

Modern Slavery Statement

AusNet Group

Calendar Year 2023 (CY2023)



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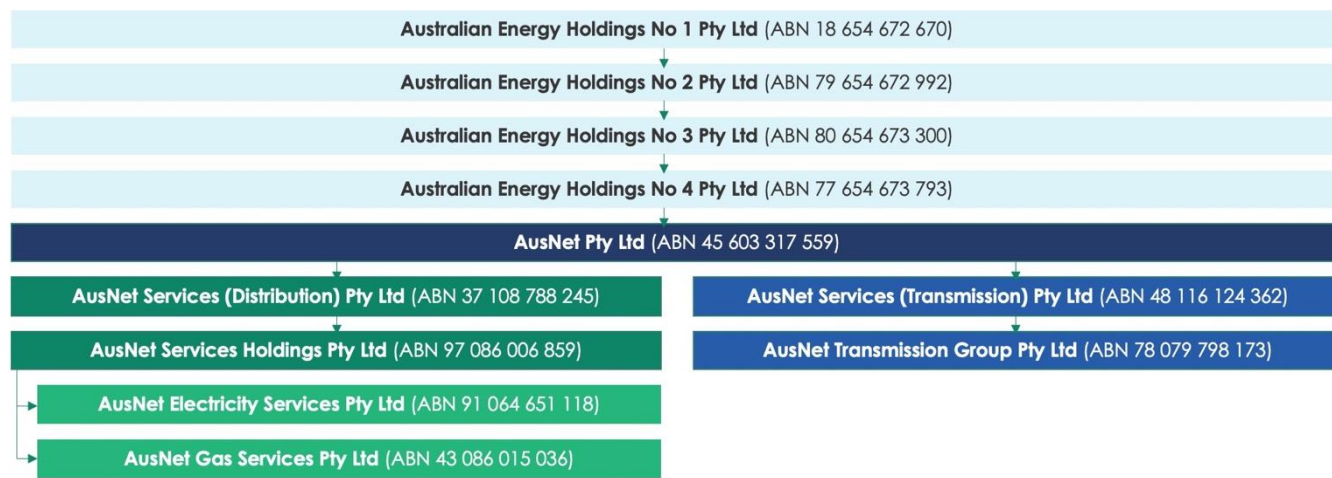
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Acknowledgement of Country

AusNet acknowledges Aboriginal and Torres Strait Islander people as the Traditional Custodians of the lands on which we live and work. We pay respects to Elders past and present and celebrate their continuing connection to Country.

About this Statement

AusNet Reporting Entities Diagram



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 throughout the period 1 January 2023 to 31 December 2023 (CY2023).

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 and, from 17 February 2022, the AEH Entities (together, the AusNet Reporting Entities). No other member of the AusNet Group meets the

reporting entity criteria under the *Modern Slavery Act 2018* (Cth) (Act).

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

The Statement has been prepared as of 31 December 2023, in compliance with the mandatory reporting requirements of the Act.

The mandatory criteria in the following sections of the Act are addressed in the following sections of this Statement:

- 16(1)(a) and (b) of the Act: 'Important information'; 'About us'
- 16(1)(c) and (d) of the Act: 'CY2023 highlights'; 'Our approach'
- 16(1)(e) of the Act: 'Monitoring and evaluating performance'

- 16(1)(f) and (2)(b) of the Act: 'Consultation, engagement and approval'
- 16(1)(g) of the Act: 'Looking ahead'.

This report contains forward-looking statements, including current intention, 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.

I am pleased to share AusNet's CY2023 Modern Slavery Statement



AusNet remains committed to assessing, addressing and mitigating the risk of modern slavery in our operations and supply chains, and doing what's right by our suppliers, partners, customers and the communities in which we provide essential energy services.

I have recently joined AusNet and I am proud to lead this organisation through the next phase of the energy transition. I am pleased to share with you our latest Modern Slavery Statement and to update you on our progress.

In May of last year, the Australian Government tabled a landmark review of the Modern Slavery Act 2018 (Cth). The review is the next key step towards strengthening Australia's modern slavery laws by making 30 recommendations to meaningfully tackle this critically important issue. AusNet supports this approach, and we look forward to acting on the outcomes of the review by further enhancing our modern slavery compliance program.

A maturing approach

Now in our fifth year of reporting, our program approach is continuing to mature. Our initial progress was focused on setting firm foundations and then quickly thereafter consolidating our approach.

During the last calendar year, we fully embedded continuous improvement into our approach. This means not only thinking about identification of potential instances of modern slavery in our operations and supply chains, but going beyond to thinking about how we can deal with the impacts and support workers and victims.

Doing better together

We have stepped up our engagement across our supply chains and the broader industry on this important issue, as we believe that we can do better together by leveraging everyone's knowledge and experiences. During the reporting period we evaluated 175 supplier self-assessment questionnaires (SAQ), bringing our total number of SAQs assessed for modern slavery risk to 586 since introduction of the Modern Slavery Act.

Four of our suppliers reported incidents of modern slavery in their supply chains this year, which reinforces the ongoing need for vigilance and due diligence. We are engaging with our suppliers to better understand these incidents and what remediation activities are being undertaken to prevent recurrence. In addition, as we move on from the initial phase of assessments to re-assessment, we will start to gather important data and be able to observe how our suppliers are progressing their specific agendas to address modern slavery risks.

We continue to engage with our energy industry peers to share best practice and collaborate, including continued involvement with our EPSA peers (Energy Procurement Supply Association). Our participation has also been sought in external forums outside of our own industry.

Collectively, we continue to gain knowledge on industry-specific risks, including those associated with emerging technologies. As the energy transition accelerates over the coming decades, and as supply chains become more global in nature, we will ensure that we remain alert to these potentially increasing areas of risk.

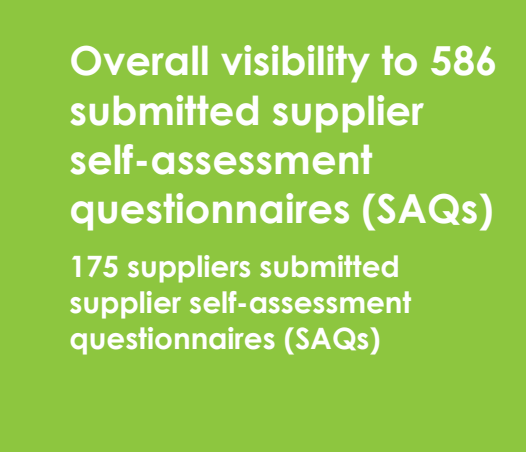
Looking ahead, we will continue to develop and refine our activities, policies, processes and training framework to minimise harm to people and build an equitable energy future for all. I look forward to continuing to share our journey with you.

David Smales
Chief Executive Officer

Our journey CY2023 program highlights



Monthly collaboration
between 16 peer
energy industry
organisations



Overall visibility to 586
submitted supplier
self-assessment
questionnaires (SAQs)

175 suppliers submitted
supplier self-assessment
questionnaires (SAQs)



Eight extended
due diligence
supplier reviews
conducted and
closed



Engagement with
wider industry and
community

AusNet engaged to
speak at three external
forums

About us

Our Purpose

Our purpose is to connect communities with energy and accelerate a sustainable future.

Our Values

Our values guide the actions of all our people, every day.

We are a team of 1,300 employees who service over 1.5 million Victorians. We own and operate three regulated networks: electricity distribution, gas distribution and the state-wide electricity transmission network. We also build, own and operate connection and other transmission infrastructure outside of the regulated network.

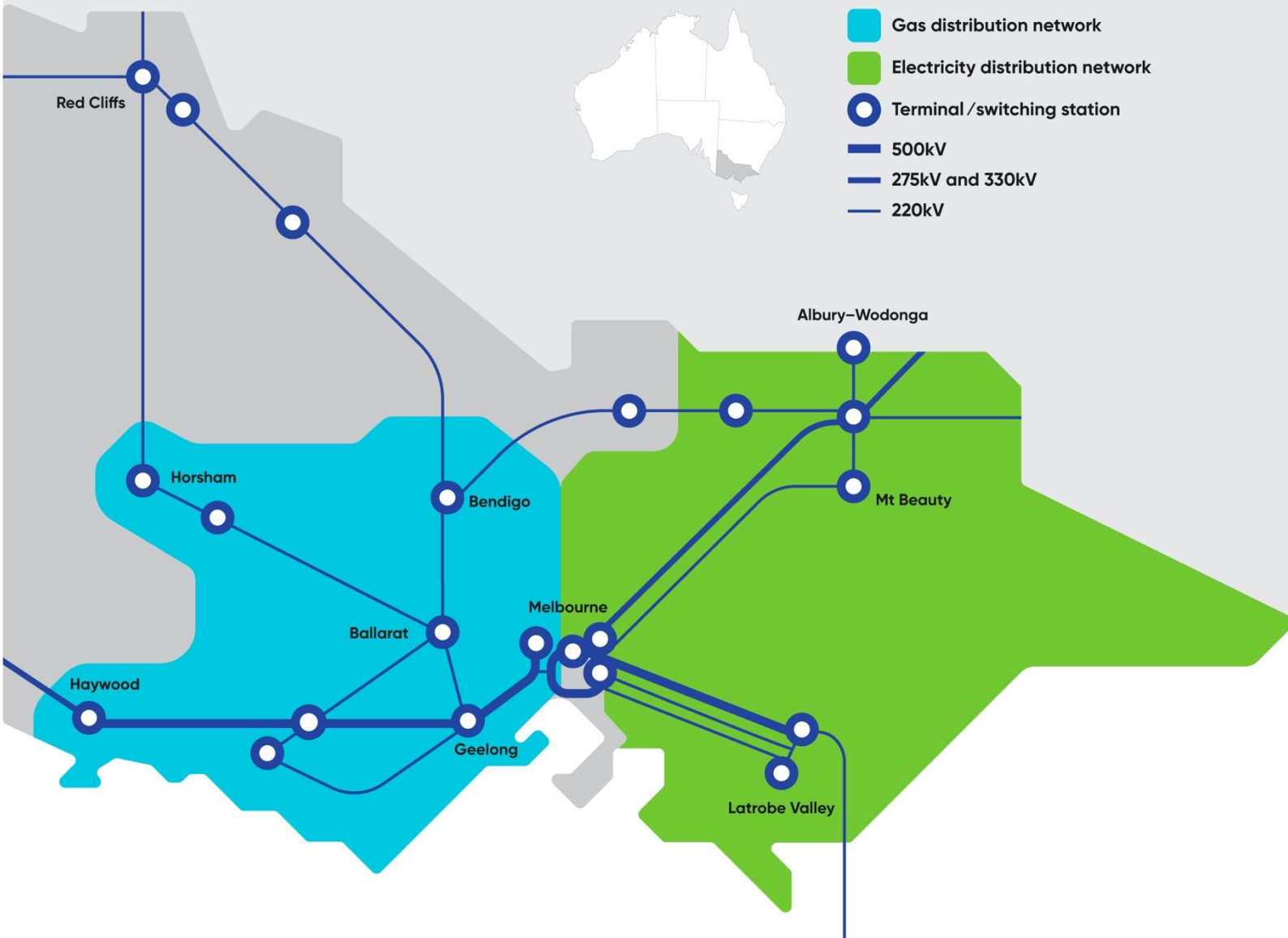
We work safely.

We are one team.

We do what's right.

We deliver.

Our networks



Our transmission network

Our transmission network transports power from where it's generated to Victoria's five distribution networks, and connects and supplies power to 6.6 million Victorians. We also help connect power to New South Wales, South Australia and Tasmania.

Our distribution network

Our electricity distribution network feeds electricity to 817,000 customers across eastern and north-eastern Victoria, and in Melbourne's north and east.

Our gas distribution network

We distribute gas to 809,000 residential, industrial, and commercial customers in western Melbourne, Geelong and parts of western Victoria.

Development and future networks (including Mondo)

Development and future networks provide contracted infrastructure assets that fall outside the regulated asset base, with a total of 2.5GW of renewable energy and storage projects connected through these assets. They also supply a range of utility services to support the management of electricity and gas 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 spend¹ for CY2023² of \$1.19B, AusNet supply chains include the following:



Electricity networks and connections – \$660.2M

- Electricity distribution and transmission
- Design services
- Vegetation management
- Metering equipment and services
- Land management.



Asset materials and related services – \$181.3M

- Transformers and spares
- Switchgear and electrical protection
- Cables
- Plumbing equipment and services
- Poles and towers
- Logistics and warehousing
- Battery equipment and services
- Solar equipment and services
- Line hardware.



Corporate services – \$80.2M

- Non-IT consultancy services
- Recruitment services
- Professional services
- Security equipment and services
- Office supplies and services
- Facility maintenance and repair services
- Real estate services
- Utilities
- Personal protective equipment
- Travel and entertainment.



Technology – \$136.8M

- Technology services
- Software
- Technology hardware
- Communications
- Other technology
- Technology security.



Gas network and connections – \$115.9M

- Gas network
- Metering services
- Metering equipment.



Fleet and vehicles – \$9.6M

- 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.

* "Tier one suppliers" are direct delivery partners or suppliers to AusNet.

** "Tier two suppliers" are delivery partners, suppliers or subcontractors of AusNet tier one suppliers.

¹ 'Operational' spend excludes spend not processed via a purchase order. Main categories include tax, network charges, rent, government levies, insurance and internal labour costs.

² Total operational spend for calendar year 1 January 2023 to 31 December 2023.

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.



This year, we 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 the Legal, Risk and Compliance functions), Strategy, Sustainability and People 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 demonstrates to our suppliers AusNet's commitment to the program.

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 (as amended from time to time) apply to our operations and 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
Diversity and Inclusion Policy	Strategic Procurement Policy
Anti-Bribery and Corruption Policy	Tendering Procedure Manual
Employee Lifecycle Procedure (released February 2023), incorporating elements of previous Recruitment and Selection Policy, Training and Compliance policies, Equal Treatment Policy and Discipline Policy	Supplier Onboarding Processes
	Social Procurement Policy
	Third Party Risk Management Framework

Operations

We consider culture, which is underpinned by our policies, guidelines 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 with integrity and report unethical practices. There are various methods available to report a suspected or known breach, including our Code of Conduct and 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, and 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 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, 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 United Nations Global Compact Principles as they relate to Human Rights and Labour.

Both the Supplier Code of Conduct and the Sustainable Procurement Policy 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.

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

- Strategic Procurement Policy
- Tendering Procedure Manual
- Supplier onboarding processes.

An overall Third-Party Risk Management Framework was developed this year, which incorporates consideration of the Modern Slavery Act and associated compliance obligations.

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

Evolution of our modern slavery compliance

Each year AusNet seeks to identify improvement opportunities in our program to identify, assess, address and mitigate modern slavery risk and incidents within our operations and supply chain.



Foundation years

Establishment and development of program

FY2020

- Established a cross-functional modern slavery steering committee for internal governance
- Developed methodology for assessing operational and supply chain risks
- Established a joint pilot program with industry peers to explore options for assessment of supply chain for modern slavery risk
- Commenced assessment of supply chain
- Published policies aligned to the Act – Supplier Code of Conduct and Sustainable Procurement Policy
- Developed and incorporated terms that address modern slavery risk into standard supplier contracts
- Energy Procurement Supply Association (EPSA) industry pilot program completed and program rollout commenced
- Standard supplier self-assessment questionnaires issued and completed
- Digital tool implemented
- Commenced supplier extended due diligence program
- Development of "Sharing our experiences" information sessions program for suppliers.



Consolidation years

Embedded within business processes and supplier engagement

FY2022 and CY2022

- Increased number of energy industry organisations using the common digital platform
- Rapid progression of supplier data available through the SAQ program
- Increased awareness of high-risk regions and goods (e.g. Uyghur region in China, conflict minerals)
- Enhancement of the extended due diligence review scope
- Increased supplier numbers assessed through the extended due diligence program
- Continuation of "Sharing our experiences" information sessions program to suppliers
- Introduction of Key Performance Indicators related to the scale of supplier assessments
- Introduction of annual self-assessment program for the joint industry program
- First instances of modern slavery within our supply chain identified.



2023 and beyond

Seeking continuous improvement and asking how can we "do better"

- Increased focus on industry-specific risk, including solar panels and batteries
- Taking action to incorporate the impact to workers/victims/survivors into the overall program
- Taking steps to review and implement options for increasing visibility of deeper tier modern slavery risk
- AusNet presenting and participating in numerous external forums, engaging with wider industry and community
- Continued supplier preliminary assessments
- Commencement of new SAQ process: re-issuance of SAQ for updated supplier risk ratings
- Continued increase of supplier numbers assessed through the extended due diligence programs
- Increased number of AusNet team members leading the extended due diligence reviews.

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** Implement program improvements post-review

Operations

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

Table 2. AusNet employees, by employment type, as of 31 December 2023

PERMANENT	FIXED TERM	CONTRACTOR	TOTAL
1,313 (93%)	50 (4%)	45 (3%)	1,408

As a result, the risk that our operations "cause" instances of modern slavery is low. 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

- "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 overseas candidates for employment opportunities in Australia. We do not charge candidates recruitment fees, or 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.

Supply chain – implementation framework overview

We continue to use and refine our implementation framework and methodology.

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



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-six per cent 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 and Diversity and Inclusion policies.

1,363

Payroll employees

1,238

Employees on employment contracts

125

Employees on agreements

AusNet had 1,363 payroll employees as of 31 December 2023. The vast majority of AusNet's employees are located in Victoria, Australia. The total employee group comprises 1,238 employees on individual employment contracts and 125 employees on enterprise bargaining agreements, noting that an Enterprise Agreement or Modern Award underpins those on individual employment contracts. The Modern Awards underpinning our employees are the Electrical Power Industry Award, Miscellaneous Award, Gas Industry Award and the Clerks Award.

Supply chain

Over our five reporting periods, AusNet has utilised inherent risk analysis, annual supplier spend levels, results from our prior supplier assessments, and learnings from the wider community, to inform our assessment priorities each year. As knowledge of modern slavery risk and the number of completed supplier risk assessments increases, AusNet adapts the priority of suppliers selected for annual review.

Years one and two

In the establishment and development phases of our program (FY2020-FY2021), risk assessment of the first tier of our supply chain was conducted, using the criteria of category of spend and country of origin. High to very high-risk suppliers and strategic and/or high-spend suppliers were identified for further investigation, using the Walk Free Foundation Global Slavery Index 2018, which measures and ranks each country according to estimated prevalence of modern slavery. Risk assessment of supplier category of spend was conducted using the "Extract of EPSA Heat Map: Categories with high and significant human rights risks" located in the *Respecting Human Rights in Our Supply Chains* publication.

Years three and four

In the consolidation and embedding phases of the program (FY2022 and 9M2022), we used the same methodology for preliminary risk identification to select suppliers for assessment, specifically geographic and category risk. In addition, 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.

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

Current reporting year

With a stable supply chain and moving into our fifth reporting year, AusNet again re-evaluated the modern slavery risks identified. To ensure risks with specific impact on our industry received appropriate focus, the following categories of spend were added to our preliminary selection processes, namely:

- solar panels
- batteries.

Refer to the "Assessing and addressing modern slavery risk" section (page 14) for how suppliers are selected for inclusion in the assessment phase of AusNet's modern slavery compliance programs.

Tier one: supplier operational spend by high-risk category

The outline of spend categories with high and significant human rights risks published by the Energy Procurement Supply Association (EPSA) in 2019 has assisted AusNet in focusing our program on areas of greatest potential impact, since the commencement of the modern slavery compliance program. In CY2023, this baseline risk identification data was enhanced to include recognition of other identified higher risk categories, such as solar panels³ and batteries⁴. A summary of the combined risk categories is outlined below.

Risk categories in the AusNet supply chain⁵

High to Very High Risk



Safety equipment and workwear



Solar/Batteries



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

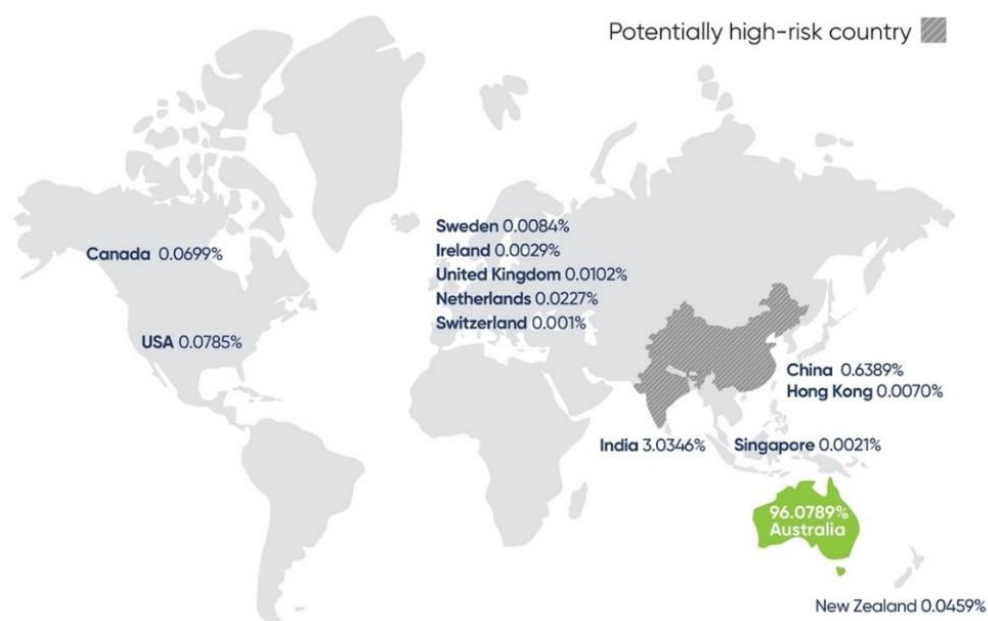
Tier one: supplier operational spend⁶ by country

Analysis of our tier one spend in CY2023 confirms a continued predominance of Australian entities and, therefore, country risk for AusNet is generally low. Country risk is more likely in deeper levels of our supply chains, with tier one potential risk highest in our Indian and Chinese supply chains.

All overseas suppliers with CY2023 spend have a closed or submitted SAQ, with the following exceptions:

- two suppliers which ceased trade with AusNet.

Note: the KPIs for the CY2023 program were based on CY2022 spend.



³ [Global-Slavery-Index-2023.pdf \(walkfree.org\)](https://www.walkfree.org/global-slavery-index-2023.pdf)

⁴ 'Modern slavery: The grim problem facing Australia wind, solar and battery supply chains' | [RenewEconomy](https://reneweconomy.com.au/modern-slavery-the-grim-problem-facing-australia-wind-solar-and-battery-supply-chains/)

⁵ <https://epsaonline.net/resource-hub/#whitepapers> 'Respecting Human Rights in Our Supply Chain'

⁶ 'Operational' spend excludes spend not processed via a purchase order. Main categories include tax, network charges, rent, government levies, insurance and internal labour costs.

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 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 CY2023: Supplier Self-Assessment Questionnaires (SAQ):

The modern slavery risk assessment using 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 "CY2023 Scope - Scale of risk assessments" (page 17) for greater detail in relation to the focus suppliers for CY2023 review.

Assessment process

The process for supplier assessment:

1. Selection of supplier for program inclusion, as per Risk Identification phase (see page 12), at supplier onboarding or external customer request
2. Supplier contact data loaded into third party tool and supplier issued an online SAQ
3. Initial supplier response received/reviewed by AusNet
4. Clarification questions sent to supplier, if required
5. Clarification questions answered by supplier
6. Supplier updates responses within the SAQ (if required)
7. Final supplier risk rating obtained automatically through the risk-rating tool. The third-party tool contains an embedded risk profile assessing suppliers against key questions, with each supplier receiving a modern slavery risk-rating of low, moderate, medium, high or very high
8. Suppliers with a risk rating of high or 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 – the supplier extended due diligence program
11. **NEW PROCESS:** SAQ re-assessment – suppliers requested to update SAQ via third-party tool
12. **NEW PROCESS:** Return to step #3 with re-submission of the supplier SAQ response

Process enhancements

Two process enhancements launched in CY2023:

- Supplier re-assessments: AusNet released its first round of re-issued SAQs. This process involved re-issuing the modern slavery SAQ to suppliers that had previously completed an SAQ, prior to 30 June 2022. This was an automatic re-issue that enabled our supplier base to update previous responses, resulting in updated supplier risk ratings.
- Minor updates to the Informed 365 platform increased visibility and data integrity. Widgets have been added to the dashboard to allow for better visibility to suppliers answering "yes" to having modern slavery within their supply chains, allowing for more targeted action and resolution. Other upgrades, such as mandatory supplier identifier fields, have provided better data integrity by reducing and preventing supplier duplicates being created.

NOTE:

- The SAQ tool provides links to data sources which provide the supplier with education related to modern slavery compliance.
- Future process enhancement: the shared Informed 365 reporting tool has been reviewed by the University of Technology Sydney (Rapido R&D Innovation Hub), aiming to identify opportunities for tool uplift and enhancement. The review compiled feedback from multiple organisations across many industries (including from AusNet within the energy industry), providing opportunities for extensive design and workflow upgrades to the Informed 365 tool, which will be considered for implementation into CY2024.

Scale of overall SAQ program since introduction of the Modern Slavery Act 2018 (Cth)

The section below outlines the scale of the overall SAQ program since commencement in late FY2020.

Table 3. Annual closed and submitted SAQ assessments

SAQ assessments submitted* and closed**				SAQ submitted*		Total submitted SAQ (since introduction of the modern slavery legislation)
		9M2022 total SAQ		CY2023 total SAQ***		
FY2021	FY2022	submitted & closed	submitted only	submitted & closed	submitted only***	
115	143	30	123	44	131	586

* 'Submitted' refers to SAQs received by AusNet.

** 'Closed' refers to SAQs that have been submitted and additional AusNet clarification is required prior to establishment of a supplier modern slavery risk rating.

*** 'CY2023 submitted only' comprises 39 SAQs included in the CY2023 proactive program and 93 SAQs submitted by other AusNet suppliers (including new suppliers and suppliers reviewed by other EPSA organisations). If risk rating of 'low' or 'moderate' was assessed after SAQ submission, no further action was required.

In FY2021 and FY2022, manual intervention was required by AusNet to progress all supplier SAQs reviewed to "closed" status in the Informed 365 tool. Since this time, only initial risk ratings of medium/high/very high triggered manual intervention to move the SAQ to a "closed" status. In CY2023, this related to 45 SAQs, compared to 30 in 9M2022, as we sought to further explore the supplier SAQ submission through clarifications prior to establishment of a modern slavery risk rating.

Figure 1. Cumulative supplier assessments since introduction of the Modern Slavery Act

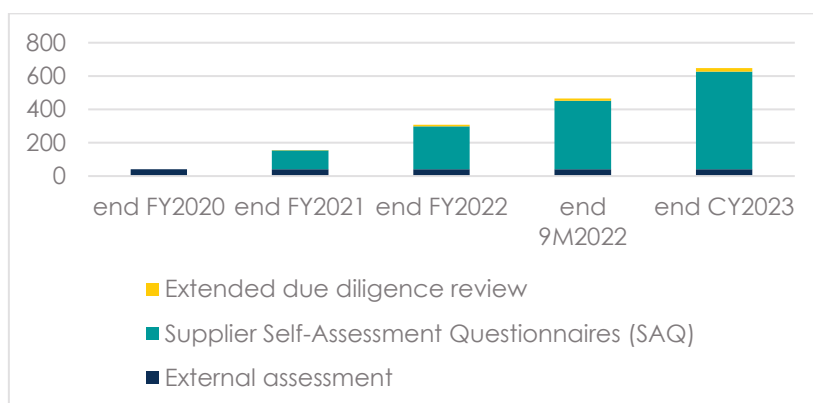
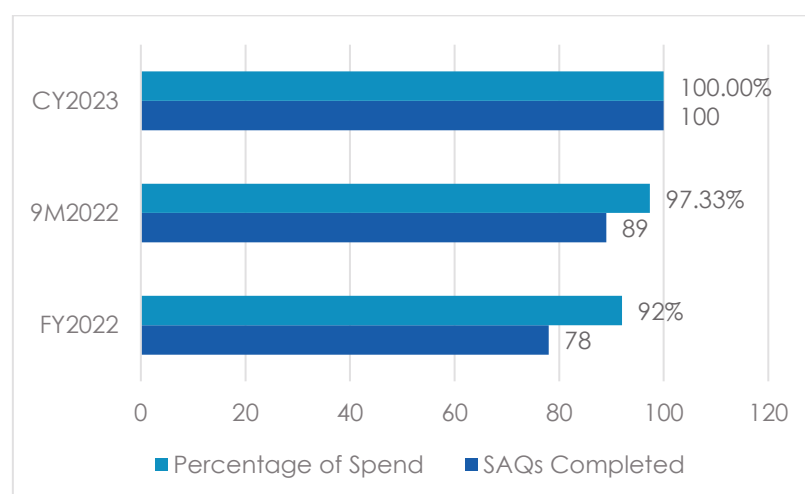


Figure 2. SAQ coverage of top 100 operational* spend suppliers (as at 31 December 2023)



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

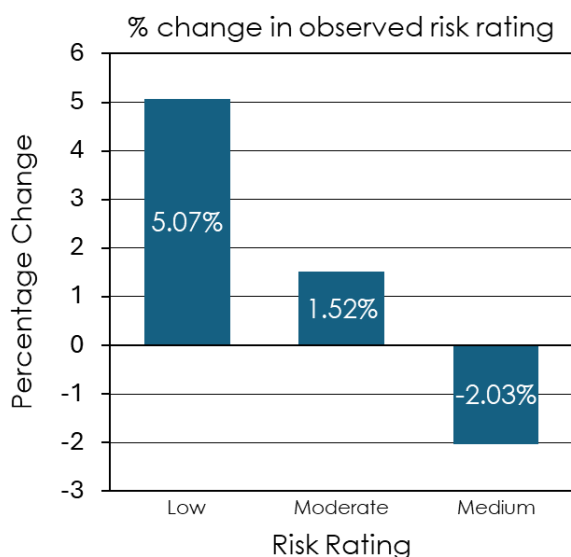
Update to supplier SAQ program: new process and reporting capability

Case study #1 "New SAQ process: supplier re-assessment" outlines a new process and tool capability introduced in CY2023, namely the issuance of a secondary SAQ to our previously assessed suppliers.

With this new data, we are now able to measure movements in modern slavery risk ratings for an individual supplier over time.

Figure 3 below outlines the overall change in supplier risk ratings identified after these **102** secondary supplier assessments.

Figure 3. Changes in overall supplier risk ratings: original SAQ to CY2023 SAQ



These findings underscore the evolving nature of modern slavery risk management efforts across our supply chain. Our suppliers are adopting strategies to effectively address both known and emerging risks within their supply chains. Continued vigilance and proactive measures are essential to sustain progress and ensure meaningful impact in the fight against modern slavery.

Case Study #1 - New SAQ process: supplier re-assessment

Many companies now utilise Self-Assessment Questionnaires (SAQs) to assess and mitigate the risk of modern slavery within their operations and supply chains.

SAQs assist organisations to identify areas of vulnerability regarding modern slavery risk and take appropriate action to address them.

In 2023, AusNet suppliers who had completed an SAQ prior to 1 July 2022 were re-issued with the current SAQ form. AusNet requested an updated response to questions that were included within the original SAQ, in addition to a response to newly released questions. The intent was to understand the changes in risk ratings over time.

Analysis revealed a gradual shift to a lower level of modern slavery risk in our supply chain since commencement of our program, as evidenced by:

- a decrease in the per centage of SAQ responses classified as **medium** risk (2.03% decrease) in the current period compared to the previous period
- an increase in the per centage of SAQ responses classified as **moderate** risk (1.52% increase) in the current period
- a rise in the number of SAQ responses classified as low risk (5.07% increase) in the current period. This may suggest that companies are making tangible progress in mitigating modern slavery risk and strengthening their supply chain resilience.



In the CY2023 program, many SAQs were assessed using the Informed 365 modern slavery compliance tool, providing updated insight into supplier alignment with the Modern Slavery Act 2018 (Cth).

Program One CY2023: Scale of risk assessments

The CY2023 Modern Slavery Program One scope consisted of suppliers grouped into four categories:

Proactive program of assessments, consisting of:

- top 150 spend suppliers that have not previously been assessed
- suppliers with medium, high to very high-risk categories that have not previously completed an SAQ and beyond the top 150 spend suppliers.

New suppliers, with focus on:

- spend above an agreed annual clip level
- suppliers based outside of Australia
- very high/high or medium risk, based on category heat map.

Re-issued suppliers:

- all suppliers that have previously completed and submitted an SAQ prior to 30 June 2022.

Other suppliers:

- based outside of Australia (where not included in the above categories)
- raised for focus through external customer bids.

Summary of Assessments

- **175** submitted SAQs were available to AusNet over CY2023 as part of our overall program.
- By the end of CY2023, suppliers assessed for modern slavery risk accounted for nearly **95 per cent** of expenditure on goods and services for operational spend⁷ for the 12 months up until 31 December 2023 (94.41 per cent).
- Over time, AusNet seeks to increase the percentage of suppliers completing initial assessments via the SAQ process. At the end of CY2023, **100 per cent** of the top 150 suppliers (by operational spend) had completed an SAQ assessment.
- Introduction of the supplier re-assessment process in CY2023 provided visibility to changes in supplier modern slavery risk for **102** suppliers, over time.

Next ...

- The following sections outlines both **inherent** and **assessed** supplier modern slavery risk, visible after the completion of a supplier SAQ.

⁷ "Operational spend" excludes spend not processed via a purchase order. Main categories include tax, network charges, rent, government levies, insurance and internal labour costs.

Inherent modern slavery risk indicators such as country of origin, category of spend, and industry subsector are published by external sources.

Of the suppliers included within the CY2023 program, inherent country risk is generally very low to low, with three suppliers classified as high risk. Inherent category risk is variable between medium and high for our top spend categories reviewed this year, while inherent industry risk for our top industries is also rated as medium to high.

The country of origin of suppliers reviewed in the CY2023 SAQ program is provided in Table 4. Australia is the most frequent country of origin - over 96 per cent of total operational spend is with suppliers based in Australia, which has very low inherent risk. However, increased inherent risk may be present in deeper supply chains. Our challenge is to achieve visibility of deeper supply chains, to enable assessment in future reporting periods.

Inherent country risk, and inherent risk for the top eight spend categories and top eight industry subsectors, is outlined below and provides a snapshot of AusNet's inherent supplier risk profile (see Table 4, 5 and 6).

Table 4. Tier one country of origin of suppliers assessed in CY2023

Country	Number of suppliers	% of suppliers reviewed	Inherent country risk*
Australia	168	96%	Very Low
Canada	2	1%	Low
China	2	1%	High
India	1	1%	High
Netherlands	2	1%	Very low
TOTAL	175	100.0	

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

Table 5. Tier one top eight spend categories of suppliers assessed in CY2023

Spend category	Number of suppliers	% of suppliers reviewed	Inherent category risk**
Consultancy Services - Corporate Planning and Strategy	20	10%	Medium
Technology Services - Professional Services	6	5%	Medium
Software Support & Maintenance	6	2%	Medium
Plumbing and Water Metering Services	5	2%	High
Asset Inspection - Transmission	5	3%	High
Network Equipment - Operational Technology	4	3%	High
Transmission and Distribution Spares	4	3%	High
Communication Services - Operational Technology	3	2%	Low

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

Table 6. Tier one top eight reported industry subsector of suppliers assessed in CY2023

Industry	Number of suppliers	% of suppliers reviewed	Inherent industry risk***
Construction & Engineering	29	17.6%	High
Diversified Real Estate Activities	25	15.1%	Low
Research & Consulting Services	23	14.0%	Medium
IT Consulting & Other Services	10	6.0%	Medium
Electrical Components & Equipment	8	4.8%	Very High
Diversified Support Services	7	4.2%	Medium
Commercial & Professional Services	5	3.0%	Very Low
Human Resources & Employment Services	5	3.0%	Low

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

The **175** suppliers reviewed report alignment to **112** different industries, with the most frequently reported listed above. Of note, each supplier can report multiple industry alignments within the SAQ response. Analysis of the completed SAQ has provided greater visibility of supplier risk, which will inform the program's next steps in relation to individual supplier assessments, and the wider AusNet modern slavery compliance program.

Summary of inherent risk ratings by country and industry for all suppliers within the CY2023 SAQ program

Figure 4. Inherent supplier country risk⁸ for all suppliers included within the CY2023 SAQ program

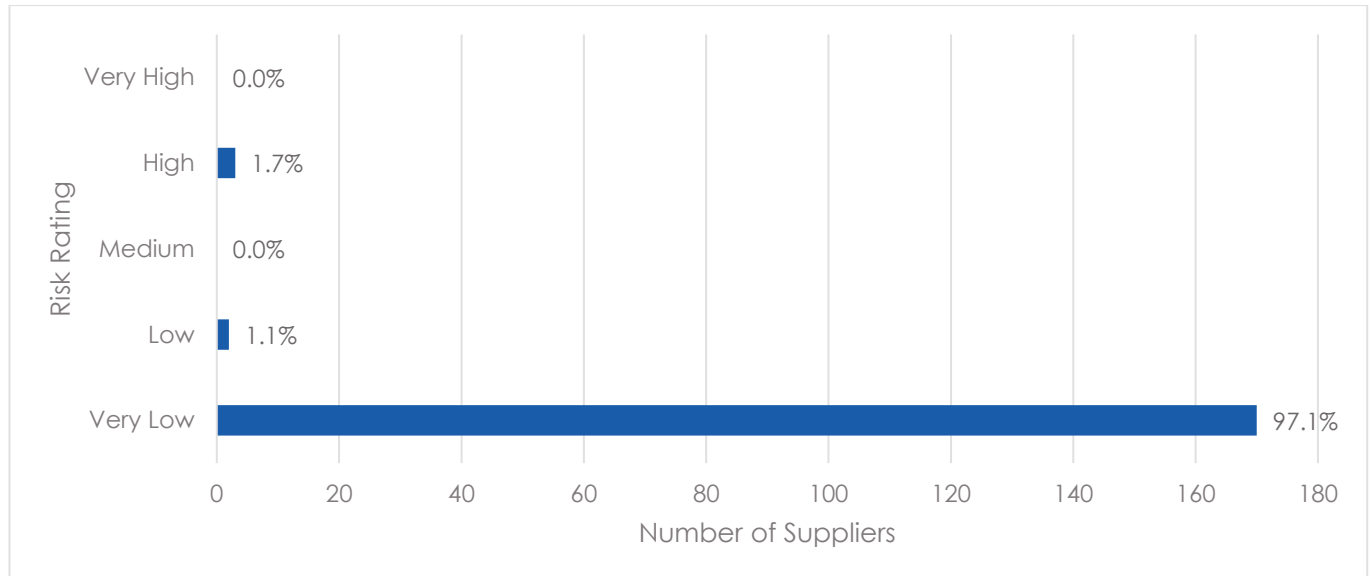
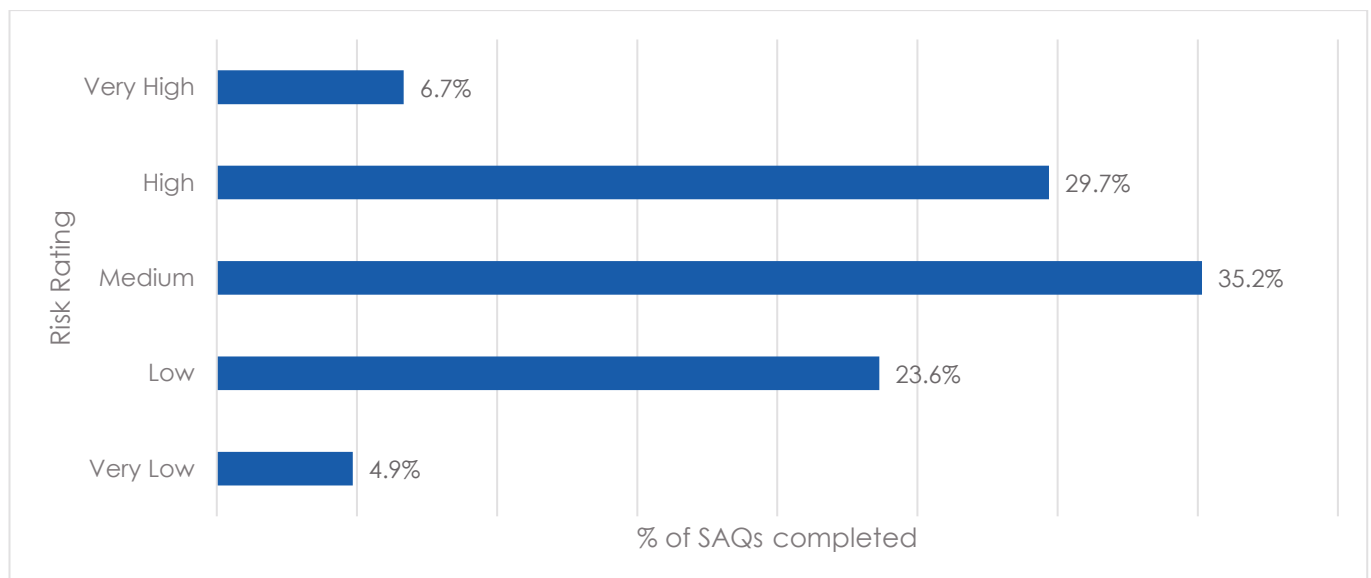


Figure 5: Inherent supplier industry risk⁹ for all suppliers included within the CY2023 SAQ program



* Inherent risk rating in Figure 5 is an average industry risk per supplier, given an individual supplier may indicate multiple industries in their submitted SAQ.

Source: Supplier response to SAQ issued through Informed 365 digital tool on behalf of AusNet.

⁸ <http://www.globallslaveryindex.org/resources/downloads/>

⁹ GICS taxonomy for Modern Slavery Risk commissioned by Informed 365 from Edge (edgeenvironment.com.au)

Analysis of the completed supplier SAQs provides AusNet with greater visibility to our supplier modern slavery risk, which will inform the program’s next steps in relation to extended individual supplier assessments, and the wider AusNet modern slavery compliance program.

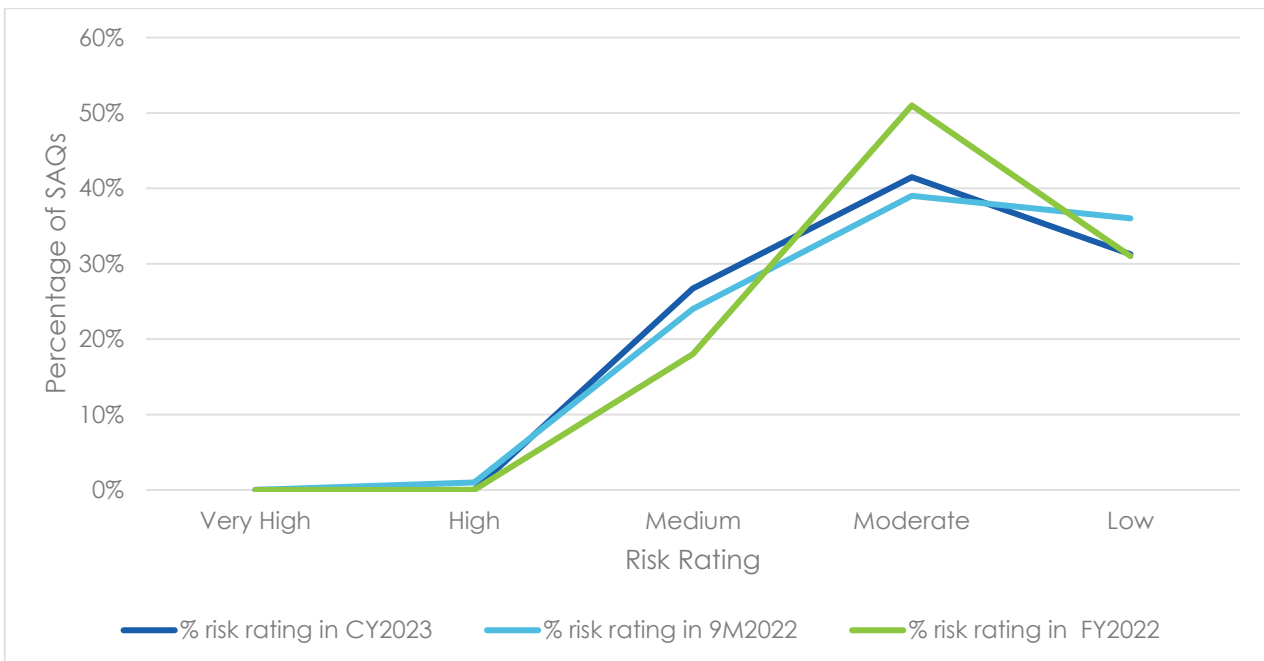


Program One CY2023: Overview of SAQ risk assessment results

After completion of this year’s SAQ assessments, the overall risk of modern slavery was assessed to be low to medium for the 175 in-scope suppliers, with zero high or very high ratings.

Expanded supplier assessment through the SAQ program has revealed annual supplier risk ratings consistently within the low to medium range over the last three years, despite any higher inherent risks identified on pages 18 and 19. Figure 6 shows the assessed supplier modern slavery risk rating trend over the last three reporting periods.

Figure 6: Assessed supplier modern slavery risk ratings for CY2023



Source: CY2023 supplier responses to SAQs issued through Informed 365 digital tool on behalf of AusNet.

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

Program One CY2023: 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 **175** SAQs assessed (new or re-issued) 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 – confirmed incidents of modern slavery in the supply chain

The CY2023 SAQ assessment process identified the following potential risk:

- four suppliers out of 175 SAQs answered "yes" to the question, "Are you aware of any modern slavery practices in your workplace, or in the workplaces of any of your suppliers, either now or in the recent past?"

Further investigation revealed:

- two suppliers detailed incidents related to the withholding of personal documentation
- one supplier reported 16 findings, with 13 of the cases relating to workers paying for a health care examination as a condition of employment
- one supplier referred to recruitment fee payment incidents previously investigated through our extended due diligence program
- of the four suppliers, all reported a supply chain critical finding within their released modern slavery statement.

As with previous years' programs, there were many learnings, each of which will assist AusNet to identify areas of risk for future focus when engaging with our suppliers. A selection of these learnings are set out below.

Table 7: Sample of learnings from the SAQ program

COMPARISON OF SAQ OUTPUTS FROM A SAMPLE OF THE CY2022 AND CY2023 PROGRAM QUESTION SET				
SAQ question	Preferred answer	CY2022 response (%)	CY2023 response (%)	Change in response (%)
Does your organisation understand 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?	YES	94	96	+2
Does your organisation have in place any policies or statements which cover the topics of human rights and modern slavery?	YES	62	61	-1
Does your organisation conduct due diligence for modern slavery risks throughout their supply chain?	YES	48	50	+2
Does your organisation provide education and/or awareness training on modern slavery?	YES IN DEVELOPMENT	28 1	28 18	= +17%
Does your organisation undertake modern slavery risk assessment on your own organisation and supply chain?	YES	25	26	+1
Does your organisation have a whistleblower and reporting policy and/or process.	YES	50	53	+3

Summary

Overall responses received to many of the focus SAQ questions are consistent across suppliers completing their SAQ in CY2023 in comparison to CY2022. Of note is the 17 per cent increase in suppliers reporting in-progress development of education and/or awareness training on modern slavery, showing a positive intention to uplift capabilities in future years.

Four instances of modern slavery were identified this year in our supply chain via the SAQ process. While additional action was not required by AusNet, we will continue to engage with each supplier to monitor future compliance performance. Suppliers may be considered for inclusion in the CY2024 phase two extended due diligence review process. Case Study #2 provides additional detail.

Case Study #2: Incidents of modern slavery identified in the AusNet supply chain

AusNet conducted a thorough assessment of a sample of its supply chain as part of its CY2023 modern slavery program. The program aimed to identify and address any instances of modern slavery or related unethical practices within its network of suppliers. It revealed four reported cases of modern slavery were uncovered within the supply chain.

The reported incidents primarily revolved around several key issues:

- There were instances of withholding personal documentation from workers, a practice often used to exert control and limit the freedom of employees.
- Poor working conditions were highlighted, suggesting that workers were subjected to unsafe or unhealthy environments.
- Some workers were required to pay recruitment fees to obtain employment, a practice that can lead to debt bondage and exploitation.

Of the four suppliers implicated in these incidents, all but one had occurred in past reporting periods, spanning from 2018 to 2020. The remaining supplier reported incidents as recently as 2023. Importantly, all the suppliers in question were reporting entities, meaning they had mechanisms in place to monitor and address issues related to modern slavery. Furthermore, these suppliers had already undertaken remediation actions to address the reported incidents before AusNet became aware of them.

The revelation of modern slavery incidents within AusNet's supply chain underscored the pervasive nature of unethical labour practices and the importance of rigorous supply chain monitoring. It highlighted the need for ongoing diligence and collaboration between companies and their suppliers to address such issues effectively. AusNet's response demonstrated its commitment to accountability and transparency in addressing modern slavery, setting a precedent for ethical leadership within the industry.

Case Study #3: High-risk categories of spend and changing customer expectations

AusNet has taken action to identify modern slavery risk within our supply chain for a number of years now. High-risk categories of spend are an integral focus of the assessments undertaken within the SAQ and extended due diligence review processes.

As the years have progressed, we have taken steps to work alongside our suppliers to understand where risk may reside within the supplier organisation and within the supplier's deeper supply chain. Where appropriate, we have assisted our suppliers with the "Sharing Our Experience" program, providing our suppliers with insight into modern slavery risk compliance practices.

Over time, we have also noted an increase in the extent of focus placed on modern slavery compliance by our customers and potential customers. This includes additional focus on suppliers providing solar panels to AusNet, in support of our external customers on large-scale renewable energy projects.

On a recent project, among the potential suppliers, was a company known for its competitive pricing and widespread distribution network. However, reports had emerged implicating the supplier in modern slavery incidents within its supply chain. Whilst the supplier offered attractive pricing and could meet the project scope, ethical concerns surrounded their selection for this new project.

Our customer invests heavily in promoting and supporting ethical sourcing and sustainability. In this case, published customer policy and positioning statements were supported by the project-specific direction provided to the AusNet team throughout the procurement process. Extended discussions were held between AusNet and our customer to explore the options available, with sustainable and ethical supply chain considerations acknowledged as top of the purchasing decision. As a result of these discussions, the supplier of concern was not utilised on this project.

SUMMARY

Despite the potential cost implications and logistical challenges, Australian organisations are increasingly choosing to procure through delivery partners and suppliers with a proven track record of ethical sourcing and labour practices.

Customers are becoming more educated on modern slavery considerations and risk, especially those working with the solar panel and renewable energy industry. This shift will raise challenges for the supply chain but help to increase awareness around modern slavery, and ultimately its impact on workers.

Program Two CY2023: Supplier extended due diligence reviews (EDD)

As we aim to increase the level of understanding and accountability for modern slavery compliance within AusNet, we expanded the AusNet team responsible for leading our supplier extended due diligence reviews.

Eight new suppliers were selected to participate in the CY2023 program.

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

- electrical installation and maintenance
- solar equipment
- civil construction.

Acting on our learnings from previous years, the scope of questioning within the CY2023 program was expanded to include questions related to suppliers' consideration of the impact of modern slavery on workers, or potential victims, of modern slavery. See Case Study #4 "Statutory review of the *Modern Slavery Act 2018* (Cth)" and Case Study #5 "Enhanced scope for supplier extended due diligence reviews" for expanded detail on the new review questions and why they were introduced.

At the conclusion of each review, feedback from the participating suppliers was again consistently 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, as well as providing a forum for valuable discussion on the potential for modern slavery within our shared deeper supply chains.

Program Two CY2023: Scale of supplier extended due diligence reviews (EDD)

With eight supplier extended due diligence reviews completed this year, the cumulative number of suppliers engaging with AusNet through the program increased from **14** by the end of 9M2022 to **22** by the end of CY2023 and was an integral part of our modern slavery compliance program.

Table 8. Coverage of supplier extended due diligence reviews (to 31 December 2023)

NUMBER OF SUPPLIER REVIEWS	COVERAGE BASED ON CY2023 SPEND
22	65% (up from 55% in CY2022)

Program Two CY2023: Learnings from the supplier extended due diligence reviews (EDD)

Program Two was a deep dive into the approach of suppliers to modern slavery risk. At the core of the *Modern Slavery Act 2018 (Cth)* is a desire to reduce harm to people, rather than undertaking a pure compliance activity. With this mindset, a further eight reviews were completed this year with Australian suppliers, each providing AusNet with insights including the following:

Material risk

- In CY2022, AusNet outlined two modern slavery incidents within our supply chain which were identified through the SAQ process. One of these suppliers was included in the EDD program in CY2023, providing AusNet with greater clarity of the steps taken to mitigate future modern slavery risk.

Our supplier identified a case of modern slavery reported by a tier 2+ supplier, which was reported in the deeper supplier's modern slavery statement. This was subsequently assessed and addressed through a robust external audit process.

Our supplier provided AusNet with an overview of the policies, process and contract clause updates they had subsequently actioned, in addition to the introduction of a supplier questionnaire seeking alignment by their suppliers to a Supplier Code of Conduct, and improvements to their internal education programs.

In relation to the incident outlined in our CY2022 Statement, our supplier advised of updates being visible from their direct supplier (AusNet's tier two supplier), which are subsequently tracked for future follow-up.

- Whilst other suppliers did not report known incidents of modern slavery, they often acknowledged the likelihood of indirect modern slavery risks.

Known global modern slavery incidents

- Four of the eight reviewed suppliers stated they were aware of Uyghur labour activities in Chinese provinces, with two advising they were taking precautionary steps to understand any link to their organisation. One of the two suppliers provided details on how they were targeting this risk in their supply chain.
- Another four suppliers did not view the risk as relevant to their organisation and were subsequently advised by AusNet of the potential risk of exposure in their deeper supply chains.
- Two of the eight suppliers had undertaken actions towards screening for conflict minerals in relation to media and direct discussion with tier 1 suppliers. Overall, increased understanding and awareness was recommended for all eight suppliers.

Tier two reviews

- Three out of eight suppliers reviewed have not mapped their supply chains. Two of these three suppliers stated they plan to map in the next 12 months. One supplier had fully mapped their supply chain and four suppliers had mapped as far as they could with the information they have available in relation to tier one.

Whistleblower processes

- Whistleblower/speak-up capabilities were observed in six out of the eight suppliers, while all others were recommended this as an opportunity by AusNet.

Contract terms related to modern slavery audits

- While direct audit of supplier compliance with the Act is not frequently reported, six of the eight suppliers included audit provisions, which can be enacted at the supplier discretion, while a third supplier was considering implementation.

Engagement with industry peers

- Two out of eight suppliers demonstrated active collaboration with industry peers or external reporting bodies, while the remaining suppliers were not observed to be frequently engaging with industry peers. This was highlighted by AusNet as an opportunity for these suppliers.

KPIs

- One supplier had their modern slavery KPIs directly tied to external audit results, while the other seven were either considering future implementation to provide clear goals and improvement over time, or were recommended introduction of KPIs as an opportunity, by AusNet.

Supplier audits

- Existence of supplier audits is variable across organisations. External supplier audits were evidenced by a number of the suppliers; others stated that supplier audits were conducted by Requests for Information, while the remaining suppliers were developing, or envisaged having, their own supplier audit program.

Improving processes to identify modern slavery risk

- Through the extended due diligence reviews, four in eight suppliers were taking reasonable steps to identify modern slavery risks in their supply chain, while the other four identified opportunities to improve their modern slavery risk identification processes.

Human rights vs modern slavery vs existing policies

- All suppliers but one included wider human rights concerns within their modern slavery programs, developing stand-alone or embedded human rights policies, some of which include reference to modern slavery policy, and modern slavery statements, clearly outlining the expectations of their own employees and suppliers.

Case Study #4: Statutory review of the Modern Slavery Act 2018 (Cth) “Act”

The first statutory review of the Act was undertaken in 2022, with findings published in May 2023. At conclusion of the review, 30 recommendations were tabled for government consideration within the "Report of the statutory review of the Modern Slavery Act 2018 (Cth), The first three years" ("Report"¹⁰).

Aligning with the release of the Report, the Attorney-General's department, in partnership with the Australian Institute of Criminology, hosted a Modern Slavery Conference, with the theme of "Taking Action Together".

The conference brought together wide-ranging stakeholders to bolster cross-sector collaboration on modern slavery responses, including speakers and attendees from the Government, business, civil society, academia and victim/survivors.

AusNet was represented at this invitation-only event, providing first-hand access to, and participation within, the three-day conference.¹¹

Whilst recommendations from the Report have yet to be formally enacted, some elements were able to be considered and included in AusNet's 2023 program, including:

- inclusion of impact to workers/potential victims of modern slavery as a question within the EDD program
- content referring to impact to workers/potential victims incorporated within internal and external education delivered in the second half of the year
- impact to workers/potential victims as a focus area for consideration when an AusNet representative was engaged to present at external forums as a guest speaker.

Upon release of the updated Act and its related reporting requirements, our program will be further updated.

Case Study #5: Enhanced scope for supplier extended due diligence reviews

After assessment of the question set utilised in our extended due diligence program, we sought a more direct and detailed response from suppliers participating in this year's extended deep dive process.

Increased review depth:

5A - Are you aware of any modern slavery practices in your workplace, or in the workplaces of any of your suppliers, either now or in the recent past?

5B - If you have responded "yes" to 5A, outline the following:

1. Overview of the known incident
2. Supplier name
3. Industry and category of spend
4. Internal or supply chain (and which tier?)
5. Actions taken to mitigate/remediate the confirmed case of modern slavery
6. Other relevant information
7. Does your response to the Modern Slavery Act include consideration of impact to workers/potential victims of modern slavery? If so, please provide an overview.

¹⁰ [Report of the statutory review of the Modern Slavery Act 2018 \(Cth\) The first three years \(ag.gov.au\)](#)

¹¹ [2023 Modern Slavery Conference \(eventsair.com\)](#)

Improvement opportunities

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

Opportunities realised in CY2023

After the CY2022 review processes, identified improvement opportunities were actioned to increase the effectiveness of our modern slavery program, including identifying where the risk of harm to people may be in our operations and supply chains. Highlights include the following:

Table 9: CY2023 Opportunities realised

OPPORTUNITY	OPPORTUNITY REALISED	WHEN WAS THE OPPORTUNITY IDENTIFIED
#1	Release of the first round of “re-issued” SAQs to suppliers, providing AusNet with visibility to improvements and other movements in supplier risk assessment ratings over time (see Case Study #1 on page 16 “New SAQ process: supplier re-assessment” for additional detail)	CY2023
#2	Enhancement to the extended due diligence question set for CY2023 to include questions specifically related to incident of modern slavery, and consideration of impact to workers/potential victims (see also Case Study #5 on page 25 “Enhanced scope for supplier extended due diligence review”)	CY2023
#3	Restructure of the extended deep dive template to encourage standardised response from suppliers, to minimise back-end administration	CY2022
#4	Provided suppliers undertaking an EDD with clearly outlined feedback categorised into observations and opportunities	CY2023

Opportunities identified in CY2023 or prior reporting periods

Each year we compile learnings in relation to the Act and its reporting requirements, which AusNet will assess to determine suitability for our modern slavery compliance program. These opportunities may be suitable for immediate action or placed on hold for future reporting periods. A summary of identified opportunities is provided in the table below:

Table 10: Future modern slavery program opportunities for consideration

OPPORTUNITY	OPPORTUNITY IDENTIFIED	"NEW" OR "ON HOLD IN CY2023" OPPORTUNITY
#1	Expansion of the question set for both Program One (SAQ) and Program Two (EDD) in alignment with findings from the 2022 "Statutory review of the Modern Slavery Act 2018 (Cth)" by the Australian Government	New
#2	Overall redesign of the modern slavery SAQ to streamline and increase uptake and decrease supplier completion time: <ul style="list-style-type: none"> • creation of a second SAQ template for smaller suppliers to help increase visibility of modern slavery compliance via a less time-consuming process • review and potential update to the scoring matrix utilised within the Informed 365 tool 	New
#3	Creation of a cross-industry forum to facilitate discussion regarding opportunities for enhancement of Informed 365 tool	New
#4	Enhancements to be made to the extended due diligence question set to include questions specifically related to the following: <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> – Modern Slavery Policy – Human Rights Policy – other policy (please name) 	On hold
#5	Further exploration of expanded human rights and modern slavery considerations within AusNet policies and processes and/or consideration of development of a stand-alone Human Rights Policy or Modern Slavery Policy	On hold
#6	Direct/on-site audit of suppliers, their facilities, and their lower-tier supply chain, to gain specific insight into modern slavery risk and compliance	On hold
#7	Development of Informed 365 tool functionality to show trends in response data over time, in real time for tool users	On hold
#8	Addition of questions to the supplier extended due diligence program, seeking response on topics related to elements outlined in the "Learnings" sections	Annual

Risk mitigation and remediation

This year, we uplifted our internal Code of Conduct, aligned education and our grievance mechanism, all of which enhance our internal risk mitigation strategies. Continued increase in engagement with our suppliers also assisted to build a greater understanding of the risks of modern slavery and related legislative requirements by members of our supply chain.

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 our employees play.

This year, a new "Ethical Conduct" online education module was issued to all employees via our HR system "Success Factors". The content of this education was based on the principles within AusNet's Code of Conduct. The module included reference to AusNet's policies and expectations in relation to modern slavery. This education was issued to all AusNet full-time employees and is to be completed both upon commencement of employment, and then annually as requested by the Governance team. The completion rate in CY2023 was 98%.

Our established modern slavery compliance program was also delivered to three internal audiences:

- Procurement team – all new starters
- Procurement team – existing team members
- specific lines of business.

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

Case Study #6: Update to the AusNet Code of Conduct and internal education, including a grievance mechanism

An updated Code of Conduct ("Code") was published in 2023. Modern slavery considerations, including instruction and expectations in relation to grievance processes, were uplifted and subsequently included in the 2023 program of Code of Conduct education.

Enhanced directives for AusNet employees when engaging suppliers:

"We expect you to:

- ensure that suppliers are aware of our Code
- engage and manage suppliers in line with other applicable policies, procedures and frameworks, including the Supplier Code of Conduct and Sustainable Procurement Policy
- embed expectations in relation to HSE, Modern Slavery and Data Protection practices, programs and reporting into contracts and reporting where appropriate
- hold suppliers to account if there are breaches of applicable aspects of the Code and/or other performance expectations."

Enhanced grievance mechanism instruction and obligation, including, but not limited to, the following:

"Abiding by the Code and speaking up:

- Failing to comply with the Code is a serious matter that will be addressed and may lead to disciplinary action, including dismissal, and/or legal action. AusNet has zero tolerance for wilful breaches of the Code
- If you honestly and reasonably believe there has been a breach of the Code, then you should say something to call out the behaviour.
- You can raise a Business Conduct Concern with your people leader, HR, Legal, Internal Audit or an ELT member. In circumstances where you are not comfortable raising a concern to one or more of these groups or individuals, you can do so via a hotline, currently operated and maintained by Whispli.
- Reports made through the hotline can be made anonymously and / or with differing requests for confidentiality. Where appropriate, AusNet will endeavour to respect requests for confidentiality. In some cases, confidentiality or anonymity requirements may impact on investigative options
- Certain Business Conduct Concerns may fall under our Whistleblower Policy and Procedure which complies with the Australian Whistleblower laws."

Supply chain

To further 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, continued emphasis of our modern slavery compliance program in CY2023 was on supplier engagement.

We developed and delivered two "Sharing our experiences" information sessions, aimed at assisting suppliers with implementation of modern slavery programs within their own organisations. This included new and existing suppliers whose SAQs were assessed as medium, high or very high-risk after submission of an SAQ.

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

Since AusNet began reporting, greater numbers of suppliers have identified potential modern slavery within their supply chains. In reviews conducted in the reporting period, potential risks or clarifications have been addressed and/or follow-up processes implemented.

This year, the SAQ process revealed four suppliers with modern slavery incidents; one previously known, as outlined in Case Study 2 on page 23, "Incidents of modern slavery identified in the AusNet supply chain". Whilst remediation was not required in these instances, AusNet will continue to engage with the suppliers in future reporting periods. Extended assessment of these suppliers will be considered for the 2024 modern slavery extended due diligence program.

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. Remediation activities may include dispute resolution, suspension and, if necessary, termination.

Monitoring and evaluating performance

Throughout each year, the AusNet Modern Slavery 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 **94** per cent of operational spend¹² suppliers being assessed by 31 December 2023 (up from **89** per cent at the conclusion of the CY2022 period).

Key Performance Indicators

KPIs were again incorporated into the annual goals for a number of key resources in CY2023. Targets varied depending on the individual resource and their role. As an indication, the summarised KPIs in Table 11 were established for relevant resources.

Table 11. CY2023 KPI performance

SUMMARISED KPI PERFORMANCE CY2023			
KPI	Target (%)	Result (%)	Number of suppliers
SAQ re-issuance	100	100	102
Proactive program, including:			
• top 150 spend suppliers [^]	100	100	15/15
• suppliers with medium, high to very high-risk categories (that have not yet completed an SAQ)	100	100	10/10
• suppliers with moderate risk	100	93.3	14/15 ^{^^}
New supplier program:			
• new suppliers	100	100	34/34
• additional clarification for higher risk suppliers	100	100	44/44
Extended due diligence reviews completed	100	100	8

[^] Suppliers in the top 150 operational spend list without a completed and reviewed SAQ, as of 1 April 2023.

^{^^} One supplier declined to submit.

¹² "Operational" spend excludes spend not processed via a purchase order. Main categories include tax, network charges, rent, government levies, insurance and internal labour costs.

Monitoring and evaluating performance

Other internal evaluations

The AusNet Modern Slavery Steering Committee oversees the development, implementation and effectiveness of the Modern Slavery Program. It is supported by stakeholders in the Procurement, Governance (including the Legal, Risk and Compliance), Strategy, People, and Sustainability 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.

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

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 fortnightly throughout most of CY2023, the 16 organisations utilising the common digital tool (Informed 365) seek to continuously improve our capabilities to identify, assess, address and mitigate any modern slavery within our supply chains. Engagements with Informed 365 are broken into specific focus areas:

- monthly "all-hands" discussion, including presentation by Robin Mellon (CEO Better Sydney and modern slavery subject matter expert) on EPSA-specific issues and wider industry/Act compliance topics
- monthly calls in relation to continuous improvement and development of the digital tool.

Monthly calls are also scheduled with members of EPSA only, to discuss the strategic direction of our joint approach to modern slavery compliance and wider sustainability/supplier risk opportunities.

The annual review of the joint program was conducted in late 2023, with all organisations asked to submit responses to questions in relation to the business-as-usual tool, and process, reporting and engagement between the EPSA members, including:

- what is working well
- what needs improvement
- suggestions for enhancement/modification/removal
- consideration of tool scope expansion to other legislative requirements
- preferred frequency of engagement
- other considerations/comments.

Positive outcomes and suggestions for improvement from the review were collated. Some of the reported positive outcomes were:

- collaboration and information sessions with Robin Mellon from Better Sydney at monthly meetings

- report functionality can be customised by users on an ad hoc basis
- immediate visualisation of country, industry and form risk ratings.

Some of the suggestions for improvement were:

- redesign of supplier emails to reduce spam queries
- addition of mandatory fields to improve data quality
- through the newly formed development group, assessment and update to SAQ scoring
- functionality uplift to show trends in response data over time, in real time, for tool users
- development of change trends to see MS improvement.

External evaluation

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
- researching local and international practices.

The Steering Committee was again provided with visibility to insights provided by the Monash Centre for Financial Studies (MCFS), with the release of their research brief 'Modern Slavery Statement Disclosure Quality Ratings - ASX100 Companies Update 2023'¹³.

This paper 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. Noting that AusNet has now been removed from evaluation within this program due to delisting from the ASX, the research paper findings are still a valuable resource to guide future AusNet program enhancements.

While improvements in the quality of our Statements over time is acknowledged, AusNet will continue to seek external evaluation and opportunities for improvement in future reporting periods.

¹³ Monash Centre for Financial Studies, [Modern Slavery Disclosure Quality - ASX100 Companies Update - FY2022 Modern Slavery Statements \(updated\)](#)

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 CY2023 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 Act and the eradication of modern slavery in our common supply chains.

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 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 business units of AusNet, as well as other staff more likely to be exposed to risks of modern slavery practices.

Our CFO is updated throughout the year as required on progress with our established KPIs, in addition to challenges with supplier participation in the program, and any known cases of modern slavery in our supply chain identified throughout our assessment processes.

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.



External engagement

Beyond our own industry, engagement with other organisations was actively sought, as well as forums where AusNet's engagement was requested. This broader engagement also enables insights into the groups or individuals that may be impacted by modern slavery, as well as investors. In CY2023, this included engagement with Informed 365 and Australia Border Force.

AusNet's engagement with wider industry and community

HSEQ Forum – Sustainability

With over 200 invited attendees (from AusNet's executive and wider team, in addition to delivery partners and suppliers), an overview of the modern slavery compliance program was included within a presentation on Sustainable Procurement.

Australian Pipeline and Gas Association (APGA) ESG Forum

An invitation was extended to AusNet to deliver a presentation to approximately 110 external gas industry representatives on the "Modern Slavery Act in our Industry".

This Brisbane-based session included the sharing of learnings from the Statutory review of the *Modern Slavery Act 2018 (Cth)* (see Case Study #4, page 25), in addition to a general overview of the Modern Slavery Act, reporting obligations and supply chain obligations.

Women in Procurement and Supply Chain

An AusNet representative participated as a round table facilitator at the 2023 Women in Procurement and Supply Chain conference. The three sessions titled "Taking steps towards sustainable and ethical procurement" were dominated in content by modern slavery compliance. Attendees from many industries shared the challenges faced in development of programs in support of the Act, seeking to learn from their peer's positive experiences, in addition to continuous improvement opportunities through the shared lessons learned.

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 minimisation of harm to people in mind, supported by a robust policy, process and training framework, we identified our key areas of focus.

Table 12. Objectives for CY2024

Area of focus	Objective for CY2024
Supplier Assessments (SAQ)	Utilise our framework to further expand assessment and re-assessment of our supply base
Extended supplier due diligence	Conduct next phase of supplier due diligence deep dives, assessing our suppliers' risk of modern slavery and compliance with the Act
Tier two (and beyond) assessment	Explore additional opportunities to investigate modern slavery within our deeper supply chains
Employee education	Review and uplift internal education programs, considering integration of wider ESG and human rights topics
Supplier engagement	Uplift programs for supplier engagement in alignment with the Act and any update to the obligations within it
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	Assess considerations for modern slavery program improvements identified in CY2023 and, where endorsed, implement them into the CY2024 program and beyond
Consideration of impact to workers/victims of modern slavery	Assess all elements of our program to identify opportunities for increased consideration of impact to workers/victims of modern slavery

Whistleblower hotline

1800 960 816 (toll-free number)
 24 hours a day, 7 days a week
W: www.ausnet.whispli.com
 (24-hour web service)




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