

AIRSERVICES AUSTRALIA MODERN SLAVERY STATEMENT

FY2021

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1. OVERVIEW AND APPROACH

This statement sets out the steps Airservices Australia (Airservices) has taken to address modern slavery risks in our business and supply chain over the financial year ending 30 June 2021, pursuant to the *Modern Slavery Act 2018* (Cth).

1.1. Our Approach

This is our second statement and describes our activities over the past year to further develop our understanding of potential business and supply chain risks and identify and implement opportunities to mitigate risks, both current and emerging.

2. OUR BUSINESS AND SUPPLY CHAINS

2.1. Our Role

Airservices is a government-owned organisation established by the *Air Services Act 1995* (the **Air Services Act**). We are a designated corporate Commonwealth entity under the *Public Governance, Performance and Accountability Act 2013* (the **PGPA Act**).

Our primary role, as defined under the Act, is to:

- Provide facilities and services for the safety, regularity and efficiency of air navigation within Australian administered airspace. This includes providing air traffic services, aviation rescue firefighting services, aeronautical information, radio navigation and telecommunications services; and
- Promote and foster civil aviation in Australia and overseas.

We operate in accordance with the *Air Services Act*, the *Australian Airspace Policy Statement 2018*, the *PGPA Act* and the Minister's Statement of Expectations. A range of other legislation informs our operations.

2.2. How We Perform Our Role

Our values reflect what is important to us at Airservices. Embedded and shared, our values guide our daily interactions with customers, community and each other.



Throughout the COVID-19 pandemic, we have continued to keep our skies safe and deliver efficient services. During the financial year 2020/21, Airservices oversaw:

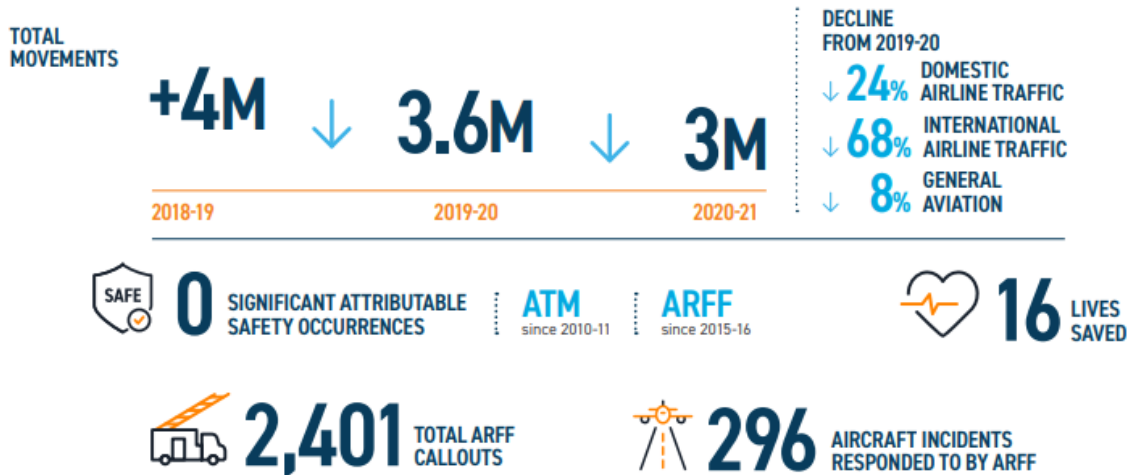


Figure 1 - Snapshot of Airservices Activities FY2020/21

In FY2020/21, Airservices' operations were adversely impacted by the COVID-19 pandemic. This has had a flow-on impact into our modern slavery activities through reduced resources. Many of our anticipated activities were pushed back to later in the year, which means they now fall under the reporting period of FY2021/22. Some of those activities have still been described in this statement as they shape our ongoing work in this area.

2.3. Our Locations and Our People

Our head office is in Canberra, with our 3,500 employees dispersed across Australia. This includes:

- Our air traffic management employees, working from two air traffic services centres (Brisbane and Melbourne), two terminal control units (Perth and Sydney) and 29 towers at international and regional airports; and
- Our aviation rescue firefighters supporting our service at 27 of Australia's busiest airports.

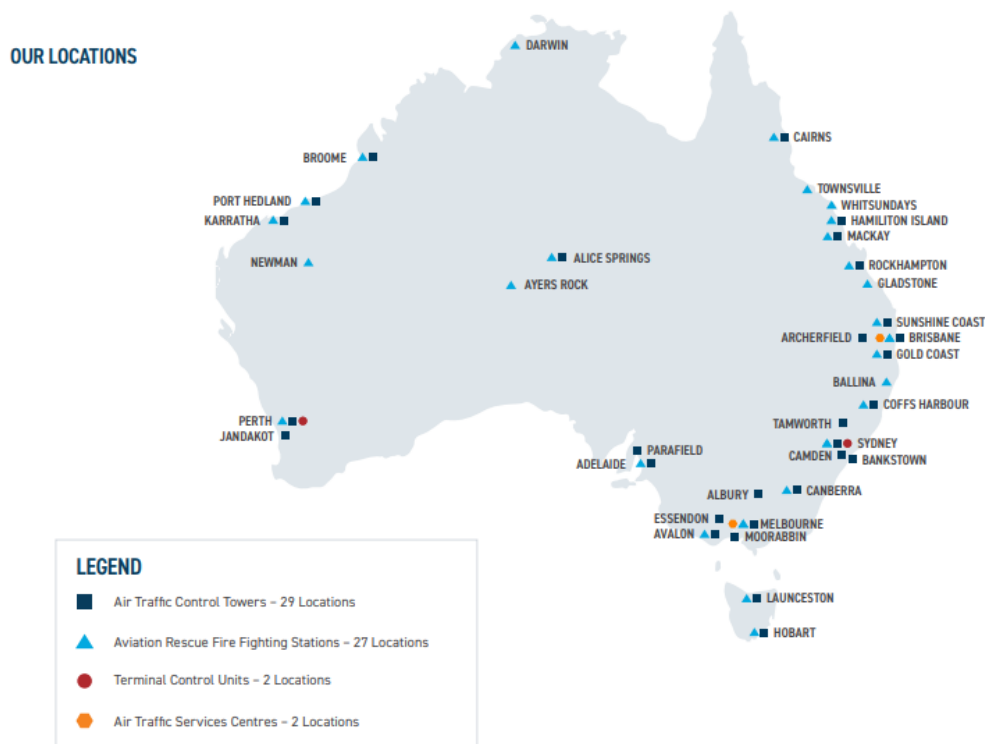


Figure 2 - Airservices Locations

3. TRAINING AND CAPABILITY DEVELOPMENT

Airservices has a comprehensive organisational training suite that ensures all employees and contractors are aware of their obligations regarding the code of conduct, ethics, and fraud and risk management.

This is supported by a specific procurement and contract management capability and development program, undertaken by employees and contractors who participate in procurement and contract management activities on behalf of Airservices.

Seven modules are currently being delivered including Introduction to Procurement.

All modules have been updated to reflect modern slavery requirements and considerations.

During FY2021 all of our procurement and contract management personnel were trained in the identification and management of modern slavery risks. In addition, we are currently partnering with a training organisation with credentials in modern slavery prevention to develop and implement a training module suitable to raise awareness across Airservices. This initiative will be completed during FY2021/22.

4. POLICIES AND PROCEDURES

Airservices has established a robust governance framework to oversee our broader risks, including the risks of modern slavery. This framework is managed by the Board Audit and Risk Committee, which meets regularly throughout the year. Relevant policies and procedures addressing modern slavery considerations are outlined below.

Code of Conduct Policy

- This policy sets out the expectation of our employees, Board Members, contractors and consultants to not tolerate inappropriate workplace behaviour including bullying, harassment (including sexual harassment), discrimination, fraud, corruption, violence and other misconduct.

Ethics and Fraud Framework and Control Plan

- This framework demonstrates how we comply with the obligations relating to fraud risk assessments, fraud control, and management of the ethical behaviour of personnel. It encourages reporting suspected or actual unlawful or unethical behaviour while providing a range of reporting mechanisms.

Risk Management Standard and Guide

- This sets out the role all staff have in risk management. Risk management is recognised as a critical activity within the organisation to assist in meeting our objectives and legislative and regulatory requirements.

Governance Risk and Compliance Framework

- This framework sets out how we exercise our governance, accountability and performance obligations within the Air Services Act and the PGPA Act. In alignment with the Department of Finance, we define governance as "the set of responsibilities and practices, policies and procedures, exercised by an entity's accountable authority, to provide strategic direction, ensure objectives are achieved, manage risks and use resources responsibly and with accountability".

Employee Grievance Board

- The Employee Grievance Board (EGB) is an avenue of independent dispute resolution where an employee has a grievance, and the relevant enterprise agreement sets out an EGB process.

Finance Manual

- The Finance Manual provides context for the Airservices financial management framework for employees, contractors and consultants. The Finance Manual serves as a comprehensive documentation of the Airservices financial framework and provides context for Airservices staff for finance activities.

Procurement Manual

- The Procurement Manual sets out the procurement policy and operating framework for Airservices employees. It is also the single source of comprehensive guidance in undertaking procurement activities. Understanding Airservices' procurement framework is key to ensuring Airservices meets its commitments in relation to procurement activities.
- The procurement framework establishes Airservices' expectation for all procurement activities and governs how Airservices procures goods and services.

The Procurement Manual, supported by other organisational policies and procedures contains strong guidance to purchasers and procurement professionals on modern slavery including the steps to take to mitigate modern slavery risk in procurement activities.

The operational risk assessment of modern slavery within Airservices is considered low due to the existing controls and policies established to protect the organisation and our people indirectly from the risks of modern slavery.

Airservices has a comprehensive set of contract templates and during FY2021 clauses have been developed to address supplier obligations to mitigate modern slavery. These clauses will be implemented in FY2022 for all new contracts and variations to existing contracts to include these obligations will be prioritised according to risk.

Employees' Working Conditions

With specific reference to the Airservices workforce, the risk of modern slavery is considered low as the current controls by way of Enterprise Agreements, Union representation and robust third-party governance arrangements create an environment of minimal risk.

All of Airservices' direct employees are under Enterprise Agreements or Management Contracts which meet or exceed the National Employment Standards. This mitigates the risk that employees are being made to work in unfair conditions.

Labour Hire Working Conditions

Airservices works closely with external labour providers to understand and ensure they are addressing modern slavery risks. All contracts between Airservices and labour-hire providers require that employment contracts meet the National Employment Standards.

5. OUR SUPPLY CHAIN

While Airservices has a relatively diverse supplier base, just under 95 per cent of our Tier 1¹ suppliers are Australian suppliers. The remaining 5 per cent of suppliers are based in:

• The Netherlands	• Austria	• New Zealand
• United States	• Italy	• Germany
• United Kingdom	• Switzerland	• Singapore
• Belgium	• Canada	
• Norway	• Ireland	



Figure 3 - Supply Chain Locations

The categories of products acquired by the organisation is equally as diverse as our supply chain and are summarised below.

¹ Tier 1 suppliers refers to those suppliers where Airservices has a direct contractual arrangement.

• Business Services	• Electronic Equipment	• Publishing
• Chemical, Rubber and Plastic Products	• Financial Services and Insurance	• Recreational and other services
• Commerce	• Machinery and Equipment	• Transport and equipment
• Communication	• Motor vehicles and parts	• Wearing Apparel
• Construction	• Paper products	• Wood products
• Dwellings	• Petroleum and Coal products	
• Electricity, Gas and Water	• Public Administration	

Figure 4 - Categories of Spend

While the products and services in these categories are mainly acquired through Tier 1 suppliers based in Australia, we are aware that several of these categories are well known for the high level of modern slavery further down the supply chain, even when procured from countries with a low-risk profile. They can involve factory production using unskilled, often migrant labour with supply chains in Asia.

6. SUPPLY CHAIN RISK ASSESSMENT

Airservices continues to apply due diligence to its supply chains by applying the three lenses of Country Risk; Category Risk; and Dependency Risk.

Country Risk

Utilising the Global Slavery Index framework, the mean overall country risk for Airservices is classified as low. This is due to the majority of our suppliers being located in Australia, which has a relatively low modern slavery risk. However, we have contracts with a limited number of suppliers operating in higher-risk countries, including Singapore and Papua New Guinea.

Country	Overall Risk Level	Number of Suppliers	Total Amount Spent (\$000s)
Papua New Guinea ²	81.07	1	0
Singapore	67.20	3	195
Germany	42.86	1	279
New Zealand	42.44	1	2
Ireland	42.26	3	358
Canada	41.37	5	52
Switzerland	40.00	1	6
Italy	38.04	2	701
Austria	36.90	1	268
Australia	36.25	715	359,227

² The Papua New Guinean supplier provided no services during FY2021

Country	Overall Risk Level	Number of Suppliers	Total Amount Spent (\$000s)
Norway	33.15	1	53
Belgium	31.67	1	297
United Kingdom	28.50	4	48
United States of America	28.27	11	6,819
Netherlands	24.76	1	80

Figure 5 - Airservices Suppliers by Country and Spend

Category Risk

The higher risk industries for Airservices are in Singapore and Australia across five main categories:

- | | | |
|-----------------------------------------|---------------------------|---------------------------------|
| • Transport | • Electronic Equipment | • Paper Products and Publishing |
| • Chemical, Rubber and Plastic Products | • Machinery and Equipment | |

When assessed in conjunction with the breakdown of spend, the highest modern slavery risk is associated with **Electronic Equipment** and **Machinery and Equipment** as detailed below.

In 2020, Airservices recognised that when country risk is assessed in conjunction with that of spend, the highest modern slavery risk is associated with **Electronic Equipment** and **Machinery and Equipment**. Accordingly in 2021, Airservices retained Deloitte Risk Advisory to conduct a deep dive into the two high risk categories of **Electronic Equipment** and **Machinery and Equipment**.

This desktop review was conducted outside of this reporting period but is mentioned here as it guides our ongoing activities. A desktop review of suppliers in these categories of spend has identified that out the top 15 of Airservices' high spend suppliers, twelve have a modern slavery statement at differing levels of maturity. Suppliers in these categories acknowledge the increased risks of modern slavery due to the complexity of their supply chains. Electronics supply chains are lengthy, and the sourcing of minerals such as cobalt, tin and other minerals typically used in electronics, is recognised to be mined under forced labour and child labour in countries experiencing conflict. Airservices is looking at engaging further with suppliers in these categories in future reporting periods to gain a better understanding of their supply chains and modern slavery risk.

Dependency Risk

In 2020 we identified five suppliers with a very high dependency risk and an additional three with a high dependency. Combined, they represent 1.1 per cent of Airservices' suppliers and 56.1 per cent of supplier spend. An initial review of these suppliers in 2020 did not raise any immediate modern slavery concerns, and all are Australian based suppliers.

Airservices engaged Deloitte Risk Advisory to conduct further desktop analysis of the five very high dependency suppliers. This desktop review was conducted outside of this reporting period but is mentioned here as it guides our ongoing activities.

Research found that two suppliers have only very basic maturity with regards to public information about their commitment and activities to address modern slavery risk. The other three suppliers ranged from improving to established. This means that they had some policies, processes and public disclosures in place, however there were still gaps or inconsistencies. This presents Airservices with an opportunity to work with those suppliers to support deeper modern slavery risk prevention practices.

7. CONSULTATION WITH OWNED ENTITIES

Airservices has no owned entities.

8. KEY ACTIVITIES, FORWARD STRATEGY AND MONITORING EFFECTIVENESS

Airservices is committed to ensuring a zero-tolerance approach to modern slavery through our operations and supply chains. Our approach is based on continuous improvement, and we have outlined below the key activities over the next 12 months, which evidence our commitment to achieving this aim.

Area of Focus	Activities	Measure of Success
Establish Activities designed to establish an environment of compliance and risk minimisation	<ul style="list-style-type: none"> Engage with Airservices top 20% of suppliers and develop an understanding of their supply chain modern slavery risks and develop corrective actions 	<ul style="list-style-type: none"> 100% of top 20 suppliers engaged
	<ul style="list-style-type: none"> Develop a 3-year Modern Slavery Roadmap 	<ul style="list-style-type: none"> Roadmap approved
	<ul style="list-style-type: none"> Develop modern slavery guidance material to enhance supplier risk assessments. 	<ul style="list-style-type: none"> Implemented
Communicate Activities designed to communicate our tolerance and support	<ul style="list-style-type: none"> Procurement and Contract Management personnel trained in Modern Slavery 	<ul style="list-style-type: none"> 100%
	<ul style="list-style-type: none"> Update the contract precedent suite to incorporate fit for purpose human rights clauses and minimum reporting requirements. 	<ul style="list-style-type: none"> 100% of new contracts include modern slavery clauses Variations to high-risk contracts to include modern slavery clauses
	<ul style="list-style-type: none"> Implement a standalone modern slavery awareness module to be made available to the entire organisation. 	<ul style="list-style-type: none"> Training implemented
	<ul style="list-style-type: none"> Develop the organisation's Modern Slavery Policy. 	<ul style="list-style-type: none"> Policy approved
	<ul style="list-style-type: none"> Develop a Supplier Code of Conduct referencing modern slavery obligations 	<ul style="list-style-type: none"> Code of Conduct approved
Monitor and Improve Activities designed to improve our ability to monitor our environment and respond responsibly	<ul style="list-style-type: none"> Develop comprehensive metrics to monitor completion of targets and effectiveness of our actions 	<ul style="list-style-type: none"> KPIs implemented

The activities are not intended to be sequential and will be undertaken in parallel to ensure all targets are achieved through the coming reporting period.

Airservices welcomes the Modern Slavery Act and is committed to delivering on its initiatives in support of maintaining our zero-tolerance approach to modern slavery through our operations and supply chains.

This statement was approved by the Board of Airservices Australia.

Signed,

A handwritten signature in black ink, appearing to read "Jason Harfield". The signature is fluid and cursive, with a long horizontal stroke at the end.

Jason Harfield

Chief Executive Officer, Airservices