

AIRSERVICES AUSTRALIA MODERN SLAVERY STATEMENT

FY2020

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1. OVERVIEW AND APPROACH

This statement sets out the steps Airservices Australia has taken to address modern slavery risks in our business and supply chain over the financial year ending 30 June 2020, pursuant to the *Modern Slavery Act 2018* (Cth).

1.1. Our Approach

This is our first statement and describes our activities over the past year to understand our potential business and supply chain risks. Furthermore, in line with the Australian Modern Slavery Act requirements, we have identified areas for development to ensure we have the most appropriate mechanisms in place to identify and address risks, both current and emerging.

Key Areas of Action in 2019/20
<ul style="list-style-type: none"> Detailed risk assessment of Airservices' supply chain and operations supported by Deloitte Risk Advisory Pty Limited.
<ul style="list-style-type: none"> Updates made to existing procurement and contract management training suite to raise awareness of modern slavery risk in supply chain engagements.
<ul style="list-style-type: none"> Development of first Modern Slavery Statement and establishment of a development roadmap evidencing Airservices' commitment to continuous improvement.

2. OUR BUSINESS AND SUPPLY CHAIN

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.



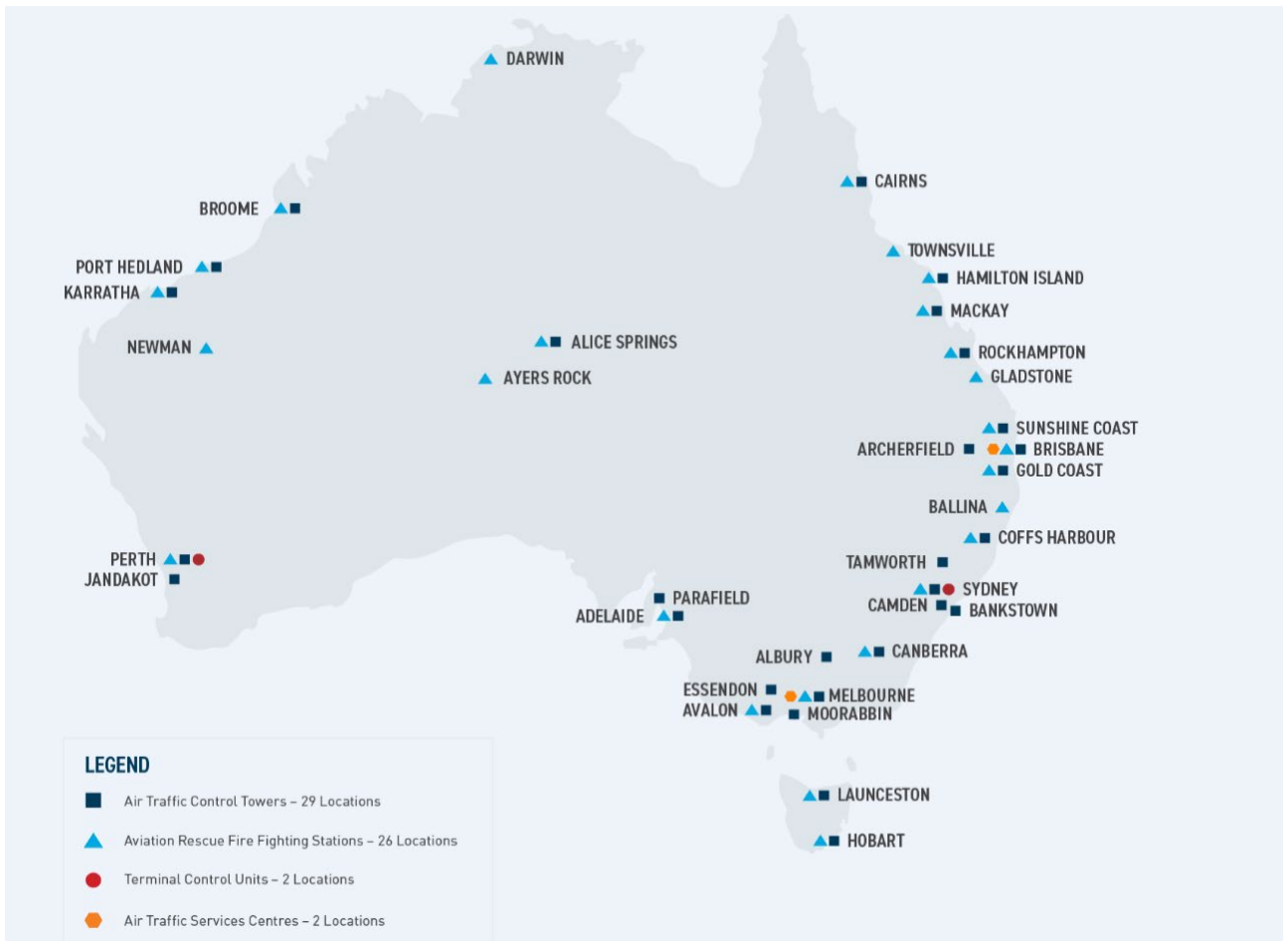
During the financial year 2019/20, Airservices Australia oversaw:



2.3. Our Locations

Our head office is in Canberra, with our 3,655 employees dispersed across Australia. This includes:

- Over 1,300 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
- Over 880 aviation rescue firefighters supporting our service at 26 of Australia's busiest airports.

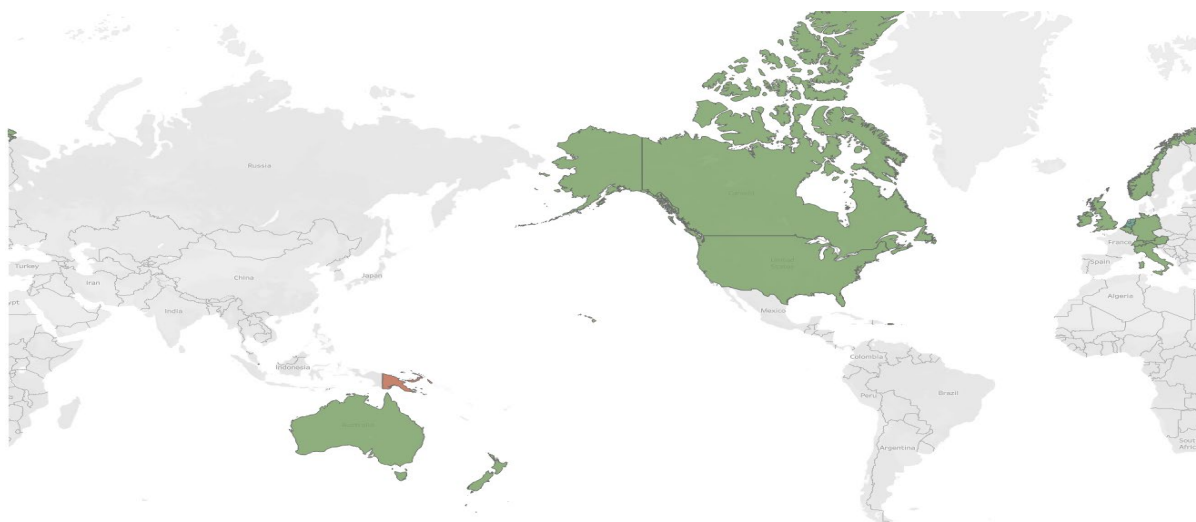


2.4. Our Supply Chain

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	• Papua New Guinea
• Norway	• Ireland	

We plan to develop a more thorough mapping of our supply chain by extending through to Tier 2² suppliers during the following reporting period. This will enable us to expand our understanding of the extent of our geographical supply chain and identify any modern slavery risk areas.



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

• Business Services	• Electronic Equipment	• Public Administration
• 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 and Publishing	
• Dwellings	• Petroleum and Coal products	
• Electricity, Gas and Water		

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

² Tier 2 refers to those suppliers who are subcontractors to the suppliers with whom Airservices has a direct contractual arrangement.

While these are mainly acquired through Tier 1 suppliers based in Australia, we understand that several of these categories are well known for their 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 and unskilled, often migrant labour with supply chains in Asia and will be examined closely as we further explore our supply chain mapping over the coming reporting period.

3. SUPPLY CHAIN RISK AND ASSESSMENT

A detailed due diligence assessment was conducted during 2019 and 2020 to understand the modern slavery risks in the Airservices' supply chain. To determine an overall supply chain risk, we have applied three different lenses: 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 services from higher-risk countries, including Singapore and Papua New Guinea.

Country	Overall Risk Level	Number of Suppliers	Total Amount Spent (\$000s)
Papua New Guinea	81.07	1	2
Singapore	67.20	4	122
Germany	42.86	1	867
New Zealand	42.44	3	69
Ireland	42.26	3	504
Canada	41.37	5	131
Switzerland	40.00	3	18
Italy	38.04	1	150
Austria	36.90	3	847
Australia	36.25	1138	998,851
Norway	33.15	1	532
Belgium	31.67	2	315
United Kingdom	28.50	4	363
United States of America	28.27	28	10,116
Netherlands	24.76	2	225

Table 1: Airservices Suppliers by Country and Spend

The approach to further investigating the suppliers assessed as being high risk from a geographical perspective is addressed in this statement in the forward strategy and key activities.

Category Risk

The higher risk industries for Airservices are in Papua New Guinea 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.

Category	Number of Suppliers	Total Amount Spent (\$000s)
Business services	382	134,716
Chemical, Rubber and Plastic Product	3	371
Commerce	35	107,227
Communication	26	16,058
Construction	105	74,052
Dwellings	28	325
Electricity	5	118
Electricity, Gas and Water	45	6,455
Electronic Equipment	142	60,219
Financial Services	8	946
Insurance	2	6,287
Machinery and Equipment	132	209,793
Motor Vehicles and parts	2	19
Paper products and publishing	28	1,056
Petroleum and coal products	19	1,031
Public Administration	146	368,875
Recreational and other services	47	13,065
Transport Equipment	20	2,179
Transport	11	9,780
Water	8	16
Wearing Apparel	5	521
	1,199	1,013,109

Table 2: Category, Number of Suppliers and Spend

The significant risk markers in the two identified categories are the utilisation of migrant labour and wage assessment. These categories are currently under investigation, and where applicable, remediation activities undertaken will be detailed in the Airservices Modern Slavery statement FY2021.

Dependency Risk

Overall the analysis has highlighted a very low dependency risk, based on the amount spent per supplier and product category. However, we have identified six 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 does not raise any immediate concerns, and all are Australian based suppliers. Irrespective of this, we are undertaking engagements with these suppliers to understand their Modern Slavery Act awareness, reporting actions and ongoing actions against modern slavery. We will provide an update in the next reporting period.

4. POLICIES AND PROCEDURES

Airservices has established a robust governance framework to oversee our broader risks, including 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 has several complementary procedures including, but not limited to:

- Procurement Complaints handling procedure;
- Contractor Induction and Supplier Registration Questionnaires; and
- Contractual precedent suite.

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.

Presently, Airservices does not have a formalised commitment to human rights or against modern slavery, but we have a robust risk management framework. Over the coming reporting period, Airservices is committed to developing a strong message from senior leadership with a human rights statement/policy while also strengthening existing policies and processes to more explicitly reference modern slavery.

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.

Employees' Working Conditions

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. Similarly to Airservices, all labour-hire personnel are engaged under employment contracts that meet the National Employment Standards.

5. MEASURING EFFECTIVENESS

Through the coming reporting period, we will be developing further targets to assess the effectiveness of our actions to mitigate modern slavery risks in our supply chains and operations.

Our current approach includes:

- Monitoring of progress against the key activities outlined within this statement, which will be reported through to the Airservices Board Audit and Risk Committee;
- Independent third party assurance across our supply chain activities;
- Active tracking of training module completion to ensure employees, contractors and consultants undertaking procurement and contract management activities on behalf of Airservices have completed the required training; and
- Monitoring of existing framework performance reported through the Airservices Executive with specific reference to modern slavery risks.

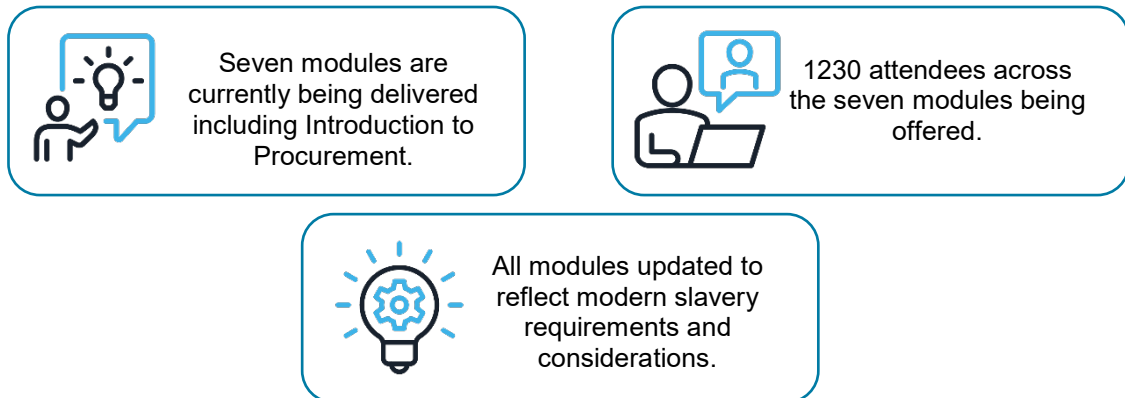
Proposed Targets for FY2021

- To have assessed all Tier 1 suppliers and new suppliers, with specific reference to those identified as being in a high-risk geographical location or category;
 - This will include providing statements and evidence from significant and high-risk suppliers concerning their approach and activities to address modern slavery risks in their business and supply chains.
- Program of assessment for second-tier suppliers to have commenced and be completed for the top 20 per cent of suppliers; and
- The leadership team and all employees, consultants and contractors involved in recruitment, procurement and contract management activities on behalf of Airservices to have completed the modern slavery training module.

6. 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.



A standalone modern slavery module is planned for development and roll-out over the next reporting period. It will be a requirement for all employees, contractors and consultants participating in any procurement and contract management activities on behalf of Airservices.

7. FORWARD STRATEGY AND KEY ACTIVITIES

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
Establish Activities designed to establish an environment of compliance and risk minimisation	<ul style="list-style-type: none"> • Develop modern slavery guidance material to enhance supplier risk assessments. • Engage suppliers in high-risk countries and categories to understand their modern slavery awareness and reporting requirements. Where required, jointly develop corrective action plans.

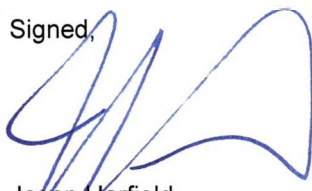
Area of Focus	Activities
<p>Communicate Activities designed to communicate our tolerance and support</p>	<ul style="list-style-type: none"> • Incorporate additional reporting requirements in recruitment contracts to enable any adverse findings to be communicated and addressed. • Update precedent suite to incorporate fit for purpose human rights clauses and minimum reporting requirements. • Undertake additional assurance activities across the supply chain. • Work alongside high dependency and significant suppliers to understand their approach to modern slavery and to assess risks through any subcontract arrangements. • Design a standalone modern slavery awareness module within the procurement and contract management training suite. • Develop the organisation's human rights statement/policy. • Enhance training for hiring managers on modern slavery awareness and avenues for reporting concerns.
<p>Monitor and Improve Activities designed to improve our ability to monitor our environment and respond responsibly</p>	<ul style="list-style-type: none"> • Design an appropriate complaints mechanism for escalating modern slavery concerns, accessible by both internal and external workforce. • Improve the system's ability to capture key supplier information for the ongoing monitoring of country and category risks. • Ensure suppliers are aware and reminded of how to report any modern slavery concerns.

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,



Jason Harfield

Chief Executive Officer
Airservices Australia