

2021 Modern Slavery Statement

Delivering for a
sustainable future



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.



Aurizon staff at Hexham New South Wales with local Indigenous artist John Robinson and his family.

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

INTRODUCTION

At Aurizon, we understand that modern slavery and human trafficking can occur in many forms.

Through our values of Safety, People, Integrity, Customer and Excellence, and our commitment to responsible operations, we have established robust standards and processes to minimise and address modern slavery risks.

This is our second Modern Slavery Statement made pursuant to the *Modern Slavery Act 2018* (Cth) (the **Act**) and constitutes the modern slavery statement of Aurizon for the year ended 30 June 2021 (**FY2021**).

It explains what we have done in FY2021 in relevant areas to:

- strengthen our governance and policies
- review 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 eliminate modern slavery.

We understand that it is a continuous improvement process. We 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 chain, the actions taken to address those risks during the financial year ended 30 June 2021, and how we will continue to assess the effectiveness of our actions.



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*.

This approach closely aligns with the Board’s commitment to maintain a high standard of corporate governance to promote responsible management and conduct within Aurizon.

It is also 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.

TABLE 1 FY2021 KEY PRIORITIES

Key priorities as outlined in our first statement
– Implement Modern Slavery-focused technology tools to support the assessment and monitoring of all of our suppliers.
– Revise supplier risk segmentation focusing on identifying our higher risk suppliers based on supplier industry, product/service, and country-of-origin characteristics.
– Issue Self-Assessment Questionnaires (SAQ) to our highest risk suppliers, and based on risk profiles, work on remediation plans, where necessary.
– Develop and implement a suite of guidelines to cover due diligence, supplier engagement plans, incident reporting, and remediation processes.
– Periodically review and monitor, including constant media monitoring.
– Implement the Continuous Improvement Framework assurance process.
– Work with selected suppliers to raise awareness and understanding of modern slavery risks.

FIGURE 2 AURIZON’S FY2021 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, Risk and Assurance, and operational business units. This statement has also been prepared through a process of consultation with and approval by the Aurizon Holdings Executive Committee and Board of Directors as well as relevant senior managers within Aurizon. Our Board of Directors approved our FY2021 key priorities (table 1) as part of the FY2020 Modern Slavery Statement approval process.

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 2021 Sustainability Report provides more information about our business, including our company strategy, operations, and approach to sustainability.

What we deliver

In FY2021, we transported more than 250 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 wagons.

We also own and operate one of the world's largest coal rail networks, the Central Queensland Coal Network (CQCN), a critical piece of infrastructure supporting approximately 90% of Australian metallurgical coal export volume.

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 CQCN is running safely and efficiently. Our key operational areas are broken into three business units: Coal, Bulk and Network.

Coal

Our Coal business provides a critical service to Australia's \$39 billion¹ export coal industry, the nation's second largest source of export revenue in FY2021. We haul around half of Australia's export coal volume. As a supply chain partner for our customers, we transported 202 million tonnes of coal in FY2021.

Bulk

Our Bulk business includes haulage of a range of bulk commodities, such as iron ore, bauxite, alumina, base metals, grain, livestock and fertiliser-related products. During FY2021, 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.

Together, our Coal and Bulk haulage businesses are referred to as 'above rail', while our Network business is referred to as 'below rail'. Approximately two-thirds of our above rail revenue is related to coal, with our Bulk business contributing to the remaining one-third.

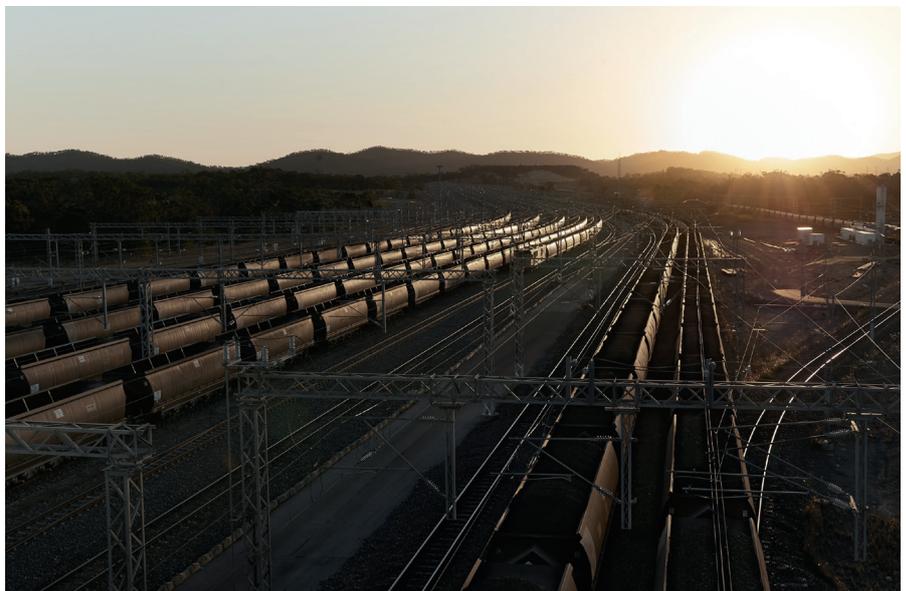
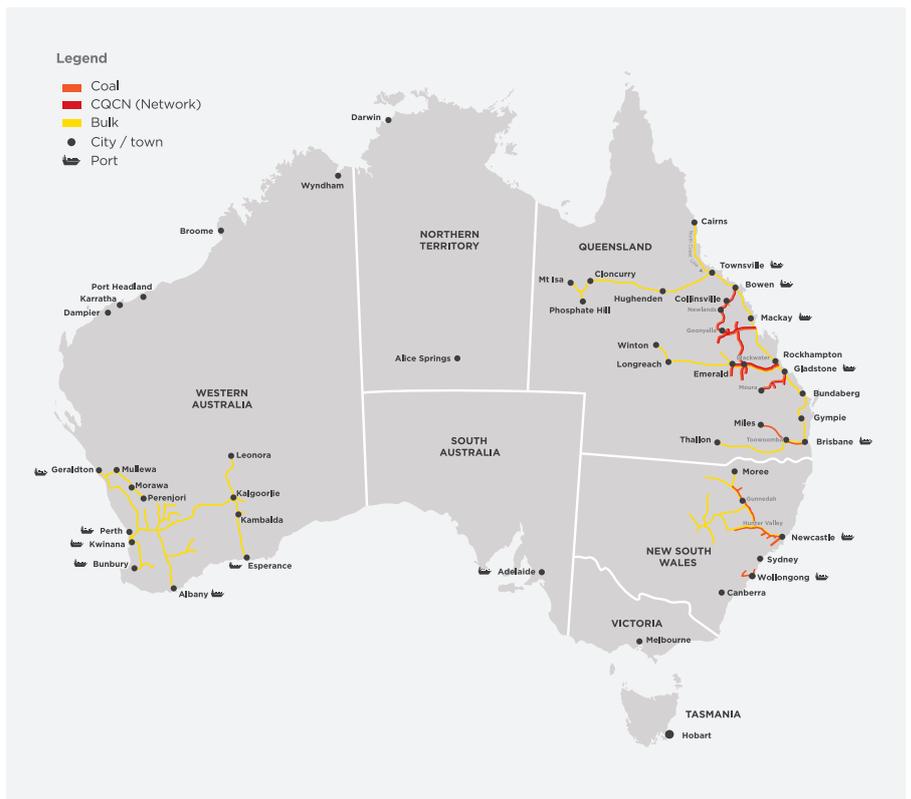
Our greatest asset

At Aurizon, our people are our greatest asset. We have more than 4,800 employees, with more than 80% 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 this.

FIGURE 3 AURIZON'S OPERATIONS



¹ Australian Bureau of Statistics

Our governance

Our Corporate Governance Framework, which is underpinned by the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, has been designed to promote responsible management and conduct of Aurizon.

We believe that effective corporate governance is critical to our long-term and sustainable success and links to overall value creation. We regularly review our policies to support our operations and how we work. More information on Aurizon's governance and related documents can be located on Aurizon's website.

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

In FY2021, we engaged 1,898 tier 1 suppliers and spent \$1.13 billion on goods and services (excluding government payments, access charges, etc.) to support our business operations. In FY2021, 90% of our spend was with 10% of our suppliers.

Over 97% of our external spend was paid to suppliers located in Australia, with the remaining 3% to suppliers located in other continents, including Asia, Europe and North America. Even though the majority of our spend was within Australia, we recognise that this might not be indicative of the original source location of the products or services procured.

Our five largest spend categories in FY2021 cover around 60% of our annual spend (see table 2). These categories are core to delivering Aurizon's services to our customers.

Tier 2 and beyond

Due to the complexity of our supply chain, while we have some data on probable suppliers and countries of origin, we do not yet have the same level of visibility over our suppliers in tier 2 and beyond as we do for our tier 1 suppliers. We acknowledge that ongoing due diligence, including through the continued use of our modern slavery technology and engagement with suppliers at all stages of the process, will be needed to gain further transparency beyond our tier 1 suppliers to better understand our risks.

FIGURE 4 AURIZON'S FY2021 PERFORMANCE

\$1.13bn

in external spend

1,898

tier 1 suppliers engaged

78%

of spend was under contractual arrangements

\$6.7m

spent with Aboriginal or Torres Strait Islander suppliers²

TABLE 2 FY2021 TOP CATEGORIES, BY SPEND

Category	Spend %	Sourcing locations	Suppliers
1. Rollingstock assets, parts and maintenance services, which comprises purchasing and servicing of one of Aurizon's key asset groups	22.5%	93% Australia 6.5% China <1% USA	421
2. Bulk fuel used in our locomotives and equipment	15%	99% Australia 1% United Kingdom	3
3. Construction and maintenance services related to our rail infrastructure	8%	93% Australia 6.5% China <1% USA	203
4. Facilities management a range of services to support our real estate portfolio, including managed services, cleaning, waste and trade services	7%	100% Australia	223
5. Information, communication and technology our technology architecture of hardware, infrastructure, services, software, and telecommunications	6.5%	92% Australia 5.2% Singapore 1.7% Various European countries <1% USA	219

² Supply Nation-verified Indigenous businesses



RISKS OF MODERN SLAVERY IN OUR SUPPLY CHAIN AND OPERATIONS

Our Modern Slavery Framework provides a strong, human rights approach to our modern slavery due diligence process, and encourages a two-way dialogue and collaboration with our suppliers.

Our governance and due diligence processes

In FY2021, we enhanced our due diligence process by developing our Modern Slavery and Human Rights Due Diligence Framework (our Modern Slavery Framework). This occurred after actioning two key priorities from our FY2020 statement – reviewing our Continuous Improvement Framework, and implementing modern slavery technology.

Our Modern Slavery Framework is key to identifying and managing risks in our supply chain and operations, and increasing transparency. Not only does the Modern Slavery Framework now align with the United Nations Guiding Principles, it also draws from the Ethical Trading Initiative (ETI) Human Rights Due Diligence Framework, OECD Due Diligence Guidance for Responsible Business Conduct, and the Commonwealth Modern Slavery Guidance for Reporting Entities report.

FIGURE 5 MODERN SLAVERY AND HUMAN RIGHTS DUE DILIGENCE FRAMEWORK



Aurizon utilises technology to assist us to measure modern slavery risk at multiple tiers of the supply chain, with transparency of tier 2 and beyond expected to increase over time through continued use of that technology. Risks are categorised by primary inputs, product, country, and industry. By undertaking this analysis at multiple tiers, our human rights software also gives us the ability to gain sub-supplier visibility.

Additionally, we have introduced a Self-Assessment Questionnaire (SAQ), which is recorded on the supplier’s profile in our modern slavery technology. The SAQ helps us determine a supplier’s maturity regarding human rights by assessing them 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 (see table 3). We also monitor adverse media coverage, with relevant items applied to the risk profile of suppliers, associated industries, and source countries.

A supplier’s risk score and maturity rating are openly shared with the supplier, and form the basis of ongoing dialogue and guidance on modern slavery risks with our suppliers. Any concerns that have not been mitigated through this step in the process are assessed further to determine whether a remediation plan with the relevant supplier is required.

The initial implementation of our modern slavery technology used our FY2020 active supplier data, which will be built on each year.

These risk analysis tools support our Modern Slavery Framework by enabling us to assess our risks and guide our approach to addressing them. They help us to prioritise our highest risk suppliers on whom we should focus oversight and compliance efforts.

TABLE 3 MATURITY ASSESSMENT KEY

Maturity level description	
Leading	Policies and processes formalised and embedded throughout business, and focused on continuous improvement. Company proactively assesses supply chain risks to seek opportunities to effect positive change through capability development, education and reform.
Performing	Policies and processes formally established and implemented in organisation, and subject to further continuous improvement.
Emerging	Some processes formally established and in the process of being effectively implemented and understood.
Basic/Low	Some basic processes established and understood, but inconsistently applied.
Ad hoc	Processes are yet to be established, or are ad hoc and reactive at best.

Modern slavery risks in our supply chain

Aurizon uses a range of sources, such as our modern slavery technology, SAQ data and media alerts, in addition to 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, media publications and industry reports to identify potential modern slavery risks within our supply chain.

Tier 1

In a high-level assessment of our active tier 1 suppliers, three key industries were identified where there is a potential for us to be directly linked to modern slavery. These included:

- 1. Railroad rollingstock equipment** – Aurizon has a large inventory of rollingstock equipment due to the nature of our business. Given the amount and sourcing required to obtain this equipment, there are risks 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** – Aurizon uses, and has at our disposal, a variety of technology that enables us to operate our business. There are, however, risks of forced labour and child labour in relation to the manufacturing and supply of

products such as laptops, mobile phones and devices, consistent with the Global Slavery Index 2018, primarily due to the source location of these products.

- 3. Facilities** – Aurizon utilises multiple facilities in order to operate our business. Within the facilities management sector, there is a 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

The degree of transparency of tier 2 suppliers and beyond varies from category to category. For example, we have some data on the probable suppliers and countries of origin, an indicator of potential risk of modern slavery, for tier 2 suppliers in the information, communication and technology industry because of the data available to us. Therefore, we have an understanding that probable countries of origin for tier 2 suppliers include China and other lower risk countries in Asia and Europe. Greater transparency will be achieved with further work.

Additionally, in FY2021, in a desktop-based assessment of our supply chain weaknesses and resilience against emerging risks, including COVID-19 pandemic, we did not find evidence of escalation in modern slavery risks in our supply chain.

Modern slavery risks in our operations

Even though the prevalence and risk of modern slavery in business operations in Australia is relatively low, it is still critical to review our operations for indicators that have the potential to cause, contribute to, or be directly linked to modern slavery. Our Modern Slavery Framework, along with the technology we have implemented, help us to identify potential modern slavery risks in our operations and ensure we can consistently assess and address any risks that may arise.

Utilising our modern slavery technology, we have developed a profile for Aurizon to facilitate the assessment of our modern slavery maturity and monitor potential risk of modern slavery within our operations.

We have also conducted general due diligence of modern slavery risks in our operations by assessing our operating environment, particularly its three main features:

- **significant regulations** – they combine with the presence of unions and other representative worker organisations
- **nature of work** – most of our work requires a skilled workforce, with our WH&S practices and safety culture minimising risk to our workers
- **location of work** – Australia has strong human rights protections and favourable socioeconomic factors.

We also operate under a Corporate Governance Framework, which is designed to promote responsible management and conduct of Aurizon.

Because of the due diligence activities undertaken in FY2021, we believe that the likelihood of Aurizon causing, contributing, or being directly linked to modern slavery in our operations is low.

ACTIONS TAKEN TO ASSESS AND ADDRESS THE RISKS OF MODERN SLAVERY

As well as developing our Modern Slavery Framework and implementing our modern slavery technology in FY2021, we have strengthened key policies and procedures, and implemented further measures to assess and address modern slavery risks in our operations and supply chain.

Key actions

Supplier Code of Conduct

We updated our Supplier Code of Conduct in October 2020. It sets out our expectations that suppliers share our commitment to five key principles: Safety; Business Integrity; Labour and Human Rights; Communities; and Environment. In November 2020, we communicated with our active suppliers on the release of our new Supplier Code of Conduct.

Modern slavery training

We undertook further training with our Procurement and our Customers teams. These sessions were tailored to ensure relevance to the role these teams play in Aurizon's modern slavery journey. We also developed an online modern slavery learning module, which will become mandatory for selected Aurizon employees and available for voluntary completion for all others.

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 what we are committed to doing to address modern slavery. This training module will be rolled out during FY2022.

Human Rights Policy

Our commitment to human rights is fundamental to our modern slavery journey. As a result, this year we reviewed and updated our Human Rights Policy to strengthen the linkage to modern slavery. This document will be approved and published in FY2022.

Strengthening supplier contracts

We have updated our human rights compliance and supplier code of conduct clauses to strengthen our ability to manage human rights compliance within our supply chain. Those clauses have been rolled out within our key standard procurement supplier contract templates (for example, see Case Study 1).

Tackling Modern Slavery Guide

We have also created a guide for our Procurement team members to give them:

- a better understanding of modern slavery and human rights and how they relate to Aurizon
- an overview of Aurizon's due diligence processes
- an explanation of how our due diligence processes are used to assess and address modern slavery in our supply chain and operations
- guidance on how to assess the severity of the risk to people and our relationship to the risk (cause, contribute to, or directly linked).

Supplier shares

To raise awareness of modern slavery and our approach to tackling modern slavery in our supply chain, we developed a series of engagement activities that were undertaken with some of our key suppliers throughout the year.

Actions taken in our supply chain

We recognise that modern slavery risks exist in our supply chain, and that it is important for us to be able to assess and address any risks we have potentially caused, contributed to, or are directly linked to through our supply chain.

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.

Update on actions taken on FY2020 prioritised suppliers

As noted in our FY2020 Statement, we prioritised the 13 suppliers identified as high risk for initial investigation and engagement. In FY2021, we conducted further investigations through supplier engagement and analysis that resulted in some important outcomes:

- two suppliers were suspended in our purchasing system (due to minimal spend, and an alternative, lower-risk supplier already being available, or because a business need for engagement with the supplier was no longer needed)
- 10 suppliers' risk profiles was downgraded to low risk (see explanation below)
- a desktop and site audit were conducted (see Case Study 3).

Of the prioritised suppliers in FY2020, most were identified as small Australian-based entities with the following common characteristics: a demonstrated immaturity regarding knowledge and governance of modern slavery; a lack of policies and procedures to address modern slavery; limited or no due diligence processes on their suppliers; and the sourcing of goods from locations listed on the Trafficking in Persons Report (issued by the US State Department).

Due to the geographic location of these entities, the risk of modern slavery in their operations was considered low. However, based on the geographic location of the goods they import, there could be a potential risk of forced labour, child labour, and/or human trafficking in their supply chains.

While no formal remediation plans were issued, all FY2020 prioritised suppliers were non-reporting entities under the legislation. As such, Aurizon took this

opportunity to provide education and awareness on the issue of modern slavery, and our expectations of our suppliers. In addition, improvements were implemented, including a modern slavery standing agenda item for supplier meetings, and requests for acknowledgement of Aurizon's Supplier Code of Conduct.

In FY2020, our accommodation and workwear providers were highlighted as areas of potential risk through our risk-based segmenting tool. We worked with these suppliers in FY2021 to understand and mitigate our risk (see Case Studies 1 and 2).

Actions taken on FY2021 prioritised suppliers

Drawing on our supply chain assessment and procurement expertise, 11 suppliers were identified for engagement during FY2021. Eight of them fell within our three highest risk categories:

- four suppliers of railroad rollingstock equipment
- three ICT suppliers
- one supplier of facilities.

The remaining three suppliers fell within our 'below rail' materials category.

As a result of work undertaken with these suppliers, we established that most are reporting entities and have started their own modern slavery journey. Of the SAQ responses received from the suppliers, 90% resulted in an overall maturity of either 'emerging' or 'performing' (see table 3). No red flags were raised against their responses to the individual questions.

Consultation with suppliers was completed in line with our due diligence process. As a result, no formal remediation plans were issued in FY2021. However, we did record some actions with most suppliers, including but not limited to:

- requests for more information/ documents for clarification and completeness
- scheduled follow-ups to review modern slavery progress
- addition of standing agenda items to scheduled meetings to ensure continued dialogue on the topic
- discussion of potential future collaboration opportunities.

CASE STUDIES

Case study 1: Engaging preferred suppliers for accommodation

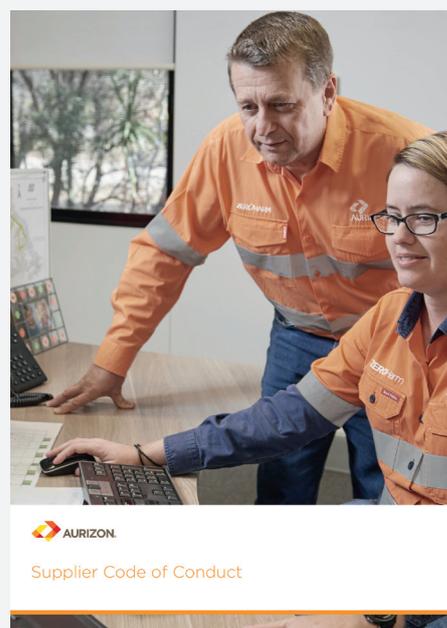
We have a contract with a travel management provider to manage all our flights, accommodation, and car hire arrangements. They are responsible for sourcing and managing their suppliers to support our business needs, and recently refreshed all their accommodation providers. Because some of them are in rural Australia, we identified a possible risk of modern slavery in the accommodation providers, particularly cleaning suppliers. We know that the cleaning sector is considered high-risk for modern slavery and exploitation because of the complexity of the industry, the characteristics of the workforce, and the often-opaque nature of operations. As a result, we collaborated with our travel provider and requested they use a two-pronged approach:

1. include tender questions aimed at engaging accommodation suppliers that are committed to addressing modern slavery
2. add contractual requirements to ensure successful suppliers continue to monitor and address risks in their supply chain.

Conscious of not having a set-and-forget type of contract, Aurizon added clauses that enable more information to be sought from suppliers to demonstrate how they were addressing modern slavery.

Case study 2: Our workwear

Aurizon is aware that our workwear is manufactured in an at-risk country, and the cotton used in the garments could also be sourced from an at-risk country. As a result, we are working with the supplier to better understand how they are addressing modern slavery in their supply chain. We confirmed that the supplier has been accredited in the Ethical Clothing Australia (ECA) program since 2015. To be a part of the ECA program, a business and its suppliers must pass an annual independent audit. It ensures all workers, including outworkers/homeworkers and any contractors, meet their obligations under the award, receive the appropriate pay and entitlements, and work in a safe environment.



 AURIZON

Supplier Code of Conduct

Remediation is an important piece of our Modern Slavery Framework. We will continue to work with the suppliers assessed in FY2020 and FY2021 to reiterate our modern slavery expectations, gain their formal acknowledgement of our Supplier Code of Conduct, and collaborate, where possible, to build awareness and maturity about modern slavery.

Data and information obtained through this process is recorded on our internal register, and is used to help monitor risks identified as being associated with our suppliers and to inform future actions.

As a result of the work this year, no evidence of modern slavery was identified within our FY2021 supply chain focus. However, continued effort is needed to raise awareness of, and engagement on, the issue of modern slavery, and to increase maturity of our suppliers' governance processes.

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.

Case study 3: Third party desktop and site audit of overseas supplier as part of Request for Proposal (RFP) process

While conducting an RFP for a major capital purchase in FY2021, we identified that one shortlisted supplier was flagged in our FY2020 risk assessment as a medium- to high-risk supplier and also operates in an at-risk country. To assess the modern slavery risks, we engaged an independent auditor to conduct due diligence on this supplier and on a selection of its critical component suppliers.

The audit had four stages: desktop review; vendor engagement; onsite assessment; and validation and findings. The auditor's approach to vendor engagement and onsite assessment was guided by SA8000, the International Labour Organization's report on the indicators of forced labour, and leading ethical audit frameworks, including Sedex Members Ethical Trade Audit (SMETA).

Onsite interviews and workshops with the supplier's management team expanded upon and checked the request for information responses gathered in the desktop analysis. The reviewed areas included contractors and labour hire, migrant workers, wages (e.g. gross payments, leave), working hours (e.g. overtime, compensation), sub-contracting (e.g. policies, oversight), and grievance mechanisms. Supporting documents were requested, viewed, and validated when provided. The supplier provided some documentation, but declined to allow our consultant to interview non-management workers or view information that the supplier deemed sensitive or confidential.

The audit findings did not uncover any evidence of modern slavery practices in the facilities included in the review.

We will continue to work with this supplier and other suppliers to improve awareness, transparency, and maturity of modern slavery risks.

Case study 4: Maintaining our facilities

As part of our FY2021 prioritised supplier review, we undertook further due diligence activities on our facilities management provider because of the identified risk within this industry and our outsourced agreement scenario for these services. Our provider completed the SAQ, with a resulting maturity rating of 'Emerging'. Our due diligence showed that they were a reporting entity under the Act (and also the UK *Modern Slavery Act 2015*) and were undertaking their own due diligence on their operations and supply chain.

Our provider has policies and procedures in place to mitigate potential risks in their supply chain, e.g. the auditing of suppliers for compliance with contractual obligations, including modern slavery indicator areas, undertaken by their internal team. Similar to Aurizon, they are also using software to map their supply chain and gain oversight of potential risk areas.

As a result of this, we are comfortable with the approach and future improvements our provider is looking to implement as part of their modern slavery journey. We will continue to work with them to complete further due diligence as required (by either party) and look for potential collaboration opportunities in the future.

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.

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.

We undertake a number of initiatives that support our values-driven safety and performance culture and our employees, in turn helping to minimise our potential modern slavery risks. Our development framework strongly encourages on-the-job learning and development, which is recorded in our performance management system.

This facilitates knowledge sharing by employees acquiring job-specific skills for their current and future roles, and is supported by a range of registered training courses.

In FY2021, we continued to invest in career and development initiatives to build career pathways to create talent in key capability areas.

As part of our FY2021 activities to formally assess Aurizon Holdings' modern slavery maturity, we have undertaken a Self-Assessment Questionnaire, which, like our supplier SAQ, assesses maturity against the same five key areas.

The assessment did not uncover any red flags, which indicates that modern slavery was unlikely to be present in our operations. However, it did highlight areas for potential improvement where maturity was assessed as 'ad-hoc', 'basic', or 'emerging' (see table 3 above).

From this detailed assessment, we have created an improvement plan with four actions, which, along with other actions, have been included in the *Our year ahead* section of this statement.

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.

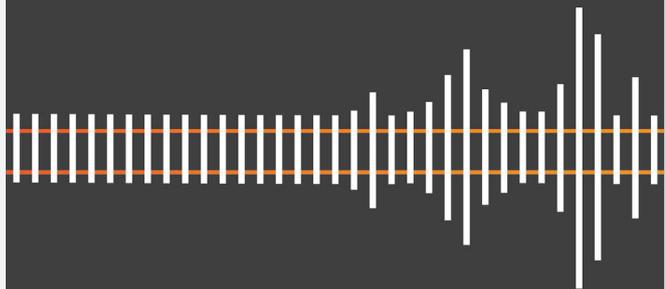
Our Whistleblower Hotline, operated by an independent third party, enables employees, contractors, suppliers, and the general community to anonymously report suspected or actual illegal activity, breaches of company policy, and potential fraud or misconduct. This applies even if the matter does not meet the strict criteria for protection under the *Corporations Act 2001* (Cth). There is more information in our Whistleblower Policy, which is available 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 was included in our first Modern Slavery Statement, as a direct update to all FY2020 suppliers, in our enterprise-wide newsletter, and on the Aurizon website. We did not receive any modern slavery alerts through the Whistleblower Hotline in FY2021.

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.

If you see something that's wrong, make the **right call** and speak up



The Whistleblower Hotline is there for you to report improper activities within Aurizon. All calls can be completely anonymous, so you can be 100% confident in reporting your concerns without any repercussions. From fraud and corruption to bullying, discrimination and life endangering behaviour – when you see something that feels wrong, make the right call.

WHISTLEBLOWER
HOTLINE
1800 144 774



ASSESSING THE EFFECTIVENESS OF OUR ACTIONS

In FY2021, our focus has been on improving our governance and due diligence process to help us to identify, understand and mitigate modern slavery risks in our supply chain and operations.

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 date to improve our existing measures are set out below.



HR practices, training and education

As a part of our modern slavery training and awareness sessions in FY2021, we surveyed our teams after these sessions to gauge the level of understanding and areas needing more attention. Through this survey, we were able to establish that 85% of respondents in our Procurement team were comfortable talking to our suppliers to build awareness about modern slavery and Aurizon's journey. While we focused on training our key internal teams in FY2021, we recognise that our employees can all help to address modern slavery. Our online modern slavery training will be rolled out to even more employees in FY2022.

Aurizon's modern slavery maturity

As noted above, in FY2021 we conducted an assessment of Aurizon

Holdings' modern slavery maturity 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. This assessment resulted in the development of an improvement plan with actions for FY2022, as set out in the next section of this statement.

Over future reporting periods, we 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 modern slavery risks. We will also continue to look at how others in our industry, and other industries, are increasing their levels of sophistication. This is to ensure we are aware of developments and innovation that we can incorporate into our Modern Slavery Framework.

Governance and due diligence

An annual report is provided to Aurizon's Executive Committee and Board of Directors, which provides an update on the progress of Aurizon's actions to address modern slavery. 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, when necessary.

In FY2021, we significantly increased our governance initiatives related to assessing and addressing modern slavery risks in our operations and supply chain, through the development of our:

- Modern Slavery Framework
- Tackling Modern Slavery Guide.

These resources support a continuous improvement approach to our due diligence, through monitoring of supply chain and operational risks, annual process reviews, tracking of actions, and ongoing supplier engagements and reporting.

Procurement and supply chain

In FY2021, we have monitored: supplier acknowledgements of Aurizon's Supplier Code of Conduct; supplier responses to SAQs; and records of supplier and customer modern slavery-related interactions. This monitoring was established as part of our commitment to our FY2021 actions.

In FY2022, we will measure the impact and effectiveness of our FY2021 actions by the following: completion rates of employee awareness training; supplier acknowledgements of Aurizon's Supplier Code of Conduct; outcomes of the implementation of our Modern Slavery Framework; and tracking of yearly commitments.

OUR YEAR AHEAD

Aurizon has committed to the following priorities for FY2022.

Governance and due diligence

- Use appropriate mechanisms to assess the effectiveness of our actions.
- Continue to review and improve our governance framework and associated resources.

Our operations

- Roll out mandatory online modern slavery awareness training for selected Aurizon employees.

Our supply chain

- Increase the number of high-risk suppliers acknowledging our Supplier Code of Conduct.
 - Create a modern slavery awareness information pack for suppliers, and engage with high-risk suppliers on this topic.
 - Identify, assess and start to address (where applicable) risks identified in FY2022 suppliers.
 - Continue to conduct desktop and site audits where necessary, and look to develop a consistent supplier audit methodology across our reporting entities to support this process.
-

This is our second Modern Slavery Statement made pursuant to the *Modern Slavery Act 2018* (Cth) (the **Act**) and constitutes the modern slavery statement of the Aurizon Group for the year ending 30 June 2021 (**FY2021**).

This statement was approved by the Board of Directors of Aurizon Holdings as the principal governing body of the parent entity of the Aurizon Group on 9 December 2021.

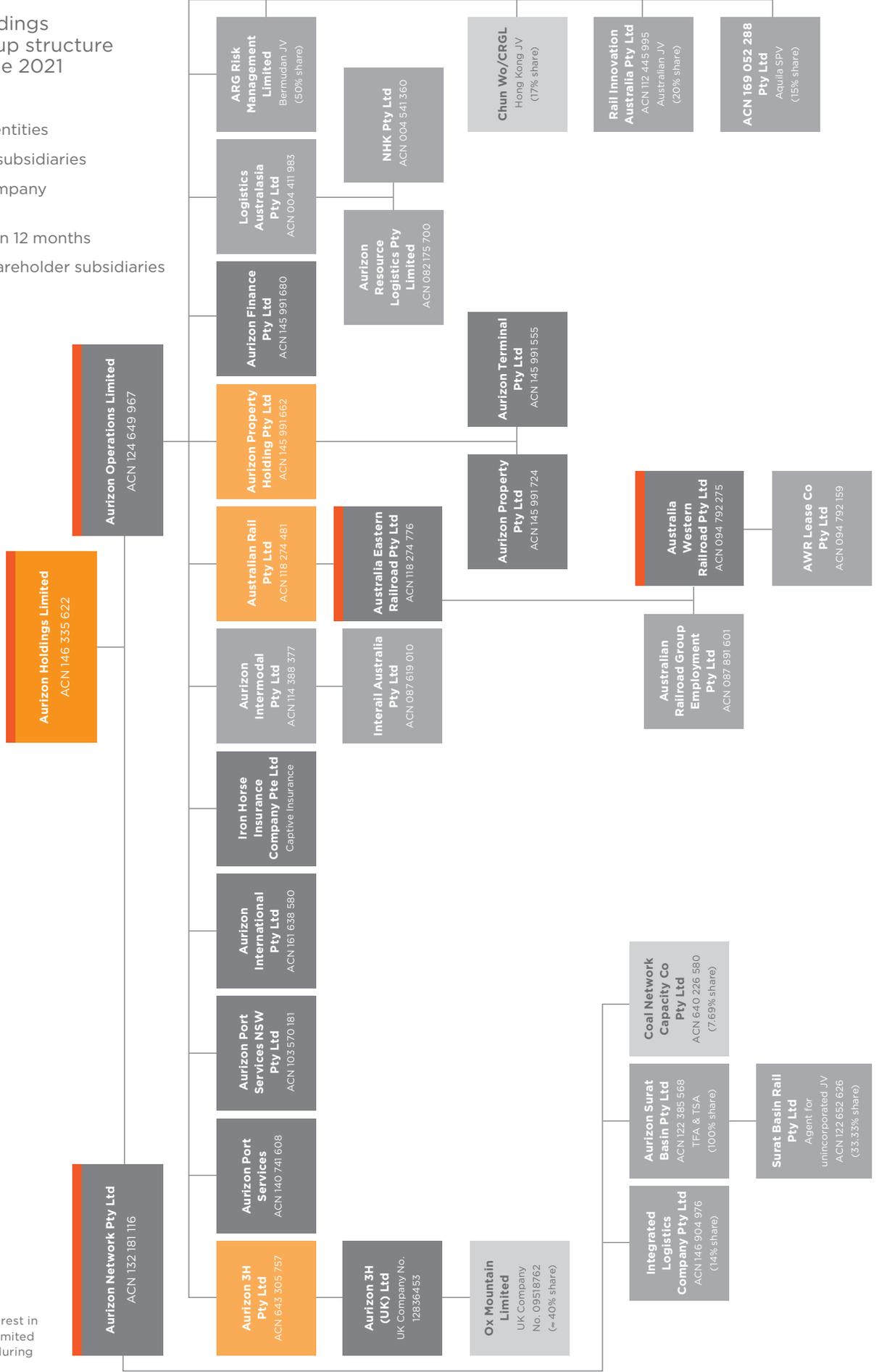
Andrew Harding



Managing Director and Chief Executive Officer
December 2021

Appendix 1:
Aurizon Holdings
Limited group structure
as at 30 June 2021

- Reporting entities
- Controlled subsidiaries
- Holding company
- Dormant – no activity in 12 months
- Minority shareholder subsidiaries



Aurizon sold its interest in Aquila Resources Limited ACN 042 002 769 during FY2021.

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 Queensland and New South Wales to end customers and ports, and transport of Bulk commodities and associated port and transport operations.	Australia
Australia Eastern Railroad Pty Ltd	Transport of bulk mineral commodities, agricultural products, mining and industrial inputs and general freight throughout Queensland.	Australia
Australia Western Railroad Pty Ltd	Transport of bulk mineral commodities, agricultural products, mining and industrial inputs and general freight throughout Western Australia.	Australia

