AusNet
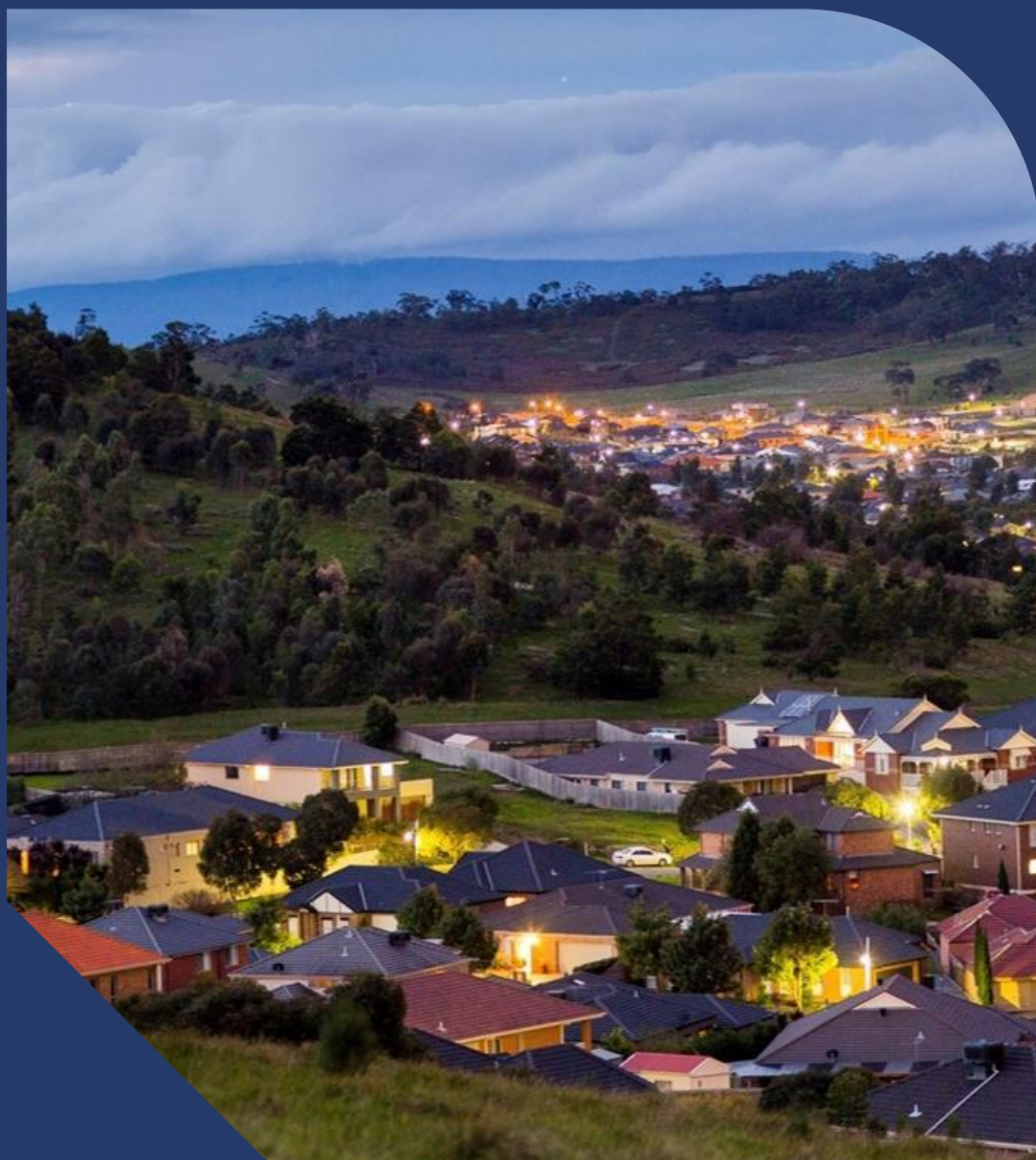
Modern Slavery Statement 2022

AusNet Group

Friday, 30 September 2022

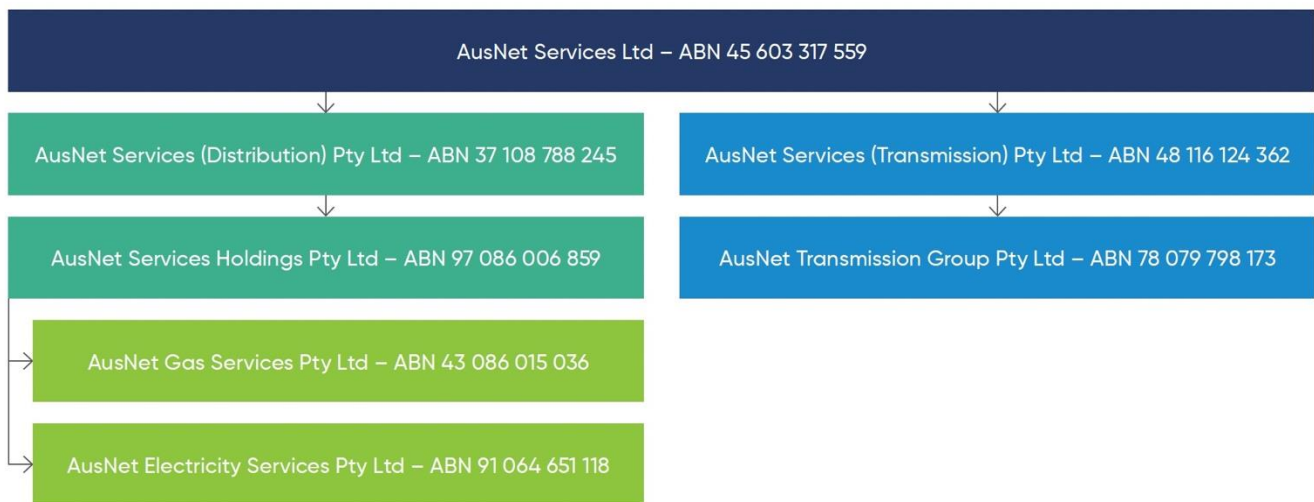# Table of contents

About this Statement

AusNet Group – Reporting Entities Diagram

AusNet Services Ltd – ABN 45 603 317 559	
AusNet Services (Distribution) Pty Ltd – ABN 37 108 788 245	AusNet Services (Transmission) Pty Ltd – ABN 48 116 124 362
AusNet Services Holdings Pty Ltd – ABN 97 086 006 859	AusNet Transmission Group Pty Ltd – ABN 78 079 798 173
AusNet Gas Services Pty Ltd – ABN 43 086 015 036	
AusNet Electricity Services Pty Ltd – ABN 91 064 651 118	

This Modern Slavery Statement (Statement) outlines the actions taken by the AusNet Reporting Entities (AusNet, we, us, our or our Company) to assess and address the modern slavery risk in our operations and supply chains within the period 1 April 2021 to 31 March 2022.

The AusNet Group, which comprises AusNet Pty Ltd and each of the entities it owns or controls, is a diversified Australian energy infrastructure business with over $11 billion of electricity and gas network and connection assets.

This is a joint statement that covers the members of the AusNet Group depicted in the diagram above (AusNet Reporting Entities). No other member of the AusNet Group meets the reporting entity criteria under the *Modern Slavery Act 2018* (Cth)(Act).

On 16 February 2022, AusNet Pty Ltd (formerly AusNet Services Ltd) was acquired by Australian Energy Holdings No 4 Pty Ltd, a company ultimately owned by investors owned and/or managed by Brookfield entities, the Australian Retirement Trust (a superannuation fund) and a number of Canadian pension and other investment funds. The acquisition does not impact the Reporting Entities for the period covered by this report.

Each of the AusNet Reporting Entities is an Australian company with a registered head office in Melbourne, Victoria.

The Statement has been prepared as at 31 March 2022, in compliance with the mandatory reporting requirements of the Act.

The mandatory criteria in sections:

- 16(1)(a) and (b) of the Act are addressed in 'Important Information', 'About us';
- 16(1)(c) and (d) of the Act are addressed in 'FY2021 highlights', 'Our approach';
- 16(1)(e) of the Act is addressed in 'Monitoring and evaluating performance';
- 16(1)(f) and (2)(b) of the Act are addressed in 'Consultation, engagement and approval'; and
- 16(1)(g) of the Act is addressed in 'Looking ahead',
- sections of this Statement.

This report contains forward-looking statements, including statements of current intention, statements of opinion, or predictions or expectations as to possible future events. These statements are not statements of fact, and there can be no certainty of outcome in relation to the matters to which the statements relate. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual outcomes to be materially different from the events or results expressed or implied by such statements, and the outcomes are not all within the control of AusNet. Statements about past performance are also not necessarily indicative of future performance.

Please refer to AusNet's Full Year Results for FY2021/2022 for more details, including a full list of the entities owned or controlled by the AusNet Reporting Entities.

Company reports (ausnetservices.com.au)

Message from
Chief Executive Officer

I am pleased to share AusNet's FY2022 Modern Slavery Statement

Tony Narvaez, Chief Executive Officer

AusNet is committed to playing our role to reduce the prevalence of modern slavery and rejects any activities that may cause or contribute to modern slavery.

While we believe there is no significant risk that our operations would cause instances of modern slavery, we continue to focus on the risks that our operations may contribute to or be directly linked to it.

Our culture, underpinned by our policies and practices, is an essential mitigant against the risk that our operations contribute to modern slavery practices. For our people, we promote a culture of acting lawfully, ethically, and responsibly.

I am pleased to report that we have made significant progress over the past year, embedding a risk management framework and taking further steps to combat the risks of modern slavery in our operations and supply chains.

We have:

- identified, assessed, addressed and mitigated modern slavery risk with a greater number of suppliers;

- explored deeper into our supply chains through supplier extended due diligence reviews; and

- digitised our data to enable process efficiencies and supplier convenience.

To make informed purchasing decisions that are aligned to our values and help us to mitigate risk, we have developed and published a Supplier Code of Conduct which outlines our requirements to suppliers. In addition, we have published a Sustainable Procurement Policy that guides our internal procurement decisions.

Looking ahead, we will continue to develop and refine our activities to mitigate the risks of modern slavery within our operations and supply chain. A range of activities will focus on the minimisation of harm to people, supported by a robust policy, process, and training framework.

Tony Narvaez
Chief Executive Officer

Our journey
FY2022 program highlights

By adopting new tools and digitisation and deepening engagement with our suppliers, our program was underpinned by access to increased levels of data and greater insights
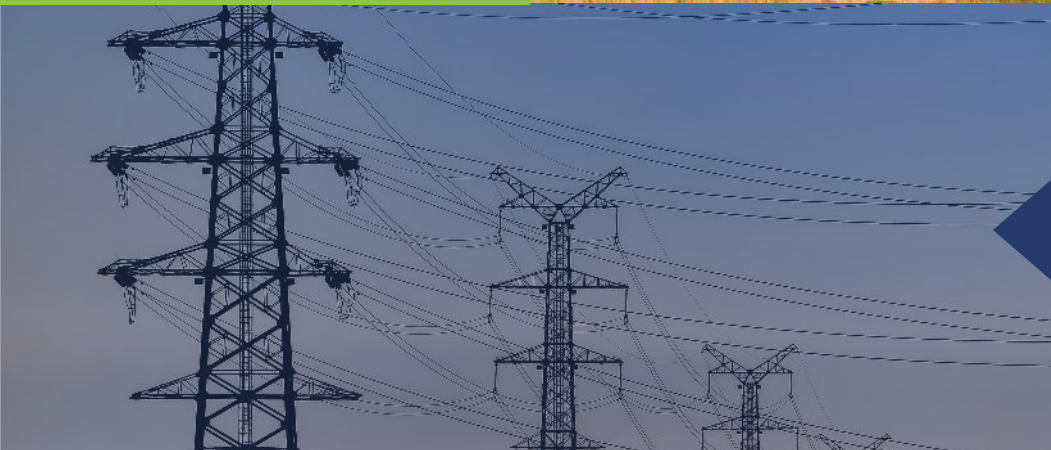
145 suppliers
completed Supplier Self-Assessment Questionnaires (SAQs)

8 extended due diligence supplier reviews
conducted and closed

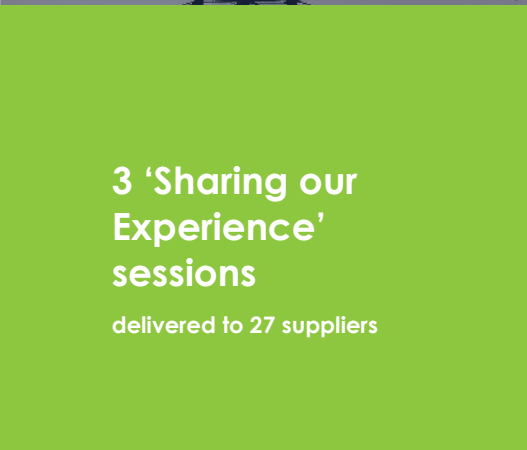## Digital tool functionality and usage increased
14 energy industry organisations now utilising common platform

6 education sessions
delivered internally and to industry peers

3 'Sharing our Experience' sessions
delivered to 27 suppliers

About us

Our Values

Our values guide the actions of all our people every day

Our Purpose

Connect communities with energy and accelerate a sustainable future

By connecting new, decentralised energy sources and empowering customer choice, we can bring renewable energy to communities through partnerships and new technology. By maintaining and adapting existing networks, we can also improve the energy network to enable flexible grids for transmission and storage. We will deliver on our purpose by operating a diversified Australian energy infrastructure business. We currently own over $11 billion of electricity and gas network and connection assets. These assets deliver energy to more than 1.5 million customers across Victoria. In addition to our role in Victoria, our electricity transmission network plays a pivotal role in the National Electricity Market (NEM), connecting into New South Wales, South Australia and Tasmania. Our position in the energy supply chain, and our role within Victoria, guide how we define our customers.

They are the end-users of our networks and services. Our network and connection assets are operated by more than 1,500 employees across regulated networks and contestable business (including Mondo).

We work safely

We're one team

We do what's right

We deliver

Our networks

Legend:
- ⋯ Transmission lines
- ● Terminal/switching station
- ▮ Gas distribution network
- ▮ Electricity distribution network
- ● Basslink converter station*
- ● Non-AusNet Services terminal/switching station
- ⋯ Non-AusNet Services transmission lines

Map labels: Buronga, Red Cliffs, Murraylink Interconnector, Kerang, Shepparton, Jindera, Wodonga, Murray, Horsham, Bendigo, Mt Beauty, Eildon, Melbourne, Ballarat, South East Substation, Heywood, Geelong, Latrobe Valley, Portland, Wonthaggi Desalination Plant, Basslink interconnector

Electricity transmission

Our transmission network transports electricity from where it is generated, through terminal stations and high-voltage powerlines across the state, to Victoria's five lower-voltage distribution networks.

Electricity distribution

Our electricity distribution network feeds lower-voltage electricity to customers across all of eastern and north- eastern Victoria and in Melbourne's north and east.

Gas distribution

Our gas distribution network supplies natural gas to residential and business customers in western Melbourne, central and western Victoria, through our network of underground gas pipelines

Development & Future Networks (including Mondo)

Development & Future Networks provides contracted infrastructure asset and energy services, as well as a range of asset and utility services, to support the management of electricity, gas and water networks.

Our supply chains

As a provider of essential services to our customers and communities, we interact with a broad range of suppliers.

With a total operational spend for FY2022 of $892.6M, AusNet supply chains include the following:

Technology – $118.7M
- Technology services
- Software
- Technology hardware
- Communications

Asset materials and related services - $80.5M
- Transformers and spares
- Switchgear and electrical protection
- Plumbing equipment and services
- Cables

Gas network and connections - $110.5M
- Gas maintenance
- Pipe services – water and gas
- Contractor – gas
- Gas – new estate

Metering services - $33.6M
- Metering equipment
- Metering services

Electricity networks and connections - $452.7M
- Line maintenance and distribution
- Electrical installation – maintenance
- Civil construction
- Vegetation management
- Design services
- Station construction and maintenance

Corporate services - $82.1M
- Non-IT consultancy services
- Professional services
- Facility maintenance and repair services
- Security equipment and services
- Recruitment services

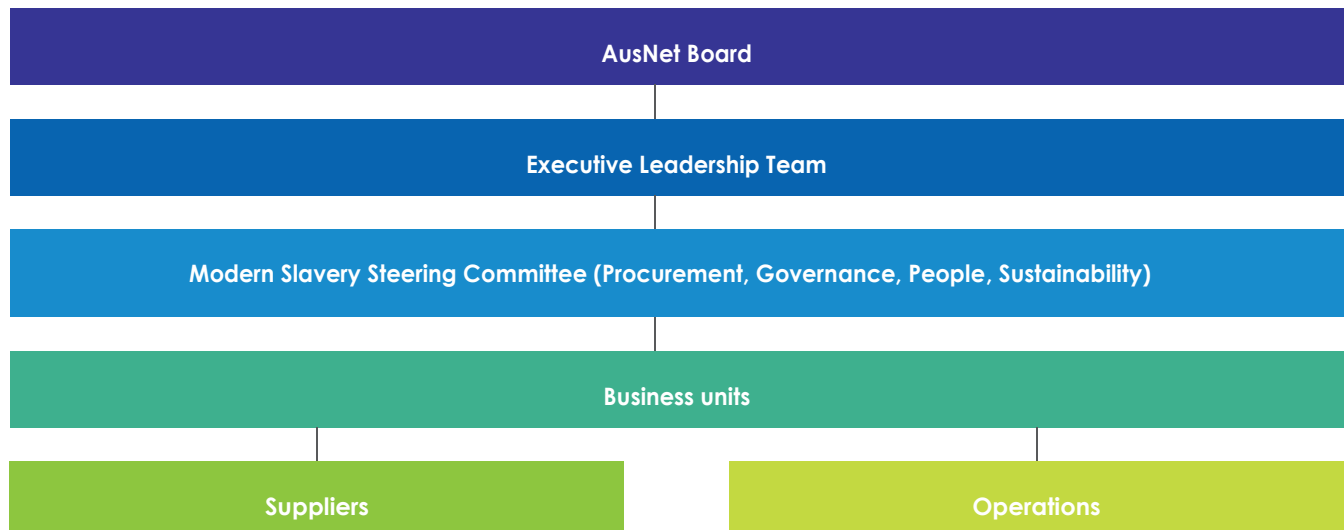**Fleet and vehicles - $2.8M**
- Fleet
- Mobile plant and equipment

Our tier one level of the supply chain has strong **Australian-based networks.** We predominantly use Australian companies and international companies with an Australian presence and their affiliated international networks. We acknowledge that suppliers within tier two of our supply chain and beyond may be based in countries with a higher risk of modern slavery. Our supplier base is generally stable and based on **longer-term relationships.**

Governance framework

Our governance framework enables us to set and monitor performance against our business objectives, articulate our risk appetite and mitigate our risks, including those relating to modern slavery.

AusNet Board
Executive Leadership Team
Modern Slavery Steering Committee (Procurement, Governance, People, Sustainability)
Business units

Suppliers	Operations

This year, we have continued to enhance our capacity to manage risks of modern slavery across our operations and supply chain by including our controls within the organisation-wide risk and compliance tools and processes. This improves the visibility and importance of mitigating modern slavery risks across our organisation.

Business-wide approach to addressing modern slavery

AusNet's **Modern Slavery Steering Committee** brings together people from the Procurement, Governance (including legal, risk and compliance), People and Sustainability teams to determine the best way to identify and address the risks of modern slavery within the AusNet operations and supply chain. In addition, key business leaders (typically executives leading large areas of supplier engagement and spend) participate directly in targeted supplier deep-dive assessment processes. The inclusion of a wide range of participants in our modern slavery program provides a better opportunity to identify, assess, address and mitigate risks. The involvement of key business leaders in our framework highlights the level of AusNet's commitment to the program, to our suppliers.

Robust policies are designed to underpin our company values. They guide our operations and how we engage with our employees and suppliers, as well as the values and behaviours we expect of them. The following policies cover our operations, supply chain, and include provisions to set expectations relating to modern slavery.

Table 1: Our policies

Operations	Supply chains
Code of Conduct	Supplier Code of Conduct
Whistleblower Policy	Sustainable Procurement Policy
Inclusion & Diversity Policy	Enterprise Procurement Policy and Procedure Manual
Bribery Fraud and Corruption Control Policy	Sourcing Procedure Manual
Recruitment and Selection Policy	Supplier Onboarding Processes
Training and Compliance Policies	Social Procurement Policy
Equal Treatment Policy	
Discipline Policy	

Operations

We consider culture, which is underpinned by our policies and practices, to be an essential mitigant against the risk that our operations 'contribute' to modern slavery practices. For our employees, we promote a culture of acting lawfully, ethically and responsibly. This means we encourage our employees to act responsibly and to report unethical practices. There are various methods available to report a suspected or known breach, including our Whistleblower Policy. Our policies are reviewed periodically to ensure they are relevant to and applicable in the current environment.

We mitigate the risk that our operations are 'directly linked' to modern slavery practices, through our approach to identifying, addressing and assessing risks within our operations. We explain our approach in the 'Risk identification' and 'Assessing and addressing modern slavery risk' sections of this Statement, including our approach to recruitment, contingent and fixed-term labour hire arrangements, as well as to some of the most labour-intensive components of the supply chains that we utilise.

Supply chains

To make informed purchasing decisions that are aligned to our values and help us to mitigate risk, we have developed and published a Supplier Code of Conduct, which outlines our requirements to suppliers. In addition, we've published a Sustainable Procurement Policy that guides our internal procurement decisions. Both documents are distributed to potential suppliers and are posted on our website to ensure supplier visibility of AusNet's values and supplier expectations. In addition, these documents are referenced in internal education processes with our employees and through 'Sharing Our Experience' sessions with suppliers.

Our Sustainable Procurement Policy guides our procurement decisions and defines the business requirements and accountabilities for the sustainable procurement of externally sourced goods and services. The policy aims to achieve positive environmental, social and economic impact over the entire life cycle, while simultaneously meeting legislative requirements. This policy mirrors the Supplier Code of Conduct's requirements in relation to labour practices and human rights practices. It also reflects the UN Global Compact Principles as they relate to Human Rights and Labour.

To assist employees to understand our policies in relation to modern slavery, we have the following manuals and processes to provide guidance on expectations and requirements:

- Enterprise Procurement Policy and Procedure Manual
- Sourcing Procedure Manual
- Supplier Onboarding Processes.

The UN Global Compact Principles on Human Rights and Labour*

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2: Businesses should make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour.

Principle 5: Businesses should uphold the effective abolition of child labour.

Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.

*
https://www.unglobalcompact.org/what-is-gc/mission/principles *UN Global Compact 'The Ten Principles of the UN Global Compact'*

Our approach

New in FY2022

This year, AusNet's modern slavery compliance program included:

(1) review of an increased number of suppliers in our initial supplier assessment process, and:

(2) an increase in the number of completed supplier extended due diligence reviews, exploring deeper into their supply chains than in earlier years, and;

(3) expanded utilisation of a digitised tool to facilitate supplier modern slavery risk assessments.

Building on our foundation

In **FY2021**, we built on FY2020 initiatives, further integrating how we mitigate modern slavery risk across our operations and supply chain, as well as extending our engagement and assessment activities with suppliers.

In **FY2020**, our first reporting year, we focused on deepening our understanding of the risks of modern slavery and legislative requirements. We also focused on developing internal governance, formulating a methodology to assess our operational and supply chain risks, as well as starting to assess our operations and supply chains.

Operations

Most of our employees are employed directly on permanent contracts and based in Australia. See the table below for our permanent and contactor workforce breakdown:

Table 2: AusNet employees, by employment type, as at 31 March 2022

PERMANENT	FIXED TERM	CONTRACTOR	TOTAL
1,435 (90.7%)	65 (4.1%)	82 (5.2%)	1,582

As a result, the risk that our operations 'cause' instances of modern slavery is low, and we continue to focus on the risks that our operations may:

- 'contribute' to modern slavery through, for example, unethical or unsustainable procurement or contracting processes or targets that may encourage or require exploited labour to be used by our suppliers; and

- 'be directly linked' to modern slavery through the use of supply chains that are engaging in modern slavery practices.

In addition, our recruitment and employment practices are managed by our experienced and qualified team of People professionals, with support from our Procurement and Governance functions, including Legal, Risk and Compliance. We also have external support where appropriate.

Qualified and reputable immigration advisors are engaged to assist with the recruitment of any oversees candidates for employment opportunities in Australia. We do not charge candidates recruitment fees, retain passports, visas, bonds or engage in other practices, with respect to our employees or recruitment, which are inconsistent with the UN Global Compact Principles on human rights and labour.
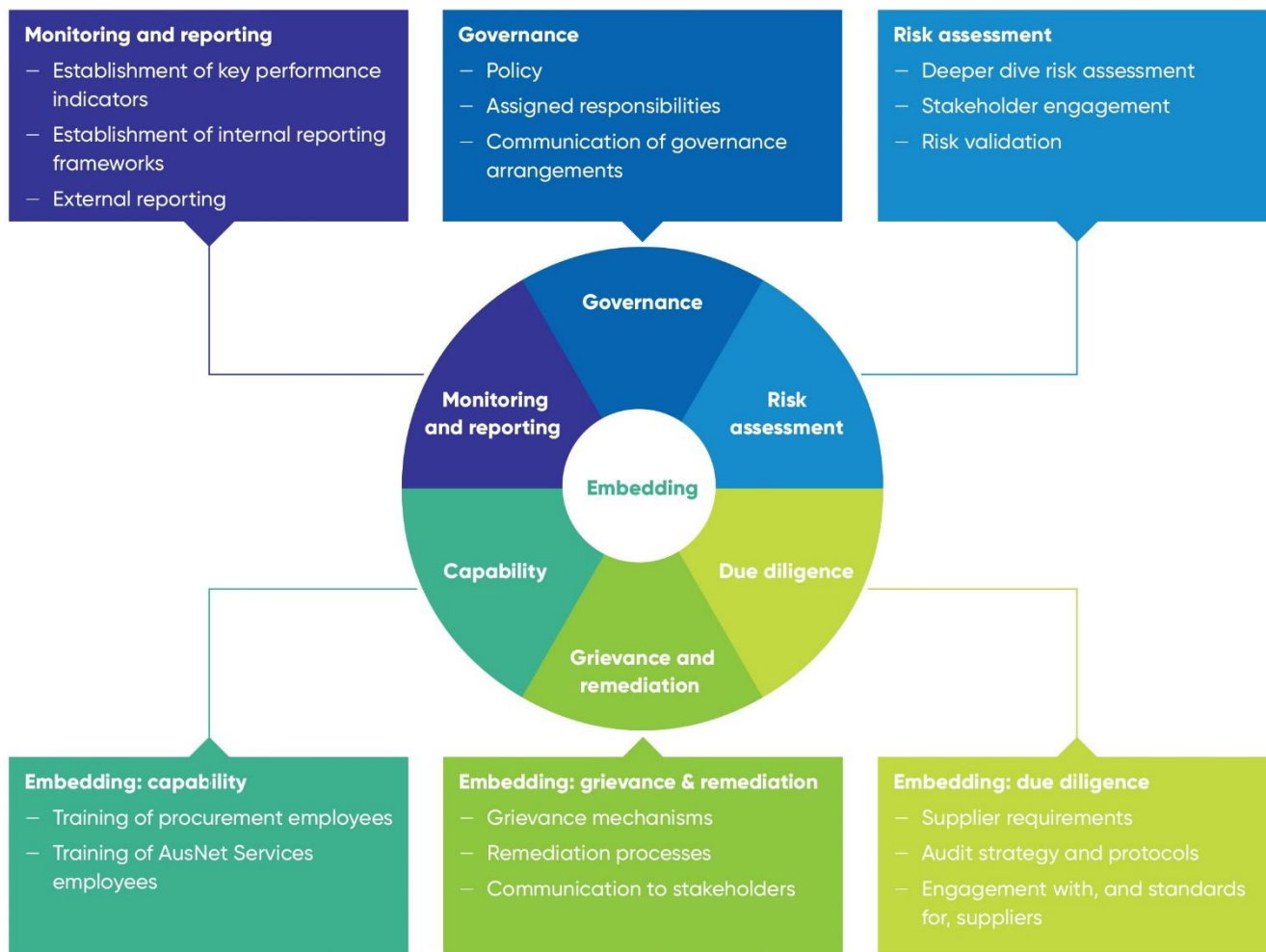
Our approach

Supply chain – implementation framework overview

We continue to use and refine the methodology we developed in FY2020. This includes:

- assessment of a greater number of suppliers, and
- reviewing our existing program elements in FY2022.

In addition, we are continuously looking for ways to embed tier two consideration into our framework.

Our focus areas and high-level activities are summarised in the implementation framework diagram.

Monitoring and reporting
- Establishment of key performance indicators
- Establishment of internal reporting frameworks
- External reporting

Governance
- Policy
- Assigned responsibilities
- Communication of governance arrangements

Risk assessment
- Deeper dive risk assessment
- Stakeholder engagement
- Risk validation

Embedding: capability
- Training of procurement employees
- Training of AusNet Services employees

Embedding: grievance & remediation
- Grievance mechanisms
- Remediation processes
- Communication to stakeholders

Embedding: due diligence
- Supplier requirements
- Audit strategy and protocols
- Engagement with, and standards for, suppliers

AusNet methodology

Step 1 Utilise existing governance structure and identify our risks

Step 2 Assess and action (address and mitigate)

Step 3 Review effectiveness of our actions

Step 4 Post review, implement program improvements

Risk
identification

Operations

The risk of modern slavery in our operations is low. All our employees are qualified or skilled in their respective work functions. Most of our team members are employed directly, with their employment terms and conditions set out in employment contracts governed by Australian employment laws and relevant industrial instruments. Eighty-eight percent of our team members are covered by one of three different enterprise agreements. These agreements outline minimum pay and entitlements and provide for consultation regarding significant operational and business changes. We recognise the rights of team members to negotiate collectively, with or without the involvement of third parties (including industrial associations/unions). We monitor and address human rights issues in our workforce under various policies and procedures, including our Code of Conduct, Equal Treatment and Diversity and Inclusion policies.

In early 2021 we identified unintentional underpayments to some salaried current and former employees covered by an enterprise agreement. We promptly made a voluntary disclosure of the issue to the relevant statutory authorities and employee unions and are working hard to remediate the underpayments. While the underpayments do not satisfy the definition of 'modern slavery' under the Act, we are also taking steps to ensure future compliance by introducing a range of measures, including new systems and processes, to enable us to identify and address any future underpayment risks.

Supply chain

Inherent risk of modern slavery across our tier one supply chain is variable, and we utilise inherent risk analysis to inform our assessment prioritisations each year.

In **FY2020,** we conducted risk assessment of the first tier of our supply chain, using the criteria of category of spend and country of origin. This assessment identified high to very high-risk suppliers and strategic and/or high-spend suppliers for further investigation. We used the Walk Free Foundation Global Slavery Index 2018,[1] which measures and ranks each country according to estimated prevalence of modern slavery. Risk assessment of supplier category of spend was conducted utilising the 'Extract of EPSA Heat Map: Categories with high and significant human rights risks' located in the 'Respecting Human Rights in our Supply Chain' publication.[2]

In **FY2021**, we used the methodology for preliminary risk assessment and identification outlined above, resulting in a preliminary list of 40 suppliers for further assessment, including external third-party review. In addition, we commenced review of our moderate risk suppliers.

In **FY2022,** moving into the third year of the program, we used the same methodology for preliminary risk identification to select suppliers for assessment, specifically geographic and category risk. Suppliers with high to moderate risk continued to be highlighted as candidates for inclusion in the assessment phase, in addition to our top spend suppliers. *'FY2022 Scope – Supplier SAQ Assessments'* (page 17) provides an outline of the scope for supplier inclusion in this year's program.

We acknowledge that sector, industry and entity risks may also impact an organisation's prevalence for modern slavery. Suppliers not meeting the country of origin and category of spend scope guidelines may be added to the assessment program at any time.

Refer to the 'Assessing and addressing modern slavery risk' section (page 19) for how suppliers are selected for inclusion in the assessment phase of AusNet's modern slavery compliance programs.

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[1] http://www.globalslaveryindex.org/resources/downloads/

[2] https://epsaonline.net/resource-hub/#whitepapers - Respecting Human Rights in Our Supply Chain

Tier one: supplier operational spend by high-risk country

The outline of spend categories with high and significant human rights risks published by EPSA (Energy Procurement Supply Association) in 2019 assists AusNet to focus our program on areas of greatest potential impact. These risk categories are outlined below:

Risk categories in the AusNet supply chain[3]

High to Very High Risk

Safety equipment and workwear	Cleaning services

Moderate Risk

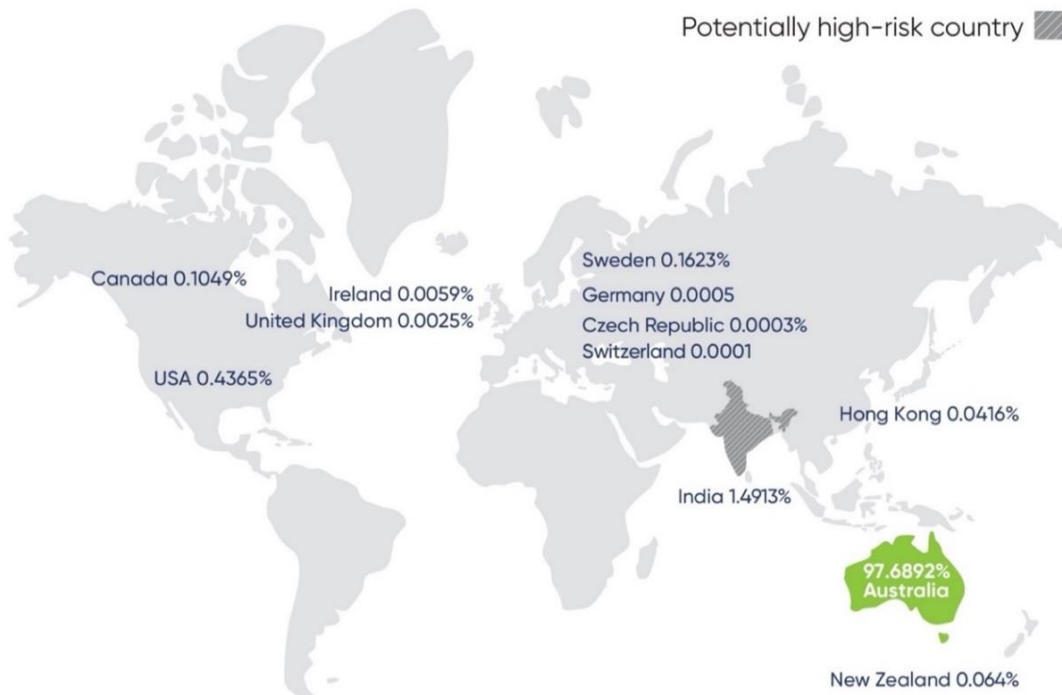| Human resources, contractors and temporary field labour	Security services and equipment	Line hardware
Logistics	IT managed services	Cables
Traffic management	Meters and parts	Switchgear

Tier one: supplier operational spend[4] by country

Analysis of our tier one spend in FY2022 confirms a continued predominance of Australian entities and therefore country risk for AusNet is generally low. Country risk is therefore more likely in deeper levels of our supply chains, with tier one potential risk highest in our Indian supply chain and moderate country risk from Hong Kong.

Potentially high-risk country ▨

Canada 0.1049%
Ireland 0.0059%
United Kingdom 0.0025%
USA 0.4365%
Sweden 0.1623%
Germany 0.0005%
Czech Republic 0.0003%
Switzerland 0.0001
Hong Kong 0.0416%
India 1.4913%
97.6892% Australia
New Zealand 0.064%

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3 https://epsaonline.net/resource-hub/#whitepapers - Respecting Human Rights in Our Supply Chain
4 'Operational' spend excludes spend not processed via a purchase order. Main categories include tax, network charges, rent, government levies and insurance.

Assessing and addressing modern slavery risk

AusNet has embedded two programs to assess and address supplier modern slavery risk in our procurement framework. In combination, these two programs provide a breadth of review across a large number of suppliers and also an in-depth assessment for a subset of suppliers assessed as being of higher risk or strategic suppliers.

Overview

Program One – Supplier Self-Assessment Questionnaires (SAQ)

Program Two – Supplier extended due diligence reviews

Both programs allow us to engage with suppliers and review the risks of modern slavery across our supplier base.

Program One FY2022: Supplier self-assessment questionnaires (SAQ):

The modern slavery risk assessment utilising supplier SAQ is a foundation element of the AusNet modern slavery compliance program. It is embedded into AusNet's established processes including a proactive program of targeted supplier focus, and assessments aligned to the onboarding of new suppliers. See 'FY2022 Scope - Supplier SAQ Assessments'(page 17) for greater detail in relation to the focus suppliers for FY2022 review.

Assessment process

The process for supplier assessment in this program is as follows:

1. Selection of supplier for program inclusion, as per Risk Identification phase above, or at supplier onboarding.

2. Supplier contact data is loaded into third party tool – supplier is issued an online SAQ.

3. Initial supplier response received and reviewed by AusNet.

4. Clarification questions sent to supplier, if required.

5. Clarification questions answered by supplier.

6. Supplier to update responses within the SAQ (if required).

7. Final supplier risk rating is obtained automatically through the risk rating tool. The third-party tool contains an embedded risk profile against key questions, with each supplier receiving a modern slavery risk rating of one of low/moderate/medium/high/very high.

8. Suppliers with risk of high/very high to be brought to the attention of the Steering Committee to determine if formal remediation is required (see "Risk mitigation and remediation) section for additional detail.

9. Suppliers may be invited to attend an AusNet 'Sharing Our Experience' session, to enhance awareness and capabilities in relation to Modern Slavery compliance.

10. Suppliers may be invited to participate in Program Two – Supplier extended due diligence program.

NOTE:

- The SAQ tool provides links to data sources which will provide the supplier with education related to modern slavery compliance.

- Future process enhancement 1 – suppliers may receive a list of 'recommendations' aimed at improving their capabilities in understanding, addressing and assessing the risks of harm to people throughout their own organisation and supply chains based on their initial SAQ responses.

- Future process enhancement 2 – suppliers will automatically be requested to update SAQ responses annually, to provide visibility to improvements in supplier risk ratings over time. See 'Risk mitigation and remediation' section for additional detail.

As we are utilising a shared digital tool with other energy industry organisations, efforts to secure questionnaire completion provide risk rating visibility to multiple organisations (when an individual supplier provides approval for the data submitted to be shared). This reduces duplication of effort by the supplier and the issuing organisation.

This year, we saw an acceleration of supplier risk assessments conducted under our SAQ program, providing insight into supplier alignment with the *Modern Slavery Act 2018 (Cth).*

Program One FY2022: Scale of risk assessments

The number of suppliers completing SAQ, undertaking the clarification process with the AusNet Modern Slavery Compliance Team and establishing a modern slavery risk rating increased from **115** in FY2021 to **145** in FY2022.

By the end of FY2022, suppliers assessed for modern slavery risk accounted for over **83**% of expenditure on goods and services for operational spend,* for the 12 months up until 31 March 2022.

Over time, AusNet seeks to increase the percentage of suppliers completing initial assessments via the SAQ process. By the end of FY2022, **78** of the top100 suppliers (by operational spend) had completed an assessment.

The section below outlines the impact of the overall SAQ program, since commencement in late FY2020:

Table 3: Annual closed SAQ assessments

SAQ assessments closed (individual SAQ)		
FY2021	FY2022	Total program (since introduction of the modern slavery legislation)
115	143*	260

* Note: Two SAQ applied to two suppliers, hence 143 SAQ assessments accounted for 145 suppliers

Figure 1: Cumulative supplier assessments since introduction of *Modern Slavery Act 2018 (Cth)*

Legend: ■ External assessment ■ Supplier Self-Assessments (SAQ) ■ Extended due diligence review
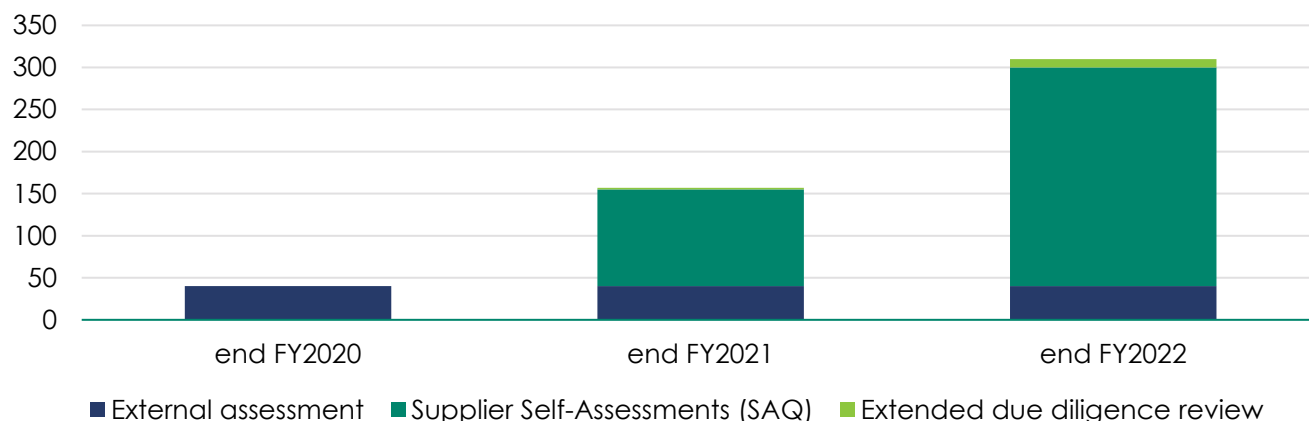
Table 4: SAQ coverage of top 100 operational* spend suppliers

SAQ assessments for top 100 spend suppliers – (as at 31/3/2022)		
Number of suppliers completing the SAQ	Percentage of top 100 supplier spend	Consideration
78*^	**92%***	^ Result is 87 if comparing to FY2021operational spend * Based on FY2022 operational spend

* 'Operational' spend excludes spend not processed via a purchase order – main categories include tax, network charges, rent, government levies and insurance

An outline of the country of origin of suppliers that were reviewed in the FY2022 SAQ is provided in Table 4 below. Australia is by far the most frequent country of origin, reflecting that 97.7% of total operational spend is with suppliers based in Australia. We acknowledge that suppliers within tier two of our supply chain, and in deeper tiers, may have a country of origin that is outside of Australia. Increased inherent risk may be present in these supply chains and our challenge is to achieve visibility of these supply chains, to enable assessment in future reporting periods.

Looking more closely at the FY2022 program, the following tables outline the country of origin, category of spend and industry alignment of the 145 SAQ respondents.

Of the assessed suppliers, country risk is generally low, category risk is variable between low and medium for our top categories, whilst inherent industry risk for our top industries is variable between low and very high.

Table 5: Tier one country of origin of suppliers reviewed in FY2022

Country	Number of suppliers	% of suppliers reviewed	Inherent country risk*
Australia	136	93.8	Very low
Canada	2	1.4	Low
New Zealand	2	1.4	Very low
Hong Kong	1	0.7	Medium
Ireland	1	0.7	Low
Sweden	1	0.7	Very low
United Kingdom	1	0.7	Low
United States	1	0.7	Low
TOTAL	**145**	**100.0**	

* see http://www.globalslaveryindex.org/resources/downloads/

Table 6: Tier one top eight spend categories of suppliers reviewed in FY2022

Spend category	Number of suppliers	% of suppliers reviewed	Inherent category risk**
Consultancy Services – Corporate Planning and Strategy	16	11	Low
Civil Construction – Distribution	6	4	Med
Communication Services – IT	6	4	Low
Cables - Communication	5	3	Med
Gas Mains Renewal	5	3	Low
Line Design - Electrical	5	3	Low
Permanent Recruitment	5	3	Med
Technology Services – Prof Services	5	3	Med

** see https://epsaonline.net/resource-hub/#whitepapers - Respecting Human Rights in Our Supply Chain

Table 7: Tier one top eight reported industry subsector of suppliers reviewed in FY022

Industry	Number of suppliers	% of suppliers reviewed	Inherent industry risk***
Energy	34	23%	Medium
Construction and Engineering	23	16%	Very high
Professional Services (Industrial)	21	14%	Low
Utilities	19	13%	Medium
Energy Equipment and Services	15	10%	Medium
Water Utilities	15	10%	Medium
Commercial and Professional Services	13	9%	High
Human Resources and Employment Serv	8	6%	High

*** Inherent industry risk derived from 'GICS taxonomy for Modern Slavery Risk', commissioned by Informed 365, from Edge (edgeenvironment.com.au)

The 145 suppliers reviewed report alignment to 82 different industries, with the most frequently reported listed above. Of note, each supplier can report multiple industry alignments within the SAQ response.

Case Study:
Eight types of modern slavery within AusNet program

AusNet has taken steps to ensure that the eight types of modern slavery, as defined by the Commonwealth Guidance for Reporting Entities[5], are individually represented in aspects of our modern slavery compliance program, including the following steps:

SAQ questions

Questions including the following are embedded into the SAQ template:

- Can employees freely resign without restriction?

- Does your organisation have contractual obligations to ensure workers are there of their own free will and the agency is prohibited from withholding recruitment fees or identification documents from your labour hire employees?

- Does your organisation retain original identification documentation (i.e. passport, licence, birth certificates)?

- Does your organisation require employees to lodge security deposits to secure work?

- Can employees freely leave accommodation lawfully without restriction or penalty?

Extended due diligence program scope

Our extended review program includes specific obligation on our suppliers to provide feedback in relation to inclusion of the eight types of modern slavery within their own policies and processes, specifically asking respondents to provide:

'identification of reference to the eight types of modern slavery outlined in the Guidance for Reporting Entities'.

Case study:
FY2022 scope – supplier SAQ assessments

In this year, AusNet sought to broaden the scope of suppliers included in the risk assessment program.

Our modern slavery program scope included preliminary assessment criteria resulting in three categories for Program One.

Proactive program of assessments, consisting of:

- All very high and high-risk suppliers, based on category heat map

- All moderate risk suppliers with spend above an agreed annual clip level, based on category heat map

- Top 100 spend suppliers

New suppliers, with focus on:

- Spend above an agreed annual clip level

- Suppliers based outside of Australia

- Very high/high or moderate risk, based on category heat map

Other suppliers

- Suppliers based outside of Australia (where not included in the above categories)

- Specific suppliers as requested by AusNet customers

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[5] *Commonwealth Modern Slavery Act 2018 – Guidance for Reporting Entities* Commonwealth Modern Slavery Act 2018 - Guidance for reporting entities (homeaffairs.gov.au)

Analysis of the completed SAQ has provided greater visibility to supplier risk, which will inform the program next steps in relation to individual supplier assessments, and the wider AusNet modern slavery compliance program.

Program One FY2022: Overview of SAQ risk assessment results

After completion of SAQ assessments, overall risk of modern slavery was assessed to be low to moderate for the majority of suppliers, without no ratings of high to very high (see Figure 2).

SAQ assessed in FY2022 provided country risk and industry risk outcomes as outlined in Figure 3. AusNet's first-tier suppliers operate predominately in low-risk countries and industries, with some representation by suppliers from high to very high-risk industries.

Suppliers with any rating may be recommended for inclusion in future extended supplier due diligence reviews (Program Two), as we seek deeper supply chain visibility to modern slavery risk.

Figure 2: Assessed supplier modern slavery risk rating FY2022

Source: FY2022 supplier responses to SAQ Issued through Informed 365 digital tool on behalf of AusNet

Figure 3: Supplier country risk[6] for suppliers assessed FY2022 and supplier industry risk[7] for suppliers assessed in FY2022
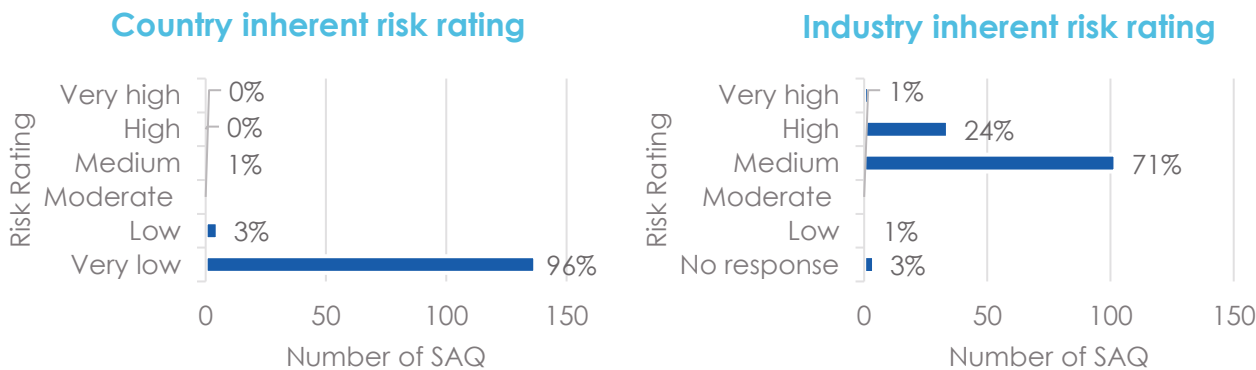
Source: Supplier response to SAQ Issued through Informed 365 digital tool on behalf of AusNet

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[6] * http://www.globalslaveryindex.org/resources/downloads/
[7] ** GICS taxonomy for Modern Slavery Risk commissioned by Informed 365 from Edge (edgeenvironment.com.au)

AusNet

Engaging more closely with selected members of our supply chain is a key element of the AusNet modern slavery program.

Program One FY2022 – Learnings from the SAQ risk assessment process

Assessment of supplier SAQ and subsequent engagement with our suppliers provides many insights, which inform our understanding of the potential modern slavery risk in the supply chain. The 145 supplier reviews highlight the categories, industries and countries of origin with greatest risk, in addition to more specific risk identified through individual questions in the SAQ. Tier one assessments also provide visibility to the scale of tier two engagement by our suppliers, adding to the overall scale of supply chain visibility.

Material risk

- The FY2022 SAQ assessment process did not identify any specific material risks of modern slavery.

Learnings were many – a selection are highlighted below, all assisting AusNet to identify areas of risk for future focus when engaging with our suppliers.

SAQ outputs (selection)

- 96% of suppliers reported that their organisation understands the basic facts around the issue of 'Modern Slavery', with a general awareness of where modern slavery may exist in their Australian and/or international supply chains.

- 59% of suppliers reported that their organisation has in place policies or statements which cover the topics of human rights and modern slavery.

- 53% of suppliers report that they are conducting due diligence for modern slavery risks throughout their supply chain.

- 36% of suppliers are currently providing education and/or awareness training on modern slavery.

- 25% of suppliers indicated that they had undertaken modern slavery risk assessment on their own organisation and supply chains.

- 52% of organisations reported that they have a whistleblower and reporting policy and/or process.

Program Two FY2022 – Supplier extended due diligence reviews

During the year, we expanded our extended due diligence program, with **eight** suppliers selected to participate in the FY2022 program.

Categories of spend with the selected suppliers include, but are not limited to, the following:

- electrical installation and maintenance
- switchgear
- electricity metering equipment
- gas metering equipment
- power transformers
- technology services
- hardware – server and server infrastructure
- IT Communication services

Insights from the FY2021 program resulted in an update to the extended due diligence review scope this year. Questions 3, 5a and 5b (see aligned Case Study) were expanded, providing suppliers with greater clarity of the expected response content and providing AusNet with greater quality of response data.

At the conclusion of each review, feedback from the participating suppliers was extremely positive. There is acknowledgement of our collective obligations as members of the same supply chain to continue to improve our modern slavery programs. The due diligence reviews also support our suppliers, by providing feedback and improvement opportunities more broadly, while enhancing understanding of modern slavery risk across our industry.

By the end of the year, we had gained insights to evaluate if these suppliers were adequately identifying, assessing and addressing modern slavery risks in their operations and supply chain. This deeper understanding enhances our ability to manage potential risks via our tier one suppliers.

AusNet

Assessing and addressing modern slavery risk

This year saw an acceleration of supplier extended due diligence reviews, providing AusNet with an opportunity to engage directly with suppliers to explore their approach to modern slavery risk, in an environment of mutual respect and collaboration.

Program Two FY2022 – Scale of supplier extended due diligence reviews

The number of suppliers engaging with AusNet through the extended review program increased from two in the previous year to eight in FY2022 and was an integral part of our modern slavery compliance program.

Table 8: Coverage of supplier extended due diligence reviews (to 31 March 2022)

Extended due diligence reviews completed to date (as a percentage of operational spend[8])		
Number of supplier reviews	**Coverage based on FY2022 spend**	**Consideration**
10[9]	48%	Suppliers selected for extended program were selected April 2021

Program Two FY2022 – Learnings from the supplier extended due diligence reviews

Program Two was a deep dive into the approach of suppliers to modern slavery risk. At the core of the Act is a desire to reduce harm to people, rather than undertaking a pure compliance activity. With this mindset, eight reviews were completed, each providing AusNet with insights including the following:

Material risk

- No instances of modern slavery were identified in the FY2022 extended due diligence program.

Tier two reviews

- Tier two consideration within a modern slavery compliance program was evidenced in 38% of the reviewed suppliers in this program in FY2022. All suppliers acknowledged the challenges related to obtaining tier two visibility and in conducting investigations into their deeper supply chain. Where not currently present, they expressed intent to consider tier two evaluations in future reporting periods.

Known global modern slavery incidents

- 25% of reviewed suppliers made specific reference to the exploration of allegations into the exploitation of Uyghur labour in nine Chinese provinces. Investigations were conducted to understand if linkage was present between their organisation and supply chain, and the reported incidents of exploitation. At the conclusion of the investigations, we were advised that no direct link was established between AusNet's direct supplier and the suppliers named in the allegations.

Contract terms related to modern slavery audits

- While direct audit of supplier compliance with the *Modern Slavery Act 2018 (Cth)* is not frequently reported, many supplier contracts include audit provisions, which can be enacted at the supplier discretion.

Supplier audits

- Existence of supplier audits is variable across organisations, with global suppliers more likely to undertake direct supplier audits

Improving processes to identify modern slavery risk

- Through the extended due diligence reviews, 25% of suppliers identified opportunities to improve their modern slavery risk identification processes

- The extended due diligence review process also led each organisation to consider longer term measures to continue monitoring of potential risk

Policies – human rights vs modern slavery vs existing policies

- A number of suppliers include wider human rights concerns within their modern slavery programs, developing stand-alone human rights policies, which include reference to modern slavery policy.

- Other suppliers developed standalone modern slavery policies, clearly outlining the expectations of their own employees and suppliers.

- 88% of suppliers have either a modern slavery policy or human rights policy.

Engagement with industry peers

- Suppliers were not observed to be frequently engaging with industry peers. However, many were working with their global parent organisations and leveraging their broader knowledge and tools.

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8 Operational' spend excludes spend not processed via a purchase order – main categories include tax, network charges, rent, government levies and insurance
9 Eight reviews completed in FY2022; two reviews completed in FY2021

AusNet

**Assessing and addressing
modern slavery risk**

Program Two – Learnings from the supplier extended due diligence program (continued)

Continuous Improvement

- Improvement over time is evident in 100% of reviews. This mirrors the AusNet program, which will evolve to include requests for supplier SAQ response update over time and additional targeted supplier deep dive assessments. Modern slavery risk is not a single assessment – it must be monitored over time.

Supplier onboarding

- This can be a foundation process step for supplier modern slavery evaluation in a less mature modern slavery compliance program, where the supplier has not yet developed a proactive program for compliance.

Internal education

- Mandatory education for internal resources is not always evident. Where it is mandatory, education is often targeted at specific roles rather than the whole organisation.

Supplier education (for AusNet's tier two suppliers)

- Not evidenced frequently. Only one supplier confirmed action was being taken to actively educate their supply chain in relation to modern slavery obligations and expectations in the same way that AusNet engages with our suppliers in the extended due diligence program and through provision of 'Sharing Our Experience' sessions (see 'Risk mitigation and remediation' section).

Improvement of supplier modern slavery programs

- General understanding of the requirements of the *Modern Slavery Act* has increased greatly since introduction of the Act in 2019.

- Suppliers are consciously developing internal programs to address the Act. Where the program is less robust, this is likely an intended outcome rather than a lack of awareness of the *Modern Slavery Act 2018 (Cth)*.

Engagement with industry peers

- Suppliers were not observed to be frequently engaging with industry peers – however many were working with their global parent organisations and leveraging their broader knowledge and tools.

Modern slavery KPIs

- KPIs were not utilised by the majority of suppliers.

- Specific indicators reported included completion rates of compliance training, acknowledgement of policies and completion of a compliance questionnaire.

Case Study – Scope for supplier extended due diligence review

1. Confirmation of the **current policies** utilised within (A) your organisation and (B) your supply chain (tier one, tier two+) in relation to Modern Slavery.

2. Confirmation of **current processes** (formalised and other) utilised within (A) your organisation and (B) your supply chain (tier one, tier two+) in support of your current modern slavery **policies** and **general approach** to compliance with the Act.

3. Reference to the following in response to #1 & #2:
    a. current documents and/or links to externally visible documents
    b. identification of reference to the eight types of modern slavery outlined in the Guidance for Reporting Entities*
    c. how adherence to policy/process is validated
    d. how your policies/processes are continuously improved.

4. Confirmation of **education** conducted (A) within your organisation, and (B) with your supply chain (tier one, tier two+), in support of your modern slavery program.   Please outline the education content, audience and frequency.

5. Any other artefacts which may assist with understanding of the general modern slavery program within your organisation and supply chain, including:
    a. any specific risks identified, assessed and addressed
    b. action taken to remediate these risks (internally or within your supply chain).

* Commonwealth Modern Slavery Act 2018 – Guidance for Reporting Entities Commonwealth Modern Slavery Act 2018 - Guidance for reporting entities (homeaffairs.gov.au)

Assessing and addressing modern slavery risk

Case Study – 12 months on supplier experience

Suppliers included in the FY2021 extended due diligence program were contacted to discuss progress made with their modern slavery programs since the reviews were completed. This provided an opportunity for both parties to share lessons learnt and to understand if any modern slavery incidents had been identified. Both reported that no incidents had been identified.

AusNet was very pleased to learn of the progress that had been made within these organisations, with the implementation of many initiatives that would positively impact supplier compliance with the Act, as well as increasing our supplier's ability to identify modern slavery if it did exist within their organisation and supply chain.

Similarly, this also allows for minimisation of future modern slavery risk within each organisation.

Positive improvements by the reviewed suppliers were observed, including the following:

- commencement of a formalised supply chain audit process over 5 key evaluation criteria

- usage of a common supplier self-assessment questionnaire within the supplier's industry (similar model to the framework utilised by the energy industry)

- utilisation of a common digital tool to assist with the identification of supplier modern slavery risk

- inclusion of wider human rights questions, rather than just modern slavery within assessments

- implementation of a whistleblower process

- completion of a modern slavery process gap analysis by an external party

- development of commitments and provision of updates for each

- establishment of a formal modern slavery governance and policy framework

Case Study – Importance of internal education

Modern slavery risk reviews have been conducted by AusNet on suppliers of various sizes and across a wide range of industries since the commencement of AusNet's modern slavery compliance program. This process has included external reviews, SAQ assessments and the extended due diligence program.

Over the last three years, we have observed ongoing improvement in supplier understanding of the Act's requirements and actions taken to comply.

However, it has become clear that knowledge of the modern slavery legislation, its intent, compliance and reporting requirements vary greatly between employees within a single organisation. Initial responses received to questions being asked were at times too brief and did not provide full visibility to the positive actions being undertaken within the supplier organisation. Prompting by AusNet to expand upon answers provided resulted in other members of the supplier organisation becoming involved with the process, and ultimately sharing robust answers with both AusNet and their own colleagues. This results in greater understanding of the modern slavery challenges/processes and requirements for all involved in the review process, including the employees of suppliers.

The scenario above highlights the importance of internal education as it results in improved employee understanding of modern slavery, improved ability to detect modern slavery and minimisation of modern slavery risk across the organisation.

Assessing and addressing modern slavery risk

An important insight from each year's modern slavery compliance program is identification of opportunities to improve in future reporting periods.

Improvement opportunities: FY2022 and beyond

After the extensive FY2022 review processes, AusNet has noted opportunities for consideration to increase effectiveness of our modern slavery program, including identification of where the risk of harm to people may be in our operations and supply chains:

- Update extended due diligence question-set for CY22 to include questions specifically related to the following:

    – Awareness of Uyghur labour exploitation within their supply chain – actions taken to identify potential risk and actions taken to remediate the risk, if identified.

    – Awareness of unethically mined minerals (conflict minerals) - actions taken to identify potential risk and actions taken to remediate the risk, if identified.

    – Statement of any KPIs aligned to your modern slavery compliance program.

    – Has the supplier made any updates to their policies since completion of the AusNet SAQ? If so, please indicate if your organisation incorporates modern slavery within any of the following:

        – Modern Slavery Policy

        – Human Rights Policy

        – Other policy (please name)

- Inclusion of wider human rights as well as modern slavery considerations within AusNet policies and processes.

- Development of a stand-alone Human Rights Policy or Modern Slavery Policy.

- Re-structure of the extended deep dive template to encourage standardised response from suppliers, to minimise back-end administration.

- Addition of questions to the supplier extended due diligence program, seeking response on topics related to elements outlined in the 'Learnings' sections above.

Direct/on-site audit of suppliers, their facilities and their lower-tier supply chain, to gain specific insight into modern slavery risk and compliance.

Other learnings throughout the FY2021 and FY2022 program have resulted in course correction and program improvements, including the following:

- Timing of the process from issuance to completion was significantly greater than anticipated. The extended time taken for an SAQ to reach 'closed' status required a course correction of the program scope, including:

    – updated clip level for completion of an SAQ for new suppliers

    – SAQ reviews for suppliers in the proactive program were prioritised over the new supplier assessments, given they were suppliers with known inherent medium/high/very high risk or higher spend with AusNet.

- Over 50% of completed SAQ required clarification questions to be issued. 'Closure' of the SAQ was not recorded until clarifications were sent to the supplier, a response was received and understood and any required update to the SAQ response data was submitted. To enable an increased number of initial SAQ assessments to be completed, this definition was updated in alignment with peer organisations.

- Many clarifications resulted from supplier lack of knowledge in relation to the *Modern Slavery Act 2018 (Cth)*. It is expected the number of clarifications required will reduce over time, but this learning was a catalyst to the inclusion of additional supplier modern slavery guidance in the digital SAQ tool.

Risk mitigation and remediation

This year, we continued to increase engagement with our suppliers and employees to build a greater understanding of the risks of modern slavery and related legislative requirements, in both our operations and supply chains.

Operations

Within the organisation, our continued efforts have focused on taking our employees with us on the journey of better understanding and mitigating modern slavery risks, outlining the steps we are taking to address risks and explaining the role they play as employees.

Modern slavery compliance program education was delivered to three internal audiences:

- Procurement team
- Specific lines of business
- All AusNet team members, through a 'Power-Up' education session (see insert for content).

In FY2021, the AusNet recruitment process was updated through the establishment of a recruitment panel to assist with the recruitment of operational employees and short-term and contingent people requirements.

Modern slavery risk was a key pillar of the due diligence process, with each panel member:

- executing a contract with AusNet that includes clear and comprehensive modern slavery provisions; and
- completing the SAQ, providing labour practices visibility.

All our recruitment decisions are informed by our values and policies, including our Inclusion and Diversity Policy.

Supply chain

In recognition that the affected person (victim) in an instance of modern slavery must be considered a stakeholder in any remediation approach, AusNet has reviewed and updated our formal remediation process.

Main updates were made as follows:

- In step 1 of the process, where possible, agree to steps to be taken to confirm that potential victims are not actively in a situation of harm.
- Within the second supplier meeting, outlining the steps in a root cause analysis.
- At the conclusion of the second supplier meeting, if appropriate, ensure that the affected persons provide written advice that the modern slavery issue was found, and actions taken to resolve without negative impact to the affected person.
- Introduction of a post-remediation review, including evaluation of KPIs aligned to the dispute resolution.

This year, an emphasis of our modern slavery compliance program was on engagement with our suppliers. This was to build our understanding of our higher risk and strategic supply chains, and to help our suppliers uplift their capabilities and programs in respect of identifying, addressing and remediating modern slavery risk.

We developed and delivered 3 'Sharing our experiences' information sessions, aimed at assisting them with the implementation of modern slavery programs within their own organisations. In addition to existing suppliers, new suppliers whose SAQs were assessed as medium, high or very high risk after completion of the SAQ were also invited.

In cases where potential risk is identified after initial review of a completed SAQ, we engage directly with the supplier. The majority of potential risks have related to gaps in policies, or immature processes, or lack of employee and deeper supply chain training.

In reviews conducted in the reporting period, potential risks or clarifications have been addressed and/or follow-up processes implemented. No instances of modern slavery have been identified.

In the event that satisfactory resolution cannot be achieved via informal or formal means, alternative measures will be considered and implemented. This may result in the cessation of the supplier's relationship with AusNet.

Contractual terms to address modern slavery risk

We have a suite of standard modern slavery-focused contractual terms (Modern Slavery Terms) that are designed to drive transparency and commitment from our suppliers to identify, assess and address modern slavery risks in their operations and supply chains. Baseline Modern Slavery Terms are incorporated in our standard procurement terms and, in material or significantly negotiated purchases or other transactions, we aim to incorporate Modern Slavery Terms that are commensurate with the modern slavery risks associated with the purchase or transaction.

Our Modern Slavery Terms include obligations to:

1. commit to respecting internationally recognised human rights, treating workers and candidates with respect and dignity and to not: a) apply any form of threat, coercion, violence (including corporal punishment) or deception to any worker or candidate; or b) discriminate against any worker or candidate on the basis of any attribute protected by any anti-discrimination law, and take steps to ensure all entities in their supply chains do the same;

2. take steps to minimise adverse human rights outcomes caused by their activities, seek to prevent or mitigate adverse human rights impacts directly, or indirectly, connected with their operations or supply chains and address any such impacts if they occur;

3. not engage in modern slavery and have appropriate training programs and policies in place to identify and address modern slavery risks in their operations and supply chains;

4. provide us appropriate information about operations, supply chains, written support programs, policies and any training or due diligence outcomes;

5. allow potential victims of modern slavery to have grievances fairly heard and addressed and, if applicable, remediated;

6. allow us to audit their training, compliance and risk programs regarding the risk of modern slavery in their operations or supply chains;

7. notify us of any risks or instances of modern slavery and to take reasonable and appropriate, documented, steps to mitigate or remediate the risk or instance.

In the event of a breach by a supplier, we have a range of mechanisms in place to work with the supplier to remediate, including remediation activities, dispute resolution, suspension and, if necessary, termination.

Case Study – 'Power-Up' Education Session

AusNet continued to embed updated modern slavery compliance education within the organisation-wide 'Power-Up' education program

As a part of the AusNet Sustainable Procurement program, education was delivered on the following:

- Re-cap
  - What is modern slavery?
  - FY2021 Modern Slavery Statement highlights
- FY2022 program highlights
- CY2022 program – where to next?
- Internal stakeholder guidance *'What can you do as a requestor of goods and services at AusNet?'*

This session was recorded and is placed on The Loop, our internal communications platform for access on demand by all employees.

Monitoring and evaluating performance

Throughout each year, the AusNet Steering Committee assesses the effectiveness of our framework and programs, drawing on internal performance evaluation measures, as well as engagement with external bodies and stakeholders.

Internal evaluation

A key measure of the effectiveness of the Modern Slavery Program during the year was the progress made in increasing the number of suppliers assessed. This equated to over **83**% of operational spend* suppliers being assessed by 31 March 2022 (up from **52%** at the conclusion of the FY2021 period).

Key Performance Indicators

KPIs were introduced into the annual goals for a number of key resources in FY2022. Targets were varied depending on the individual resource and their role.

As an indication, the following KPIs were established for relevant resources:

Table 9: FY2022 KPI performance

KPI	Target (%)	Result	Number of suppliers
Proactive program – base targets			
– High/very high-risk suppliers	100.0	83%	5 out of 6
– Medium risk suppliers over base clip level	100.0	92%	24 out of 26
– Top 100 operational spend suppliers* ^	100.0	96%	49 out of 51
Overall proactive program	100.0	94%	78 out of 83
Proactive Program – Stretch target			
– Medium-risk suppliers over stretch clip level	100.0	100%	17 out of 17
New supplier program			
– Turn-around time for completion of SAQ. Measurement: AusNet notification of need for SAQ to supplier vs date of SAQ full review/closure in digital tool.	– Base: 8-week average, by 31 March 2022: – Stretch: 4-week average, by 31 March 2022	Did not achieve	N/A
Supplier extended deep dive reviews			
– Completion of base and stretch target of supplier reviews	100.0	100%	8

* 'Operational' spend excludes spend not processed via a purchase order. Main categories include tax, network charges, rent, government levies and insurance.

^ Suppliers in the Top 100 operational spend list without a completed and reviewed SAQ, as at 1 April 2021.

Monitoring and evaluating performance

Note the following:

1. Effort required to reach completion of an individual SAQ review was underestimated.

2. Challenging KPIs were set this year. We did not anticipate the continued resource impacts of Covid, including the availability of resourcing and response times provided by our assessed supplier organisations.

3. Supplier assessments not completed in FY2022 were moved to CY2022.

4. Focus item for CY2022 will be completion of the required new supplier SAQ assessments.

Other internal evaluations

The quality of information provided by suppliers to AusNet has further improved throughout this year, as questions within the SAQ are refined and reporting capabilities are enhanced. The AusNet team has been instrumental in leading the process to ensure these improvements are identified, agreed with the wider EPSA group and actioned by the digital tool owner.

The Modern Slavery Steering Committee oversees the development, implementation and effectiveness of the Modern Slavery Program. It is supported by stakeholders in the Procurement, Legal, Compliance, People, and Risk teams.

The Steering Committee is accountable for identifying areas of improvement in the Modern Slavery Program, ensuring action and completion of the identified improvement, and tracking of closure of the item in a central database.

External engagement

Energy Procurement Supply Association

AusNet is a member of The Energy Procurement Supply Association (EPSA), which is an Asia–Pacific not-for-profit association composed of energy industry procurement and supply professionals. Commencing in FY2020, AusNet has been a leading force in development and improvement of a joint digital solution to facilitate each organisation's individual modern slavery compliance programs. Meeting on average fortnightly, the number of organisations utilising the common digital tool increased significantly in FY2022, from **7** to **14** organisations.

A review of the joint program was conducted in late 2021, with all organisations asked to submit response to the following questions:

- What is working well?
- What needs improvement?
- Suggestions for enhancement/modification/removal
- Frequency of engagement
- Communication methods utilised
- Other considerations/comments.

Outcomes from the review were collated, some for immediate adoption in the program/process and others to be considered or addressed in future years. A selection of the outcomes is listed below:

- Updated SAQ content, providing guidance for suppliers on modern slavery-related topics.
- Improved tier two+ visibility through the SAQ process.
- Over time, to consider broadening of SAQ scope to wider human rights concerns, wider ESG considerations and materials origin mapping.

Other external engagement

With a wider lens, the performance of our Modern Slavery Program is monitored against industry practice and feedback and aimed at continuous improvement including:

- feedback from suppliers;
- engagement with investors and representative groups;
- learning from, and engaging with, peers;
- building capability, including attending external industry forums; and
- researching local and international practices.

During the year, a key input to the Steering Committee was feedback received from two external sources: the Australian Council of Superannuation Investors (ACSI) and Monash Centre for Financial Studies (MCFS).

- ACSI released research on the subject 'Moving from paper to practice: ASX200 reporting under Australia's Modern Slavery Act'.
- MCSF released a research brief 'Modern Slavery Statement Disclosure Quality ASX100 Companies'.

Both papers, and feedback received directly from one of the report writers, highlighted areas for focus and potential improvement in the delivery of the AusNet modern slavery program and the way in which the program is reflected in this Statement.

Program and reporting improvements were identified, and the output reflected in this Statement, including expanded detail in support of all reporting criterion.

Consultation, engagement and approval

Engagement with parties external to our organisation is sought to enhance the AusNet modern slavery compliance program, informing the delivered actions which are reflected in this Statement and endorsed by our Board.

Industry collaboration

Our progress in FY2022 has been supported by our continued involvement with EPSA, providing regular opportunities to share insights with other energy industry procurement and supply professionals.

The shared digital tool from Informed 365 is a valuable output from this ongoing collaboration. In addition, learnings from the shared insights of the other EPSA member organisations continues to drive the continuous improvement of our own modern slavery compliance program.

Ongoing networks have been formed with suppliers through our extended due diligence process, uncovering those who share AusNet's commitment to compliance with the *Modern Slavery Act 2018 (Cth)* and the eradication of modern slavery in our common supply chains.

Beyond our own industry, engagement with other organisations was sought. This broader engagement also enables insights into the groups or individuals that may be impacted by modern slavery, as well as investors. In FY2022, this included engagement with the following:

- Informed 365
- Australian Border Force
- Monash Centre for Financial Studies
- ACSI (Australian Council of Superannuation Investors)
- Unchained Solutions
- Point Advisory
- Supply Chain Sustainability School

Consultation and approval

The development of this Statement, and the steps outlined, involved engagement and feedback from a broad cross section of staff, management, executives and governing bodies of AusNet.

The development of the Modern Slavery Program has been primarily led by the central AusNet procurement function (Procurement) and overseen by the Modern Slavery Steering Committee.

The Steering Committee includes general and senior managers from AusNet's Procurement and the central Sustainability, Legal, People, Compliance and Risk functions.

Procurement and the Steering Committee have engaged and been supported by subject matter experts and other relevant staff from the central Strategy and Governance divisions of AusNet, as well as other staff more likely to be exposed to risks of modern slavery practices.

A number of the central executive leadership team of AusNet have also been engaged in the development of this Statement.

This Statement has been approved by the Board of Directors of each of the AusNet Reporting Entities and is signed by the Chief Executive Officer of AusNet.

COVID-19 Impacts

The COVID-19 pandemic continued to present major challenges for our communities, our people, our organisation and the broader economy. Ensuring the safety and wellbeing of our people and customers was a crucial focus during the year.

We are committed to working with our suppliers to manage any risks associated with the pandemic. We have maintained regular feedback with our suppliers during the rollout of our modern slavery risk assessments. This includes increased online and digital capabilities to adapt to social distancing and other requirements.

The pandemic has had moderate impact on our ability to implement our Modern Slavery Program, stemming from staff availability and working from home arrangements internally, and at our supplier workplaces.

Looking ahead

We will continue to develop and refine our activities to mitigate the risks of modern slavery within our operations and supply chain. With a focus on the minimisation of harm to people, supported by a robust policy, process and training framework, key areas of focus will include:

Table 10: Objectives for CY2022

Area of focus	Objective for CY2022
Supplier Assessments (SAQ)	Utilisation of our framework to further expand assessment of our supply base
Extended supplier due diligence	Conduct next phase of supplier due diligence deep dives, assessing our suppliers' policies, procedures and education programs
Employee education	Continue to provide internal education programs, considering integration of wider ESG and Human Rights topics
Supplier engagement	Extending and continuing our supplier engagement through 'Sharing our experience' session
Industry engagement	Continue to work with our energy industry peers, seeking opportunities to decrease the likelihood of modern slavery within our operations and supply chain
Continuous improvement	Considerations for modern slavery program improvements identified in FY2022 to be assessed and, where endorsed, implemented into the program

Whistleblower hotline

1300 30 45 50 (toll-free number)
between 8am and 6pm
Monday to Friday

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List of tables and figures

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