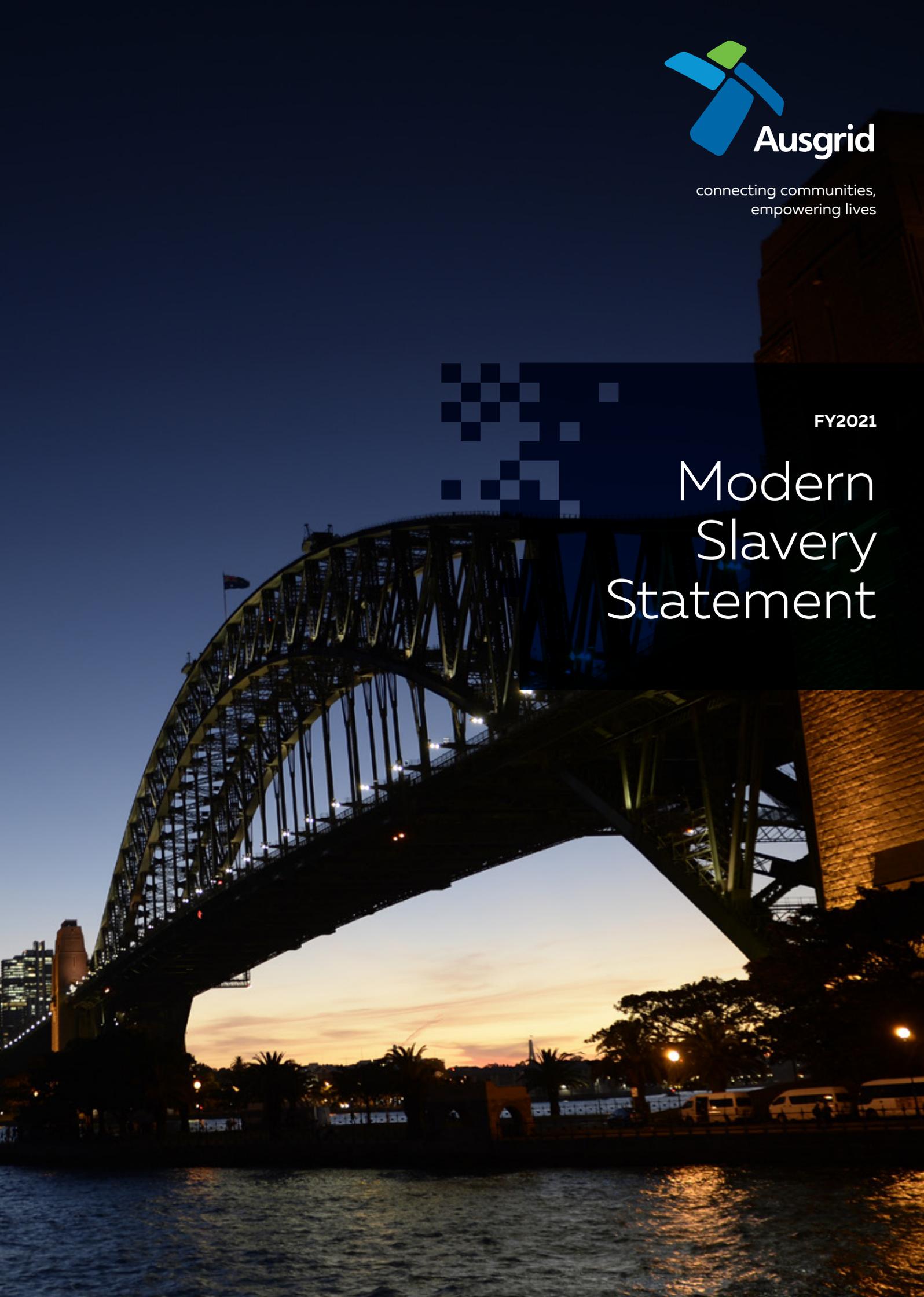




connecting communities,  
empowering lives

FY2021

# Modern Slavery Statement



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# Introduction

## Board approval

This Modern Slavery Statement (**Statement**) is jointly made by:

- Ausgrid Operator Partnership (ABN 78 508 211 731) (**Ausgrid**);
- Ausgrid's subsidiary, Ausgrid Management Pty Ltd (ACN 615 449 548) (**Ausgrid Management**);
- Ausgrid Asset Partnership (ABN 48 622 605 040) (**Ausgrid Assets**); and
- Ausgrid Assets' subsidiary, Ausgrid Finance Pty Ltd (ACN 615 343 005) (**Ausgrid Finance**),

(together, the **Ausgrid Group** and each an **Ausgrid Group Member**),

pursuant to the *Modern Slavery Act 2018* (Cth) (the **Act**) enacted on 1 January 2019. This Statement is for the financial year 1 July 2020 to 30 June 2021 (the **reporting period**), and is approved and endorsed by the respective Boards of the Ausgrid Group Members, which are their principal governing bodies.



**Dr Helen Nugent AO**  
Chairman Ausgrid Group  
8 December 2021

## Chairman of the Board message



This Statement outlines how the Ausgrid Group is managing its modern slavery risks. The Board of each Ausgrid Group Member has approved and endorsed this Statement as required by the Act.

We strongly support efforts to help eliminate modern slavery in all areas of business.

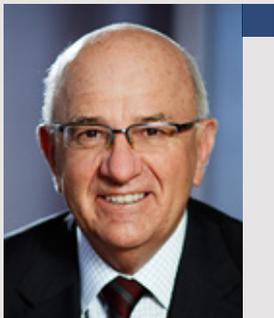
We consider the measures highlighted in this document, combined with the Ausgrid Group's strong values, ethics, and proactive engagement with our

business partners, are helping to reduce the risks of modern slavery across the Ausgrid Group supply chain.



**Dr Helen Nugent AO**  
Chairman Ausgrid Group

## CEO message



The leadership team of the Ausgrid Group opposes the use of modern slavery practices. As a responsible and sustainable organisation, Ausgrid is increasing its understanding and efforts to ensure that modern slavery is not a by-product of the goods and services we procure.

To address this global issue, Ausgrid has aligned itself with five UN Sustainable Development Goals (**SDG**) that reflect areas we can most control and influence in line with our business operations.

Specifically in relation to modern slavery, Ausgrid is aligned with SDG 8 'Decent work and economic growth', targets the eradication of modern slavery.

The measures detailed in this document, combined with the Ausgrid Group's vision, purpose, and values, provide a strong framework for reducing the risk of modern slavery practices in our supply chains and operations.



**Richard Gross**  
CEO Ausgrid Group

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# About this Modern Slavery Statement

The Ausgrid Group is committed to human and labour rights and to the global eradication of modern slavery in all its forms.

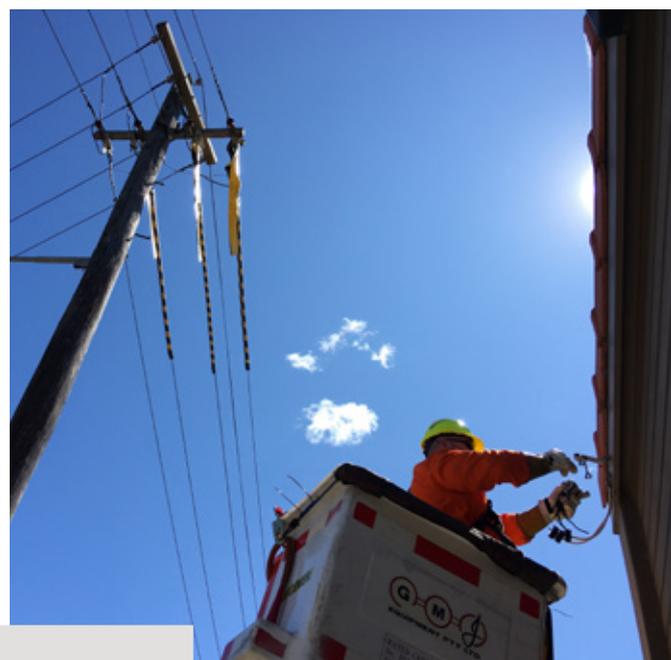
Ausgrid and Ausgrid Assets (and their respective subsidiaries) each had a consolidated revenue of at least \$100 million during the reporting period and as such, are classified as reporting entities pursuant to the Act. This Statement excludes the Ausgrid Group's affiliate, PLUS ES, which has submitted its own Modern Slavery Statement. This Statement has been prepared by addressing the mandatory criteria for content set out in the Act.

In general terms, modern slavery captures situations where coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom and includes the following categories of serious exploitation: trafficking in persons, slavery, servitude, forced marriage, forced labour, debt bondage, deceptive recruiting for labour or services, and the worst forms of child labour.

We welcome the measures implemented by the Act and are pleased to communicate our response to tackling this serious and important issue in this Statement.

This Statement records our areas of risk, the actions we have taken and are taking, and how we measure the effectiveness of these actions in eliminating the risk of modern slavery in connection with our business and supply chain.

We will continue to work with our business partners to raise awareness of this issue, communicate our expectations and take actions to eliminate modern slavery risks in our business.



## OUR PURPOSE

**Connecting communities, empowering lives**

## OUR VISION

**Be a leading energy solutions provider, recognised both locally and globally**

## OUR VALUES

- **Work safe, live safe**
- **Customer-focused**
- **Commercially minded**
- **Collaborative**
- **Honest and accountable**
- **Respect**

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# About the Ausgrid Group

## Our structure

Ausgrid is a partnership carried on under that name by:

- (a) Blue Op Partner Pty Ltd (ACN 615 217 500) as trustee for Blue Op Partner Trust;
- (b) ERIC Alpha Operator Corporation 1 Pty Ltd (ACN 612 975 096) as trustee for ERIC Alpha Operator Trust 1;
- (c) ERIC Alpha Operator Corporation 2 Pty Ltd (ACN 612 975 121) as trustee for ERIC Alpha Operator Trust 2;
- (d) ERIC Alpha Operator Corporation 3 Pty Ltd (ACN 612 975 185) as trustee for ERIC Alpha Operator Trust 3; and
- (e) ERIC Alpha Operator Corporation 4 Pty Ltd (ACN 612 975 210) as trustee for ERIC Alpha Operator Trust 4.

Ausgrid Assets is a partnership carried on under that name by:

- (a) Blue Asset Partner Pty Ltd (ACN 615 217 493) as trustee for Blue Asset Partner Trust;
- (b) ERIC Alpha Asset Corporation 1 Pty Ltd (ACN 612 974 044) as trustee for ERIC Alpha Asset Trust 1;
- (c) ERIC Alpha Asset Corporation 2 Pty Ltd (ACN 612 975 023) as trustee for ERIC Alpha Asset Trust 2;
- (d) ERIC Alpha Asset Corporation 3 Pty Ltd (ACN 612 975 032) as trustee for ERIC Alpha Asset Trust 3; and
- (e) ERIC Alpha Asset Corporation 4 Pty Ltd (ACN 612 975 078) as trustee for ERIC Alpha Asset Trust 4.

Ausgrid and Ausgrid Assets have been majority owned by AustralianSuper and IFM Investors since December 2016 through these trusts. The New South Wales Government holds a 49.6% interest through these trusts and its special purpose vehicle, which is independent from the New South Wales Government.

Ausgrid Management is a subsidiary of Ausgrid, and Ausgrid Finance is a subsidiary of Ausgrid Assets. Ausgrid and Ausgrid Assets have effective control over their respective subsidiaries.

### Within the Ausgrid Group, the Ausgrid Group Members hold the following general responsibilities:

- Ausgrid is the Ausgrid Group's primary operating entity and is responsible for operating, maintaining and building the electricity network and engaging with customers and suppliers for goods and services;
- Ausgrid Assets holds the electricity network assets on behalf of the Ausgrid Group;
- Ausgrid Management is responsible for employing individuals who perform work on behalf of Ausgrid; and
- Ausgrid Finance is responsible for obtaining finance from external lenders on behalf of the Ausgrid Group.

The Ausgrid Group collectively has 2,750 employees based across our 26 depots in New South Wales and our head office in Sydney. 93% of our employees (excluding labour hire and contractors) are covered by an enterprise agreement and our employees are free to associate with the unions that represent their sector.

## Our operations

The Ausgrid Group's core business is to provide electricity distribution network services and we do this by building and operating assets and delivering non-network solutions to ensure our customers have safe and reliable access to electricity at an efficient and reasonable price.

The Ausgrid Group's network of substations, powerlines, underground cables and power poles spans across Sydney, the Central Coast and the Hunter region in New South Wales, connecting our customers and their communities. Our network has powered the lives of our customers for over a century.

To operate our network, we maintain 509,271 power poles, 48,695km of power lines and underground cables, 231 large electricity sub-stations and 32,939 small distribution substations.

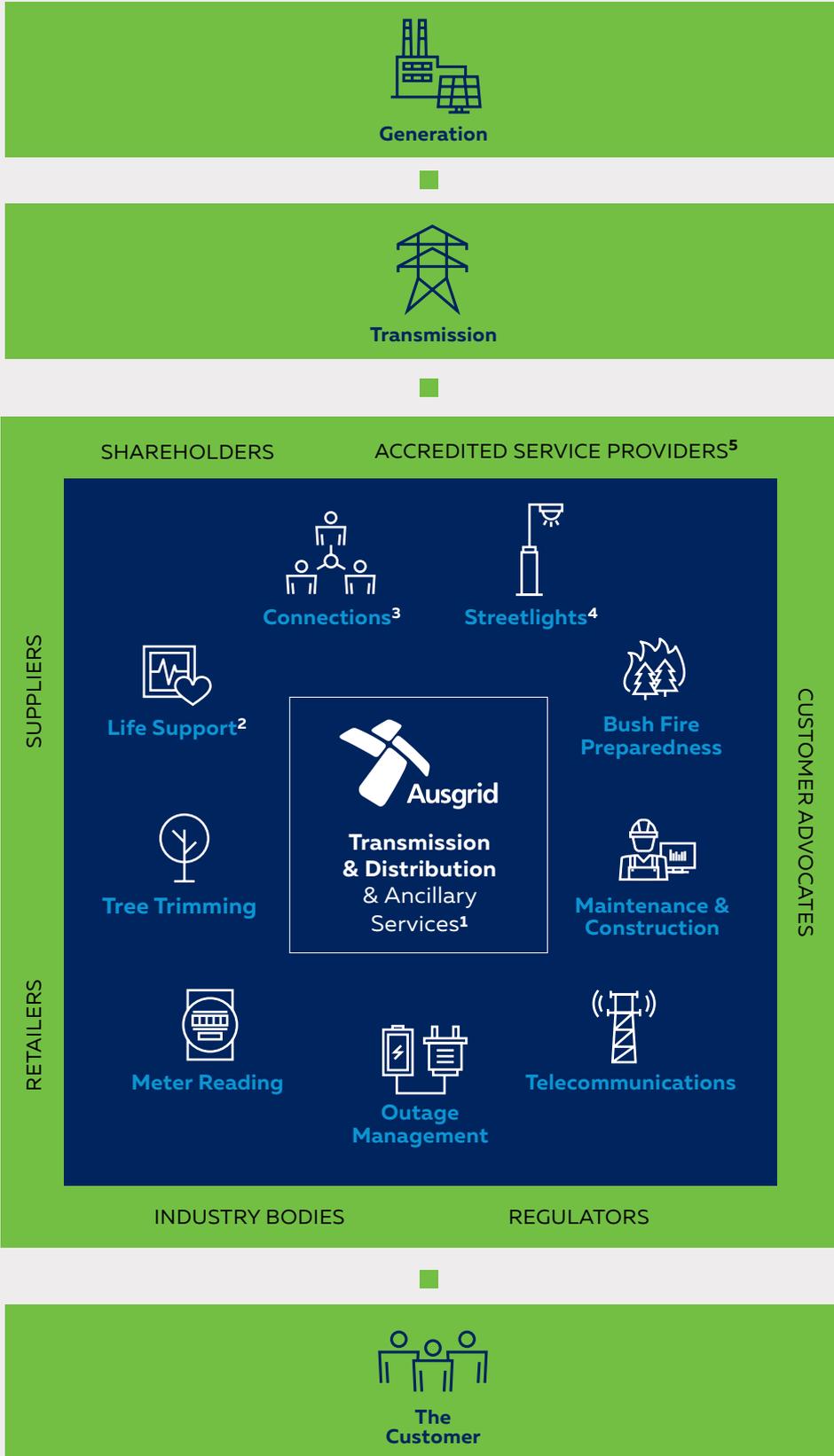
We provide more than 255,604 streetlights for 33 council areas across Sydney, the Central Coast and the Hunter region, and maintain these so they keep our communities safe.

We provide a safe and reliable network that involves us undertaking maintenance works and construction, trimming vegetation, and conducting helicopter and ground patrols. This helps to protect our customers, in particular our life support customers, communities and network from bushfires, power outages and storm impacts.

We have our own telecommunications fibre network on our infrastructure, which is also used by third parties and assists in our communities staying connected.

We provide electricity distribution network services to 1.8 million homes and businesses across Sydney, the Central Coast and the Hunter region in New South Wales. Residential customers make up 90% of our customer base, but businesses account for 65% of total energy consumption.

# Our value chain



## KEY

- Ausgrid
- Third party

## Notes:

- 1 Ancillary Services**  
Customer specific services
- 2 Life Support**  
Keeping the power on for our vulnerable customers
- 3 Connections**  
These include solar panels, emerging technologies such as batteries, connecting new customers and upgrading existing customers
- 4 Streetlights**  
Maintenance to keep our communities safe and upgrading to LED for more energy efficiency
- 5 Accredited Service Providers**  
Third parties authorised to work on or near our network on behalf of customers

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# Our supply chain

**Ausgrid's network tariffs and regulated revenue allowance are approved by the Australian Energy Regulator (AER). Our network tariffs are approved on an annual basis, while our regulated revenue allowance is approved once every five years. For our regulatory period from 1 July 2019 to 30 June 2024, the AER approved network revenue of almost \$8 billion. This revenue allows Ausgrid to invest in its network so we can continue providing safe and reliable network services for our customers.**

To support this significant investment, we utilise a global supply chain to provide the range of components and services we need from domestic and international suppliers. Our international supply chain covers: Europe; North and South America; Asia; and the Middle East.

Many of the goods and services that we procure have complex supply chains containing multiple suppliers and manufacturers (including from overseas) providing the raw commodities, components, and services to produce the end-product or service.

The Ausgrid Group has 23 categories of goods and services that our external partners supplied to the Ausgrid Group in FY21. These categories cover the following:

- Industrial and electrical consumables
- Information technology (IT) hardware
- Operational technology (OT) hardware
- Cables
- Streetlighting equipment
- Other manufactured components
- Switchgear
- Property
- Construction
- Network services and maintenance
- IT services
- Overhead line supports
- Fleet
- Engineering and technical services
- Secondary systems
- Equipment hire
- Transformers and equipment
- Corporate services
- IT software
- Telecommunications
- Human resources services
- Professional services
- Training and development



## KEY STATISTICS FOR FY21

**\$426M**

spent on the purchase of goods and services in FY21

**2,248**

the Ausgrid Group procured goods and services from 2,248 suppliers

**23**

categories of goods and services procured from Australia, Europe, North and South America, Asia and the Middle East

# Our supply chain risks

The complex nature of our supply chain means there are risks that the Ausgrid Group may be linked to modern slavery practices. As outlined in "Our Supply Chain" on page 5, the Ausgrid Group has 23 key categories of goods and services that it procures. We assessed each of these categories to determine their level of risk for modern slavery practices.

From our risk-based assessment we identified four of these 23 categories as higher risk. These are higher risk due either to their country of origin and/or as a result of the internationally recognised modern slavery risks associated with the relevant category of goods or services either domestically or overseas.

Sources used to inform our assessment include the: Global Slavery Index; Responsible Investment Association Australasia; and Minderoo Foundation.

Identifying our higher risk areas allows us to prioritise and focus on these areas of material risk.

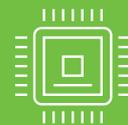
Our higher risk categories are identified as: industrial and electrical consumables, IT hardware, OT hardware, and cables.

COVID-19 has had a direct impact on global supply chains and operations. This has resulted in greater worker vulnerability and increased the risk of modern slavery in the delivery of goods and services to Ausgrid. Ausgrid has taken additional measures to work with its suppliers to understand the potential impact of COVID-19 on the security of supply of goods and services and worker health and safety. See next page for further details.



## Industrial and electrical consumables

High volume, low value goods manufactured in Asia, including clothing and gloves



## IT hardware

Components manufactured in Asia



## OT hardware

Components manufactured in Asia



## Cables

Manufactured in Australia and Asia

## WORKING WITH OUR SUPPLIERS DURING COVID-19

**Ausgrid worked closely with its IT suppliers to ensure the safety of its extended workforce in COVID affected areas. An initiative offered by one of our key partners was the provision of free COVID-19 vaccinations for their employees and immediate family in India, who may otherwise have had difficulty accessing COVID-19 vaccines.**

# Actions to actively manage our risks

**We understand that modern slavery can be an invisible risk with its presence either not fully understood by all stakeholders or it occurring at arm's length in our business transactions.**

We believe that to tackle modern slavery risks, we need to actively manage these in multiple ways to increase awareness and have meaningful protections.

Our approach is to target actions across the following areas:

## Policies and procedures

Having frameworks, policies and procedures across the Ausgrid Group that communicate our intent, expectations and assist in managing our modern slavery risks.

These frameworks, policies and procedures will continue to evolve to capture our progression and developing maturity.

## Due diligence

Conducting regular risk-based assessments to identify our risk areas to inform our mitigation approach and next steps for improvement.

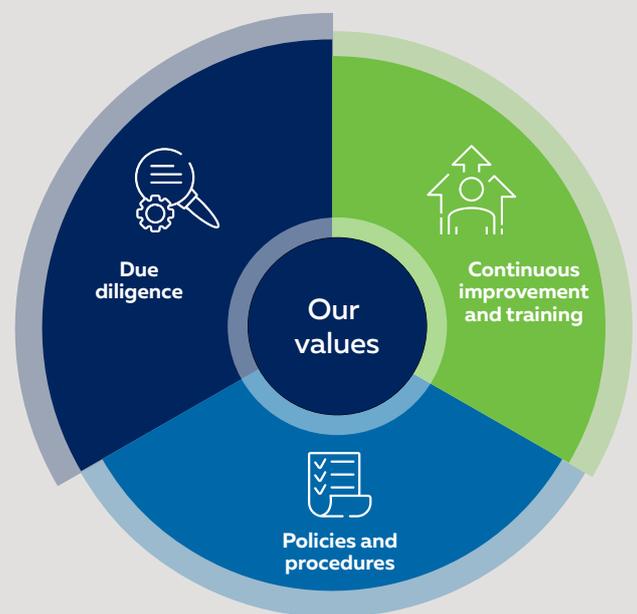
Proactively engaging with our suppliers and business partners, collaborating with our industry peers, and actively investigating areas of concern.

## COVID-19

To manage COVID-19 impacts on our operations and to protect the health and safety of our employees and suppliers, we undertook a range of measures:

- Ensuring that our suppliers can continue to provide essential goods and services to Ausgrid during the COVID-19 pandemic so that we could keep our network operational and continue to provide reliable network services for our customers.
- Implementing COVID safe plans with our suppliers and understanding measures they have in place to protect their workforce from COVID-19.
- Executing additional stringent procedures to provide workers with a safe environment and minimise the risk of infection.
- Working with our suppliers to maintain business continuity for goods and services delivered offshore.
- Initiating additional checks and modern slavery compliance requirements in the event of changing workforce structures.

## OUR APPROACH TO MANAGE MODERN SLAVERY RISKS



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# Policies and procedures

**We believe we have solid foundations for managing modern slavery risks. Our policies and procedures provide us with a platform for continual improvement and engagement with our supply chain.**

## Sustainable Procurement Policy

In recent years we have been working to make our organisation more sustainable. With procurement having such a large environmental, social and governance impact, we have developed our own Sustainable Procurement Policy that includes our commitments and considerations on social issues such as the responsible labour practices of our suppliers.

## Procurement procedures

Our process for assessing tenders is mature and follows a rigorous process. We provide clear information on our requirements and expectations for our external partners. Our assessments are made on the cost and quality of suppliers' goods and services and on other important metrics such as health and safety, environmental and social performance, and how they address and manage modern slavery risks.

To demonstrate that our suppliers have awareness of modern slavery risks, and are taking action to address these risks, we require suppliers to:

- agree to be bound by our External Partner Code of Conduct which explicitly requires them to identify and mitigate risks, and eliminate any forms of modern slavery;
- comply with our policies and procedures which address modern slavery; and
- respond to surveys regarding modern slavery as part of our tender processes.

## External Partner Code of Conduct

Our External Partner Code of Conduct communicates our expectations to our suppliers and their supply chain. It outlines our expectations, encourages positive behaviours, and seeks to mitigate negative practices that impact on environmental, economic, social and governance performance. As part of our engagement with our suppliers, we require them to be familiar with our External Partner Code of Conduct so they can undertake actions that are consistent with the outlined expectations. Our contracts with suppliers also typically compel them to comply with our External Partner Code of Conduct.

Labour rights are also important to our organisation. It is our expectation that external partners will comply with all applicable laws related to wages, employment conditions, working hours and legally mandated benefits. This includes allowing employees the freedom to associate, to collectively bargain and to be represented by a union.

## UN SDG 8 Decent work and economic growth

We have aligned our organisation with five of the 17 UN Sustainable Development Goals (SDGs) that are most important to our customers and relevant to our business. These are: SDG 5 Gender equality; SDG 7 Affordable and clean energy; SDG 8 Decent work and economic growth; SDG 11 Sustainable cities and communities; and SDG 13 Climate action. SDG 8 Decent work and economic growth, addresses the health and safety of our workforce and communities, and the need to eradicate forced labour and end modern slavery. By aligning with these SDGs, including by way of the steps set out in this Statement, we are striving to do our part to promote and contribute to the achievement of these global goals and make the world a better place. It is our intent to further link our business activities and goals to these SDGs so we can better communicate our performance and alignment with these in future years.

## Contract templates

Each of our standard legally approved template agreements that form the basis of our contractual relationships with our suppliers, contain a requirement that the counterparty comply with any domestic or foreign statutes, regulations, rules, or instruments which relate to modern slavery.

### UPDATING OUR EXTERNAL PARTNER CODE OF CONDUCT

**Ausgrid updated its External Partner Code of Conduct to include references to Ausgrid's Whistleblower Policy. Under the Whistleblower Policy, we require our external partners to report confidentially and without fear of disadvantage or reprisal, any matters that may be considered unethical, illegal or an act of serious wrongdoing, including a breach of the External Partner Code of Conduct. This extends to areas such as human rights, labour rights, health and safety and inclusiveness.**

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# Due diligence

## Risk-based assessment

The Ausgrid Group has conducted a risk-based assessment of our modern slavery risks to identify our higher risk, high risk and lower risk categories of goods and services we procure internationally and domestically. Our risk-based assessment reviewed the risks associated with the industries and countries from which those goods or services are procured.

To help inform our risk-based assessment, we surveyed our suppliers in our four higher risk categories of: industrial and electrical consumables, IT hardware, OT hardware, and cables. The purpose of our survey was to assess:

- the improvements of our suppliers in their modern slavery processes, such as the development of a Modern Slavery Statement or applicable industry code of conduct;
- if they had experienced any modern slavery incidents in their organisation or supply chain; and
- if they or their supply chain, to their knowledge, use bonded labour (recruitment fees), Uyghur labour, or source lithium from the Democratic Republic of Congo.

This information allows us to prioritise our efforts to first address higher risk areas and help give us greater knowledge and awareness of the actions of our suppliers.

Where appropriate, we will also take actions in respect of our high and lower risk areas, although it is our intent due to the size of our procurement activities to primarily focus on our higher risk areas in the coming year.

We will regularly review our risk-based assessment to maintain our awareness of any changes in our operations that may affect our risks.

## Industry collaboration

Through our engagement with our industry peers, our aim is to identify any risks early in the relationship with our external partners and to set expectations.

Our industry peers are using many of the same suppliers that are unique to distribution network service providers (**DNSPs**) and engagement within our peers has allowed us to share learnings and build our capacity in managing modern slavery risks.

Ausgrid is a member of the Energy Procurement Supply Association (**EPSA**) for DNSPs where we have been collaborating to standardise our questions on modern slavery to our common suppliers. This common approach assists in improving our shared industry understanding and management of risk areas.

## SURVEY OF SUPPLIERS

**As part of the process to identify modern slavery risk, it was noted that one of Ausgrid's suppliers identified Uyghur labour in its extended supply chain. The identification of Uyghur labour was influenced by the release of a report by the Australian Strategic Policy Institute that claimed 27 factories in nine Chinese Provinces were using exploited Uyghur labour.**

**The supplier confirmed that the materials used in supplying services to Ausgrid were not manufactured from the 27 factories identified and advised it was taking additional steps to ensure that modern slavery risks were identified and addressed in its extended supply chain.**

## Supplier engagement

Working with our industry peers does not abrogate our own responsibilities in managing this important issue. When any of our goods or services are procured via a tender process, we require the tendering organisation to complete a modern slavery survey to assist us in assessing their eligibility.

Modern slavery is a complex issue and we wish to encourage honest reporting by our supply chain partners. If modern slavery is identified in our external partner's business or supply chain, our approach is to encourage efforts for them to have this addressed before any other action is taken by us. Where modern slavery is in their supply chain, we ask they work with their subcontractors and suppliers to rectify the issue and retain employment for those affected.

With modern slavery recognised as being prevalent in the lower parts of supply chains, we wish to encourage open dialogue about its existence and efforts to change behaviour for the better, rather than create an environment where information may be withheld.

Through our surveys, External Partner Code of Conduct, Sustainable Procurement Policy, and our alignment with UN SDG 8 - Decent work and economic growth, we believe we are sending clear signals on our expectations on how we believe our external partners should ethically conduct their business.

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# Continuous improvement

**We are committed to continuous improvement in all areas of our business including our modern slavery response.**

Key areas for additional focus and for further development include:

- continued engagement with our employees, external partners, and service providers on modern slavery risks and our expectations;
- further review of our higher and high risk categories;
- examining industry codes of conduct and how these might apply;
- investigating the automation and streamlining of our modern slavery supplier reviews through third party solutions;
- continuing our industry collaboration to help deliver a wider industry response; and
- measuring our progress and performance.

**In FY21 some of our specific improvements were:**

- updating our awareness of risks associated with our higher risk categories through surveying our suppliers to understand how they have improved or whether they have had incidents.
- expanded our survey questions to include specific social issues related to the use of Uyghur labour, bonded labour through recruitment fees, and the use of labour in sourcing lithium in the Democratic Republic of Congo.
- developed an internal online training for modern slavery, which includes a knowledge test which must be passed before the training can be recorded as complete. Completion is mandatory for our procurement team, and all new hires. The module is available to all other employees.
- investigated the use of external suppliers to assist us with modern slavery management.
- reviewed our Environmental Social and Governance template for tenders to provide a greater focus on modern slavery.
- updated our External Partner Code of Conduct to include reference to our Whistleblower Policy.



## **ONLINE TRAINING**

**Modern Slavery is still a concept that many in developed nations find difficult to understand. Our focus with training is to raise awareness and understanding and translate this into actions that our employees can take.**

**We made sure we used case studies of examples of modern slavery in Australia to highlight that it can occur in any country.**

**Our training covers: human rights issue of modern slavery; supply chains in businesses and how they can contribute to eliminating modern slavery; modern slavery issues for our business; how it applies at Ausgrid; and our employee obligations and responsibilities.**

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# Managing effectiveness and other information

## Measuring effectiveness

We are committed to continuous improvement and measuring the effectiveness of our risk mitigation actions.

We measure the effectiveness of our modern slavery response based on the following:

- the quality of the responses we receive from our external partners on how they are managing modern slavery;
- the number of reported incidents; and
- self-reporting from our external partners of an identified or suspect modern slavery issue; and
- the quality of such reporting.

Actions that we plan to commence to measure effectiveness include:

- at least annually, reviewing the actions we have taken to check their effectiveness; and
- reviewing our existing higher risk suppliers to ascertain if any circumstances have changed.

## Consultation with Ausgrid Group entities

Our procurement function provides services for all members of the Ausgrid Group. This procurement function was involved in the preparation of this Statement and works with all areas of the Ausgrid Group to make sure that collective business needs are met.

## Other consultation

We work continually with the EPSA to develop a consistent industry approach to modern slavery that promotes transparent and efficient engagement and communication.

## PROCUREMENT COMMUNITY OF PRACTICE

**In addition to the Ausgrid Group Risk Committee, Ausgrid has developed a Procurement Community of Practice (PCoP) group. The PCoP consists of Executive General Managers, Heads of Procurement and Procurement Leaders. The PCoP, amongst other responsibilities, review and manage organisational impacts and risks as they relate to Procurement, including modern slavery risks and COVID impacts.**

## Other information about this Statement

For the purposes of the Act and this Statement, modern slavery means conduct which would constitute:

- (a) an offence under Division 270 or 271 of the Criminal Code; or
- (b) an offence under either of those Divisions if the conduct took place in Australia; or
- (c) trafficking in persons, as defined in Article 3 of the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime, New York, 15 November 2000 ([2005] ATS 27); or
- (d) the worst forms of child labour, as defined in Article 3 of the ILO Convention (No. 182) concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, Geneva, 17 June 1999 ([2007] ATS 38).



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