



**2022
MODERN
SLAVERY
STATEMENT**

Disclaimers

Whilst Aurizon has endeavoured to ensure the accuracy of the information contained in this document at the date of publication, it is general in nature and does not purport to be complete or error free. Any information in this document is subject to change without notice. Except as required by applicable regulations or law, Aurizon is not under any obligation to review or update this document to reflect events or circumstances that arise after publication.

We acknowledge the Traditional Custodians of this land and pay our respects to the Elders past, present and future for they hold the memories, the traditions, the culture and hopes of Aboriginal Australia. We must always remember that under the ballast, sleepers, rail systems and office buildings where Aurizon does business, the land was and always will be traditional Aboriginal land.



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INTRODUCTION

At Aurizon, we understand that modern slavery and human trafficking can occur in many forms. Driven by our values, Aurizon is committed to responsible operations through our robust standards and processes to minimise and address modern slavery risks.

This is our third Modern Slavery Statement made pursuant to the *Modern Slavery Act 2018* (Cth) (the Act). It constitutes the modern slavery statement of the Aurizon Group for the year ending 30 June 2022 (FY2022). It explains what we have done in FY2022 in relevant areas to:

- continuously improve our governance and associated resources
- identify and assess risk in our operations and supply chain
- assess the effectiveness of the actions we are undertaking.

Our journey

We believe in respecting human rights, and recognise that slavery is one of the most severe violations of a person’s human rights. Like all responsible businesses, governments and society, we play a pivotal role in the steps to eradicate modern slavery.

We understand that it is a continuous improvement journey, and are committed to our four-year plan - to develop the Basics, to Build, to Grow, and to Embed and Improve.

FIGURE 1 OUR FOUR-YEAR PLAN



This statement, pursuant to the *Modern Slavery Act 2018* (Cth), reports on the risks of modern slavery in Aurizon’s operations and supply chains, the actions taken to address those risks during the financial year ending 30 June 2022, and how we will continue to assess the effectiveness of our actions.

OUR VALUES



SAFETY
We know safe, we choose safe.



PEOPLE
We seek diverse perspectives.



INTEGRITY
We have the courage to do the right thing.



CUSTOMER
We strive to be the first choice for customers.



EXCELLENCE
We set and achieve ambitious goals.

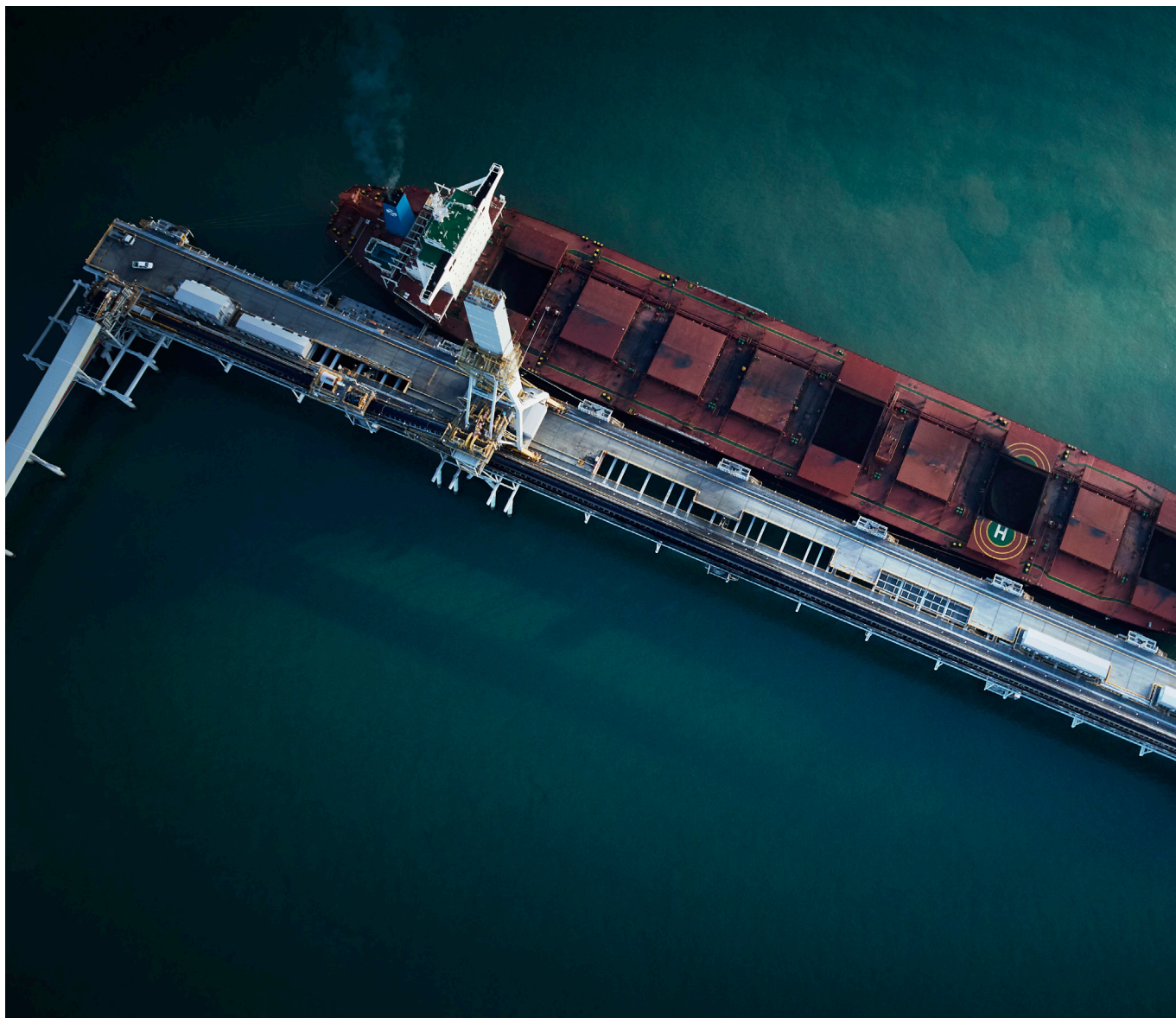


TABLE 1 MANDATORY CRITERIA

Mandatory criteria	Section in Statement	Page
1. Identify the reporting entity.	Our business	4
2. Describe the reporting entity's structure, operations and supply chains.	Our business – our structure, our operations, our supply chain	4
3. Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls.	Risks of modern slavery in our supply chain and operations	8
4. Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes.	Actions taken to assess and address the risks of modern slavery	12
5. Describe how the reporting entity assesses the effectiveness of these actions.	Assessing the effectiveness of our actions	18
6. Describe the process of consultation on the development of the statement with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity covered by the statement).	Our business – process of consultation	4

OUR BUSINESS

We are committed to supporting and respecting the protection of internationally proclaimed human rights, as set out in the *Universal Declaration of Human Rights*.

At Aurizon, we are committed to maintaining a high standard of corporate governance to promote responsible management and conduct within our operations. This approach is supported by our Values and Code of Conduct, particularly our commitments to safety, lawful and ethical conduct, respect for others, and responsible consideration of the community and environment in our decision-making and operations.

FIGURE 2 AURIZON'S FY2022 PERFORMANCE



Our structure

This joint statement is made by Aurizon Holdings Limited ACN 146 335 622, a company headquartered in Queensland, and entities it owns or controls that are reporting entities for the purposes of the Act. These entities, and the entities that those reporting entities own or control, (collectively, the Aurizon Group) are identified in Appendix 1: Aurizon Holdings Limited group structure.

Using largely centralised functions, policies and procedures, the Aurizon Group operates in an integrated manner, governed by the Aurizon Holdings Executive Committee and Board of Directors (the principal governing body of the parent entity of the Aurizon Group) who oversee operations and risk in each subsidiary entity of the Aurizon Group. References to 'Aurizon', 'we' or 'our' in this joint statement are references to the entities making up the Aurizon Group.

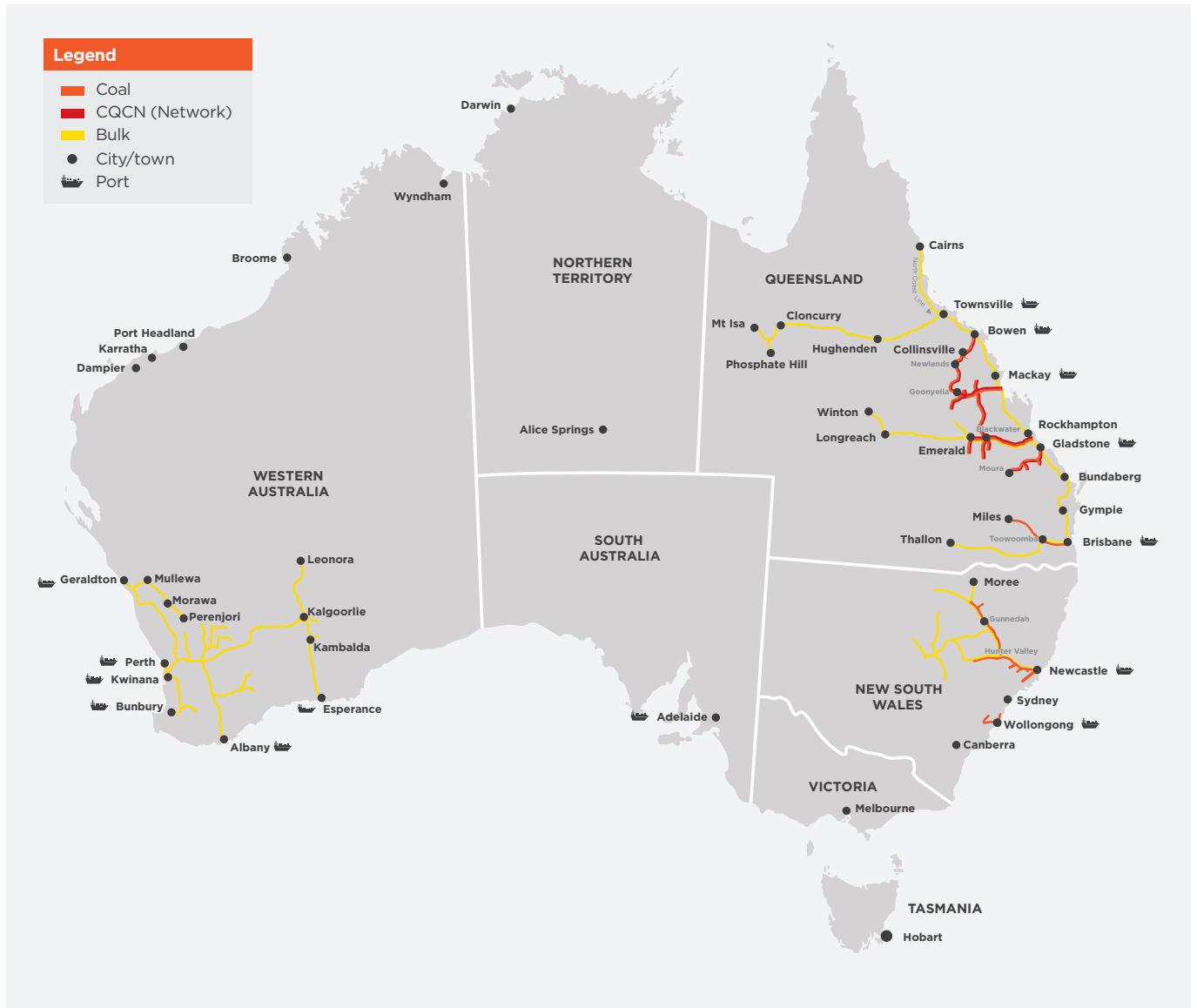
Process of consultation

Aurizon's Modern Slavery Statement has been prepared in consultation with various stakeholders from all relevant areas of the Aurizon Group, including Procurement, Corporate Affairs, Legal, Human Resources, Governance, Risk and Assurance, and operational business units.

This statement has also been prepared through a process of consultation with the Aurizon Holdings Executive Committee and Board of Directors as well as relevant senior management within Aurizon. The Aurizon Holdings Executive Committee have endorsed this statement.

In addition to internal stakeholder consultation, Aurizon has attended various knowledge sharing forums hosted by industry experts, including Global Compact Network Australia and the Chartered Institute of Procurement & Supply. They covered a variety of topics on Modern Slavery Act compliance, governance and trends, industry benchmarking, and human rights. As we focus on continuously improving our approach, we look to these forums to gain learnings from our peers and opportunities for collaboration.

FIGURE 3 AURIZON'S OPERATIONS AS AT 30 JUNE 2022



Our operations

Aurizon (ASX: AZJ) is Australia's largest rail-based transport business and an ASX-listed company. Our purpose is to grow regional Australia by delivering bulk commodities to the world. Our Sustainability Report provides more information about our business, including our company strategy, operations, and approach to sustainability.

What we deliver

In FY2022, we transported more than 245 million tonnes of Australian commodities, connecting miners, primary producers and industry with international and domestic markets. We provide customers with integrated freight and logistics solutions across an extensive national rail, road and port network that traverses Australia. We have a fleet of around 600

locomotives and 12,500 wagons¹. As shown in figure 3, our operations primarily span Queensland (QLD), New South Wales (NSW), and Western Australia (WA). Our biggest economic footprint is in regional QLD, where our employees support our coal haulage business, deliver bulk commodities, and ensure that the Central Queensland Coal Network (CQCN) is running safely and efficiently. Our key operational areas are broken into three business units: Coal, Bulk and Network.

Coal

We play a significant role in Australia's coal supply chain, with approximately two-thirds of Australia's coal exports using our below rail Network and/or hauled by our Coal business. As a supply chain partner for our customers, we transported 194 million tonnes of coal in FY2022.

Bulk

Our Bulk business includes haulage of a range of bulk commodities, such as iron ore, bauxite, alumina, base metals, grain, and fertiliser-related products. During FY2022, our Bulk business delivered 51 million tonnes of commodities. The business also provides supply chain services to customers, including ballast cleaning, hook-and-pull, and port services.

Network

We operate and manage the CQCN under a 99-year lease arrangement with the QLD Government. The CQCN connects over 40 mines to five export terminals, as well as to domestic customers. This critical piece of infrastructure supports

¹ Number of active fleet

approximately 90% of Australian metallurgical coal export volume.

Together, our Coal and Bulk haulage businesses are referred to as 'above rail', while our Network business is referred to as 'below rail'. Over one-third of our revenue relates to below rail, with the remaining revenue from our Coal and Bulk businesses.

Our people

At Aurizon, we have over 5,000 employees, with around 85% living and working in regional Australia. Our purpose of growing regional Australia by delivering bulk commodities to the world is underpinned by a workplace culture of connection to enable great outcomes. Through our commitment to safe and efficient delivery for our customers, we are building our workforce for the future. This includes investing in our people and partnerships, and creating an inclusive workplace. We strive to create a culture where people live our values, and are engaged and enabled to do their best work. Strong leadership, culture and values-aligned people practices are our foundation to achieve these aims.

FIGURE 4 AURIZON'S FY2022 PERFORMANCE



Our supply chain

Aurizon's supply chain is complex and multi-tiered. Our tier 1 suppliers are those we engage directly, while our tier 2 and beyond suppliers are those who supply goods or services to our tier 1 suppliers.

Tier 1 suppliers

Over 96% of our direct external spend was paid to suppliers located in Australia, with the remaining spend to suppliers in other continents, including Asia, North America and Europe. While the majority of our external spend was within Australia, we recognise that this might not be indicative of the original source location of the products or services procured. The need to gain more transparency into our supply chain is discussed below in *Tier 2 and beyond suppliers*.

Tier 2 and beyond suppliers

Due to the complexity of our supply chain, we do not have the same level of visibility of our suppliers in tier 2 and beyond as we do for our tier 1 suppliers. We acknowledge that we need further due diligence of our tier 2 suppliers, including through the use of our modern slavery technology tool and Supplier Assessment Questionnaires (see case study 2). This is to gain more transparency past our tier 1 suppliers to better understand our risks.

Our local procurement

Given the regional footprint of our business, we recognise the importance of contributing as partners in the communities in which we operate. In FY2022, over 70% of our external spend was in regional Australia (regions beyond the metro area of capital cities). Services we have engaged through regional suppliers include:

- below rail asset management – for example, construction and maintenance services and equipment wet hire
- materials and engineering – for example, engineering services, signalling and telecommunications, and track formation materials
- corporate goods and services – mainly facilities, fire and security services.

Another important aspect of our local procurement is our engagement with Aboriginal and Torres Strait Islander suppliers². Working with these suppliers is one way that we support advancing the socio-economic opportunities of the communities in

which we operate. In FY2022, of our \$5.25 million spend with these suppliers, over 95% was within the track formation materials (primarily ballast and quarry products) and construction and maintenance services (primarily welding services) categories.

Our rollingstock fleet

Our fleet of locomotives and wagons is a significant asset that is critical to Aurizon delivering services for our customers. This asset group (our number one spend category), accounts for 20% of our total FY2022 spend.

Primarily, we source our locomotives from the USA and Germany. Most of the servicing of our locomotive fleet, consisting of running maintenance and overhauls, is completed in Australia using a mix of internal resources and external contractors. Original Equipment Manufacturer (OEM) components used for maintenance are sourced through our suppliers, typically from the USA or Europe (depending on the type of locomotive). During FY2022, we purchased six locomotives that will be manufactured in NSW, with key OEM components from the USA.

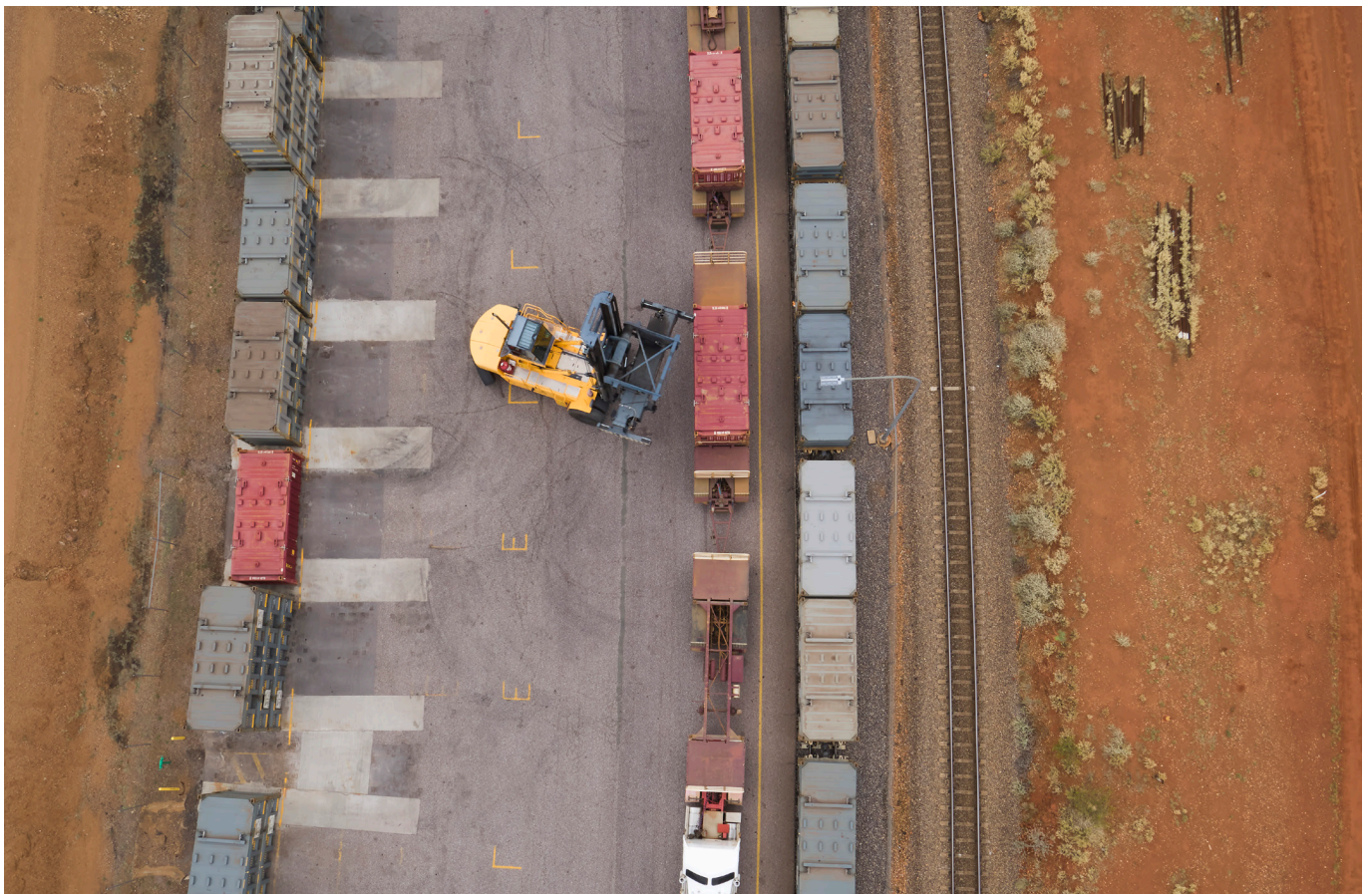
Over 80% of our fleet of wagons has been sourced and manufactured in Australia, with the remaining sourced from Germany and, more recently, from China. The maintenance of our wagons is largely done in-house, using internal resources to complete the works. Materials or parts/spares for our fleet used in our maintenance programs include brakes, axles, wheel sets, rotables, and industrial consumables. Key sourcing locations for major components (brakes, axles, wheels) include China, Australia, North America and Germany.

² Supply Nation-verified Indigenous businesses

³ Source location is determined by the domicile of the legal entity

TABLE 2 FIVE LARGEST SPEND CATEGORIES FOR FY2022

Category	Spend %	Sourcing locations ³	Tier 1 suppliers
1. Rollingstock equipment and services			
Assets, parts and maintenance services, which comprises purchasing and servicing of one of Aurizon's key asset groups.	20%	Australia Asia USA	454
2. Fuel			
Lubricant and fuel used in our locomotives and equipment.	18%	Australia	52
3. Construction and maintenance services			
Services to support the maintenance of our rail infrastructure, i.e. civil construction and electrical infrastructure.	8.4%	Australia United Kingdom	215
4. Information, communication and technology			
Our technology architecture of hardware, infrastructure, services, software and telecommunications.	6.3%	Australia Singapore Europe (various countries) USA New Zealand	219
5. Facilities management			
A range of services to support our real estate portfolio, including managed services, cleaning, waste and trade services.	5.9%	Australia	219



RISKS OF MODERN SLAVERY IN OUR SUPPLY CHAIN AND OPERATIONS

In FY2022, we continued due diligence activities in line with our *Modern Slavery and Human Rights Due Diligence Framework* (our Modern Slavery Framework).

Our governance and due diligence processes

Our Modern Slavery Framework is aligned with the United Nations Guiding Principles on Business and Human Rights, and is key to identifying and managing risks in our supply chain and operations.

During FY2022, our modern slavery technology tool again guided our approach to measuring the modern slavery risks of our supply chain.

The technology tool generates a predictive Bill of Materials (BOM) through supply chain data analysis. The BOM is used to measure risk at multiple tiers of the supply chain, from raw materials/components to suppliers of finished goods. An inherent risk assessment is then produced, incorporating supplier, industry, geographic location, and product risk, which gives the supplier a ‘high’, ‘moderate’ or ‘low’ rating.

FIGURE 5 MODERN SLAVERY AND HUMAN RIGHTS DUE DILIGENCE FRAMEWORK



We also use a wide variety of sources of information, such as the US Bureau of International Labour Affairs List of Goods Produced by Child Labor or Forced Labor, Trafficking in Persons Report, Ethical Trading Initiative, and industry reports, to identify potential modern slavery risks in our supply chain.

We continue to use Supplier Assessment Questionnaires to help us determine a supplier’s maturity in relation to human rights. Maturity is assessed against five key areas: governance and policy commitments; operationalising respect and human rights due diligence; operational grievance and remedy mechanisms; human rights practices; and auditing history.

Encouraging two-way dialogue and collaboration with our suppliers is key to successful engagement and change. A supplier’s risk score and maturity rating are shared with the supplier, which forms the basis of ongoing engagement and guidance on potential modern slavery risks areas. Concerns that have not been mitigated through this step in the process are assessed further to determine whether a remediation plan is required. Data and information obtained through this process is recorded on our internal register, and is used to help monitor the risk profiles of our suppliers and guide future actions.

Our Procurement team continues to monitor adverse media coverage alerts, with relevant items applied to the risk profile of suppliers, associated industries, and source countries. This forms part of the due diligence in step 3 – Monitor and report – in our Modern Slavery Framework.

Our Decision Framework is a key resource that supports the Modern Slavery Framework. It helps our teams determine the appropriate response to a potential modern slavery risk or an identified incident of modern slavery. More details are given in the ‘Actions taken to assess and address the risks of modern slavery’ section.

Our Modern Slavery Framework and supporting resources/tools help us assess our risks and guide our approach and prioritisation to addressing them.

Modern slavery risks in our supply chain

Tier 1 suppliers

We understand that risk is dynamic, therefore we use our modern slavery software to help monitor our suppliers and associated risks. Aurizon currently has 315 high-risk suppliers being monitored⁴. An assessment of our active tier 1 suppliers identified three key industries where there was a potential for us to contribute to or be directly linked to modern slavery. These industries are also represented in our five largest spend categories for FY2022.

- 1. Rollingstock equipment** – risk of forced labour and human trafficking due to the complex supply chains, limited transparency of multiple tiers in the supply chain, and geographical risks based on the country of origin. Our supplier-operating countries include the USA, Germany and China.
- 2. Information, communication and technology** – risk of forced labour and child labour in relation to products such as laptops, mobile phones and devices, consistent with the *Global Slavery Index 2018*, due to the source location of these products.
- 3. Facilities management** – risk of forced labour and debt bondage due to the lack of visibility as a result of outsourced arrangements as well as characteristics of the industry, such as using lower skilled and/or migrant workers.

Tier 2 and beyond suppliers

During FY2022, we further examined the sub-suppliers within one of our high risk industries – rollingstock equipment. We selected a sample of our tier 1 and supporting tier 2 suppliers and sub-suppliers that provide wagons, wheels and rollingstock sub-components to our operations. This analysis measured the risk level based on supplier, industry and geographic location. The findings from this review are presented in table 3.

Although Aurizon currently has limited insight into these 14 sub-suppliers, we understand these suppliers are located in or operated predominantly from China and Japan. Remaining countries include the USA, Ireland, Poland, Singapore, South Korea and the United Kingdom.

Based on the information available to us, and using the *Global Slavery Index 2018* as guidance, we concluded that there is a moderate risk of modern slavery with these tier 2 suppliers and sub-suppliers. We will continue further actions as we develop and strengthen our Modern Slavery Framework.

We understand that risk is dynamic, therefore we use our modern slavery software to help monitor our suppliers and associated risks.

TABLE 3 ROLLINGSTOCK EQUIPMENT TIER 2 AND BEYOND DATA

Tier 2 suppliers		Sub-suppliers	
Total suppliers	17	Total-suppliers	14
Predominant supplier location	Indonesia	Predominant supplier location	China and Japan
Predominant supplier industry	Manufacturing 70%	Predominant supplier industry	Manufacturing 50%
Low-risk suppliers	11	Low-risk suppliers	8
Medium-risk suppliers	6	Medium-risk suppliers	6
Key potential modern slavery risks	Forced labour, human trafficking and debt bondage ⁵	Key potential modern slavery risks	Forced labour ⁶

⁴ as at May 2022

⁵ 2021 Trafficking in Persons Report

⁶ Global Slavery Index 2018

Modern slavery risks in our operations

Modern slavery is not confined to developing countries. Therefore, as an Australian-operated entity, it is still important to review our operations for indicators that have the potential to cause, or contribute to, modern slavery.

Our Corporate Governance Framework, which is underpinned by the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, is designed to promote responsible management and conduct of Aurizon. This strong foundation, in addition to our Modern Slavery Framework and technology, provides Aurizon with the tools to support the identification of potential modern slavery risks in our operations, ensuring we can assess and address those risks as they may arise.

In line with our Corporate Governance Framework, our employees are engaged through various employment mechanisms, including enterprise agreements (EAs), awards or common law contracts that, at a minimum, comply with all local laws and define employment conditions (e.g. hours of work and leave entitlements) to ensure we pay at or above minimum wages.

To ensure our employees are paid correctly, there are multiple levels of controls within our payroll process. These include administrative and system controls, such as detailed policies and procedures, as well as robustly tested award interpretation mechanisms that are built into our payroll systems to ensure compliance with relevant legislation and our Enterprise Agreements. In addition to internal payroll process compliance audits, Aurizon also engages a third-party provider to audit our payroll process twice a year.

In light of the above, we have assessed that the likelihood of Aurizon causing or contributing to modern slavery in our operations as low.

In FY2022, we engaged a business process outsourcing supplier to deliver corporate support activities. The scope of these services includes roles within Administration, Finance, Human Resources and Procurement services that will transition offshore to India. To mitigate the risk that this arrangement may *contribute* to modern slavery, tender-respondent human rights policies were assessed as part of the selection criteria, in addition to the

inclusion of Human Rights Compliance and Supplier Code of Conduct clauses in the services agreement. The successful respondent was an existing Aurizon supplier currently engaged to provide IT support services. When due diligence activities in line with our Modern Slavery Framework were completed with this supplier in FY2021, they returned a maturity rating of **Performing**. Their maturity will be reassessed, as planned, in FY2023.

On 29 July 2022, Aurizon acquired One Rail with a view to integrating One Rail Bulk into Aurizon's above and below rail business, and divesting One Rail Australia, in accordance with the terms of an enforceable undertaking given by Aurizon to the Australian Competition and Consumer Commission, under section 87B of the *Competition and Consumer Act 2010* (Cth).

As Aurizon's divestment of One Rail Australia will take place during FY2023, it is anticipated that the One Rail Bulk reporting entities will be integrated into Aurizon's Modern Slavery Framework during FY2023 and will be considered within Aurizon's FY2023 modern slavery statement. The One Rail Australia reporting entities will issue a separate modern slavery statement for the FY2023 reporting period.





ACTIONS TAKEN TO ASSESS AND ADDRESS THE RISKS OF MODERN SLAVERY

In line with our four-year plan, our focus in FY2022 has been to increase due diligence in our supply chain and to implement improvements.

Acknowledging that we need a sustainable, long-term plan to manage risks in our supply chain, we are taking a targeted and staged approach to address this issue.



Key actions on our supply chain completed during FY2022 include the following:

Increase Supplier Code of Conduct acknowledgements

Our Supplier Code of Conduct outlines our expectations of our suppliers and members of their supply chain against five key principles: Safety; Business Integrity; Labour and Human Rights; Communities; and Environment.

In FY2022, we engaged with 285 of our high-risk suppliers to educate and inform them of Aurizon's expectations under the Supplier Code of Conduct. The year-on-year response rate continues to improve: 84 of these existing suppliers confirmed that they had read and understood our Supplier Code of Conduct. For the majority of the remaining high-risk suppliers, Aurizon spend is less than \$1 million each. In FY2023, we will continue to educate these suppliers on our Supplier Code of Conduct and seek their confirmation of understanding. In addition, of the 12 outstanding Supplier Code of Conduct requests with FY2020 suppliers, nine were closed out; the other three requests were underway with the supplier at the end of FY2022.

Increase supplier awareness

To further raise awareness on the issue of modern slavery, we developed a Supplier Information Pack, which contains a series of key topics to help our suppliers understand the following:

- What is modern slavery?
- Who is at risk - vulnerable groups and industries?
- What steps we can take to make a difference, including what Aurizon is doing.
- How to report potential instances or concerns.

During FY2022, we provided our Supplier Information Pack to 157 of our high-risk suppliers either during the Supplier Assessment Questionnaire process, Supplier Code of Conduct engagement, or during supplier performance meetings.

Implement human rights audit methodology

During FY2022, we established an arrangement with a third-party professional services company to help develop a human rights audit methodology and provide desktop

and site audit services. These services will help Aurizon gain a deeper understanding of potential human rights risks in our supply chain. They will support our Modern Slavery Framework and form part of increased due diligence activities for high-risk supplier engagements.

Monitor media alerts

During FY2022, 107 media alerts were raised and assessed through our modern slavery technology tool. None of the alerts raised were against Aurizon suppliers in FY2022.

Monitor supply chain risk

Aurizon has been proactively reviewing the potential impact of key supply chain risks on our business (such as COVID-19, AdBlue shortage, shipping disruptions, Ukraine-Russia war) by monitoring news, expert commentary, and information from our suppliers. As a result, we have implemented mitigating actions, such as proactive and targeted increases to our inventory levels, communication with major suppliers through regular performance meetings, and targeted use of air freight. These initiatives not only help Aurizon to reduce exposure to business risk, but also support our suppliers by ensuring we are not putting pressure on them to supply more stock or meet unrealistic deadlines because these practices might raise the risk of vulnerable workers in our supply chain being exploited.



We understand that encouraging two-way dialogue and collaboration with our suppliers is critical to successful engagement and change.

Continued actions with suppliers prioritised in FY2021

During FY2021, 11 suppliers were identified for engagement.

They all returned maturity ratings between 'emerging', and 'performing', and no remediation plans were issued.

However, further actions were recorded against some suppliers that were followed up and closed out in FY2022, including:

- requests for confirmation of Aurizon's Supplier Code of Conduct
- requests for more information/documentation for clarification and completeness
- scheduled annual follow-ups to review modern slavery progress.

Suppliers prioritised in FY2022

During FY2022, based on a combination of spend and categories, 17 suppliers were prioritised for further due diligence and engagement. They included suppliers from our top two high-risk categories of Rollingstock equipment (8) and Information, communication and technology (3).

All of these suppliers were issued a Supplier Assessment Questionnaire. Based on their responses, the majority had a favourable lowering of their risk assessment. Some minor items that remained against a few suppliers will be followed up into FY2023 to ensure they are also actioned appropriately.

Three suppliers failed to respond to our SAQ requests. While two have publicly declared their approach and commitment to addressing modern

slavery risk, they represent a lower modern slavery risk, we will follow up all of these suppliers in FY2023 to better understand their response to modern slavery risks. Further action may be taken as a result.

While Aurizon did not initiate any supplier remediation plans during FY2022, two suppliers we assessed as **Basic/Low** maturity had already developed improvement plans. We will monitor and support these suppliers to implement these improvements.

As a result of the work this year, no evidence of modern slavery was identified within our FY2022 supply chain. Despite no evidence of modern slavery being identified, we acknowledge that we could be directly linked to modern slavery through our supply chain, and that work on this issue must continue to improve engagement and transparency.

As we continue to broaden the scope of suppliers selected, our understanding of our suppliers is improving. Key details of our FY2021 and FY2022 suppliers outlined in table 4 show a range of outcomes, but the majority of respondents are **Emerging** or better.

TABLE 4 SAQ DATA FY2021-FY2022

Maturity rating	FY2021	FY2022
Basic/Low	0	2
Basic/Low bordering Emerging	2	2
Emerging	5	7
Leading	0	2
Performing	4	4
Total	11	17



**CASE STUDY 1:
RESPONDING TO POTENTIAL MODERN SLAVERY RISK**

As we conducted deeper risk validation across our supply chain, there have been incidences where the potential for modern slavery risk remains high. Our response has depended on the severity of the risk to people, and our relationship to the risk and to the supplier. As part of our prior years’ due diligence, a supplier of sub-components for our welding equipment received a maturity rating of **Basic/Low**, and we were unable to obtain more information. As a result, the risk rating remained high. Because the spend was low and we did not engage with this supplier regularly, we considered that the likelihood of being able to influence remediation was low, therefore the decision was made to discontinue the relationship. We placed a block in our purchasing system to prevent further engagement with that supplier.

During FY2022, we received a request from the business to reinstate this supplier because the supplier was the sole provider of these particular sub-components. In line with our Modern Slavery Framework, we re-engaged with the supplier to understand what improvements (if any) they had made to manage their modern slavery risk, and asked them to complete the SAQ again. The supplier was able to demonstrate they had made improvements in their governance and controls to better manage their modern slavery risk. As a result, their maturity assessment was increased, and with no further remediation required, the supplier was reinstated to allow purchasing. This example demonstrates where we have implemented our Modern Slavery Decision Framework in balancing our ability to influence a supplier and their importance to our supply chain. It also demonstrates that our assessment of risk should not be static. It must be revisited, as needed, when a supplier’s maturity has changed.

CASE STUDY 2: TIER 2 SUPPLIER DUE DILIGENCE

This case study provides an example of where Aurizon has been able to educate and influence tier 2 suppliers on their approach to modern slavery. In FY2022, during a sourcing activity with an Australian supplier of wagons, we identified a potential modern slavery risk due to the geographical location of their manufacturing supply chain in China. As a result, further due diligence was undertaken on this supplier (tier 1) and on their sub-supplier (tier 2).

Our initial due diligence with this tier 1 supplier resulted in a rating of **Leading**, which provided a level of confidence in their controls and modern slavery maturity. Because of our relationship with this supplier, we were able to work collaboratively with them to better understand their supply chain and, particularly, their sub-supplier in China.

The tier 2 supplier provided a comprehensive response to Aurizon's SAQ, along with relevant supporting documentation and a letter of commitment stating their willingness to develop a modern slavery policy. While their maturity was assessed as **Basic/Low**, the supplier was proactive in providing more information, which helped to reduce their risk rating.

Actions taken in our operations

Even though we consider the likelihood of modern slavery in our operations is low, we recognise the importance and value in continually reviewing our operations to ensure our actions remain appropriate and responsive to the potential risks. During FY2022, 250 of our people participated in a number of program initiatives that support our values-driven safety and performance culture and our employees, helping to minimise our potential modern slavery risks. We are passionate about developing all our people, and recognise that meaningful development comes in many different forms. Our development programs have become part of the way we operate at Aurizon - from targeted leadership programs to support programs for recent graduates and those transitioning to the rail industry.

In FY2021, we used our modern slavery technology tool and SAQ functionality to formally assess our modern slavery maturity. Even though no red flags were raised, an improvement plan was developed with four actions that were incorporated into our FY2022 commitments. In FY2022, we completed and implemented those actions.





Key actions completed on our operations include the following:

People Insights Survey

During FY2021, we surveyed our people about their experiences of working at Aurizon to help shape our future. The responses gave us valuable insights into what is working for our people and where we could improve. Our people told us they wanted more development, and they wanted to better understand their performance and to take control of their careers. From this feedback, we:

- improved our leadership development program, focusing on improving how our leaders communicate and manage change

- expanded our career development program, so that more employees can experience career coaching and capability expansion
- implemented *myAcademy* – a platform for online and flexible learning
- consolidated all temporary and permanent vacancies as well as development opportunities on *myCareer* – a centralised portal for employees.

The survey was conducted again in FY2022 to track our progress and

to continue to improve our people's experience at Aurizon. In this survey, 40% of Aurizon people participated. While we have made progress on our four cultural dimensions, we recognise a need to better understand some areas of our culture. We are currently seeking to hear more about the things that we do well, and also the things that we need to improve.

Ensuring our workplaces are inclusive for our employees is core to values and a priority to our business.

Human Rights Policy

Our commitment to human rights is fundamental to our modern slavery journey. The review and subsequent update of our Human Rights Policy in FY2021 was endorsed by the Board of Directors and published in FY2022.

Modern slavery training

Our online modern slavery training module was initially rolled out in August 2021 to over 190 employees who play a key role in our operations and/or supply chain, together with employees in our Technology team and Corporate Leadership team.

In addition to the above roles where the training is mandated, it is also available for voluntary completion to all Aurizon employees. In FY2022, 87 employees voluntarily completed the training. Through more communication and awareness, we hope to increase this number in FY2023. The module covers a range of topics, including defining and describing modern slavery; identifying who may be at risk; and how we can address modern slavery. Importantly, it also outlines our commitments to address modern slavery.

We also conducted continued learning workshops with our Procurement teams. These sessions were tailored to provide more guidance and support on our due diligence activities and resource improvements.

Manage Procurement process review

To improve our maturity in the way we assess and address modern slavery risks, we have reviewed our Manage Procurement process to ensure we embed these risk considerations into all key stages of our processes, including:

- Category management planning
- Strategic sourcing planning
- Market engagement
- Awarding and renewing/extending
- Supplier performance and relationship management.

As a result of this review and engagement with our Procurement teams and Leadership team, some improvement opportunities were identified. In FY2022, initiatives relating to strategic sourcing planning, market engagement and awarding (including renewing/extending) were implemented. The remaining items will continue to be developed into FY2023.

Decision Framework

A decision framework was developed to guide responses to potential modern slavery risks or an identified incident of modern slavery. Guided by the United Nations Guiding Principles on Business and Human Rights, the framework requires a consideration of the likely severity of the modern slavery risk, in light of Aurizon's potential role in it – that is, causing, contributing or being directly linked to it.

Included in the framework are scenario-based examples to provide understanding on how the framework should be applied. It is intended to help decision-making rather than to mandate the way decisions should be made. The framework was approved by the Board of Directors for implementation in FY2022.

Grievance mechanisms

We are committed to giving our employees, contractors, suppliers and the general community the opportunity to safely raise grievances about Aurizon upholding and respecting human rights. They also have the opportunity to provide specific information on modern slavery issues.

Our Whistleblower Hotline, which is operated by an independent third party, enables employees, contractors, suppliers, and the general community to anonymously report suspected or actual illegal activity, breaches of company policy, and potential fraud or misconduct. This applies even if the matter does not meet the strict criteria for protection under the *Corporations Act 2001* (Cth). More information on the mechanisms is available in our Whistleblower Policy, located on our website.

Our employees are encouraged to live by our philosophy – 'If you see something that's wrong, make the right call and speak up'.

Aurizon's Whistleblower Hotline has been promoted widely to internal and external stakeholders as a way to report any human rights and modern slavery concerns. It is included annually in our Modern Slavery Statement (MSS). In FY2022, it was communicated as a direct update to all active suppliers with the launch of our second MSS, in our enterprise-wide newsletter, online training module, Supplier Information Pack, and on the Aurizon website.

In FY2022, we received one modern slavery alert through the Whistleblower Hotline. It related to our processes around human rights due diligence in our supply chain. It was investigated in accordance with our Whistleblower Policy and was found to be unsubstantiated. While unsubstantiated, the learnings helped inform our approach and focus for our FY2022 actions to improve our governance framework.

As well as our Whistleblower Hotline, our standard supplier contract templates also seek to include dispute resolution provisions to describe relevant remediation processes for grievances.

ASSESSING THE EFFECTIVENESS OF OUR ACTIONS

In FY2022, we have continued to increase our supply chain assessment and to implement improvements so we can identify, understand and mitigate modern slavery risks in our operations and supply chains.

We are continuing to improve our existing measures to assess and address the effectiveness of our actions. Some of the steps we have taken to improve our existing measures are set out below.



Training and education

Modern Slavery Awareness training completion rate of over 90% was achieved where mandated for key roles in our Operations and Supply Chain. We expect this rate to continue to increase during FY2023. The modern slavery training module will continue to be expanded to more employees as Aurizon progresses with our modern slavery journey. In addition, focused training throughout the year with our specialist teams (e.g. Procurement) ensures we have appropriate responses to assessing and addressing potential modern slavery risks.

Aurizon's modern slavery maturity

As noted in FY2021, we undertook an assessment of Aurizon Holdings' modern slavery maturity against

the five SAQ key areas, with our improvement plan incorporated into our FY2022 commitments and successfully completed (see the 'Actions taken to assess and address the risks of modern slavery' section).

We will continue to revisit and reassess our maturity against the five key areas to understand how our actions are supporting our maturity in relation to modern slavery and human rights. Aurizon will continue to invest in our Modern Slavery Framework to increase the maturity of the way we assess the effectiveness of our actions to address these risks.

This includes looking at how others in our industry, and other industries, are approaching their risks and increasing their levels of sophistication, helping us to learn and incorporate improvements into our own Modern Slavery Framework.

Governance and due diligence

We continue to report annually to the Aurizon Holdings Executive Committee and Board of Directors, providing an overview on the progress of our actions to address modern slavery and our statement for reporting. Their review and feedback help to ensure our response is appropriate and in line with enterprise expectations. Modern slavery risks identified during the year are also raised to the Executive Committee and the Board of Directors, where necessary.

In FY2022, we improved our governance initiatives for assessing and addressing modern slavery risks within our procurement processes, by embedding modern slavery risk considerations at key approval stages and developing a Decision Framework. These improvements ensure that we review our modern slavery risk in relation to products/services and suppliers at multiple stages during our sourcing activities and contract execution.

Procurement and supply chain

In FY2022, we measured the impact and effectiveness of our FY2021 actions by monitoring three things: completion rates of employee awareness training; supplier acknowledgements of Aurizon's Supplier Code of Conduct; and outcomes of due diligence activities in line with our Modern Slavery Framework.

We will continue to monitor these key indicators each year as part of this process, as well as the various annual commitments Aurizon works towards, which are detailed in the 'Actions taken to assess and address the risks of modern slavery' section.

OUR YEAR AHEAD

Aurizon has committed to the following priorities for FY2023.

Governance and due diligence

- Continue to improve our governance framework and associated resources
- Develop a three-year plan to replace outgoing FY2020-FY2023 plan.

Our operations

- Refresh Aurizon Holdings modern slavery maturity SAQ
- Increase cross-company engagement
- Assimilate new entities to the Aurizon Group structure into our Modern Slavery Framework and support their transition.

Our supply chain

- Continue to increase formal acknowledgment of our Supplier Code of Conduct and supplier awareness of modern slavery through our Supplier Information Pack
 - Identify, assess and start to address (where applicable) risks identified in prioritised FY2023 suppliers
 - Develop processes to ensure integrity of our modern slavery technology data.
-

This is our third Modern Slavery Statement made pursuant to the *Modern Slavery Act 2018* (Cth) (the Act). It constitutes the modern slavery statement of the Aurizon Group for the year ending 30 June 2022 (FY2022).

The statement has been approved by the Aurizon Holdings Board of Directors, the principle governing body of the parent entity of the Aurizon Group, on 14/10/2022.

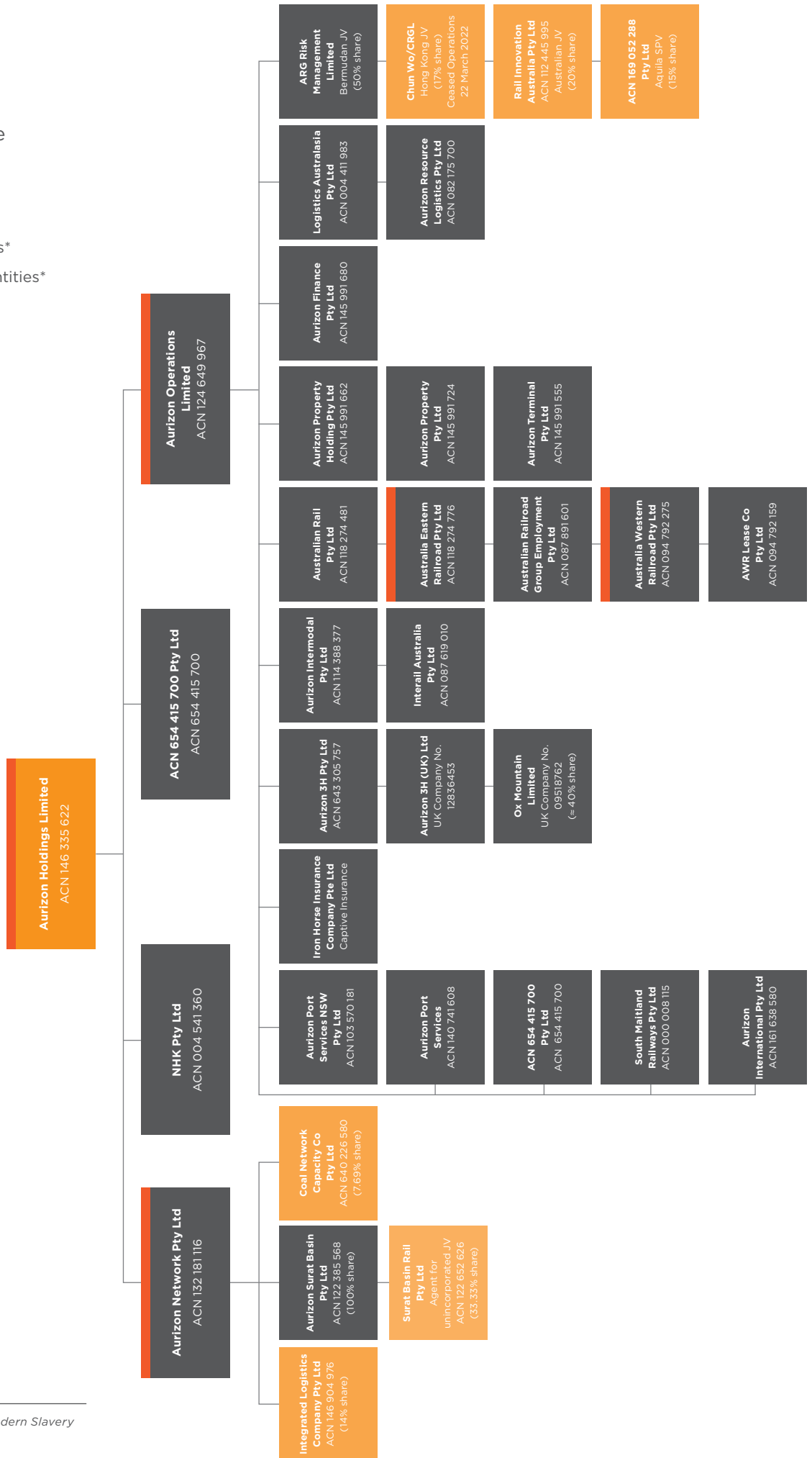
Andrew Harding



Managing Director and Chief Executive Officer
December 2022

Appendix 1:
Aurizon Holdings
Limited group structure
as at 30 June 2022

- Reporting entities*
- Owned/controlled entities*
- Non-owned/controlled entities*



*for reporting purposes under the *Modern Slavery Act 2018*

Appendix 2: Primary purpose of each reporting entity

Reporting entity	Primary purpose	Country of operation
Aurizon Network Pty Ltd	Provision of access to, and operation of, the Central Queensland Coal Network (CQCN). Provision of maintenance and renewal of Network assets.	Australia
Aurizon Operations Limited	Rail activities, including transport of coal from mines in QLD and NSW to end customers and ports.	Australia
Australia Eastern Railroad Pty Ltd	Transport of bulk mineral commodities, agricultural products, mining and industrial inputs and general freight throughout QLD.	Australia
Australia Western Railroad Pty Ltd	Transport of bulk mineral commodities, agricultural products, mining and industrial inputs and general freight throughout WA.	Australia

