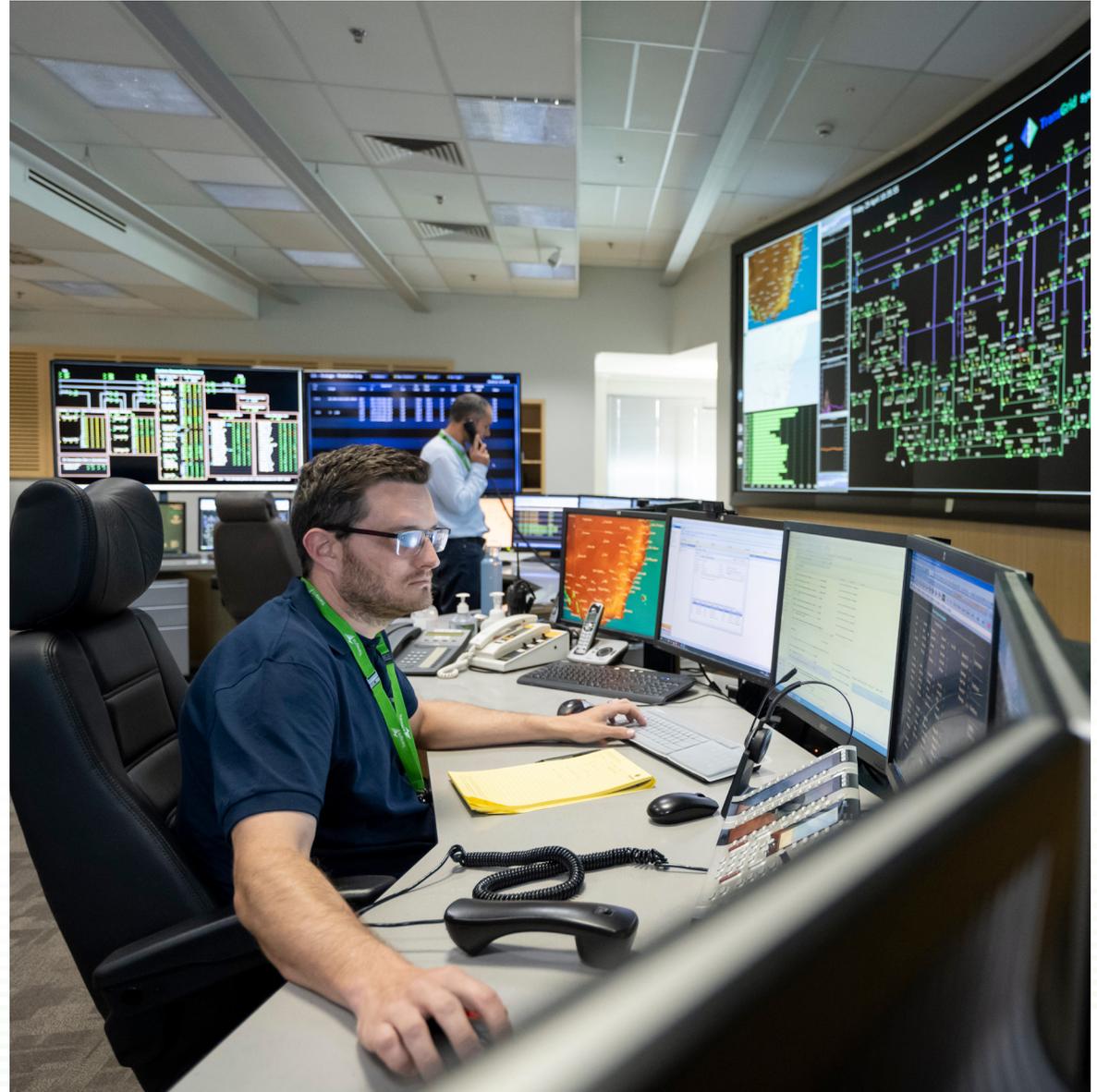
- Rules for monitoring improvements or termination with suppliers
- A remediation guideline, including assessing actual and potential human rights impacts, integrating and acting upon the findings, tracking responses, and communicating how the impacts are addresses
- A modern slavery risk register
- The newly developed supplier grievance mechanism
- A new process to track awareness raising after introducing these elements
- Modern slavery elements into our tenders
- Embed modern slavery mitigation within our procurement and supplier on boarding processes.



Appendix 1: Transgrid group entities

Full list of companies in the Transgrid Group:

- NSW Electricity Networks Assets Pty Limited (ACN 609 169 922)
- NSW Electricity Networks Operations Pty Limited (ACN 609 169 959)
- NSW Electricity Networks Operations Holdings Pty Limited (ACN 609 266 033)
- NSW Electricity Networks Operations Intermediate Pty Limited (ACN 626 136 847)
- Transtelco Pty Limited (ACN 607 531 653)
- NSW Electricity Networks Finance Pty Limited (ACN 609 171 913)
- NSW Electricity Networks Assets Holdings Pty Limited (ACN 609 265 938)
- Lumea Pty Limited (ACN 626 136 865)
- Lumea Intermediate Pty Limited (ACN 626 136 856)
- Transgrid Services 2 Pty Ltd (ACN 646 785 122)





Appendix 2: Geographic risk based on global slavery index government response



30 to 39.9

The government has a limited response to modern slavery, with limited victim support services, a criminal justice framework that criminalises some forms of modern slavery, and has policies that provide some protection for those vulnerable to modern slavery. There may be evidence of a National Action Plan and/or national coordination body. There may be evidence that some government policies and practices may criminalise and/or deport victims and/or facilitate slavery. Services may be largely provided by IOs/NGOs with international funding, with limited government funding or in-kind support.



20 to 29.9

The government has a limited response to modern slavery, with largely basic victim support services, a limited criminal justice framework, limited coordination or collaboration mechanism, and few protections for those vulnerable to modern slavery. There may be evidence that some government policies and practices facilitate slavery. Services are largely provided by IOs/NGOs with limited government funding or in-kind support.



10 to 19.9

The government response to modern slavery is inadequate, with limited and/or few victim support services, a weak criminal justice framework, weak coordination or collaboration, while little is being done to address vulnerability. There are government practices and policies that facilitate slavery. Services, where available, are largely provided by IOs/NGOs with little government funding or in-kind support.



<0 to 9.9

The government has a wholly inadequate response to modern slavery, and/or there is evidence of government-sanctioned modern slavery. However, countries in this category may be experiencing high levels of poverty and internal conflict that may prevent or hinder a response to modern slavery.

Appendix 3: Risk mitigation framework

	Operations	Supply Chain
Business Area	<ul style="list-style-type: none"> Report risks to procurement team Modern slavery policy annual review 	<ul style="list-style-type: none"> Procurement Team Suppliers
Governance	<ul style="list-style-type: none"> Supplier code of conduct review Contract terms review Standard of behaviour for suppliers and staff 	<ul style="list-style-type: none"> Social procurement analyst advise on modern slavery contract negotiations Responsible supplier incentive
Transactional	<ul style="list-style-type: none"> Social procurement analyst advise on modern slavery contract negotiations 	<ul style="list-style-type: none"> Audit high risk suppliers with little visibility Influence supplier beyond tier 1
Monitoring	<ul style="list-style-type: none"> Collaborative action with EPSA 	<ul style="list-style-type: none"> Establish benchmarks



Appendix 4: Modern slavery governance framework

These policies are updated regularly to promote continual improvement and respond to regulatory and market changes.

Policies and procedures	Objective	Implementation
Modern Slavery Policy	Transgrid strives to be a leader in eradicating Modern Slavery in its supply chain. This policy will enable Transgrid to be compliant with evolving Australian corporate human rights regulations and ensure products and services are sourced ethically, and resiliently.	<ul style="list-style-type: none"> The modern slavery policy guides staff on their responsibilities in identifying, reporting and ensuring modern slavery does not exist in Transgrid's operations and supply chain.
Human Rights Due Diligence Frame work	Frame the human rights work.	<ul style="list-style-type: none"> Approved by the Working group Published on the intranet
Procurement Framework	Aims to ensure a consistent approach to procuring all goods, materials, equipment, works and services.	<ul style="list-style-type: none"> Implementation is driven and supported by the centralised procurement team. Human risks issues are embedded through category plans, which include risk analysis as well as consideration of environmental and social sustainability outcomes.
Supply Chain Procurement Procedure	Outlines Transgrid's standards for the procurement of all goods, materials, equipment, works and services.	<ul style="list-style-type: none"> Evaluation criteria: satisfactory response to modern slavery questions on Informed365
Code of Ethics & Conduct	Outlines our commitment to maintaining high ethical standards in our own business as well as our expectations of those with whom we do business.	<ul style="list-style-type: none"> All Transgrid staff and contractors complete this training as part of their induction and are required to undertake an annual refresher course. The training makes it clear that we do not tolerate any unethical, fraudulent or corrupt conduct.
Business Ethics Guide	Articulates our expectations that suppliers maintain high ethical standards.	<ul style="list-style-type: none"> All suppliers are required to read and accept our Business Ethics Guide through the on-boarding process via our digital platform. Any breach of the Guide may cause us to invoke penalty clauses in contracts and/or bring civil or criminal proceedings.
Whistleblower Policy	Encourages and guides our staff to report in good faith any wrongful act, including those relating to human rights and modern slavery.	<ul style="list-style-type: none"> This independently provided service is available to Transgrid staff, their families, suppliers, contractors and customers. Details of the service are publicly available on our website. Employees and suppliers are briefed on how the service works in our Code of Ethics & Conduct training, including induction and refresher courses. All suppliers are provided with information on our Whistleblower Service via our Guide to Business Ethics and the Our Suppliers section of our website.

Policies and procedures	Objective	Implementation
Risk Management Framework	Sets expectations of Board, management and staff behaviours in managing risks, as well as providing a structured approach to risk management.	<ul style="list-style-type: none"> Our risk management framework is overseen by Transgrid's Board, the Audit and Risk Committee and our executive team. The executive team maintains overall responsibility for risk. Business units, groups and teams are responsible for identifying, controlling and mitigating threats within their operations. Corporate Risk & Compliance offer independent review and challenge. Independent assurance is provided by Internal and External Audit.
Supplier contractual clause	Sets out standard requirements, including modern slavery and human rights, for all suppliers in our network.	<ul style="list-style-type: none"> Embedded in Supplier Contracts
Recruitment policy	Provides guidance regarding how we source internal and external talent.	<ul style="list-style-type: none"> This policy applies to all employees involved in the talent acquisition process and covers all forms of employment, including permanent, fixed term and short term (labour hire/agency resources).
Enterprise Agreement	Sets our employment conditions and wages to ensure workers are paid and subject to workplace conditions above the minimum standards of the law.	<ul style="list-style-type: none"> A collective bargaining process is undertaken periodically to review and maintain fair conditions.
Anti-Discrimination Harassment Bullying and Equal Employment Opportunity Policy	Articulates the appropriate standards of behaviour to ensure employees are treated fairly and with respect, and are free from unlawful discrimination, harassment, and vilification and bullying.	<ul style="list-style-type: none"> All staff and contractors receive mandatory training in this policy as part of their induction into working for Transgrid.
Subcontractor labour	Ensures that labour subcontracted by our direct suppliers is best practice and in line with our values.	<ul style="list-style-type: none"> Written approval is required from Transgrid prior to subcontracting any component of the scope of works.
Health and Safety policies	Ensure that safety is a pre-condition to everything we do. Achieve zero harm to our employees, visitors, delivery partners and the public.	<ul style="list-style-type: none"> The health and safety policy is to be displayed at offices and substations, provided to all delivery partners and made available on the website.



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