AARNet Modern Slavery Statement

AARNet Pty Ltd, AARNet Research Cloud Pty Ltd and AARNet Services Pty Ltd

Acknowledgement of Country

In the spirit of reconciliation AARNet acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

Message from the Chair and CEO

AARNet is pleased to present our first Modern Slavery Statement, covering the 2023 calendar year, which marks our commitment to transparency and accountability in combatting modern slavery.

Modern slavery encompasses various forms of severe labour exploitation, such as forced labour, debt bondage, human trafficking and remains a pervasive challenge in today's global economy. In 2021, the Global Slavery Index estimated that 50 million people are living in modern slavery worldwide, an increase of 10 million compared to 2016.

Industry has a crucial role to play in resolving this issue. The Global Slavery Index estimates that $468 billion of goods imported by G20 nations are at risk of modern slavery practices. Supply chains are increasingly global in nature and a key contributor to modern slavery practices.

AARNet recognises that modern slavery can occur within any supply chain or business operation, making vigilance and proactive measures essential components of corporate responsibility and governance. This report, our first Modern Slavery Statement, will outline the risks of modern slavery practices within AARNet's operations and supply chain and the actions AARNet will take to mitigate those risks, thereby contributing to a fairer and more equitable world for all people.

This statement was approved by resolution of the Board of Directors at a meeting on 27 June 2024.

Professor Emeritus Ian O'Connor AC
Chair, AARNet Board

Chris Hancock AM
CEO AARNet

About AARNet

AARNet's commitment to being a force for good within the communities we operate is reflected in our values and strategic plan. This reinforces the importance of identifying and reducing modern slavery practices globally.

This statement covers AARNet Pty Ltd (ABN 54 084 540 518) and its 100% owned entities, AARNet Research Cloud Pty Ltd (ABN 58 666 840 286) and AARNet Services Pty Ltd (ABN 93 666 866 806). Both subsidiaries were established during 2023 and had conducted a small number of transactions by the end of the year.

Structure and operations

AARNet is a proprietary company in which 38 Australian universities and the Commonwealth Scientific and Industrial Research Organisation (CSIRO) have an equal shareholding. AARNet is also a not-for-profit company registered as a charity with the Australian Charities and Not-for-Profits Commission (ACNC). Charities exist to pursue a charitable purpose. AARNet's purpose can be summarised as advancing education and research through supporting the education and research activities of its shareholders ("Members"), and others, by providing telecommunications and associated services.

AARNet's principal activity is the provision of internet and advanced telecommunication and network services to its shareholders and other customers. This includes the use of AARNet's internet and other telecommunications facilities and services to provide educational programs and conduct research activities and to collaborate with other parties (nationally and internationally) in furtherance of research and education objectives.

In addition, AARNet:

» Facilitates the construction of optical fibre infrastructure to extend the AARNet backbone and to connect campuses and other locations to facilitate services for Members and customers;

» Provides applications and services which operate across the AARNet network supporting education and research activities;

» Secures those applications and services operating across the AARNet network through a Security Operations Centre (SOC) and additional cyber security-related applications and services; and

» Participates in the design and deployment of advanced network infrastructure in partnership with network organisations in Australia and internationally.

K-12 Schools · TAFEs · Universities · Health & Medical · Cultural · Instruments
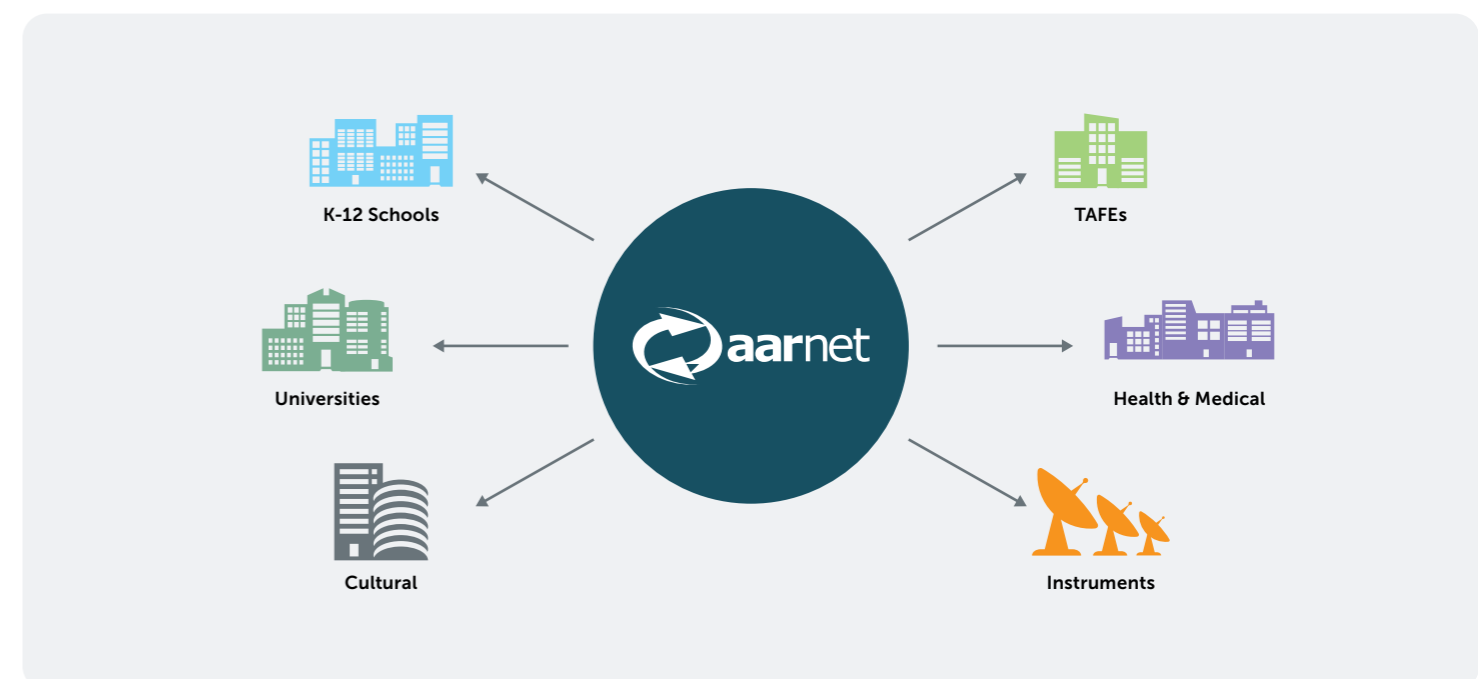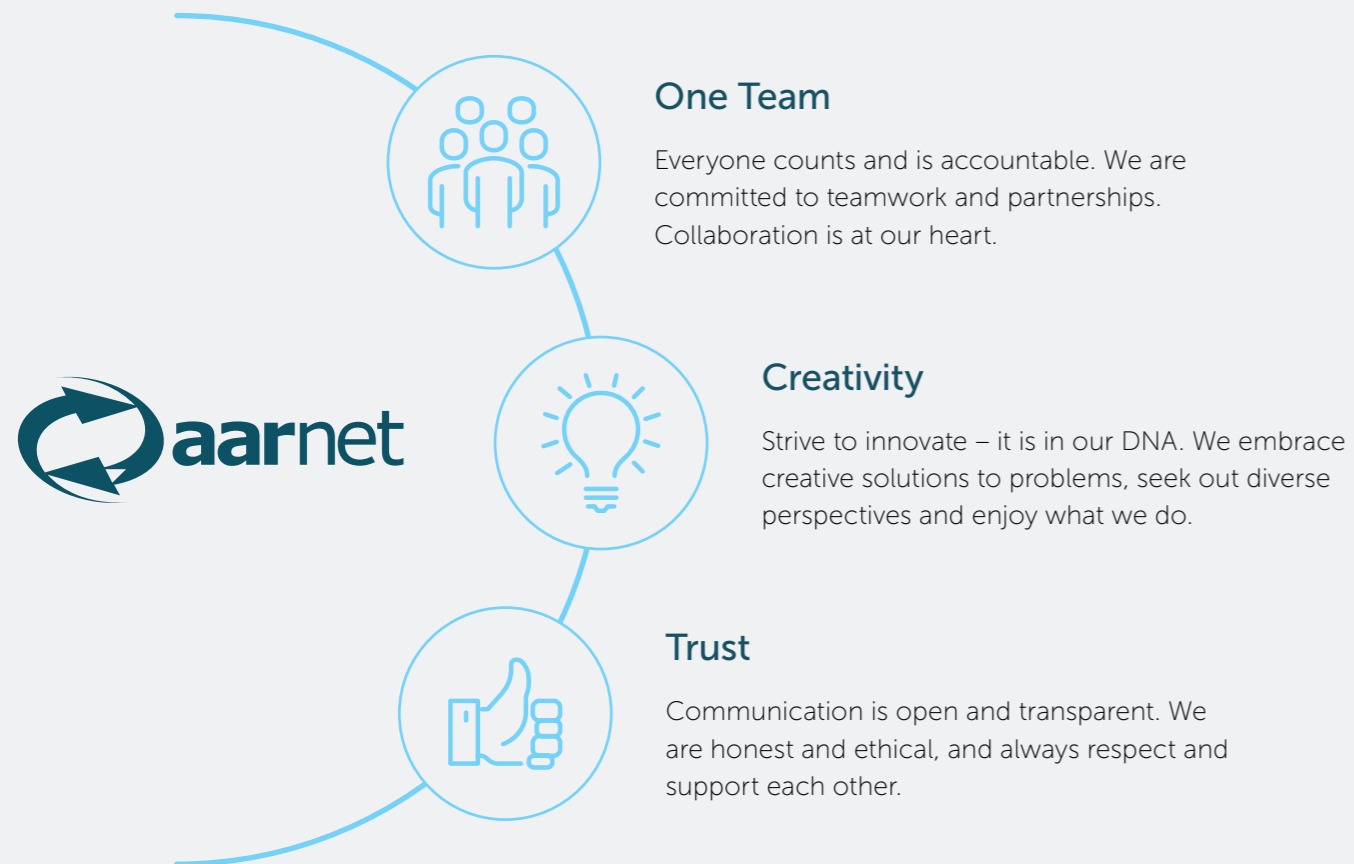
Our principles

Our Vision:

A high bandwidth, globally connected research and education network that connects Australian educators and researchers to those with whom they wish to collaborate anywhere in the world, with ease, speed and convenience that makes the issue of physical separation irrelevant. Unashamedly, we care about enabling outcomes that benefit future generations of Australians.

Our Mission:

To provide trusted and transformational connectivity and collaboration services to meet the unique needs of research and education.

Our Values:

One Team

Everyone counts and is accountable. We are committed to teamwork and partnerships. Collaboration is at our heart.

Creativity

Strive to innovate – it is in our DNA. We embrace creative solutions to problems, seek out diverse perspectives and enjoy what we do.

Trust

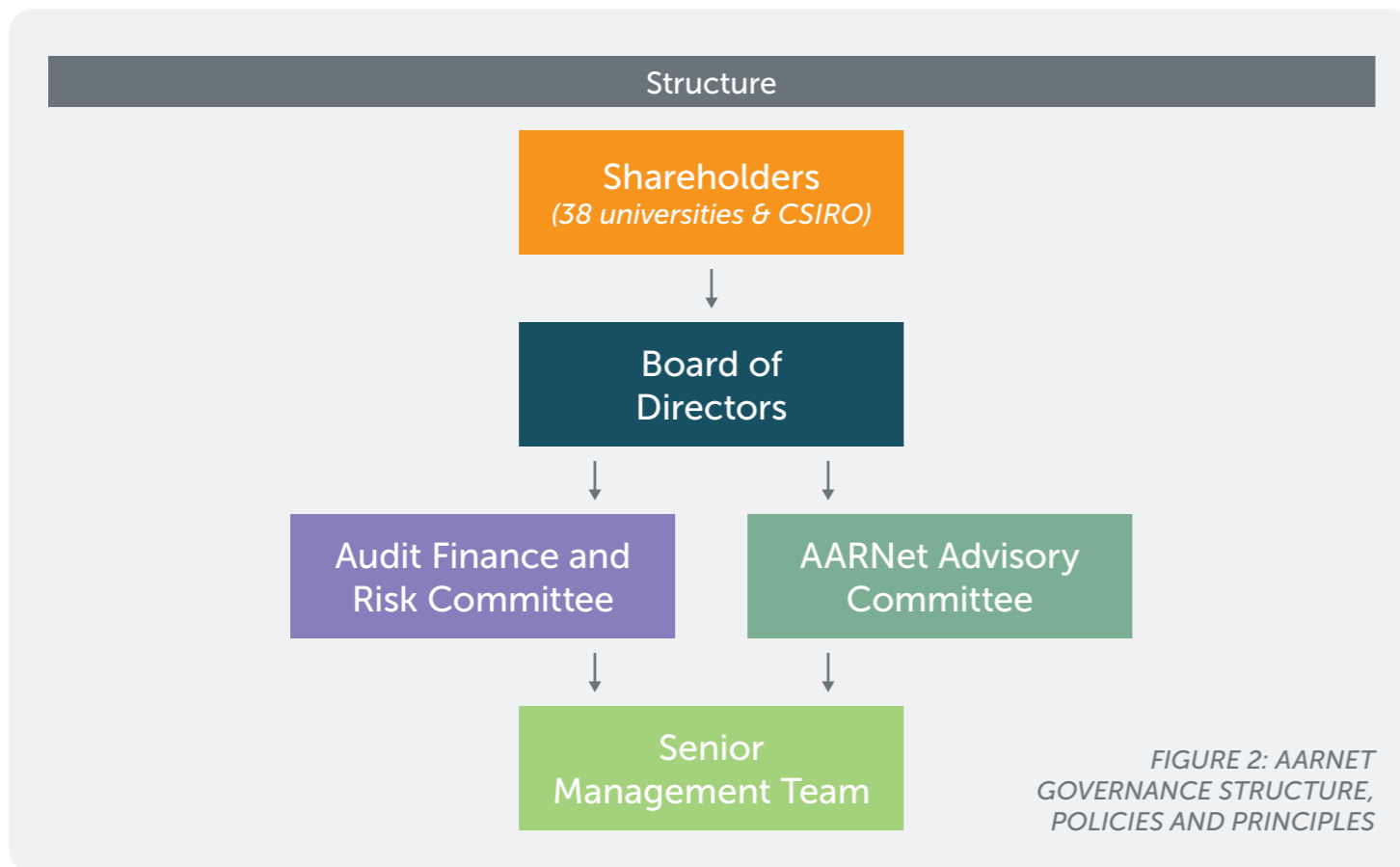Communication is open and transparent. We are honest and ethical, and always respect and support each other.

Our Strategic Plan

Underpinned by the company values and aligned to the mission, AARNet's 2023 – 2027 strategic plan outlines the priorities for the coming years. *Figure 1* below provides more information.

① **Network**
Advance Australia's national research and education network and digital infrastructure

② **Community**
Empower and grow our communities

③ **Products and Services**
Develop innovative products and services

④ **Security**
Strengthen the cyber security capability and resilience of the research and education sector

Mission
To provide trusted and transformational connectivity and collaboration services to meet the unique needs of research and education.

⑤ **Sustainability**
Ensure AARNet is financially, socially and environmentally responsible

⑥ **People**
Optimise our organisation through our people

FIGURE 1: AARNET'S 2023 – 2027 STRATEGIC PLAN

Governance framework

Figure 2 below shows the governance structures outlined above and the relevant policies that guide the decision-making process at AARNet.

Structure
Shareholders *(38 universities & CSIRO)*
Board of Directors
Audit Finance and Risk Committee / **AARNet Advisory Committee**
Senior Management Team

FIGURE 2: AARNET GOVERNANCE STRUCTURE, POLICIES AND PRINCIPLES

The Board of Directors is responsible for the overall direction of AARNet and for providing benefits to the shareholders as required under the AARNet constitution. The Board is comprised of representatives from shareholder universities, CSIRO, and independent directors.

The Audit Finance and Risk Committee (AFRC) is comprised of the independent directors and is responsible for advising the Board on the appropriateness of financial and performance reporting, risk management and oversight for the company. This includes the approach and actions in relation to the audited annual accounts, internal audit activities, and the AARNet Risk management framework. The framework is based on the principles of the international standard for risk management (ISO31000) and regular updates are provided to the AFRC and Board. During 2023, modern slavery will fall under the purview of the AFRC.

The AARNet Advisory Committee (AAC) represents the interests of the members and is a source of advice on policy and business matters. CSIRO and shareholders in each state elect one representative to the AAC.

The Senior Management Team includes the CEO and direct reports and is responsible for implementing the direction set by the Board and day to day management of AARNet.

Workforce

AARNet Pty Ltd has a workforce of 197 full-time equivalent staff as of 31st December 2023, which consists of 183 full-time staff, 8 part-time staff and 6 casual staff. All staff are located in Australia, with offices in Sydney, Melbourne, Brisbane, Perth and Canberra, and staff in South Australia.

Our supply chain and investments

In 2023, AARNet engaged directly with over 2,640 suppliers, including 450 on account and 2,190 on a cash basis, with a total spend of $104m.

Figure 3 on the next page shows supplier category as a percentage of total spend.

» Telecommunications was the largest category and included 107 suppliers and spend of $28m (27% of total spend) at an average spend of $266k per vendor. This category represents suppliers associated with the operation of the telecommunications network. This includes other telecommunications companies, fibre optic cable operators, distributors of hardware and other services, data centre operators and organisations involved in the storage of and management of data.

» The construction category included 55 suppliers and spend of $25m (24% of total spend) at an average of $454k per vendor. This category consists of suppliers associated with the construction of new network paths. This mainly includes contract labour. The high spend per vendor reflects the number of new paths being constructed and the time required to complete new paths.

» The manufacturing category included 32 suppliers and spend of $20m (19% of total spend) at an average of $608k per vendor. This includes manufacturers of fibre optic cable and other hardware for telecommunications networks, electronic equipment used to manage data and a small number of furniture manufacturers. The high spend per vendor reflects the quantity of equipment required to operate a national network.

» The software category included 87 suppliers and spend of $10m (10% of total spend) at an average of $118k per vendor. Software is required in almost all aspects of a telecommunications network. This includes the design of new network paths, operating and securing the telecommunications network and the services that operate on the network plus a range of products involved in the administration of the company.

» Professional Services included 116 suppliers and spend of $9m (9% of total spend) at an average of $80k per vendor. This relates to consulting and other specialist services across many aspects of the business. This includes construction (geospatial services, design, heritage, and land access services), human resources (recruitment firms and employee assistance programs), IT services (data management, software implementation), marketing (market research, communications) and finance and legal advice.

» The remaining 20 categories included 2,251 suppliers and spend of $12m (11% of total spend) at an average of $5k per vendor. The 6 largest categories are real estate services (property rental), financial services (foreign exchange), transport (airlines, taxis, and freight suppliers), Insurance, hospitality and retail and account for 73% of the total. The high number of suppliers is driven by the hospitality category, which includes accommodation, events management and retail suppliers of food and drinks paid on a cash basis. The telecommunications network is nationwide, and staff often travel to oversee construction activities or to ensure the proper operation of the network. This results in a high volume of lower value transactions with a wide range of suppliers around the country.
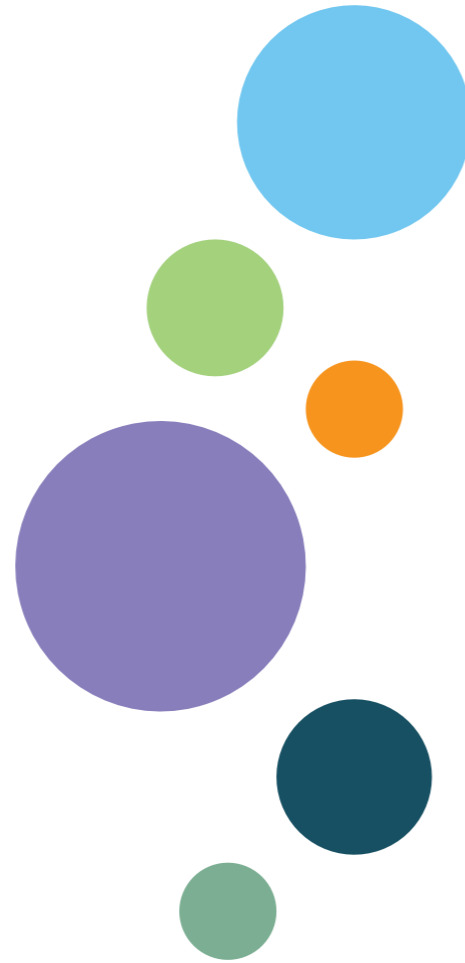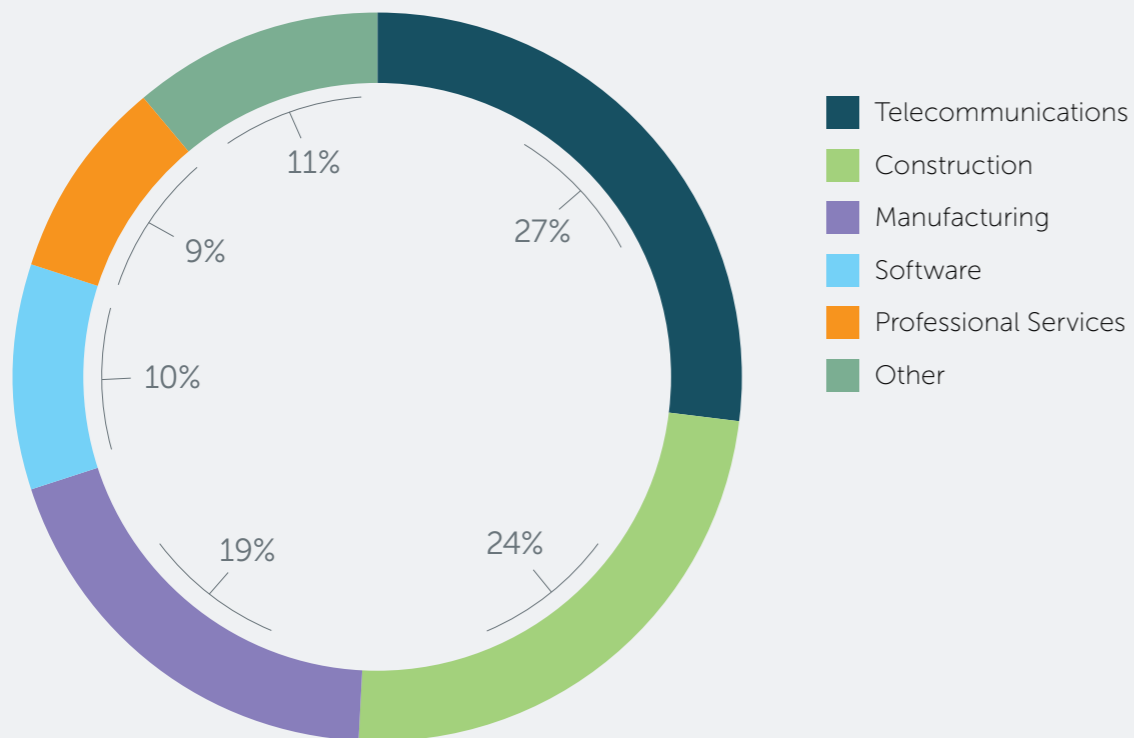

Figure 4 below provides a view of the location of AARNet's supply chain. Efforts have been made to identify each vendor's principal place of business, which represents the main location from which the business is conducted and where decisions are made. Although it is acknowledged that this information may not reflect where goods are manufactured or raw materials are extracted, a broad insight into the composition of the supply chain is provided.
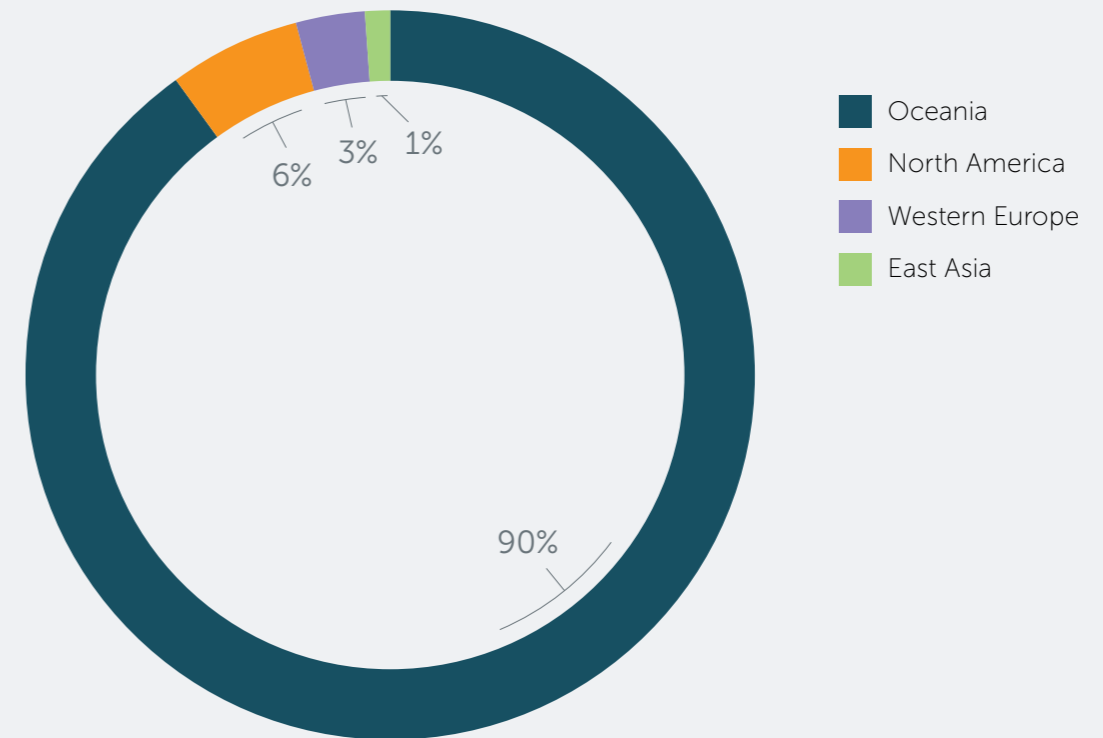
Supply chain spend by category

FIGURE 3: SUPPLY CHAIN BY INDUSTRY / CATEGORY AS A PROPORTION OF TOTAL SPEND.

- Telecommunications — 27%
- Construction — 24%
- Manufacturing — 19%
- Software — 10%
- Professional Services — 9%
- Other — 11%

Supply chain spend by location

FIGURE 4: SUPPLIERS BY LOCATION OF PRINCIPAL PLACE OF BUSINESS

- Oceania — 90%
- North America — 6%
- Western Europe — 3%
- East Asia — 1%

Our investment portfolio is managed by a third-party investment manager in accordance with AARNet's Investment Policy. The policy states that AARNet will not knowingly invest in any organisation:

(1) That operates at the expense of the environment, human rights, public safety, the communities in which the organisation conducts its operations or the dignity of its staff.

(2) Where the predominant business is the manufacture, marketing or sale of goods or services that are considered detrimental to the health of communities in which AARNet conducts its operations. Such goods or services include but are not limited to the following products: tobacco, alcohol, gaming, armaments, pornography.

Figure 5 below shows the diversified nature of the portfolio.

Investment portfolio by industry

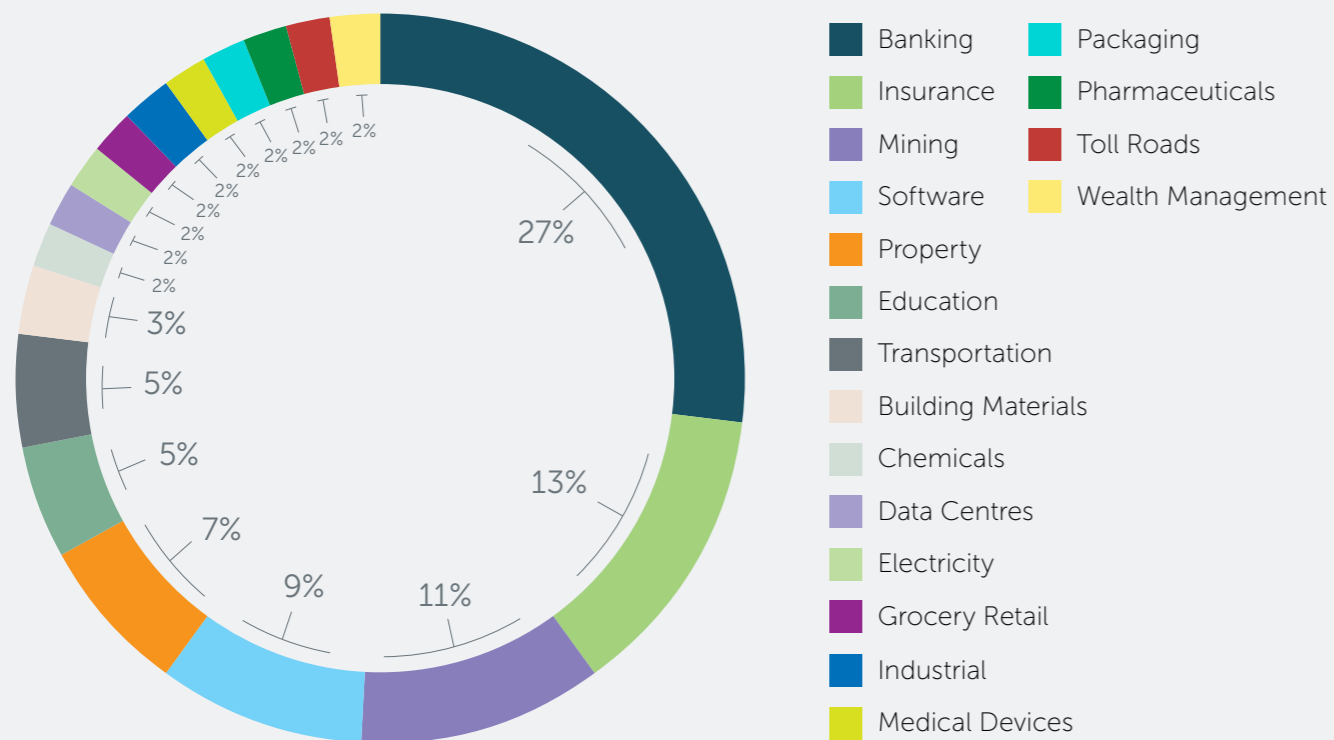|	
■ Banking	■ Packaging
■ Insurance	■ Pharmaceuticals
■ Mining	■ Toll Roads
■ Software	■ Wealth Management
■ Property	
■ Education	
■ Transportation	
■ Building Materials	
■ Chemicals	
■ Data Centres	
■ Electricity	
■ Grocery Retail	
■ Industrial	
■ Medical Devices	

Figure 6 below shows that the principal place of business for 80% of the organisations are Australia. However, many also have significant operations globally, including regions with higher prevalence of modern slavery.

Investment portfolio by principal place of business

- ■ Australia and New Zealand
- ■ North America
- ■ Western Europe
- ■ South America
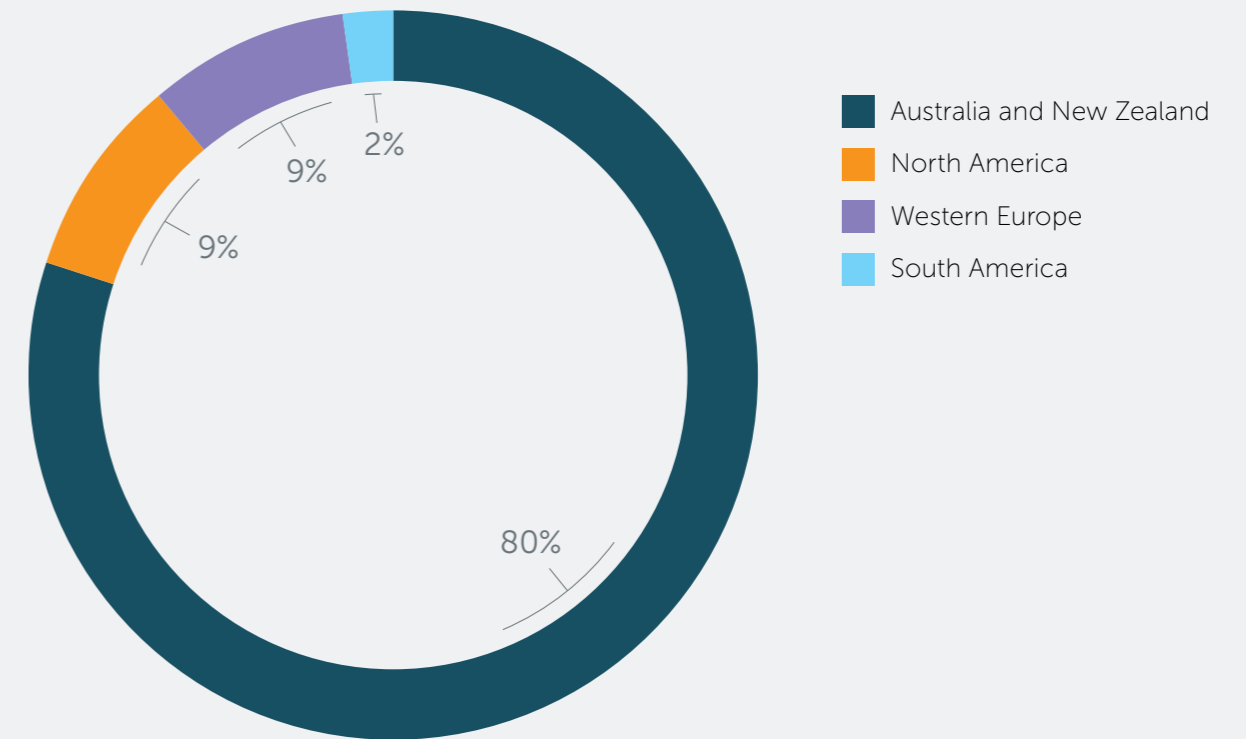
Our modern slavery risks

Risk factors

To identify the modern slavery risks inherent in AARNet's operations and supply chain, four factors that increase the risk of modern slavery practices were considered. These factors are:

① Vulnerable populations:

These are individuals or groups of people that face discrimination or are in circumstances that lead them to make decisions that carry higher risk. This includes ethnic and religious minorities, women, children, migrants, and refugees. Poverty, a lack of education, events such as the COVID-19 pandemic and ongoing issues like climate change exacerbate the risks of modern slavery globally.

② High-risk business models:

Complex supply chains and employment relationships, particularly outsourcing, sub-contracted, or employed via an agency, present heightened risks. Work that is temporary in nature can also contribute to modern slavery risks.

③ High-risk geographies:

Some countries or regions have higher risks of modern slavery, which is influenced by factors such as poor governance, weak rule of law, conflict, migration flows, and poverty.

④ High-risk categories:

Some sectors, industries, products, services have a high risk of involving modern slavery because of their characteristics, the raw materials or products involved, and processes.

Our operations

AARNet has not identified any instances of modern slavery within the company's workforce and determine the risk of modern slavery practices within the operations of the company as very low. This is based on the following information.

① All staff work within Australia and AARNet is subject to Australian employment law;

② With less than 200 staff, the organisation is small enough to ensure direct oversight of all operations;

③ Most staff, whether full time, part time or casual, carry professional qualifications and experience so are not considered base skill workers;

④ AARNet's policies and procedures are in place to ensure staff are protected and well informed of their rights;

⑤ No instances of modern slavery have been reported via the AARNet Whistleblower Policy;

⑥ AARNet offers flexible employment arrangements to assist staff with managing their lives at work and home;

⑦ AARNet engages recruitment agencies to find candidates for open roles. All recruitment practices are consistent with company values and policies and recruitment costs are borne by AARNet; and

⑧ There is a cyber security intern program with all interns paid at award rates. AARNet offers work experience opportunities on an ad hoc basis which can be paid or unpaid in line with Fair Work and state government rulings.

Our Investments

AARNet recognises the potential risks of modern slavery practices within its investment portfolio, which is managed in accordance with the Investment Policy. Given the size of the organisations within the investment portfolio, AARNet's expectation is that these organisations have modern slavery controls and reporting mechanisms in place. A process to evaluate the investment portfolio's compliance with AARNet's Investment Policy and Modern Slavery Act will be developed.

Our supply chain

Our relationship to modern slavery risks has been reviewed using The United Nations Guiding Principles on Business and Human Rights (UNGPs). This identifies three ways a business may be involved in actual or potential modern slavery practices:

① Businesses may **Cause** modern slavery practices directly;

② Businesses may **Contribute** to modern slavery practices due to their actions, such as putting pressure on suppliers to reduce costs to an unrealistic level; and

③ Businesses may be **Directly Linked** to modern slavery practices through their business relationships, including their supply chain.

AARNet has determined that it may be directly linked to modern slavery risks in its supply chain. As stated, there is a low modern slavery risk within the company's operations. As a not-for-profit, AARNet's purpose is to provide a high-quality network and services for our customers and to ensure our financial sustainability rather than to maximise profit. As such, AARNet will not contribute to modern slavery practices within our operations.

However, we acknowledge that, according to the four risk factors and inherent risk analysis, there is a significant global risk of modern slavery in the categories of AARNet's supply chain shown in *Figure 7* below.

FIGURE 7: INHERENT MODERN SLAVERY RISKS IN AARNET'S SUPPLY CHAIN

Risk Area	Why is this a high-risk area
Network Construction	Use of migrant or temporary workers at base skill levels employed on low wage rates in potentially unsafe conditions. Complex projects and reliance on subcontracting arrangements can obscure monitoring of and accountability for labour practices.
Manufacture of ICT Equipment	Use of migrant or temporary workers at base skill levels employed on low wage rates. Complex and opaque supply chains can obscure monitoring of and accountability for labour practices. Suppliers include large, global companies that operate in regions that may have inadequate human rights protections.
Support Services (cleaning, maintenance, waste removal, document management)	Risk of migrant or base skill workers employed on low wage rates. Reliance on subcontracting arrangements can obscure monitoring of and accountability for labour practices.
Transport and Logistics	Risk of migrant or base skill workers employed on low wage rates. Reliance on subcontracting arrangements can obscure monitoring of and accountability for labour practices.
Branded Apparel	Risk of base skill workers employed on low wage rates or in forced labour conditions. Complex and opaque supply chains and reliance on subcontracting arrangements can obscure monitoring of and accountability for labour practices. Suppliers operate in regions that may have inadequate human rights protections.
Hospitality (accommodation, food and drink, events)	Risk of migrant or base skill workers employed on low wage rates. Reliance on subcontracting arrangements can obscure monitoring of and accountability for labour practices.
Solar Panels	Risk of migrant or base skill workers on low wage rates regions which may involve forced labour conditions. Complex and opaque supply chains can obscure monitoring of and accountability for labour practices.

There are mitigations for these risks in place, including health and safety audits for subcontractors. Additional measures are planned over the next 12 months, as outlined in the following sections of this statement.

Actions taken to address modern slavery

Policy framework

AARNet's first priority is to ensure staff are treated fairly and equitably. A staff policies document is provided to all new staff and is available on the company intranet site for all staff. The document ensures the consistent and efficient operation of AARNet, sets expectations regarding the conduct of staff and management, and helps protects staff by ensuring transparency. The document includes the following relevant sections:

» Staff code of conduct;

» Equal opportunity, anti-harassment, anti-discrimination, and anti-bullying policies;

» Workplace health and safety policy;

» Our market leading range of leave options;

» Diversity policy;

» A Whistleblower policy provides a reporting mechanism for potential modern slavery concerns; and

» Employee assistance program for staff and their families provided by a third-party provider.

Our **Modern Slavery Policy** and statement from the Chairman can be found on the website. The policy affirms AARNet's commitment to contributing to ending all forms of modern slavery, bribery and corruption and outlines the approach taken for reducing the risk of modern slavery practices within the company's operations and supply chains. The policy includes several methods staff or others can report concerns in relation to modern slavery, such as the AARNet Whistleblower Policy and the Australian Federal Police.

As outlined earlier in this statement, the composition of **AARNet's investment portfolio** is guided by AARNet's Investment Policy. The policy states that AARNet should be seen as a socially responsible investor and therefore prohibits direct investment in any organisation that operates at the expense of the environment, human rights, public safety, or any community that AARNet operates in.

Recruitment of new staff generally involves third party recruitment agencies that are specific to the skills required for the role. All recruitment activities are performed in accordance with company values and policies.

The development of due diligence processes for suppliers and other third parties such as recruiters and investment managers are an action for the coming year.

Capability

There is a modern slavery module in AARNet's online learning management system that outlines how modern slavery can take place and what steps AARNet can take to prevent it occurring in business dealings and supply chains. The module is included as part of the induction process for all new staff and is completed as a refresher on an annual basis by all staff. During 2023, 90% of staff completed the training module.

Due diligence

As outlined in this Statement, AARNet has completed an assessment of inherent modern slavery risks within our operations, supply chain and investment portfolio. The analysis identified AARNet's inherent modern slavery risk areas, as reported earlier in this Statement.

Our future actions to address modern slavery

Policy framework

AARNet recognises that the social and environmental performance of the business, customers and suppliers play a significant role in long-term success. As such, a **Supplier Code of Conduct (SCC)** will be established and implementation will begin within 12 months. The SCC will set out the minimum expectations of all suppliers with whom AARNet does business.

AARNet's policy framework will be reviewed on an annual basis to ensure compliance with evolving legislation, to address emerging issues and incorporate improvements in AARNet's capabilities over time.

Due diligence

Having identified the modern slavery risk areas within the supply chain, work has begun on the next stages of the approach:

» Prioritise the highest risk categories and conduct additional due diligence to determine the residual risk of those suppliers; and

» Determine an appropriate set of mitigation actions to address residual supply chain risk. These will align to the AARNet Modern Slavery Policy and will focus on the highest risk suppliers with whom we have commercial leverage.

Governance and risk management

A cross-company working group will be charged with completing planned activities and will be overseen by a Steering Committee that includes relevant SMT members.

Controls will be embedded into procurement and ongoing supplier management processes and AARNet's risk management framework. This is to ensure potential issues are uncovered as early as possible, progress is being made and tracked and to demonstrate a focus on continuous improvement.

Building capability

AARNet recognises that an uplift in capability across the organisation is required to implement and manage these controls. This may include further education and training for staff and suppliers and the implementation of new systems or processes to aid the due diligence process. AARNet commits to making improvements as and when they are required.

Assessing the effectiveness of actions

Key performance indicators, both quantitative and qualitative, will be established to determine the effectiveness of actions taken as they are implemented.

The metrics in place for the 2023 year with their results were focused on AARNet staff:

90%
Of staff completed their mandatory modern slavery compliance training.

0
Modern slavery incidents during the year.

0
Whistleblowing alerts were raised during the year related to modern slavery.

Completion of further due diligence during 2024 and 2025 will result in additional targets being set and reported in subsequent Modern Slavery Statements.

Consultation

All subsidiaries are 100% owned and controlled by AARNet Pty Ltd and have been established within the last 12 months. All suppliers engaging with the subsidiaries are already included in this supply chain analysis and no subsidiary currently employs any staff. As such, there was no need for a consultation process in relation to this statement.

Any other information

There is no other relevant information to add to this statement.