



Modern Slavery Statement

31 March 2021

Company Information

Reporting entities

This is a joint statement covering NSW Electricity Networks Operations Pty Limited (ACN 609 169 959) and NSW Electricity Networks Assets Pty Limited (ACN 609 169 922) (together referred to as we, us, our or Transgrid). As at 30 June 2020, no other entities in the Transgrid group of companies listed below met the reporting entity criteria under the Modern Slavery Act (Commonwealth) 2018 (the Act).

- NSW Electricity Networks Operations Holdings Pty Limited (ACN 609 266 033)
- NSW Electricity Networks Operations Intermediate Pty Limited (ACN 626 136 847)
- Transtelco Pty Limited (ACN 607 531 653)
- NSW Electricity Networks Finance Pty Limited (ACN 619 171 913)
- NSW Electricity Networks Assets Holdings Pty Limited (ACN 609 265 938)
- Transgrid Services Pty Ltd (ACN 626 136 865)
- Transgrid Services Intermediate Pty Ltd (ACN 626 136 856)

Within the Transgrid group, NSW Electricity Networks Operations Pty Limited is the only operational entity with employees. All procurement activities are undertaken through NSW Electricity Networks Operations Pty Limited and all activities that may introduce the risk of modern slavery are consolidated within this entity.

Our central Strategic Procurement Function provides services for all Transgrid companies. This shared Procurement function has prepared this statement and worked with all areas of the Transgrid group to ensure that collective requirements are met.

This statement describes the actions taken by the Transgrid entities to assess and address the modern slavery risk in our operations and supply chains within the period 1 July 2019 to 30 June 2020.

This statement has been prepared as at 30 June 2020, in relation to the mandatory reporting requirements of the Act.

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

Requirements of the Act	Transgrid MSS section	Page No.
Section 16 (1) (a) Identify the reporting entity or entities	"Company Information"	1-4
Section 16 (1) (b) Describe the structure, operations and supply chains of the reporting entity/entities	"Structure, Operations and Supply Chain"	2-3 and 4-6
Section 16 (1) (c) Describe the risks of modern slavery practices	"Modern Day Slavery Risk Assessment"	7-8
Section 16 (1) (d) Describe the actions to assess and address risks, including due diligence and remediation	"Risk Assessment, Mitigation and Remediation"	9-12
Section 16 (1) (e) How we assess the effectiveness of the actions taken to assess and address modern slavery risks	"Assessing Effectiveness"	12
Section 16 (1) (f) Consultation with other entities	"Other Relevant Information"	13
Section 16 (1) (g) Other relevant information	"Other Relevant Information" and "Looking Ahead"	13-14

Structure, Operations and Supply Chain

Ownership

In December 2015, the NSW Electricity Networks Consortium acquired the Transgrid assets from the NSW State Government for a total consideration of \$10.258 billion by way of a 99-year lease and a Sale and Purchase Agreement.

The current Security holders are leading Australian and global financial and strategic investors:

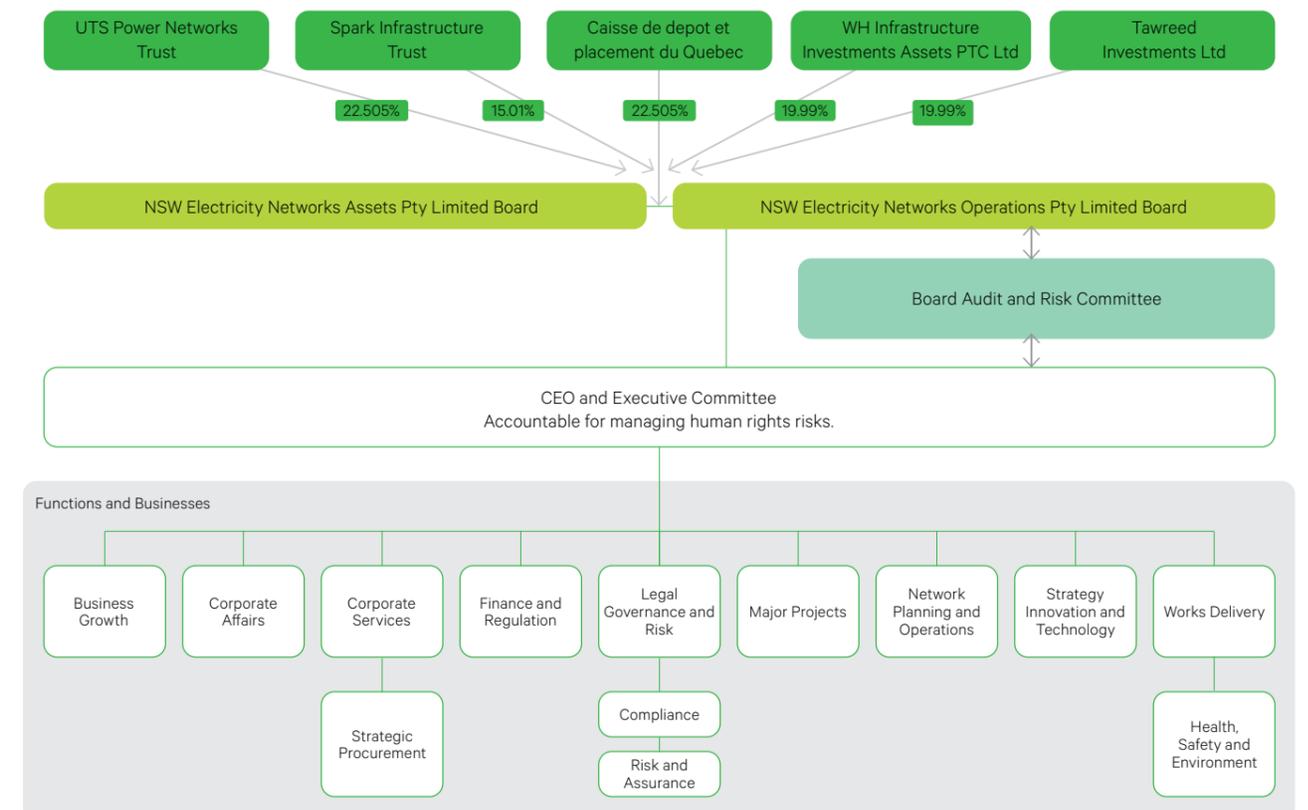
- UTA Power Networks Trust, of which Utilities Trust of Australia is the substantial majority unit holder, has a 22.505% stake in Transgrid;

- Spark Infrastructure Group has a 15.01% stake in Transgrid,
- Tawreed Investments Ltd, a wholly owned subsidiary of the Abu Dhabi Investment Authority, has a 19.99% stake in Transgrid;
- Caisse de depot et placement du Quebec has a 22.505% stake in Transgrid; and
- WH Infrastructure Investments Assets PTC Ltd as trustee of the Wren House Infrastructure Investments Asset Trust, has a 19.99% stake in Transgrid.*

* Wren House transferred its interest to OMERS on 17 July 2020

Organisational structure

The Transgrid structure is broadly depicted in the diagram below. The main entities for the purposes of this statement in the Transgrid group are NSW Electricity Networks Assets Pty Limited, which owns the network assets, and NSW Electricity Networks Operations Pty Limited, which operates the network. Both are separate and independent entities and deal with each other at arm's length. Each has its own board and governance structure. NSW Electricity Networks Assets Pty Limited has contracted with NSW Electricity Networks Operations Pty Limited via a Management Services Agreement to provide common processes and backoffice support.



Structure, Operations and Supply Chain

Business operations

Transgrid operates and manages the high voltage electricity network in NSW and the ACT, connecting generators, distributors and major end users. Transgrid delivers electricity to approximately three million households and businesses across NSW and the ACT.

Our network is instrumental to Australia's electricity system and economy and facilitates energy trading between Australia's largest states. The network comprises 110 substations, over 13,103 kilometres of high voltage transmission lines and underground cables and five interconnections to Queensland and Victoria.

Core business

Transgrid's core business segments consist of two components: prescribed and non-prescribed services. Prescribed services represent the majority of Transgrid's business and asset base, comprising the management and operations of the transmission network. The Australian Energy Regulator ("AER") is responsible for the economic regulation of Transgrid's prescribed services business under the National Electricity Rules ("NER").

The non-prescribed business segment predominantly consists of two broad lines of business – infrastructure services and telecommunications. In 2018, Transgrid Services Limited (ACN 626 136 865) was established to undertake Transgrid's future non-prescribed projects and business.

Transgrid at a glance



1,147*

full time equivalents



3,140

suppliers



1.0

employee lost time injury frequency rate



20%

growth in indigenous suppliers

Investment pipeline: more than

\$10bn

through major projects

Renewable energy connected by Transgrid assets supplies

3.26%

of NSW households

Improving customer outcomes

99.9997%

network reliability

11

companies providing services to Transgrid through Supply Nation

Employment practices

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

We employ a diverse workforce with varied skillsets that ranges from engineers and power workers to professionals. As at 30 June 2020, Transgrid's workforce consisted of 1,147 full time equivalents. Of this total, 83 percent of the workforce is

covered by the Transgrid single Enterprise Agreement with the remaining engaged on individual contracts.

Transgrid's Enterprise Agreements minimises the risks of modern day slavery within our operations. Majority of our people are based locally in Australia which reduces any risks of Modern day slavery in our workforce.

Our supply chain – overview

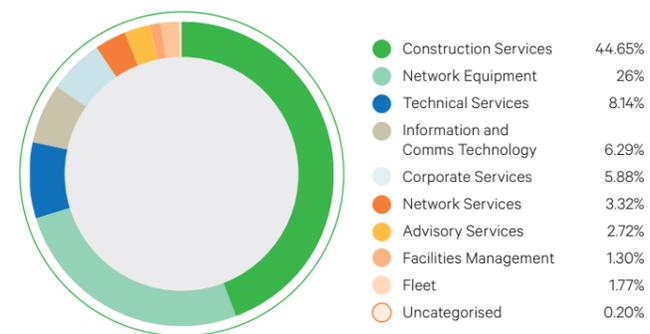
In order to enable Transgrid to deliver safe, reliable and affordable energy to our customers, we need to procure a wide range of products and services, ranging from construction services, network equipment and asset management through to information technology services, advisory and corporate services. We source these products and services from a broad range of suppliers – over 3000 in total – that comprise both domestic and international supply chains.

Our suppliers are key partners in helping us to deliver Australia's energy future. We have an investment pipeline of ~\$10 billion of energy projects to benefit customers, communities and the broader economy, including Powering Sydney's Future, Project EnergyConnect and upgrading the Queensland-NSW Interconnector. The scale and scope of these projects provides us with the opportunity to reinforce our commitment to robust and effective measures for managing the risks of modern slavery through our operations and supply chains.

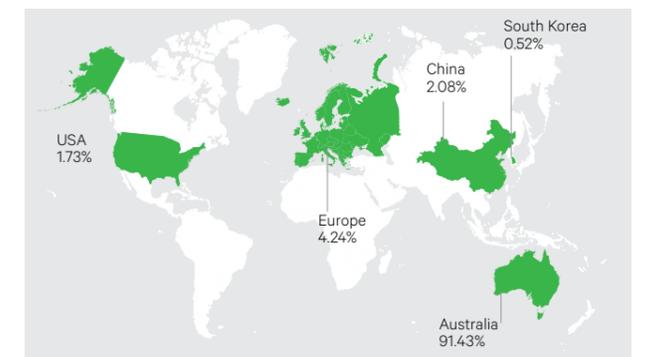
The geographical split of FY19/20 spend is based on the below:

- For equipment and products built as per Transgrid specifications, the geographical allocation of spend is based on the port of origin of manufacture and assembly.
- For other standard "off the shelf" services, equipment and/or products, Transgrid works with the Australian entities of multinationals or Australian suppliers; as such, this is accounted for within the Australian spend.

Supply chain segments/categories (% of overall spend)



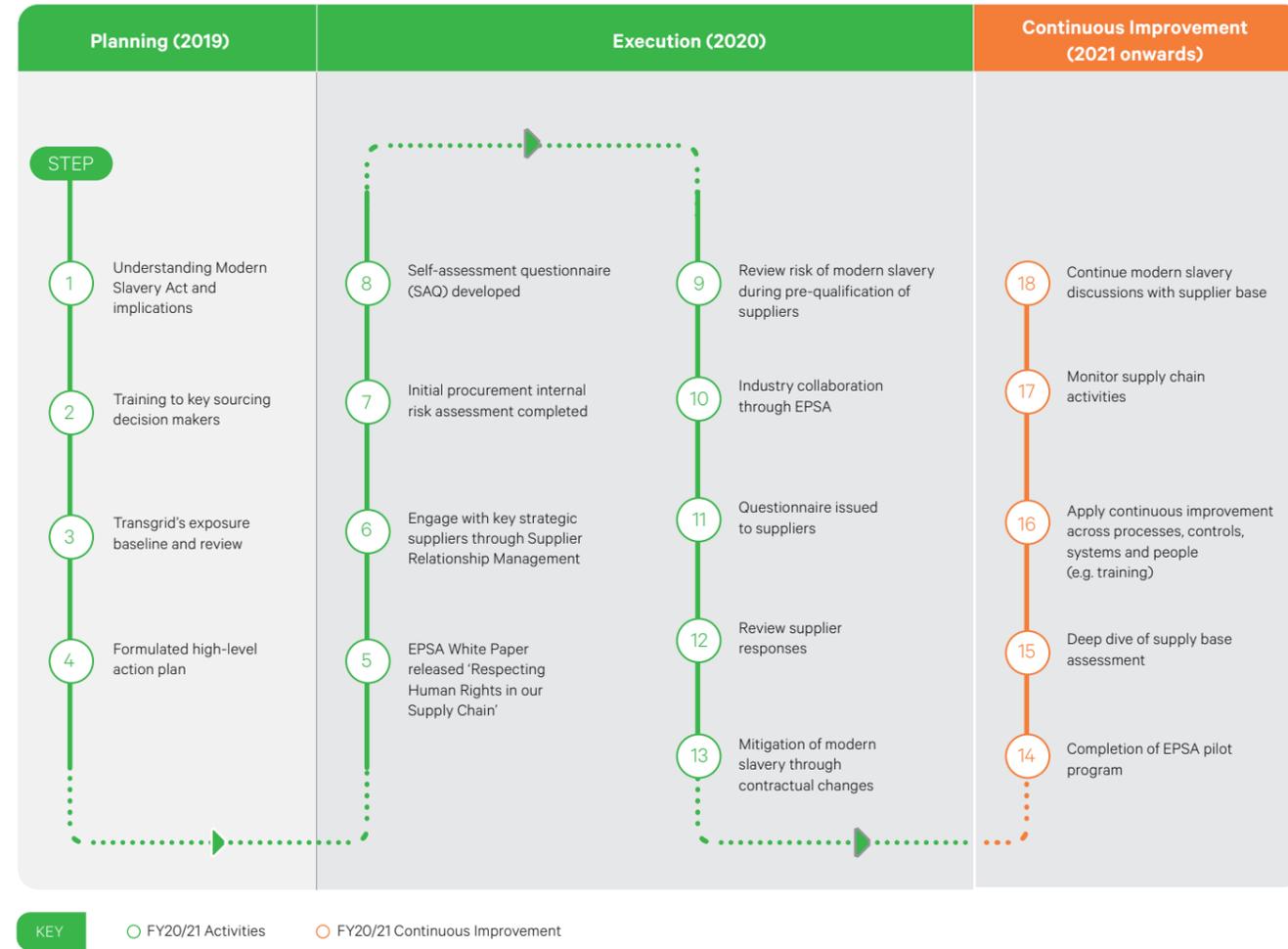
Supplier location split by continent (%)



Approach to Mitigating Modern Slavery

Our journey

Our focus has been on planning and execution, building on the approaches we have developed so that we can extend our risk assessment, management and mitigation activities.



FY20 key achievements

- ✓ Completed initial risk assessment of our tier one suppliers, covering 51 per cent of total spend
- ✓ Governance framework in place and modern slavery work program established
- ✓ Engaged external third party to assist in setting up modern slavery work program to assist in identifying key priorities
- ✓ Rolling out and implementation of a modern slavery clause in our General Conditions of Contract with suppliers
- ✓ Engaged with key strategic suppliers to review their self assessment of their risks of modern slavery
- ✓ Modern slavery risk and compliance training provided to key sourcing decision-makers
- ✓ Launched industry pilot project to share knowledge, facilitate compliance and mitigate modern slavery risk
- ✓ Partnered with Supply Nation to explore local procurement opportunities with Indigenous businesses

Modern Day Slavery Risk Assessment

We have taken a **two-step** approach to managing and mitigating the risks of modern slavery in our operations and supply chain. The first step was to start to identify and prioritise modern slavery risks across our entire supply chain of over 3000 suppliers. The second step involved implementing a range of measures to mitigate and address risks, if and where identified.

Identifying and prioritising our risks

We have leveraged industry co-operation to start to identify and prioritise our modern slavery risks, as well as engaged directly with our tier one suppliers that represent around 51 per cent of our overall expenditure.

Transgrid is a member of the Energy Procurement Supply Association (EPSA), an Asia-Pacific not-for-profit association for energy industry procurement and supply professionals. We have joined with AusNet, SA Power Networks, AusGrid, Energy Queensland and Western Power to develop a pilot program and a toolkit to pre-screen for modern slavery risks in the energy networks sector.

As part of the pilot program, we have taken the following steps during this reporting period:

- Determined those tier one suppliers that provide services and/or products to all the networks' businesses in the pilot program;
- Designed a supplier self-assessment questionnaire (SAQ) to assist in identifying potential risks. Each of the pilot program members issued the SAQ to an equal share of the joint suppliers identified;

- Developed and implemented a heat map methodology to identify the highest risk categories of materials, equipment and services in the Transgrid supply chain;
- Using the Global Slavery Index 1 that provides a country by country ranking of the number of people estimated to be subject to modern slavery, we also mapped the joint suppliers by country (looking at where the supplier is based as well as where it manufactures the equipment we purchase).

There are a range of benefits resulting from industry co-operation, including: increased transparency of industry requirements, avoidance of duplication of information provision by suppliers (reducing time and cost), more efficient collation of responses by networks' businesses and standardised data.

To supplement the risk identification work undertaken with EPSA, our methodology included initial assessment as performed by the suppliers in their SAQ along with mapping our high spend and strategic suppliers that did not feature on the list of joint suppliers by category and by geography.

None of our 31 suppliers identified to date fall into the top 10 countries in the Global Slavery Index, our next phase of analysis will focus on our remaining suppliers and exploring beyond the first tier of our supply chain.



Transgrid modern slavery risks

As a major energy infrastructure business, our largest expenditure category is construction services. These services are primarily provided by local Australian suppliers and include design and construction of substations, and transmission lines as well as maintenance of our assets.

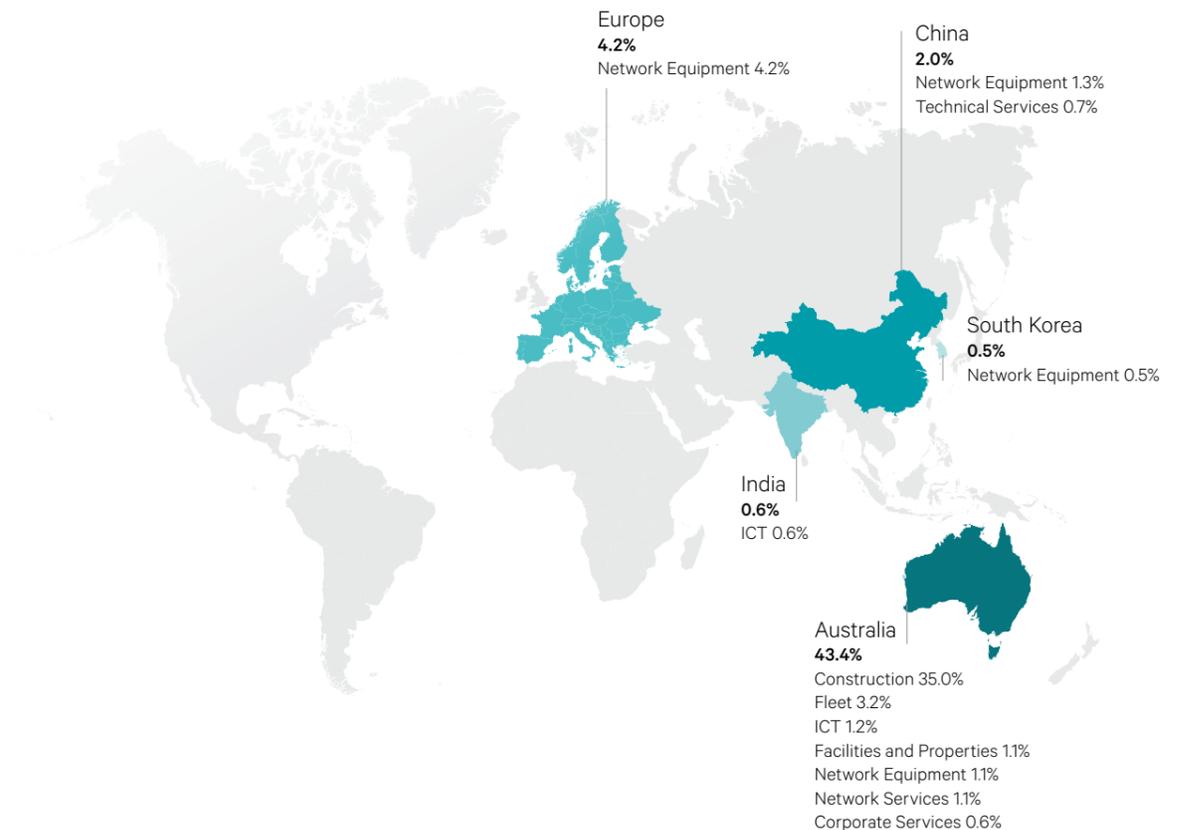
Using the EPSA methodology and based on the supplier responses to the SAQ, our key risk categories are:

High Risk	Moderate Risk	
<p>Corporate Services including (i) Safety Equipment & Work Wear, as most safety equipment and protective clothing is manufactured in Asia and (ii) Cleaning Services, as services are primarily provided after hours and employee conditions are at risk of being lowered.</p>	<p>Network Equipment – Sourced primarily from Asia and includes Transformers, Static Var Compensators, Synchronous Condensers, Capacitor Banks and HV Components.</p>	<p>Information and Communication Technology – hardware components and services are primarily manufactured and provided by back offices located in Asia.</p>

Following on there will be continued assessment of these categories and supplier sourcing arrangements in the 2020/21 period.

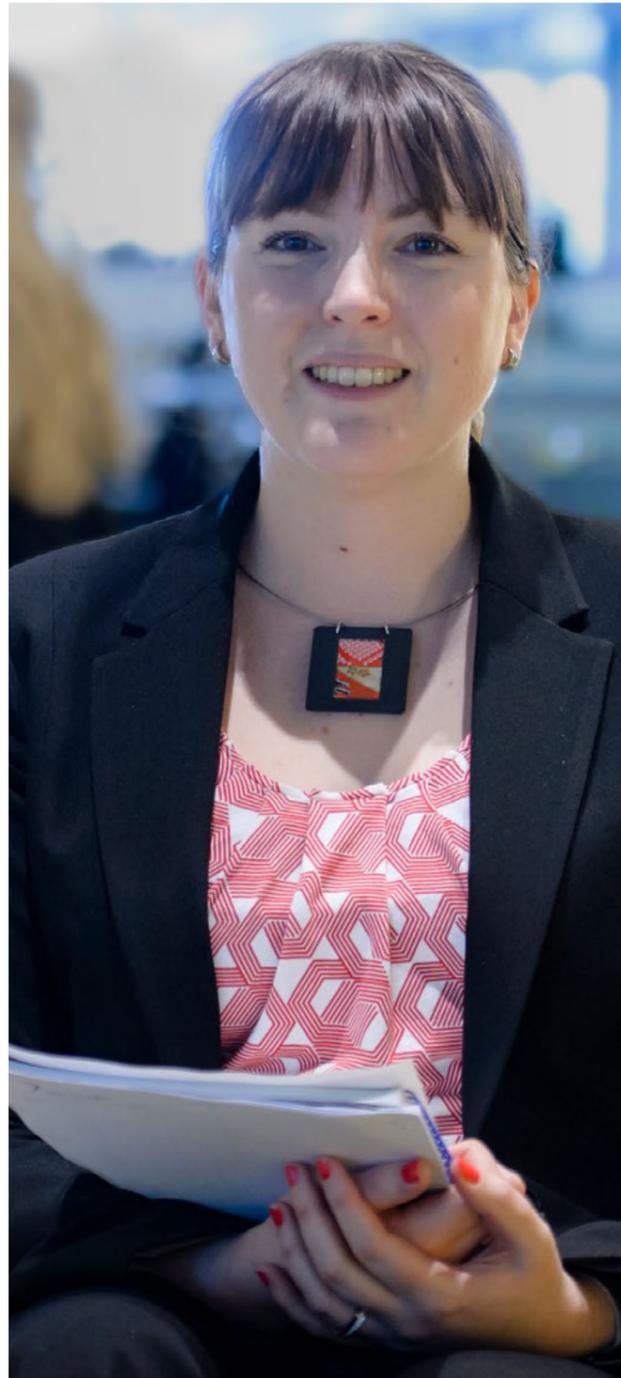
Location split of our key 31 suppliers by continent

This map represents the top 31 spend suppliers, on which we have focused a detailed analysis.



Risk Assessment, Mitigation and Remediation

Our governance framework is underpinned by a range of policies that guide and set requirements for how we operate and how we work with our suppliers. Contractual arrangements with our suppliers to address modern slavery are outlined in the “Risk Management, Mitigation and Remediation” section below.



Governance framework

Transgrid is committed to complying with the various legislative, regulatory and contractual obligations. This commitment is underpinned by Transgrid’s Code of Ethics and Conduct, which outlines the principles, standards and values that guide decisions and behaviours. Transgrid’s Environmental, Social and Governance (ESG) Strategy will be developed by June 2021. An ESG Statement also requires reporting against supply chain risks, including modern slavery risks.

Transgrid’s Board has set a very low risk appetite for non-compliance with its compliance obligations. Therefore, Transgrid has developed a governance structure with defined roles and responsibilities aligned with the Three Lines Model for risk and compliance management. Transgrid’s Three Lines Model enables appropriate management, challenge, review and assurance over compliance management activities.

- 1st Line – Executive, Business Units, Groups and Teams (management control)
- 2nd Line – Corporate Risk & Compliance (independent review and challenge)
- 3rd Line – Internal and External Audit (independent assurance)

Transgrid’s Board and Executive provides leadership and direction to the organisation in overseeing compliance. The Board Audit and Risk Committee provides assurance and assistance to the Board on the risk and control framework, particularly related to the effectiveness of the systems for compliance management.

Policies reinforcing our operations

Our policies set the expectations and requirements of our people and suppliers to act lawfully, ethically and in a socially responsible manner. These include published policies (see website links below) as well as internal policies.

Policies reinforcing our operations

We support and encourage all employees to act in the best interests of our people, business partners, shareholders and the broader community.

Our Code of Ethics and Conduct and Guide to Business Ethics outline our commitment to maintaining high ethical standards. We expect our people and everyone we do business with to adhere to these standards when working with Transgrid. In 2020, Transgrid rolled out revisions of both its Code of Ethics and Conduct and Guide to Business Ethics, reflecting our continued commitment to ethical and lawful business conduct.

The revision to the Code of Ethics and Conduct included documentation of Transgrid’s commitment to human rights and to ensuring modern slavery does not take place in our operations and supply chains.

Whistleblower policy and service

Transgrid’s compliance framework encourages the open reporting of concerns about conduct and potential non-compliance to encourage the organisation to understand and act on issues promptly and learn to prevent re-occurrence.

Transgrid recognises the importance of allowing for reporting by whistleblowers in its workforce and family members, or by vendors, contractors and customers. Transgrid has in place a Whistleblower Policy and third-party operated whistleblower service to facilitate protections and anonymity in reporting as requested.

Recruitment

We undertake an annual Resource Planning Process to identify short and long-term resourcing and capability requirements. Our established talent acquisition process is an important part of Transgrid’s people strategy that enables us to recruit the right people for the right jobs. Transgrid’s recruitment policy supports our culture and our commitment to maintaining high ethical standards in our dealings, including in relation to modern slavery risks in our supply chain.

Set up training to support ethics and compliance.

We are committed to the continuous development of our people. We provide industry leading training services to Transgrid staff and external customers. This is achieved through the innovative design, development and implementation of training solutions that set industry benchmarks. One of our primary goals is ensuring absolute safety for everyone involved in our work. Our mandatory training requirements ensure safety training and certification at levels appropriate to the work being carried out. Our education programs include comprehensive training and support for apprentices, trainees and fully qualified staff.

Policies reinforcing our supply chain

We are committed to responsible procurement: our suppliers are an integral and valued part of our business operations. We adopt a holistic approach to procurement, and consider a range of aspects including sustainability, performance, health and safety, and efficiencies when entering into supplier agreements.

We aim to build sustainable working relationships with all our suppliers, and focus on:

- Entering into agreements that deliver value for all parties
- Adhering to policies and processes that support effective operations
- Continually improving the user experience throughout the supply chain
- Maintaining the high ethical standards outlined in our Guide to Business Ethics.

We expect our staff, suppliers and everyone we do business with to comply with the standards outlined in this guide.

Our Guide to Business Ethics outlines the principles, standards and values that guide our decisions and behaviours. We expect all contractors, customers and suppliers to maintain these standards and principles when working with us.

Any breach of this Guide or the Code may cause us to invoke penalty clauses in your contract and/or bring civil or criminal proceedings.

Transgrid’s Board has set a very low risk appetite for non-compliance with its compliance obligations. We work to ensure that we engage, on-board and work with our suppliers and contractors to resolve and mitigate any risks or issues that may arise and continuously monitor compliance using our risk assessment framework and tools.

We are committed to supporting Aboriginal and Torres Strait Islander businesses throughout our supply chain.

As part of our Reconciliation Action Plan, we became an official member of Supply Nation in November 2018. Since then, we have partnered with a number of suppliers to provide services in a range of business areas, and this will continue to grow over time.

Due diligence in our supply chain

As part of our supply chain due diligence, new suppliers undergo a pre-qualification and registration process. This pre-qualification process facilitates identification of potential commercial, reputational, environmental and modern slavery risks in engaging with the suppliers.

Our existing suppliers also undergo periodic assessment of potential risks and are required to demonstrate their compliance to human rights and fair employment practices in accordance with existing international standards. Any red flags are reviewed in partnership with the relevant business units and actions taken as required.

Engaging directly with our tier one suppliers on modern slavery risks has been delivered through our Supplier Relationship Management (SRM) Program. We have incorporated information sharing at our quarterly supplier forums and have gained insights into tier one suppliers' own modern slavery programs. Many of our key suppliers are multinationals who have processes in place to mitigate and manage their own modern slavery risks; they work with us to meet the requirements, including sharing their own modern slavery compliance actions and progress to meet compliance with the Act.



Mitigating our risks

As we continue to build our understanding and our capacity, we have introduced a range of measures across our operations and supply chain designed to mitigate risks:

- Across our operations, we have ensured our employees are aware of Transgrid's core responsibilities in relation to human rights and modern slavery. All employees who make sourcing decisions have undertaken modern slavery risk and compliance training.
- In our supply chain, we have reviewed and refreshed our Guide to Business Ethics (April 2020), to reinforce our requirements for legal compliance and ethical behaviour, as well as the expectation for our employees under the Code of Ethics and Conduct.
- Modern slavery is a key agenda item discussed during tier one supplier meetings and our key partners are requested to provide their actions around modern slavery.
- All Transgrid contracts contain clauses pertaining to modern slavery under Supplier Obligations and set the expectation for Transgrid suppliers.

Remediation

We have not identified any instances of modern slavery during this reporting period, based on the initial assessment undertaken using the Supplier Assessment Questionnaire Process.

In the event that problems are identified through our grievance process or discussions with suppliers, we will work with the supplier in the future to develop corrective actions within an agreed timeframe as part of remediation.

Suppliers will be required to provide evidence of their corrective actions. If these are not remedied in an acceptable manner, Transgrid may terminate its contracts with the supplier.

Assessing effectiveness

We acknowledge the importance of having the right mechanisms in place to review and assess the effectiveness of our activities to address the risks of modern slavery. We will assess the effectiveness of our mitigation strategies based on the following:

- As part of our SRM program we will continue to obtain feedback from our tier one suppliers on how they are addressing modern slavery requirements;

- Conducting an annual review of the supply risk assessment (refer Due Diligence in our supply chain section) and assessment of the measures;
- Number of reported incidents of modern day slavery within our supply chain and operations;
- Investigation and analysis of grievances and reports of issues received through our reporting mechanisms (refer Policies enforcing our operations section);

- Our Risk reporting process (refer Due Diligence in our supply chain and Governance framework sections)

We will continue to engage and participate in industry forums and measure our performance against best practice.

Other Relevant Information

Consultation with internal stakeholders

The Strategic Procurement team has collaborated with relevant internal stakeholders namely, People and Culture (P&C), Health, Safety and Environment (HSE), Compliance and Legal to input into Transgrid's Modern Slavery program. The internal HSE team has been a critical stakeholder during SRM meetings with key suppliers. Legal has collaborated with Strategic Procurement to review and amend contractual clauses to ensure modern slavery risks are mitigated with our suppliers. Legal and Compliance have also had input into the governance framework and policies and ensure compliance with the Modern Slavery Act.

Consultation with external parties

Membership of Energy Procurement Supply Australia (EPSA) has enabled us to build our knowledge and capacity through our work with other energy industry procurement and supply professionals. The EPSA White Paper "Respecting Human Rights in our Supply Chains", released in October 2019, has informed and guided our work and we have gained considerable insights from the pilot program in which we have participated.

Our procurement team also engages with forums to share best practice, ideas and learnings on modern slavery compliance from other companies in a wide range of sectors and countries across the globe. This includes the Procurement Leaders Global Network and Chartered Institute of Procurement and Supply (CIPS).

Partnering with communities

By increasing engagement with local communities and local sourcing, we improve visibility of our supply chain thus minimising overseas sourcing and risks of modern slavery.

We commenced our Reconciliation Action Plan (RAP) journey in 2018, and launched our innovate RAP in 2020. We continue to embed initiatives that aim to increase respect towards Aboriginal and Torres Strait Islander Peoples, build relationships with the community and create opportunities to support reconciliation. Specifically, we have made a number of commitments to increase Aboriginal and Torres Strait Islander supplier diversity to support improved economic and social outcomes. We recognise that we can play a role in employment and business opportunities for Aboriginal and Torres Strait Islander peoples, creating economic advantage.

We have a number of initiatives underway within our Sustainable Procurement Strategy, including:

- Developing and implementing an Aboriginal and Torres Strait Islander procurement strategy
- Broadening and deepening the existing relationship with Supply Nation, a not-for-profit Indigenous supplier database and advocacy organisation to support Transgrid with driving increased Aboriginal and Indigenous business participation
- Reviewing procurement practices to reduce the barriers for procuring goods and services from Aboriginal and Torres Strait Islander small to medium enterprises
- Measuring and increasing the share of third party spend with Aboriginal and Torres Strait Islander suppliers
- Further Initiatives and annual RAP reporting are covered in Transgrid's Innovate RAP.



Looking Ahead

We will continue to build on a solid foundation established in the lead up to our first reporting year. The objective for 2021 is to continue to build our capacity and effectiveness in managing modern slavery risks. This includes:

Broadening and deepening

our initial risk assessment of our supply base

EPSA pilot program,

with program results to be compiled, evaluated and presented to all Australian EPSA organisations, for consideration of full implementation

Continue building

awareness and capacity across our operations

Increased engagement

with our suppliers





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