

FY21 Modern Slavery Statement MODERN SLAVERY ACT 2018 (CTH)



Auckland Airport supports Australia's Modern Slavery Act 2018. We are a business that strives for improvement and we are constantly reviewing our operations to identify and mitigate all aspects of risk. Our values of 'we care, respectful, collaborative, integrity and exceptional' underpin our commitment and approach to raising awareness of human rights violations in our supply chains and operations.

The Modern Slavery Act 2018 (Cth) (**Act**) came into force in Australia on 1 January 2019. The Act requires Australian entities and entities carrying out business in Australia with an annual consolidated revenue of at least \$100 million to prepare an annual modern slavery statement.

This Modern Slavery Statement is made by Auckland International Airport Limited (ARBN 085 819 156) ('**Auckland Airport**'). Auckland Airport also owns and controls five active subsidiaries for which this statement also applies to, (together '**Auckland Airport Group**').

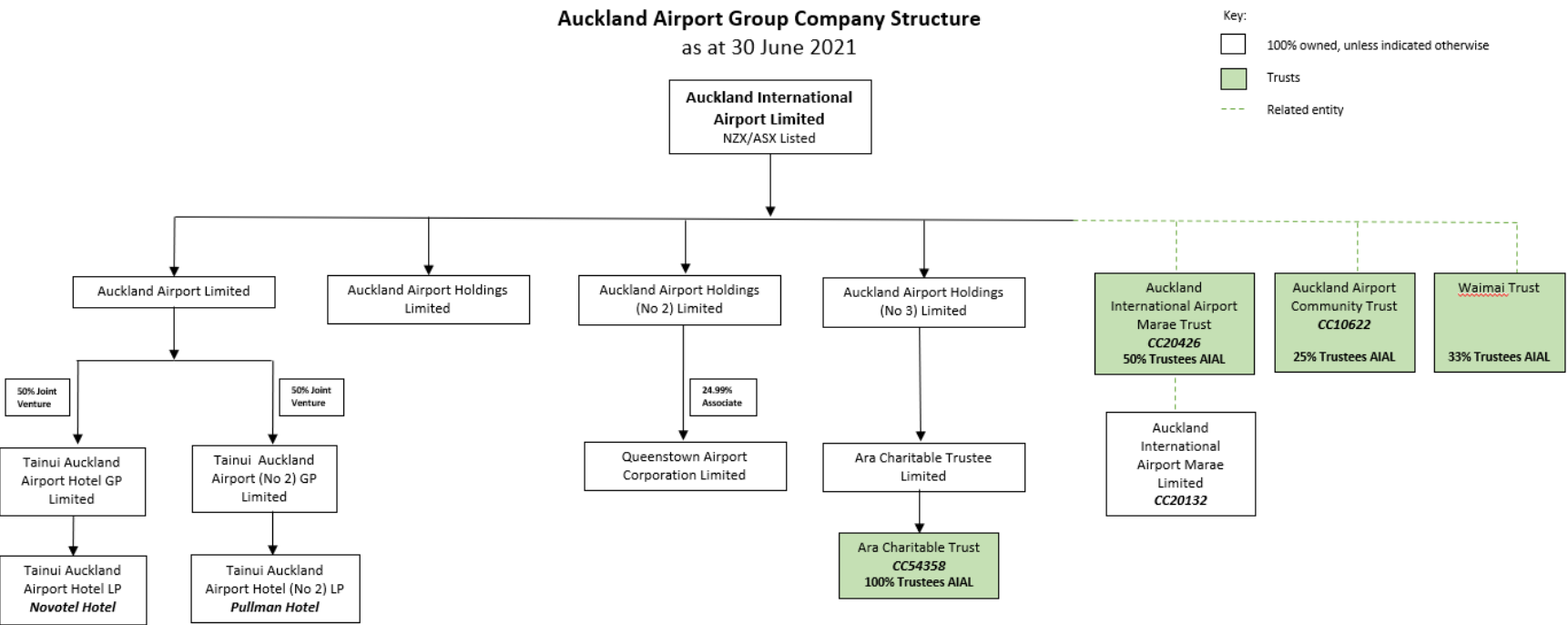
This statement describes the actions Auckland Airport Group has taken to address potential human rights violations in our operations and supply chains during the financial year that ended 30 June 2021 (**FY21**).

STRUCTURE, OPERATIONS AND SUPPLY CHAINS

OUR STRUCTURE

Auckland Airport is a limited liability company, incorporated in New Zealand on 20 January 1988 and listed on the New Zealand Stock Exchange on 28 July 1998. Auckland Airport was registered in Australia as a foreign company under the Corporations Law on 22 January 1999, was granted Foreign Exempt Listing Entity Status by the Australian Stock Exchange on 22 April 2016, with its shares quoted on the Australian Stock Exchange effective 1 July 2002.

The structure of the Auckland Airport Group is set out below



OUR OPERATIONS

Our operations and revenue streams are:

Aeronautical:

Auckland Airport is New Zealand's largest owner and operator of airports, providing infrastructure and services to facilitate the movement of aircraft, passengers, and cargo. Before border restrictions were imposed because of COVID-19, over 75% of arriving or departing international passengers moved through Auckland Airport, with over 21 million passenger movements in 2019 across out domestic and international operations. Traditionally, the aeronautical business segment contributes approximately 50% of total company revenue.

Consumer:

Auckland Airport's consumer segment includes the provision of amenities for retail businesses both in the terminal and within the surrounding precinct. There are 120 retail tenants (across both the domestic and international terminal). Of these, 49 sell various goods and 42 are food and beverage retailers. The balance of services included baggage wrapping, foreign currency exchange, storage lockers and telecommunication providers. There are also 10 hangars and 10 office tenancies located both within the terminal and the surrounding precinct. Outside of the terminal buildings we lease premises to 33 retailers. Of these, nine sell goods, 17 are food and beverage retailers, and seven provide services.

This segment of our business also includes the operation of car parking facilities and two hotels on the airport precinct, the Novotel and Ibis, as well as digital channels. These activities enhance Auckland Airport's customer proposition by providing important services in and around the airport that are valued by customers travelling through the precinct.

Investment property:

The investment property portfolio has grown strongly in recent years, through developing and managing in excess of 500,000m² of new facilities ranging from logistics and distribution warehouses to office buildings. The investment property portfolio is now valued at over \$2 billion, with an annual rent roll of \$117 million. Auckland Airport owns approximately 1,500 hectares of contiguous land, with 181 hectares of this still available for development.

Auckland Airport workforce

As at 30 June 2021, Auckland Airport employed 441 people. Approximately 66% of our people are employed on individual employment agreements and 34% on collective employment agreements.

All of our employees are based in New Zealand¹ and recruitment is either undertaken by our internal People & Capability Team or by external recruiters managed by our People & Capability Team.

We have an outsourced model for many services, including construction, business technology support, cleaning, property management, car park operations and maintenance, which are more fully described in the **supply chain section**.

All recruiters, suppliers and consultants are bound by our Supplier Code of Conduct.

¹ We have one Contractor who is primarily based in China.

Our purpose and values

Auckland Airport is always working for New Zealand. Throughout our half-century of service, we've connected our nation to the world, linked our exporters to global markets, brought travellers to our shores and – in times of crisis – welcomed Kiwis home.

Auckland Airport's operation and strategic plans are all aligned to our guiding star – the aspiration that unites our team as we work to support our country's recovery from the pandemic: *"We are working for New Zealand. We are committed to growing our country's success in travel, trade and tourism, building a vibrant economic hub that will create enduring value for New Zealand for generations to come."*

Sustainability matters to Auckland Airport because we are a long-term multi-generational business. We are committed to making a positive contribution through our business activities, operating in a way that creates enduring value for New Zealand.

Our overarching business strategy is aligned with our sustainability strategy which has four key pillars: Purpose, Community, People and Place. For more information visit our website: <https://corporate.aucklandairport.co.nz/sustainability>

Our values are: we care, respectful, collaborative, integrity and exceptional.



OUR SUPPLY CHAINS – FY21

In FY21, Auckland Airport Group engaged directly with more than 1,200 suppliers from 16 countries, spending NZ\$247,000,000.

What we source

Auckland Airport procures services and goods not for resale:

Services:	Includes construction services, building and grounds maintenance, roading services, car park operations, cleaning services, security, business technology services, baggage system maintenance services, medical support, employee assistance, bus operations, passenger lounge operations, utilities, marketing services, recruitment, and training.
Goods not for resale:	Includes Personal Protective Equipment (PPE), uniforms, office equipment, CCTV cameras, display screens (FIDS), IT hardware, vehicles, airbridges, EV chargers and new airport infrastructure built on site by construction contractors including roads, taxiways, airfield aprons, upgraded runway slabs, utility networks (eg water, wastewater, gas, electricity, aviation fuel), airport terminals, car parking facilities and industrial, commercial and office rental properties, building materials and technology systems.

Where we source from

Approximately 95% of our direct procurement spend² was with New Zealand suppliers. Some of our suppliers are New Zealand entities, being a company that is resident in New Zealand for income tax purposes, however, are head-quartered overseas.

Operational expenditure represented 26% of our total procurement spend:

- Outsourced operations represented 60% of total operational expenditure including: cleaning, security, passenger facilitation, parking related services, utilities, and building asset maintenance.
- IT operational costs represented 20% of total operational expenditure across provision of IT operations, system support, and licensing.
- Activities such as corporate travel, health and safety supplies, marketing and promotion, professional services, office supplies, and compliance costs represented 20% of total operational expenditure.

Capital expenditure represented 74% of our total procurement spend including:

- Construction
- Construction related professional services; and
- Technology systems and infrastructure

² Direct procurement spend refers to spend with suppliers that Auckland Airport has a direct contractual relationship with.

RISKS OF MODERN SLAVERY IN OUR OPERATIONS & SUPPLY CHAIN

Auckland Airport has identified the following potential modern slavery risk areas in its operations and supply chains.

Operations

Employment:

As all Auckland Airport employees are either directly employed by Auckland Airport or under a collective employment agreement, we consider this aspect of our business as having a low modern slavery risk.

Subsidiaries:

Two of the Auckland Airport Group subsidiaries are partial owners of hotel and airport entities that have operations in New Zealand. Having limited control reduces the oversight of the day-to-day operations of these entities, which could pose a risk of modern slavery, albeit Auckland Airport directors appointed to the boards of these entities are able to question management about these risks and demand corrective action if necessary.

Supply chains

Contractor risk:

While we usually engage New Zealand based suppliers in our capital projects, we recognise that those suppliers typically have suppliers of their own who, in turn, rely on other suppliers. This depth poses a risk of modern slavery practices due to the lack of transparency of our Tier 1³ suppliers' supply chains, so Auckland Airport is committed to constant engagement with our Tier 1 suppliers to identify and address potential risk.

A considerable portion of our operational expenditure is through engagement with New Zealand based suppliers for provision of outsourced services such as mechanical and electrical maintenance, cleaning, ground maintenance, and security but we recognise that many of these services rely upon provision of low cost labour, often through migrant workers, Auckland Airport will continue to work with our Tier 1 operational expenditure suppliers to identify and address labour related risk through their supply chain over the next two years.

Use of off-shore vendors to deliver certain IT, marketing and consultancy services also present a risk of modern slavery to Auckland Airport.

Goods not for resale risk:

This area may also present a risk as items such as Personal Protective Equipment (PPE), uniforms, office equipment, CCTV cameras, display screens (FIDS), IT hardware, vehicles, airbridges, EV chargers will be influenced by the employment conditions where these products are made as well as the materials used.

Human Trafficking:

We recognise that Auckland Airport is a major international gateway into New Zealand and a potential entry point for trafficked persons.

³ Auckland Airport defines Tier One suppliers as those suppliers that directly supply goods, materials or services to our company and subsidiaries, while Tier Two suppliers and below are defined as those companies that supply goods, materials, or services to the supplier at the next higher level in the supply chain.

Supply chain risk management plans

We are aiming to progressively develop a more comprehensive supply chain map to better define spend categories and demonstrate the geographic location and nature of the products and services sourced.

ACTIONS TAKEN TO ASSESS & ADDRESS MODERN SLAVERY RISKS

Auckland Airport's actions to assess and address modern slavery risks is an area of continuous improvement and is governed by our overarching Risk Management Framework and Sustainability Strategy.

Risk management is an integral part of Auckland Airport's business. Auckland Airport has developed an enterprise-wide Risk Management Framework, designed to promote a culture which ensures a proactive and consistent approach to identifying, mitigating and managing risk (including that of any real or threatened human rights violations).

1. Policies and procedures

A number of policies, procedures and standards are in place to assist Auckland Airport in upholding and protecting human rights. These policies apply to directors, employees, contractors, and consultants. They also guide engagement with our suppliers.

The **Supplier Code of Conduct** was updated in FY21 to include higher standards in relation to modern slavery, human rights, discrimination and safe workplaces. Our Supplier Code of Conduct is guided by the core principles in the UN Global Compact, the United Nations Universal Declaration of Human Rights, UN Convention of the Rights of the Child and the International Labour Organisation Core Conventions. Additionally, specific reference is now made ensuring ongoing compliance with the Australian Modern Slavery Act. The Supplier Code of Conduct is publicly available on our online procurement portal, and referred to in all sourcing documents (e.g. Request for Proposal) and our Purchase Order terms and conditions.

We also have a **Whistleblower Policy** which includes protections for all staff who wish to raise concerns in relation to real or suspected human rights violations.

The Auckland Airport Board's Safety and Operational Risk Committee (**SORC**) manages our operational risks. SORC has a specific responsibility to review and monitor the application of Auckland Airport's enterprise-wide processes for identifying and managing compliance with applicable law and Auckland Airport's policies, including Modern Slavery.

The **Ethics and Code of Conduct Policy** sets out the expectation of all Directors, managers, and employees to act ethically by engaging in sound practices, respecting others and accepting responsibility for their behaviour. The Ethics and Code of Conduct Policy requires compliance with all company policies and all applicable laws and regulations.

The **Risk Management Policy** sets out the role all staff have in risk management. While the Board has ultimate responsibility for reviewing and ratifying the risk management structure, processes and guidelines which are to be developed, maintained and implemented by Management, the active identification of risks and implementation measures are the responsibility of all staff.

The **Procurement Policy** reflects Auckland Airport's commitment to best practice contracting and procurement principles. The Procurement Policy details the governance and standards expected for procurement activities at Auckland Airport and requires adherence to Auckland Airport's **Supplier Code of Conduct**. The Supplier Code of Conduct requires all suppliers ensure that the practices and principles outlined in Auckland Airport's Supplier Code of Conduct flow throughout their own supply chains.

2. Subsidiary oversight

Auckland Airport ensures we have appropriate oversight of the activities of our subsidiaries and joint ventures by appointing senior employees to sit on the Boards of these entities which gives Auckland Airport oversight, at a governance level, of supply chain and operational risks.

3. Supply chains

Our supply chains and infrastructure development programme were significantly disrupted in FY20 as a result of the impact of COVID-19 on the operations of our business, and we were required to defer or cancel approximately NZ\$2 billion of infrastructure spend. We also reduced our operational spend by 3% in FY20 and a further 55% in FY21, when compared to FY19 operational expenditure. Auckland Airport has taken the opportunity during the COVID-19 pandemic to reset its capital programme with a revised plan developed to build capacity as demand returns to international travel, as well as integrate the domestic and international terminals. We are now aiming to progressively develop a more comprehensive supply chain map to better define the spend categories (particularly within our capital expenditure classification) and demonstrate the geographic location and nature of the products and services sourced.

- As noted, we recognise that our suppliers often have suppliers of their own who, in turn, rely on other suppliers. This layering poses a risk of modern slavery practices due to the lack of transparency of these supplier processes.
- Auckland Airport is committed to working with our direct suppliers to identify and address this risk.

Working with our supplier:

A modern slavery questionnaire was developed and issued to our top 14 operational expenditure suppliers (based on spend). Responses were recorded and evaluated to assist us with identifying awareness of, and actions taken by our main suppliers to address modern slavery risks in their supply chains.

We have also included the modern slavery questionnaire to all sourcing templates, e.g. Request for Proposal. All responses, in addition to responses received from our top 14 operational expenditure suppliers, are recorded in a central database hosted by the Procurement team and are available for our staff to reference as required.

We have updated all contract templates with a new clause placing obligations on suppliers to comply with modern slavery legislation and address the risk of modern slavery in their supply chains. This clause has been included in all new contracts executed and all variations to existing contracts since 1 July 2021.

Training and building awareness:

In 2021, Auckland Airport conducted workshops for internal stakeholders facilitated by external consultants. The workshops were focused on providing an understanding of modern slavery, how to recognise signs of modern slavery and the key risks and impacts to the business.

Auckland Airport will continue to work with both internal and external stakeholders to raise awareness of modern slavery, including providing annual refresher training.

4. Human trafficking

Both the New Zealand Police and New Zealand Custom Service have significant representation on

Airport to facilitate oversight of the human trafficking risk.

COVID-19 BUSINESS IMPACT

Our business has been significantly impacted by COVID-19 and the closure of international borders. Despite a significant decline in passenger and flight numbers because of COVID-19, Auckland Airport has remained open and operational throughout the pandemic, albeit in a heavily reduced capacity. In FY21 we prioritised our limited training budget to undertake Modern Slavery training for a core group of internal and external stakeholders. Auckland Airport plans to continue to educate staff and create awareness of modern slavery in FY22 by broadening the group of people who take part in training and awareness of Modern Slavery risks and impacts, including Modern Slavery becoming part of our induction programme, as well as providing ongoing training to key stakeholders.

ASSESSING EFFECTIVENESS OF THESE ACTIONS

For FY21, assessing the effectiveness of each of the actions is summarised below:

- **Policies & procedures:** From a governance perspective, the Safety and Operational Risk Committee routinely reviews our risk position and effectiveness of policies and procedures in place to reduce and mitigate risk. Further, compliance with policies and procedures forms part of performance reviews for employees, contractors and relevant third parties. Particular to the Whistle-blower policy we record any receipt of, and responses to complaints made under the whistle-blower policy in relation to human rights violations.
- **Subsidiary oversight:** Auckland Airport ensures that the leadership team members appointed to the position of director of a subsidiary have the appropriate level of experience and understanding of their director's duties and obligations in order to conduct the appropriate level of oversight. Auckland Airport has conducted workshops for internal stakeholders to raise awareness for modern slavery and will continue to work with the leadership team members to ensure ongoing training is provided.
- **Supply chains:** ensuring we are working directly with our suppliers and recording receipt, awareness and adherence to our commitment to protecting human rights under our Supplier Code of Conduct.
- **Human trafficking:** recording incidence rates of potential or suspected human trafficking by keeping open lines of communication with New Zealand Government agencies to make sure there is transparency throughout immigration procedures and Auckland Airport is aware of any such incidences

Going forward

In parallel with the actions set out to mitigate any potential modern slavery risks in our supply chains, we plan to develop targets that will increase in sophistication to specifically measure our effectiveness in progressing towards a commitment of zero-tolerance to modern slavery and human rights violations.

Practical steps and targets for FY22

- To have all potential suppliers complete our modern slavery questionnaire as part of every procurement selection process and have those responses recorded in our central database.
- To engage an independent third-party to review our existing procurement processes and assess where opportunities exist to improve these processes in relation to leading practice and

requirements of the Australian Modern Slavery Act, and to develop a robust plan for us to implement those identified opportunities by the end of FY23.

- To develop and roll out modern slavery training for new employees and contractors to complete as part of their induction, and ongoing 'refresher' training for existing employees and contractors who are involved in the management of supply contracts or sourcing activities.

To assess the effectiveness of our proposed actions, in FY22 we plan to:

- report on modern slavery as an 'identified risk' to the Board Safety and Operational Risk Committee;
- retain independent third-party to commence a programme of assurance across our supply chain activities; and
- actively track the modern slavery training to ensure employees, contractors and consultants undertaking procurement activities have the requisite modern slavery risk awareness to be undertaking any business with suppliers.

Beyond FY22, Auckland Airport intends to track its performance and assess the quality and effectiveness of our actions by establishing sophisticated key performance indicators. These include, recording and reporting on the response rates to the Modern Slavery Supplier Questionnaire, monitoring the percentage of Auckland Airport employees undergoing modern slavery awareness training, monitoring the number of complaints received and remedied under Auckland Airport's whistle-blower policies. Going forward, we also intend to develop a modern slavery monitoring process that will enable us to continuously monitor modern slavery risks in our supply chain and work with suppliers to mitigate identified risks in their supply chains, plus assist our decision making as part of sourcing projects.

Auckland Airport fully endorses the Modern Slavery Act and is committed to achieving a zero-tolerance approach to modern slavery through our operations and supply chains.

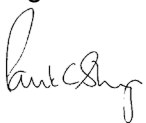
CONSULTATION

Auckland Airport is committed to developing a robust and comprehensive response to modern slavery. The same policies, procedures and risk frameworks that are in place for Auckland Airport apply to the Auckland Airport Group. The Auckland Airport subsidiaries detailed above have directors that are all executive level employees of Auckland Airport. All directors of the subsidiaries have been consulted with in relation to this statement and are aware of their obligations in identifying, assessing and addressing risks posed by modern slavery to the entities they are directors of. All the directors of the subsidiaries have reviewed and endorse this statement.

This statement has been prepared in consultation with the key teams that work together to drive responsible procurement for Auckland Airport, including members of the Procurement, Legal, Risk, Sustainability and Corporate Governance teams. It has been reviewed by our Chief Executive.

This statement was approved by the Board of Auckland International Airport on 23 November 2021.

Signed:



Patrick Strange

Chair

Auckland International Airport Limited