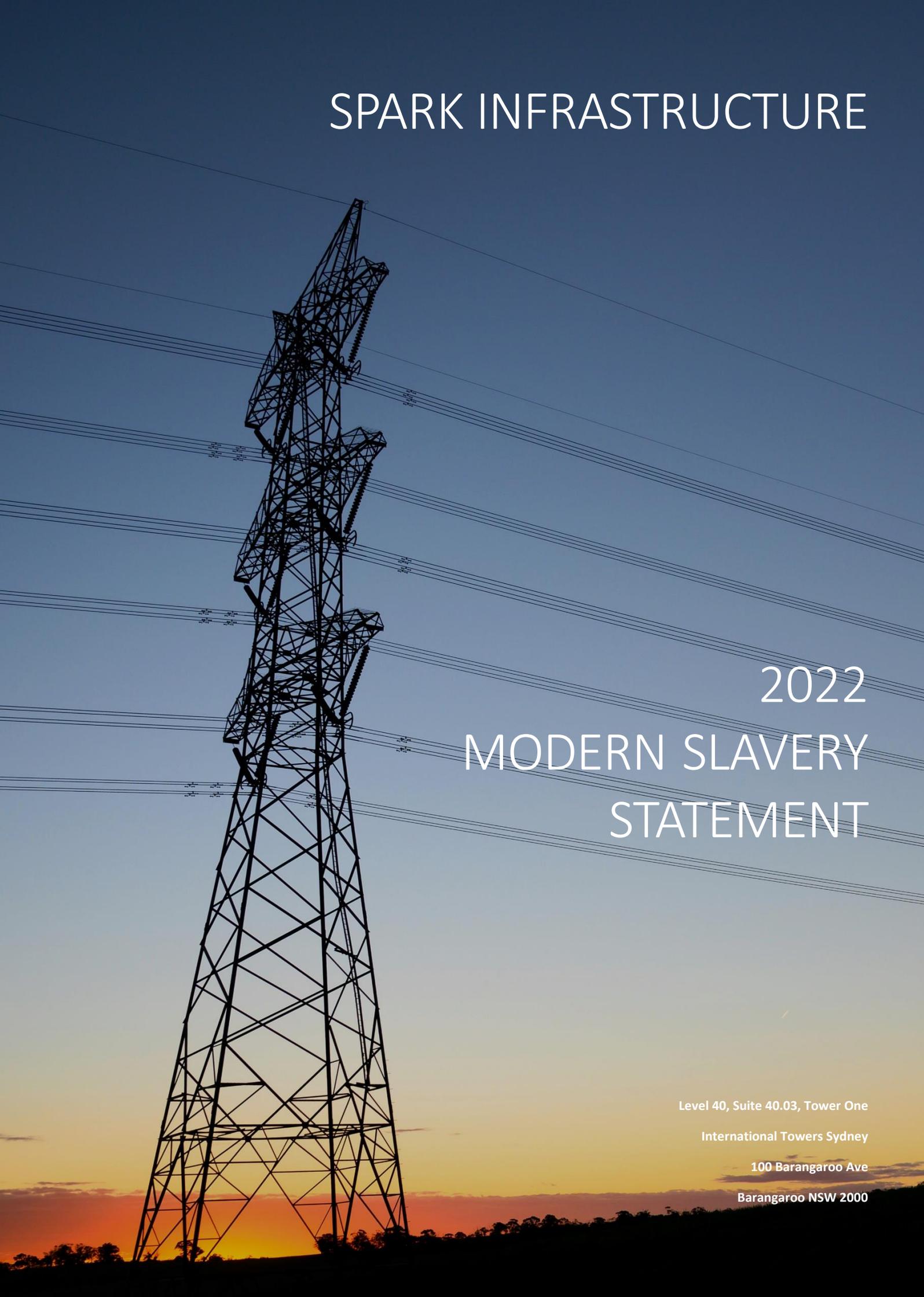


# SPARK INFRASTRUCTURE



## 2022 MODERN SLAVERY STATEMENT

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Barangaroo NSW 2000

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## About this Statement

This Modern Slavery Statement (“Statement”) is made pursuant to section 16 of the Australian Modern Slavery Act 2018 (the “Act”). This Statement is provided by Pika HoldCo Pty Ltd (ABN 55 652 787 150) (“Pika HoldCo”), on behalf of Spark Infrastructure Group, and covers the following entities:

- Pika HoldCo Pty Ltd (ABN 55 652 787 150)
- Pika BidCo Pty Ltd (ABN 67 652 787 258)

### Spark Infrastructure:

- Spark Infrastructure RE Limited (ABN 36 114 940 984)
- Spark Infrastructure Holdings No. 1 Limited (ABN 14 116 940 786)
- Spark Infrastructure Holdings No. 2 Limited (ABN 16 116 940 795)
- Spark Infrastructure Holdings No. 3 Limited (ABN 62 117 034 492)
- Spark Infrastructure Holdings No. 4 Pty Limited (ABN 66 116 823 548)
- Spark Infrastructure Holdings No. 5 Pty Limited (ABN 23 151 150 275)
- Spark Infrastructure (Victoria) Pty Limited (ABN 18 116 940 740)
- Spark Infrastructure (SA) Pty Limited (ABN 80 116 940 688)
- Spark Infrastructure SA (No1) Pty Limited (ABN 54 091 142 380)
- Spark Infrastructure SA (No2) Pty Limited (ABN 19 091 143 038)
- Spark Infrastructure SA (No3) Pty Limited (ABN 50 091 142 362)
- Spark Infrastructure Electricity Assets Pty Limited (ACN 609 164 570) (ACN only)
- Spark Infrastructure Electricity Assets Trust (ABN 95 674 223 769)
- Spark Infrastructure Electricity Operations Pty Limited (ACN 609 164 598) (ACN only)
- Spark Infrastructure Electricity Operations Trust (ABN 48 311 370 213)

### Spark Renewables:

- Spark Renewables Pty Limited (ABN 90 632 860 023)
- Bomen SF Holdco Pty Ltd (ACN 631 229 331) (ACN only)
- Bomen SF Hold Trust (ABN 23 832 721 903)
- Bomen Solar Farm Pty Ltd (ABN 40 620 832 108)
- Bomen SF Trust (ABN 67 363 258 504)
- Bomen SF Finco Pty Ltd (ABN 46 631 229 359)
- Dinawan Energy Hub Pty Ltd (ABN 83 646 054 524)
- Dinawan Energy Hub Trust (ABN 86 873 457 480)
- Mates Gully Solar Farm Pty Limited (ABN 72 640 967 755)
- Mallee Wind Pty Ltd (ABN 12 636 566 713)
- Yorke Peninsula Wind Farm Project Pty Ltd (ABN 15 138 965 901)
- Wattle Creek Energy Hub Pty Ltd (ABN 28 664 148 958)
- Wattle Creek Energy Hub Trust (ABN 88 172 296 913)

Spark Infrastructure and Spark Renewables, together the “Spark Infrastructure Group”, should be considered separate entities from an operational perspective. However, the overarching governance structure for both entities, including back-office finance functions and most policies and procedures, is currently managed by \’s corporate office.

Spark Infrastructure Trust is owned by Pika BidCo Pty Ltd (“Pika BidCo”), which is directly owned by Pika HoldCo. Both Pika BidCo and Pika HoldCo are companies owned by funds and/or investment vehicles managed and/or advised by Kohlberg Kravis Roberts & Co. L.P. and/or its affiliates, Ontario Teachers’ Pension Plan Board and Public Sector Pension Investment Board.

The Statement focuses on activities completed in the calendar year reporting period ending 31 December 2022 (FY22).

This Statement was approved by the Spark Infrastructure Board on 26 June 2023.



Laura Reed, Chair  
Director (Chair), Spark Infrastructure

## Overview of Spark Infrastructure

Spark Infrastructure is a long-term investor in electricity infrastructure assets within Australia. Its asset companies help deliver electricity to over 5 million homes and businesses and are also heavily involved in supporting the transition in Australia's electricity system to one that is increasingly reliant on renewable energy.

As of December 2022, Spark Infrastructure's asset companies comprised of electricity transmission networks (Transgrid), distribution networks (SA Power Networks & Victoria Power Networks) and renewable energy generation assets (Spark Renewables).

### Spark Renewables (100% ownership)

Spark Renewables is a leading renewable developer and long-term owner of renewable energy projects, with an operational solar farm (100MW Bomen Solar Farm in NSW) and a large portfolio (of ~6.9 GW) of development assets including wind, solar, storage and green hydrogen projects.

### Victoria Power Networks (49% ownership)

CitiPower and Powercor (together known as Victoria Power Networks), distribute electricity to over 1.2m customers in Melbourne and western Victoria. The network covers an area of more than 157km<sup>2</sup>, with over 600,000 poles and more than 95,000km of powerlines.

Beon Energy Solutions, a wholly owned subsidiary of Victoria Power Networks, is a leader in the deployment of large-scale renewable energy and infrastructure projects, with extensive expertise in design, construction and maintenance.

### SA Power Networks (49% ownership)

SA Power Networks is the sole operator of South Australia's electricity distribution network, supplying electricity to over 900,000 residential and commercial customers across the state. Its network covers more than 178,200km<sup>2</sup>, with over 650,000 poles and more than 89,000km of powerlines.

Enerven, a wholly owned subsidiary of SA Power Networks, focuses on providing integrated renewable energy solutions and telecommunications projects.

### Transgrid (15% ownership)

Transgrid is the largest high-voltage electricity transmission network in the National Electricity Market (NEM), connecting generators, distributors and major users in NSW and the ACT. Its network consists of more than 13,000km of power lines and 121 substations and switching stations.

Lumea, a wholly owned subsidiary of Transgrid, provides integrated energy management and large-scale energy storage solutions to wholesale, Government and emergency services customers.

Although Spark Infrastructure's asset companies are not considered part of its operations or supply chain, it has engaged with its asset companies on modern slavery throughout the year. Summaries of the asset companies' modern slavery statements are set out below on pages 12-17.

## Update on Spark Infrastructure Group's previously announced Actions

Below is an update on actions the Spark Infrastructure Group stated would take place in FY22 to enhance its understanding and management of modern slavery risk in its operations and supply chain:

- **Continuing the rollout of modern slavery training for its employees**  
External subject matter experts were engaged to provide mandatory training for all Spark Infrastructure Group employees. Training focused on understanding the prevalence of modern slavery in modern supply chains, how to identify scenarios which may promote higher risks of modern slavery and actions that could be undertaken should those scenarios arise.
- **Refining and updating policies and procedures:**  
Spark Infrastructure Group's approach to supplier engagement continues to be refined. In FY22 it updated several policies to strengthen its approach to risk management.
- **Ongoing engagement with its supply chain**  
This year Spark Infrastructure Group engaged directly with all suppliers where its annual spend eclipsed \$0.15m, as well as additional select suppliers. Collectively these suppliers accounted for 89% of Spark's total spend. This included administering questionnaires which were thoroughly reviewed and where practical, compared to previous responses to gauge the progress of its suppliers' own efforts.
- **Participated in Clean Energy Council Modern Slavery Working Group**  
Committed to a Pledge Against Modern Slavery (developed by the Clean Energy Council ("CEC")) as part of an industry-wide response to addressing modern slavery risks. The pledge commits Spark Renewables to practices designed to ensure its supply chain is free of adverse human rights impacts, including modern slavery, and makes sure its corporate responsibility is to respect human rights.

## Looking forward

Spark Infrastructure Group recognises the management of modern slavery risks is a process requiring continual refinement. It has identified the following items as the key priorities looking forward:

- **Improve engagement levels with its supply chain**  
Ongoing refinement of its approach to supplier engagement, including to enhance its understanding of its supply chain beyond the first tier.
- **Update policies and procedures**  
Update policies, procedures and supply contracts with existing and new partners to address potential modern slavery risks.
- **Strengthen contractual arrangements**  
Embedding anti-slavery and supply chain management clauses, particularly as projects approach the construction stage and procurement of higher risk goods increases.
- **Employee training**  
Ongoing mandatory training sessions to ensure modern slavery risks remain significant to its employees and that best practices are routinely communicated throughout the organisation.
- **Leverage industry relationships and experience**  
Ongoing participation in the CEC's Risks of Modern Slavery Working Group, which is in the process of co-developing an industry code of practice for the renewables sector and reviewing the Act. Participation ensures Spark Infrastructure remains at the forefront of supply chain management practices within the industry and can work towards collective engagement with upstream industry providers.

# Governance Overview and Supply Chain Management

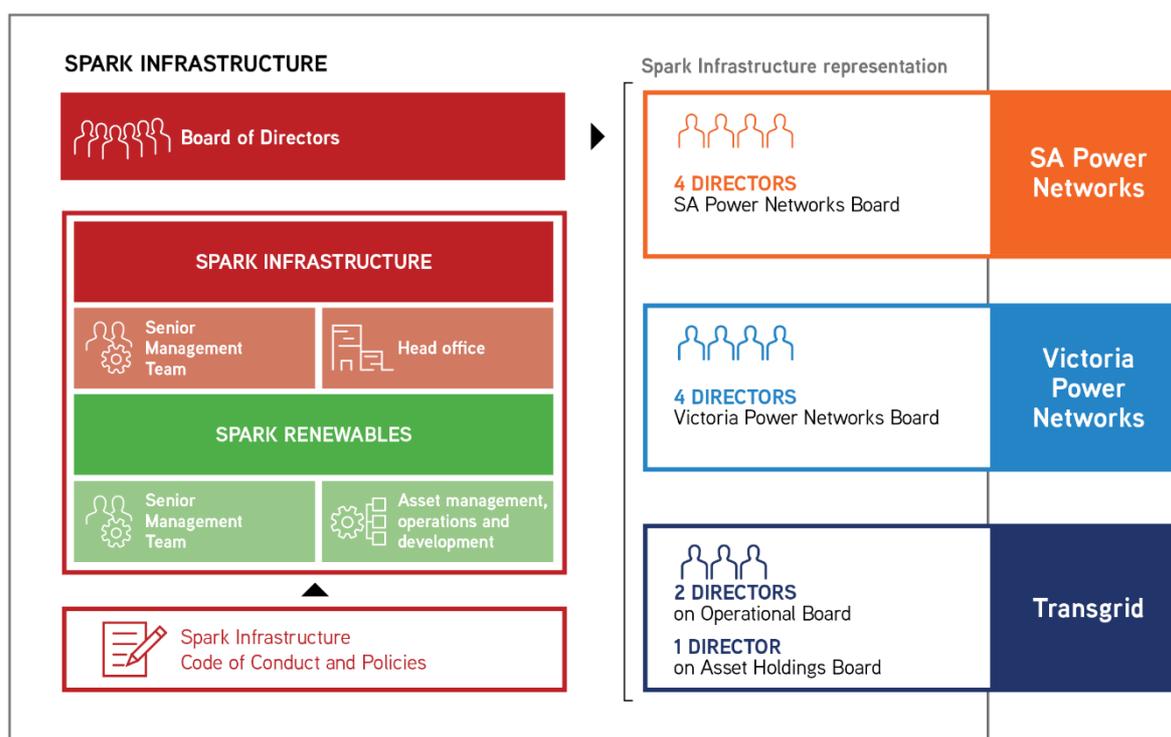
## Spark Infrastructure Group’s Governance Structure

Spark Infrastructure Group’s corporate governance structure consists of a Board of Directors, various Board Committees (including the Audit, Risk and Compliance committee), the Spark Infrastructure Management Team and the Spark Renewables Management Team.

Key roles and responsibilities regarding the assessment and management of modern slavery risks include:

- Spark Infrastructure Board of Directors – Ultimate oversight of compliance with modern slavery regulations;
- Management Team – Responsibility for day-to-day management of modern slavery risks in direct operations and supply chain; and
- General Counsel and Company Secretary – Responsibility for privacy and whistleblowing grievances.

Additionally, Spark Infrastructure has representation on the Boards and Committees – including Audit, Risk Management and Compliance, and Sustainability/ESG – of its asset companies. Its role on the Boards is to actively engage with the asset companies to drive continued performance and explore growth opportunities. Risk management is a critical component, which involves appropriately managing all supply-chain related risks including modern slavery.



## Direct Operations

At the close of 2022, Spark Infrastructure Group's direct workforce comprised of 18 employees and several contractors across white-collar roles such as asset management, asset operations, project development, finance, legal, and other corporate functions. Its direct workforce is engaged under individual employment agreements, that pay above the Australian minimum wage. These employees work out of Spark Infrastructure's head office in Sydney's CBD, and the Spark Renewable team works out of their office based in Manly (NSW).

### Spark Infrastructure Group's Supply chain

In 2022, Spark Infrastructure engaged approximately 194 suppliers. Its 15 largest suppliers (who are all Australia-based) accounted for almost 70% of its total supplier spend.

Spark Infrastructure's suppliers can be considered in two main categories:

- **Corporate** – this includes suppliers engaged to support head office tasks such as information technology, audit, legal, and other corporate services, inclusive of transaction-related services. Corporate spending accounted for ~51% of Spark Infrastructure's total spend in 2022. This mainly relates to the procurement of legal, financial and advisory services.
- **Spark Renewables** – this includes suppliers involved in the operations of Bomen Solar Farm and development of other renewable opportunities. Spark Renewables spending accounted for 49% of Spark Infrastructure Group's total spend, and relates to the ongoing operation, maintenance and management of Bomen Solar Farm, legal costs, grid connection costs and costs associated with developing Spark Renewables' pipeline of new opportunities.

Approximately 98% of Spark Infrastructure's direct suppliers (by expenditure) are based in Australia, which has a low-risk rating, with the remaining suppliers based in USA and New Zealand. In 2022, Spark Infrastructure Group did not directly engage any suppliers from high-risk countries (as defined by Global Slavery Index). Notwithstanding this, Spark Infrastructure recognises that the highest risks of modern slavery are most likely to occur further down its supply chain (tier two and beyond). It will continue to work with its tier one suppliers and industry peers to gain a better understanding of these risks.

## Modern Slavery Risks in Spark Infrastructure’s Supply Chain

Employees within Spark Infrastructure’s corporate operations are skilled white-collar professionals operating exclusively in Australia, and therefore have very low levels of industry risk and geographic risk associated with modern slavery.

Although its corporate office is small, Spark Infrastructure recognises there are risks relating to the supply of IT equipment, where some components may be indirectly sourced from high-risk regions, including those with poor labour practices.

Operations relating to Spark Renewables are higher risk than Spark Infrastructure’s corporate office given the expanded scope of its procurement activity and reliance on components that are often imported from more modern slavery prone jurisdictions. In 2022, Spark Renewables did not undertake any construction or significant procurement exercises which has naturally lowered the associated risks, however there were activities involving installing wind and solar resource monitoring equipment on prospecting sites. Notwithstanding this, Spark Infrastructure is aware that activities related to the maintenance and operations of Bomen Solar Farm may still present risk factors for modern slavery within Australia. These risk factors can be considered a result of present industry dynamics, including:

- use of low-skilled, contract and/or migrant labour;
- subcontracting and use of third-party labour hire agencies;
- complex projects, often with hundreds of workstreams and considerable outsourcing, which increases supply chain complexity and decreases the visibility of labour risks and impacts;
- highly competitive and cost-driven business sector, with a heavy reliance on contract terms predicated on low margins and significant pressure on delivery times; and
- products with long supply chains that extend into countries with weak or opaque commitments to human rights.

The products within the supply chain that have the highest levels of modern slavery risks for the Spark Infrastructure Group are:

At risk sectors	Modern Slavery Risk
Solar Panels and related components	Much of the manufacturing of solar panel parts occurs in China, which is considered a higher-risk nation. In particular, the industry has faced concerns about the mining, purification and transformation of the polysilicon used in solar panel production.
Operational Equipment	Electricity infrastructure materials such as solar panels and components used within the industry often have long supply chains that extend into countries with relatively weak or opaque commitments to human rights, including China, India, Vietnam and Thailand.
Personal Protective Equipment (“PPE”)	The Global Slavery Index identifies apparel and clothing accessories as one of Australia’s largest importing risks, citing China, Vietnam, India and Thailand (among others) as the prominent sources.
Office IT Equipment	The production of laptops, computers and phones is considered at risk of having used modern slavery practices. Many components are manufactured in high-risk countries, including China and Malaysia which are the primary suppliers to Australia.

## Managing Modern Slavery Risks in Spark Infrastructure's Supply Chain

Spark Infrastructure maintains and implements a range of policies and procedures which help mitigate modern slavery risks in its operations and supply chain.

These include:

- **Code of Conduct** – Outlines the way employees are expected to conduct themselves to uphold the integrity and values of Spark Infrastructure, including procurement practices, equal opportunity and anti-discrimination, Occupational Health and Safety, bribery and corruption, community contribution and environment.
- **Speak Up (Whistleblower) Policy** – Provides framework for anyone with information about potential misconduct to report the information. This can be done anonymously if required.
- **Risk Management Policy** – Describes the risk framework under which Spark Infrastructure operates. This includes risks associated with supply chain management.
- **Procurement (incl External Service Providers) Policy** – Details the due diligence to be considered in relation to supplier processes and systems, compliance and past regulatory issues (among other things).

These policies apply to all employees of the Spark Infrastructure Group. They are regularly reviewed and updated to ensure effectiveness and appropriateness for prevailing circumstances.

### Minimising Modern Slavery Risks

Spark Infrastructure implements the following procedures to understand modern slavery risks and to minimise the likelihood of modern slavery occurring in its supply chain:

- **Prospective supplier due diligence** – Spark Infrastructure's Procurement Policy states that prior to engaging a supplier, due diligence must be performed and documented, and due diligence is to consider supplier processes and systems, compliance arrangements, and past regulatory issues (among other factors). It specifically states modern slavery/human rights policies and procedures as a factor to consider.
- **Ongoing supplier due diligence** – Spark Infrastructure regularly reviews the performance and compliance of its suppliers, and requires certain suppliers to complete a modern slavery questionnaire, designed to understand supplier awareness and management of modern slavery risks based on the processes and systems they have in place. In 2022, questionnaires were sent to suppliers who represented 89% of total procurement expenditure.
- **Specific contract terms** – Spark Infrastructure has added clauses to certain new supplier contracts, which require the supplier to report any instances of modern slavery in its operations or supply chains and to provide all reasonable information to Spark Infrastructure regarding its compliance with modern slavery laws.
- **Training** – Spark Infrastructure has engaged an external provider to conduct trainings on modern slavery for all employees of the Spark Infrastructure Group and to assist in the preparation of training materials for future training sessions.
- **Reporting** – Spark Infrastructure requires regular reporting from current suppliers as to their compliance with laws and regulations, the appropriate functioning of processes and systems, stakeholder engagement and complaints, and training provided to employees, among other factors.

## Remediation

If a supplier is found to be violating human rights or modern slavery laws, Spark Infrastructure will carefully consider a range of remediation options available to it, noting that the most appropriate remediation action(s) will vary on a case-by-case basis. These actions include direct engagement with suppliers or impacted rights holders to rectify issues, exploring opportunities for cross-industry collaboration to impact industry change, inviting the involvement of legal or regulatory authorities, and/or contract termination. When determining the appropriate course of action, Spark Infrastructure's focus is always on mitigating the risk to those experiencing the possible impacts of Modern Slavery and using its leverage to foster continuous improvement.

Spark Infrastructure's Speak Up (Whistleblower) Policy is a key component of its approach to identifying and remediating instances of modern slavery present in its operations and supply chains. The Speak Up Policy encourages anyone with information about potential misconduct, which includes concerns over modern slavery, to report the information to specific individuals named in the Policy. The Policy clearly identifies its applicability to current and past employees, directors, consultants, contractors, suppliers and associates. Individuals who provide information to Spark Infrastructure in accordance with the Speak Up Policy can do so anonymously. Spark Infrastructure is committed to upholding the legal protections afforded to individuals who report potential misconduct and making sure such individuals are treated fairly and do not suffer detriment. The Spark Infrastructure Board receives a summary of reports made under the Speak Up Policy.

There were no confirmed instances of modern slavery within Spark Infrastructure's operations or supply chain brought to the Board's attention in FY22. There were also no instances of modern slavery identified in the operations and supply chains of its asset companies in FY22.

### External advisory services

To ensure Spark Infrastructure continues to promote best practices, it has engaged BWD, an advisory firm specialising in sustainability business strategy, to perform a full review of the Statement.

## Assessing Effectiveness

Spark Infrastructure is committed to regular evaluation of its modern slavery approach and acting to continuously improve its practices over time. It implements a range of activities designed to understand the effectiveness of its modern slavery risk management, such as:

- Review policies and procedures regularly to ensure they are kept in line with industry best practice and any evolving regulatory requirements.
- Review of supplier responses to due diligence activities and supplier questionnaires, including comparing responses to previous years to help identify potential emerging risks;
- Complete twice-yearly reviews of its risk profile, led by the Audit, Risk and Compliance Committee;
- Collaborate with industry bodies through the CEC's Modern Slavery Working Group;
- Engage industry experts to review and recommend improvements to its modern slavery and supply chain management practices; and
- Review assets companies' modern slavery risks, mitigation actions and modern slavery statements both informally and formally via Board representation.

Given the nature of Spark Infrastructure's current operations and supply chain, the above measures are considered appropriate and commensurate to the existing potential levels of risks of modern slavery within the supply chain.

## Spark Renewables

In 2022, Spark Renewables continued to build on commitment to mitigating modern slavery risks in its supply chain. In addition to its operational asset Bomen Solar Farm, Spark Renewables has a development portfolio comprising early-stage batteries, and wind and solar farms. However, it is not anticipated that significant procurement for these projects will occur until at least 2024.

### **Spark Renewables' Operations and Supply chain**

Spark Renewables employs 12 people, including full time employees, contractors and interns, who are all professionally qualified and based in Australia. Within Spark Renewables, protections against modern slavery are operationalised through Spark Infrastructure's Speak Up (Whistleblower) Policy (which is available for anonymous reporting of any unethical conduct), Risk Management Policy and Procurement (incl External Service Providers) Policy. (See page 9 for policy details).

Spark Renewables directly engaged a total of 136 suppliers in 2022, out of which 135 suppliers were based in Australia, a country with a low geographic risk rating. The 5 largest suppliers accounted for 47% of total spend and were all based in Australia. Where possible, Spark Renewables includes provisions in contracts requiring local counterparties to investigate and prioritise local procurement opportunities.

The largest supplier in 2022 (15% of spend) was Beon Energy Solutions, followed by Australian Radio Towers (10% of total spend). The other services supplied by third parties (e.g. stakeholder engagement and project planning advisory, and asset management) present low risks of modern slavery, being professional services delivered in Australia.

Procurement of electrical hardware at the operating asset, Bomen Solar Farm, is largely limited to replacement parts or upgrades. In 2022, Spark Renewables did not procure any capital equipment.

A total of 28 suppliers representing 83% of Spark Renewables' total procurement spend received questionnaires in 2022. All suppliers demonstrated their strong position on modern slavery risk management within their own supply chains, with robust policies, processes and training in place.

## Victoria Power Networks

In 2022, Victoria Power Networks (comprising of CitiPower, Powercor and Beon) (“VPN”) focused its attention on risk identification and management processes, building employee awareness and knowledge through training. VPN also reviewed relevant policies and procedures to ensure it supports its management of modern slavery risks, among other efforts.

### Key VPN risk management measures in 2022

1. Created a Sustainable Procurement Statement to ensure suppliers are aware of VPN’s expectations and their requirements when it comes to delivering their goods and services to VPN. This includes labour and human rights expectations and minimum ethical, moral and corporate governance;
2. Conducted a supplier survey to understand how its suppliers are performing in relation to modern slavery and the challenges they are facing;
3. Developed a targeted Modern Slavery Act training program to raise the awareness of the risk of modern slavery across the relevant parts of the business (notably procurement);
4. Reviewed and analysed its supply chain by category and the inherent risks to formulate a plan to control and/or mitigate the risks as best as it can; and
5. Ensured all applicable contracts now contain anti-slavery and human trafficking provisions.

### Operations and Supply chain

Within VPN, protections against modern slavery are operationalised through its Procurement and Purchasing Policy, Supplier Code of Conduct, Whistleblower Policy, Employee Handbook Code of Conduct, Enterprise Risk Management Framework and ongoing Supplier compliance.

As of 31 December 2022, VPN had approximately 1,520 (including 399 with Beon) active suppliers, with 98.8% (based on their direct engagement business locations) located in Australia, with the majority in Victoria. A small number of suppliers are located in Canada, China, United Kingdom, Ireland, New Zealand, Sweden, Switzerland, Israel, the Netherlands and the USA. As nearly 99% of VPN’s suppliers are based in Australia, a nation with democratic governance, strong rule of law, minimal internal conflict and healthy economic development, the geographic modern slavery risks are low.

The products VPN buys range from energy infrastructure materials (power cables, transformers, line hardware, poles, protective equipment, public lighting materials, solar panels, inverters, PV mounting equipment) to IT hardware, fleet and network associated consumables. Significant services include asset inspection, construction and maintenance, facilities management, solar services, traffic management, and IT and professional services.

When choosing the right suppliers, VPN takes into account a range of non-price factors including safety performance, labour practices and values alignment, and supporting the communities in which it operates.

### VPN’s modern slavery risks

VPN conducted a modern slavery risk-mapping assessment in 2022. The analysis was undertaken on VPN’s operational and supply chain procurement activities focusing on supplier expenditure by sector, risk and geography. Based on supplier industry and expenditure, VPN assessed its top three key risk sectors as construction, electrical equipment and employment services – each of which has a unique risk profile.

At-risk sectors	Why is this sector at risk of modern slavery?
Construction and Engineering	<ul style="list-style-type: none"> <li>• Sector characterised by large and complex international supply chains as well as local and overseas manual labour.</li> <li>• Sector sources goods and materials from countries or geographic regions with the potential of weaker working conditions and regulations.</li> </ul>
Electrical Components and Equipment	<ul style="list-style-type: none"> <li>• Like construction, the electronics industry typically has long international supply chains for its raw materials manufacture and product assembly.</li> </ul>
Human Resources and Employment Services	<ul style="list-style-type: none"> <li>• Typically, lower risk because procured in Australia, however labour hire is a known modern slavery risk even within developed economies.</li> </ul>

### In future

In 2023, VPN plan to:

1. Launch Felix, which is an end-to-end source-to-contract solution designed for supplier prequalification sourcing and contract and supplier performance management;
2. Continue relevant team engagement and upskilling about modern slavery and what to do if they see modern slavery in VPN's supply chain;
3. Re-evaluate VPN's risk assessments for all categories of supply; and
4. Survey VPN's suppliers on what they are doing to reduce the risks of modern slavery in their business and supply chain.

For more detail on VPN's approach to modern slavery, including how it assesses the effectiveness of its actions, please see its most recent Modern Slavery Statement which is available via the [Online Register for Modern Slavery Statements](#).

## SA Power Networks

In 2022, SA Power Networks (including Enerven) (“**SAPN**”) focused its efforts on further developing structures to support supplier compliance with its modern slavery policies and contract clauses, and educating its workforce about the risks of modern slavery.

### Key SAPN risk management measures in 2022

1. Incorporated modern slavery across the business including into tender evaluation guidelines, procurement guidelines and directives and existing contracts;
2. Improved modern slavery awareness within the organisation through business-wide communication sessions and making training modules available;
3. Expanded the number of suppliers which actively engaged with our annual modern slavery survey;
4. Achieved higher levels of understanding of geographic risks by mapping the source location of material suppliers; and
5. Engaged with various industry bodies – including The Energy Procurement and Supply Association (EPSA) and Chartered Institute of Procurement and Supply (CIPS) – to contribute towards broader industry solutions to the mitigation of modern slavery risks in the supply chain of regional utility companies.

### Operations and Supply chain

SAPN employs approximately 2400 employees. This workforce is supplemented by casual employees equivalent to 0.9% of these figures. The policies, directives and codes which prevent the risk of modern slavery in SAPN’s operations include:

- Code of Conduct;
- Fair Treatment Directive;
- HR and Ethics Policy;
- Whistleblower Directive; and
- Family and Domestic Violence Support Directive.

Within SAPN’s supply chain, the vast majority of SAPN’s suppliers (98% by expenditure) are based within Australia, a country with a very low risk rating. SAPN procures equipment and services that may be impacted by modern slavery risks. Energy infrastructure materials such as power cables, transformers, line hardware, protective equipment, as well as other products including IT hardware, are associated with long construction and electrical components supply chains. SAPN also purchases direct services, such as asset construction, asset management, crane and elevated platform hire, civil services and traffic management and indirect goods and services including professional services, IT services, fleet purchase and management, facilities management and HR services.

### SAPN’s modern slavery risks

Materials Category – Suppliers of materials are predominantly Australian based (first tier). The source of the materials being manufactured is both Australia and overseas. The key risk in this category relates to materials being manufactured and components sourced overseas.

Direct Services Category – Direct Services category mostly requires delivery of services within South Australia, supporting SAPN’s assets and projects. 79% of the suppliers in this category are South Australian based. Given the nature of the services and the location of the organisations and people providing the services, the overall risk related to this category is relatively low.

Information Technology Category – This category consists predominantly of Australian based first tier suppliers, but also has a wider range of countries represented. The key concern in this category relates to IT hardware manufactured overseas.

Indirect goods and services – This category contains the largest number of suppliers with Australian small business representing 48% of the supply chain, based on number of suppliers. The key risk relates to the facilities management services.

SAPN has developed a Modern Slavery Remediation Framework which seeks to take a collaborative approach in the case where modern slavery is suspected or reported. This approach is adjusted based on the location of the suppliers and SAPN's ability to influence remediation.

**In future**

Introduce modern slavery KPI targets, quantitative metrics and indicators for assessing the effectiveness of SAPN's modern slavery framework and due diligence approach to enable regular monitoring and reporting to the Executive Leadership Team.

For more detail on SAPN's approach to modern slavery, including how it assesses the effectiveness of its actions, please see its most recent Modern Slavery Statement [available here](#).

# Transgrid

During its 2022 financial year (July 2021 – June 2022), Transgrid (comprising NSW Electricity Networks Operations Pty Limited and NSW Electricity Networks Assets Pty Limited) developed a 3-year Modern Slavery Roadmap which prioritises continual improvement in modern slavery risk management. The Roadmap will help Transgrid to steadily improve transparency in deeper and deeper layers of its supply chain.

## ***Key Transgrid risk management measures in FY2022 (July-June)***

1. Launched Transgrid's Modern Slavery Working Group, with cross business heads, discussing risks and opportunities quarterly (four held during the year);
2. Investigating systems to capture Tier 1 Modern Slavery risks on its risk management platform;
3. Continued its sector collaboration with the Energy Procurement Suppliers Association at regular meetings;
4. Completed a deep Dive into cleaning and Personal Protective Equipment (PPE) suppliers;
5. Updated its standard purchasing conditions on modern slavery Clause (22) compliance with modern slavery laws;
6. Performed a supply chain deep dive across its top 40 suppliers by value; and
7. Developed its Modern Slavery Policy.

## **Operations and Supply chain**

Transgrid has a diverse workforce of more than 1,000 full-time equivalent employees, all based within Australia and engaged on individual contracts. Their skillsets range from engineers and power workers to professionals. 80% of its employees are protected by Transgrid's Enterprise Agreement, which is renegotiated periodically. As such, Transgrid considers the modern slavery risks in its workforce to be low.

Within Transgrid's operations, its employment practices minimise the risk of modern slavery. These practices and commitments are underpinned by its Code of Ethics and Conduct, recruitment and workplace grievance policies and practices, and its health and safety policies.

With all operations based in Australia, Transgrid's greatest exposure to modern slavery exists in its supply chain. Transgrid is taking a robust, phased approach to improving transparency across its direct and extended supply chain. As an electricity transmission company, Transgrid needs to procure a wide range of products and services. Its direct supply chain primarily consists of construction, network equipment, facilities management, advisory and corporate services companies. These entities are headquartered in Australia. Many of Transgrid's key suppliers are multinationals who work with it to identify and address modern slavery risk, including sharing their own modern slavery compliance actions and progress. Transgrid draws on these learnings and its ongoing consultation with external experts to continually improve its management of modern slavery risks.

### **Transgrid's modern slavery risks**

Transgrid identifies and mitigates modern slavery risk using an internally developed supplier risk matrix scoring system. Its assessment indicated four high/moderate risk categories as follows:

<b>High and moderate supply chain risks</b>	<b>Why is this sector at risk of modern slavery?</b>
Network equipment	Transformers, static var compensators, synchronous condensers, capacitor banks and HV components are primarily sourced from Asia, where international organisations report a high risk of labour exploitation in some countries.
Personal Protective Equipment	Garments manufactured offshore have been identified as one of the biggest modern slavery risks being imported into Australia.
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.

### **In future**

Transgrid's Modern Slavery Roadmap over the next two years includes a variety of risk assessment and risk mitigation actions which are designed to reduce the potential impacts of modern slavery within its supply chain. This is supported by actions to increase the capability of its business, and the industry more broadly, to assess and address modern slavery.

Transgrid's modern slavery goals for the coming year 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 addressed;
- 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 Transgrid's tenders; and
- Embed modern slavery mitigation within Transgrid's procurement and supplier on boarding processes.

For more detail on Transgrid's approach to modern slavery, including how it assesses the effectiveness of its actions, and various case studies and deep dives, please see its most recent Modern Slavery Statement [available here](#).