

These guidelines accompany the Adelaide Airport Procurement Policy as a supporting document and identifies a uniform way of approaching the market and managing contracts to mitigate the risk of modern slavery in our investments, operations and supply chain.

The guideline also supports AAL in ensuring compliance with The Commonwealth Modern Slavery Act 2018 (the Act), which was introduced in 2018 and establishes Australia’s national modern slavery reporting requirement.

1. Modern Slavery

The term modern slavery is used to describe situations where coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom. The Act defines modern slavery as including eight types of exploitation:

- trafficking in persons;
- slavery;
- servitude;
- forced marriage;
- forced labour;
- debt bondage;
- the worst forms of child labour; and
- deceptive recruiting for labour or services.

Slavery in the supply chain is an abuse of human rights in the pursuit of profits. It distorts global markets, and undercuts ethical business. AAL has a duty not to indulge or tolerate it, whether deliberately or recklessly. Taking action to address modern slavery makes good business sense as it improves the integrity and quality of our supply chain.

1.1 Modern Slavery Risk

The UN Guiding Principles on Business and Human Rights recommends that businesses focus on assessing general areas of operations and supply chains where modern slavery risks are likely to be most significant. This includes consideration to high-risk sectors or certain geographic locations. It also suggests that businesses prioritise the risks they respond to first, focusing on the most ‘severe’ risks, (eg those that would cause the most harm to people), have the gravest impact or scale, or where delayed response would make them irremediable.

AAL operational staff (eg property managers, terminal operations) and staff responsible for procuring goods and services are required to recognise and assess the practices which may constitute slavery-like conditions and identify where modern slavery is most likely to manifest in our investments, operations (eg tenancies) and/or supply chains. Understanding slavery key risk indicators is crucial to this assessment. Key risk indicators may include:

Sector/Industry and/or Product/Services Risk

This is where characteristics, products and processes means that certain sectors and industries have higher risk. Sectors/Industries that employ a high percentage of migrant workers, including seasonal workers are more vulnerable to exploitation due to a potential lack of knowledge, language barriers and other factors. Specific indicators might include:

- Use of unskilled, temporary or seasonal labour;
- Use of short-term contracts and outsourcing; and

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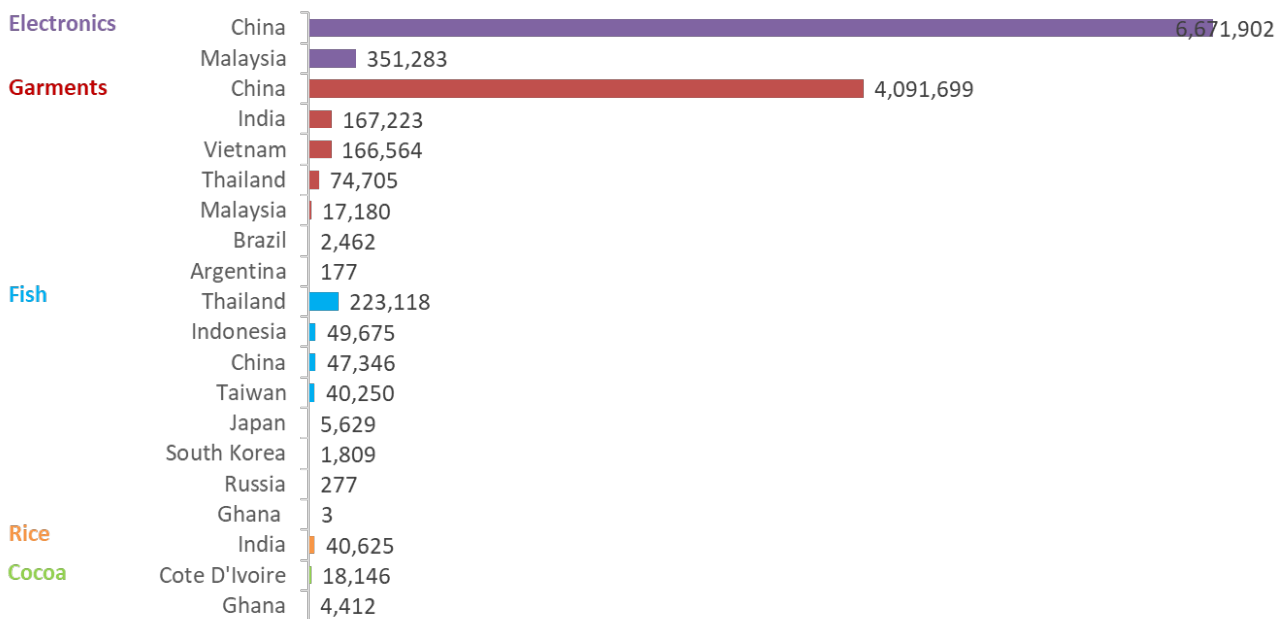
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- Use of foreign workers to carry out functions which are not immediately visible because work is carried out at nights or in remote locations (eg security or cleaning).

The 2018 Global Slavery Index (GSI) developed by the Walk Free Foundation identifies that in Australia, the industries that are at high risk of modern slavery are agriculture, construction, domestic work, meat processing, cleaning, trolley management, security, hospitality and food services.

The top five imported products at risk of modern slavery in Australia are Electronics, Garments, Fish, Rice and Cocoa, with an estimated value of \$US12 Billion. The chart below identifies the imports at risk by country of source.

Breakdown of at-risk imported products by source country (\$USD'000, annually)¹



Geographic Risk

This is where some countries have higher risks due to poor governance, weak rule of law, conflict, migration flows and socio-economic factors. Specific indicators may include:

- The country has inadequate protections for workers eg workplace laws;
- An overall weak rule of law by non-government organisation eg due to corruption, conflict and/or political instability;
- Law enforcement agencies are hostile to workers;
- The country forces parts of the population to work for development purposes;
- The country has not ratified international conventions pertaining to modern slavery; and
- The country has a group of people who are vulnerable to exploitation due to poverty, and/or severe discrimination.

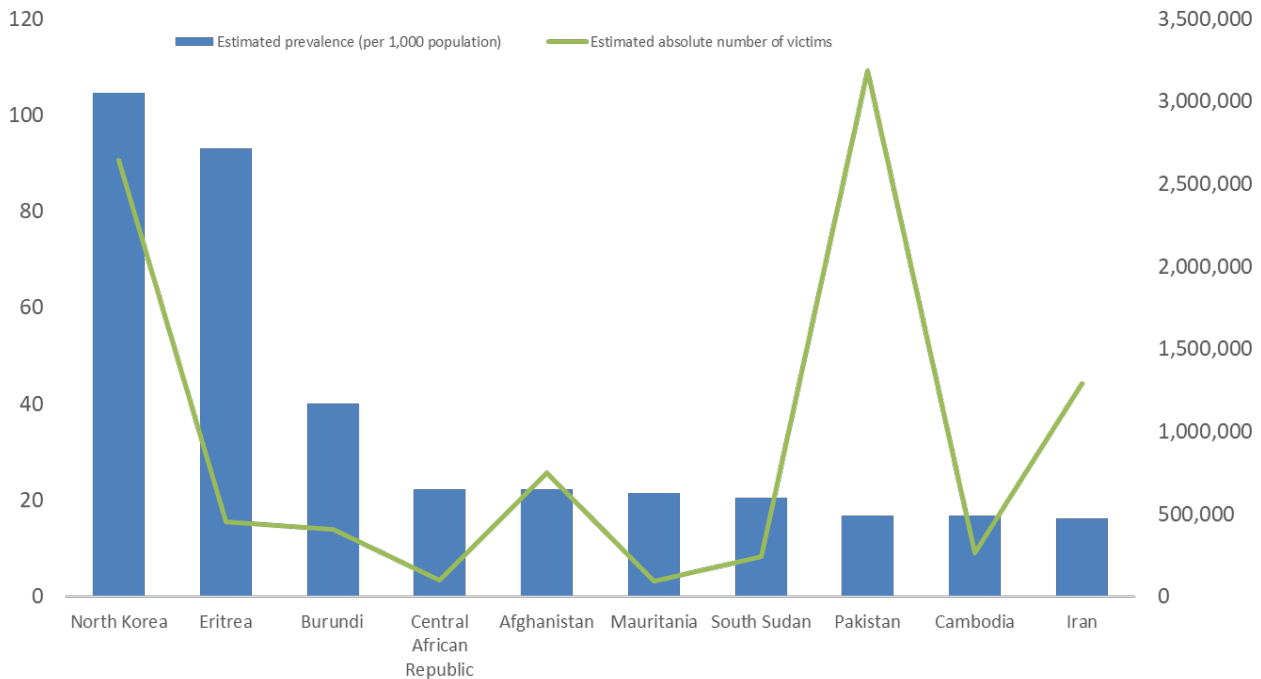
The GSI indicates that the ten countries with the highest prevalence of modern slavery are North Korea, Eritrea, Burundi, the Central African Republic, Afghanistan, Mauritania, South Sudan, Pakistan, Cambodia and Iran.

¹ Walk Free Foundation Global Slavery index 2018

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Chart 1: Top 10 Estimated prevalence of modern slavery by country²



Entity Risk

This is where some businesses have a higher risk due to poor governance structures and/or historical findings of treating workers badly. Specific risk indicators may include:

- Entity has previously been reported as noncompliant with human rights or labour standards;
- Procurement and sourcing processes appear poorly managed or inefficient;
- Entity has complex supply chains;
- Workers have little information about workplace entitlements and protections; and
- Staff recruitment costs are not covered by the company, meaning that recruitment expenses may be improperly imposed on workers.

1.2 Modern Slavery and the Procurement Process

The below are some elements to consider when undertaking a procurement exercise:

Planning

During the planning stage, assess the risk of modern slavery existing within the supply chain based on the risk the risk indicators outlined above, and develop your strategy in order to mitigate this risk. Consider the due diligence that may be required.

² Walk Free Foundation Global Slavery index 2018

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Sourcing

Include modern slavery requirements in your sourcing process that are clear, verifiable and specific to the tender or quotation. Incorporate elements for evaluation, which may include evidence of policies, procedures and strategies, records, audit documents, certificates, licenses and labelling etc.

Where supplier information is then assessed as being high risk, consider whether a third party audit is required.

Contract Management

Ensure that the modern slavery requirements remain clearly communicated, verifiable and a priority through the contract management stage and are included into the contract management plan when necessary, this may include KPI's, targets, criteria for ongoing performance management, methods of communication etc.

Where supplier information is then assessed as being high risk, consider whether a third party audit is required.

1.3 Remediation

AAL defines a modern slavery complaint as a report of violation against AAL's Supplier Code of Conduct or Corporate Social Responsibility Policy that has occurred in AAL's supply chain and/or internal business and has a direct adverse human rights impact. The complainant should be able to produce sufficient information to demonstrate the relevance and seriousness of the complaint.

AAL maintains a procedure for reporting any modern slavery incidents in line with our incident management procedure. Upon being aware of an incident involving modern slavery within our supply chain, we take steps to promptly investigate and undertake remediation actions that are appropriate.

Step One: Modern Slavery Incident reported

Any report of violation will be reported in accordance with Gen Ops 008: Incident Reporting and Investigations, including reporting the incident in CAMMS.

Step Two: Conduct preliminary assessment/investigation

AAL will complete an investigation of any violations of the Act in accordance with Gen Ops 008: Incident Reporting and Investigations. Investigations are conducted using the Incident Causal Analysis Method (ICAM) with a focus on;

- Verification of any claims;
- Consideration of "serious harm" to any of the individuals;
- Identification of any immediate containment strategies;
- Ensuring actions are in the best interests of the victim/suspected victim;
- Assessment of AAL's procurement of services related to the supplier in question;
- Consideration of the scope and extent of the alleged incident or practice, e.g. is it a one-off or systematic issue?
- Identification of the root causes and appropriate corrective actions to reduce the risk of future incidents occurring;
- Reporting to law enforcement (if required)

Step Three: Remediation phase and actions

AAL will monitor and review all actions and remediation until all actions are completed.

Step Four: Communication with stakeholders and the public (as required)

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As part of the investigation and in line with Gen Ops 008, AAL will identify any required communication or consultation actions and monitor those actions until they have been completed. Any communication with the media will be in line with AAL’s Media Policy.

Step Five: Review Phase

AAL adopts a continuous improvement approach in its risk management framework and will identify lessons learnt from any incidents of modern slavery, to ensure that additional controls will be identified and implemented to continue to appropriately manage the risks associated with modern slavery in its supply chain.

1.4 Roles and Responsibilities

The roles and responsibilities below identify the processes and functions that should be undertaken to allow for the best outcome.

ROLE	RESPONSIBILITY
EXCO	<ul style="list-style-type: none"> • Make a commitment to address modern slavery which is adopted and approved at Board level • Minimise the risk of modern slavery through awareness, policy endorsement, employee and stakeholder engagement and training • Support the provision of, and access to, training programs that improve the level of modern slavery understanding • Establish clear responsibility and accountability for the implementation of AAL’s policies and standards • Identify and remove any barriers or obstacles to the identification and elimination of modern slavery • Manage a grievance mechanism which is clear and transparent
All staff responsible for Procurement	<ul style="list-style-type: none"> • Understand what is modern slavery and what are the risk factors that may indicate that modern slavery is present • Understand and analyse the procurement to understand: <ul style="list-style-type: none"> – is there a risk of modern slavery – how should this risk be assessed and managed (see Appendix 1 2 and 3 for example guidance) • Where there is a risk of modern slavery, ensure the evaluation process (Procurement or Lease onboarding) identifies and assesses modern slavery, in varied forms including but not limited to: <ul style="list-style-type: none"> – certifications – policies and strategies – reporting and data • Ensure our purchasing practices do not contribute to or increase the risk of exploitation: <ul style="list-style-type: none"> – last-minute changes to orders and short lead times can contribute to excessive overtime, increased use of casual labour and unauthorised subcontracting.

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	<ul style="list-style-type: none"> - pressure to reduce prices can also make it difficult or impossible for suppliers to pay workers a living wage, or even the minimum wage. • Ensure suppliers are provided with a copy of AAL’s Supplier Code of Conduct, and that they confirm compliance with this policy prior to entering into any contract. This document can be found in our Policies and Procedures library on LOIS • Identify and assess any relevant or significant modern slavery risk throughout the procurement process (eg from sourcing through to ongoing contract management) • Fully understand and analyse the suppliers operations and supply chains. Document your suppliers operations and the extended supply chain where your opex annual contract value (OACV) or capex total contract value (CTCV) is greater than \$100k. See Appendix 4 for example guidance • Manage identified risk factors in the contract management stage: <ul style="list-style-type: none"> - provide and monitor evaluation criteria on supplier’s modern slavery compliance - consider providing incentives on suppliers to encourage or reward good labour practices (eg price premiums, preferred supplier status, increased orders and longer term contracts) - consider corrective management action plans • Engage with supply chains where possible to foster strong modern slavery risk awareness and relationship management. This may include workers and people familiar with the workers’ conditions such as unions, workers’ representatives or local Non-Government Organisation’s (NGO’s) • Where there is a <u>high risk of modern slavery</u>, suppliers should be required to sign an Annual Compliance Commitment Statement. The template can be found on the Contract and Tender templates library on LOIS • Where there is a risk of modern slavery and our opex annual contract value (OACV) or capex total contract value (CTCV) is greater than \$100k, suppliers should be required to sign an Annual Compliance Commitment Statement. The template can be found on the Contract and Tender templates library on LOIS. • Where there is a risk of modern slavery and our opex annual contract value (OACV) or capex total contract value (CTCV) is greater than \$100k, report on modern slavery risks, actions and performance, and supplier management activities in conjunction with your EGM as well as the Risk and Sustainability business units annually • If you suspect there is a <u>high risk of modern slavery</u> in Tier 1 or Tier 2 of our Supply Chain, please notify your EGM immediately. • Where there is a <u>high risk of modern slavery</u>, consider enforcing modern slavery audits onto suppliers including their operations and supply chains. The audit process includes: <ul style="list-style-type: none"> - non-scheduled visits - a review of relevant documents
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<p>All Operational Staff (eg Property, Terminal Operations etc)</p>	<ul style="list-style-type: none"> - interviews with workers • Understand what is modern slavery and what are the risk factors that may indicate that modern slavery is present • Understand and analyse the operation to understand if there is a risk of modern slavery • If you suspect there is a high risk of modern slavery in our operation, please notify the Risk manager immediately • Where there is a risk of modern slavery, ensure the evaluation process (eg Lease onboarding) identifies and assesses modern slavery, in varied forms including but not limited to: <ul style="list-style-type: none"> - certifications - policies and strategies - reporting and data • Ensure tenants are provided with a copy of AAL’s Supplier Code of Conduct, and that they confirm compliance with this policy prior to entering into any contract. This can be found in our Policies and Procedures library on LOIS.
<p>EGM’s, Risk, Sustainability, Legal (as relevant and appropriate)</p>	<ul style="list-style-type: none"> • Encourage and engage AAL Contract Managers to foster and develop a strong and proactive approach to modern slavery and modern slavery awareness • Ensure and oversee that AAL’s modern slavery actions are strategically implemented and managed • Provide support and guidance to AAL Contract Managers as follows: <ul style="list-style-type: none"> - Provide templates and tools to support the risk assessment, tender evaluation and/or contract management process - Where there is a high risk of modern slavery, support the analysis of operations and supply chains in conjunction with the Contract Manager to ensure a strategic approach to operations and supply chain management - Where there is a high risk of modern slavery, provide guidance on the due diligence required on operations and supply chains, including remediation processes • Provide operations, supply chains and suppliers with feedback based on reporting, audits and contract management data and information • Regularly review and improve due diligence and risks assessment to continually improve our approach

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Supply Chain (Supplier, Contractor and Subcontractor)	<ul style="list-style-type: none"> • Complete evaluation criteria to fullest extent and provide evidence of all stated criteria • Complete modern slavery self-audits at AAL’s request • Complete Annual Commitment Statements at AAL’s request • Fully comply with any reporting, KPI and targets set by AAL in relevant contracts • Fully comply with all local laws, legislations, policies and/or regulations regarding working conditions, labour, health, safety and the environment • Ensure adequate policies and processes are in place for managing modern slavery • Consider engaging with subcontractors who have adequate policies and processes in place for managing modern slavery • Fully understand the modern slavery risks in supply chains and identify and manage risks in a timely and appropriate manner
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1.5 Terms and Definitions

TERM	DEFINITION
Procurement	The entire process of buying and locating the most appropriate goods and services for the best value
Sustainable Procurement	a purchasing process that takes into account the economic, environmental and social impacts of the organisation's spending
Planning	stage of the procurement activity which involves identifying the need, analysing the market and the demand and setting the priorities for the sourcing and contract management stage
Sourcing	stage of the procurement which involves approaching the market and evaluating responses
Contract Management	stage of the procurement once an agreement is executed, the management of that contract entered into to ensure it is performing
Staff	those whom work for Adelaide Airport or are contracted to Adelaide Airport as a consultant, casual, part time or full-time employee
Supplier (or Contractor)	the person or organisation providing the good or service to Adelaide Airport
Tier 1	companies that directly supply goods or services to Adelaide Airport
Tier 2	Suppliers which supply the Tier 1 supplier
Critical Supplier	High volume suppliers or similar, critical component suppliers or similar, non-substitutable suppliers or similar
Supply Chain	the sequence of processes involved in the production and distribution of a commodity
Sub-contractor	a firm or person that carries out work for a company as part of a larger project
Product or Service (or Goods or Service)	the physical object or activity which has been sourced
Human rights	based on principles of dignity, equality and mutual respect, which are shared across cultures, religions and philosophies. Being treated fairly, treating others fairly and having the ability to make genuine choices
Ethics	moral principles that govern a person's behaviour or the conducting of an activity
Modern Slavery	the term used to cover a range of exploitative practices including human trafficking, slavery, forced labour, child labour, removal of organs and slavery-like practices

1.6 Appendices

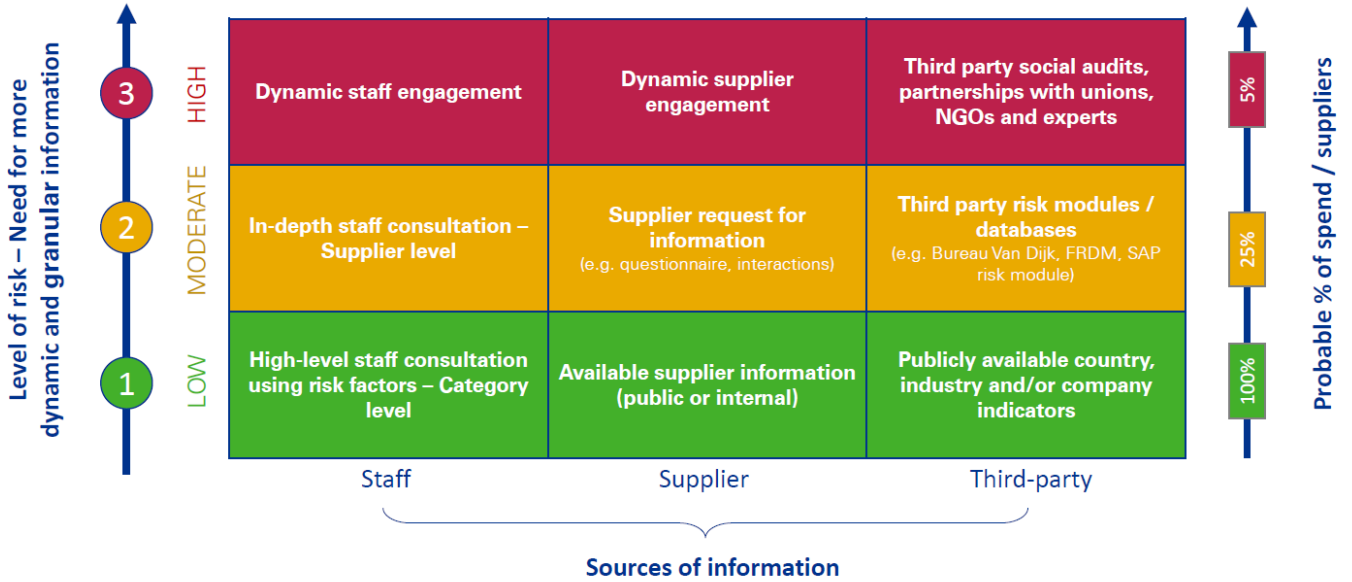
- Appendix 1: Example of Due Diligence based on modern slavery risk
- Appendix 2: Case Study - Labour Contracting
- Appendix 3: Best Practice Examples of actions to address modern slavery
- Appendix 4: Guidance on Supplier and Supply Chain Mapping
- Appendix 5: Useful resources

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Appendix 1: Example due diligence based on modern slavery risk

Sources of information matrix



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Appendix 2: Case study – Labour Contracting

Problem

Margaret runs an airport. To minimise costs, she has contracted the work to the cheapest security contractor she could find. Last Friday, an employee of her contractor complained to Margaret that he was being underpaid for working at her premises. Margaret uses the Fair Work Ombudsman’s Pay Calculator to check the award rates. Based on what she knows about the hours that the employee worked, Margaret realises the amount she’s paying the contractor is not enough to cover the award rates for the times the contractor’s employees are working.

What should Margaret do?

✘ Despite being aware of a concern, Margaret continues to use the same contractor and doesn’t raise it with them. She knows the contract price is very low. Based on her scope requirements, Margaret suspects a contractor could not correctly pay the number of people needed to do the job and also make a profit. Because she doesn’t do anything, Margaret is at risk of knowingly taking part in underpaying her contractor’s employees. This could mean Margaret and/or her business is at risk of being named as a party to court action, based on her involvement in breaches of the law.

✔ Margaret has a meeting with her contractor where she raises her concerns about the possible underpayment. She requires her contractor to provide information such as pay slips and time records and she makes sure the contractor is applying the correct pay rates and minimum standards.

After reviewing the information, which shows that the contractor is unable pay correct minimum rates for the amount being paid, Margaret agrees to change her scope requirements (without changing the overall contract price) so she has enough service provision at her premises whilst allowing her contractor to afford the correct pay rates.

The contractor agrees to back pay all the affected employees, meet all award pay rates and conditions in the future and to show Margaret when the payroll systems are updated. Margaret reflects the requirement in her contractual arrangement and continues to review her scope requirements and the contract price from time to time. She also speaks regularly to her contractor about any issues and to check that the contractor is paying employees the correct rates. Margaret has managed her labour contracting to minimise the legal risk to her and her business.

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Appendix 3: Modern Slavery Best Practice Examples

Supply Chain Visibility

Primark (UK clothing retailer) recently published the names and addresses of all its garment suppliers. The list of over 1,000 factories in 31 countries included the number of employees working in each factory and the gender distribution among employees. The Head of the Ethical Trade Team at Primark explained that the company did not previously want to disclose its supplier list due to competition concerns, but now wants to help lead the industry trend towards greater transparency. Primark follows apparel retailers H&M, C&A and brands Adidas, Esprit and Gap, which have all disclosed lists of their first tier of global suppliers.

Risk Assessment

Diageo (Wine Company) developed a Human Rights Impact Assessments toolkit to identify and assess potential human rights impacts, including modern slavery risks, in all its markets. These assessments include meetings with employees, union members, and workers on the factory lines, labour providers, contract workers, NGOs, and other external parties.

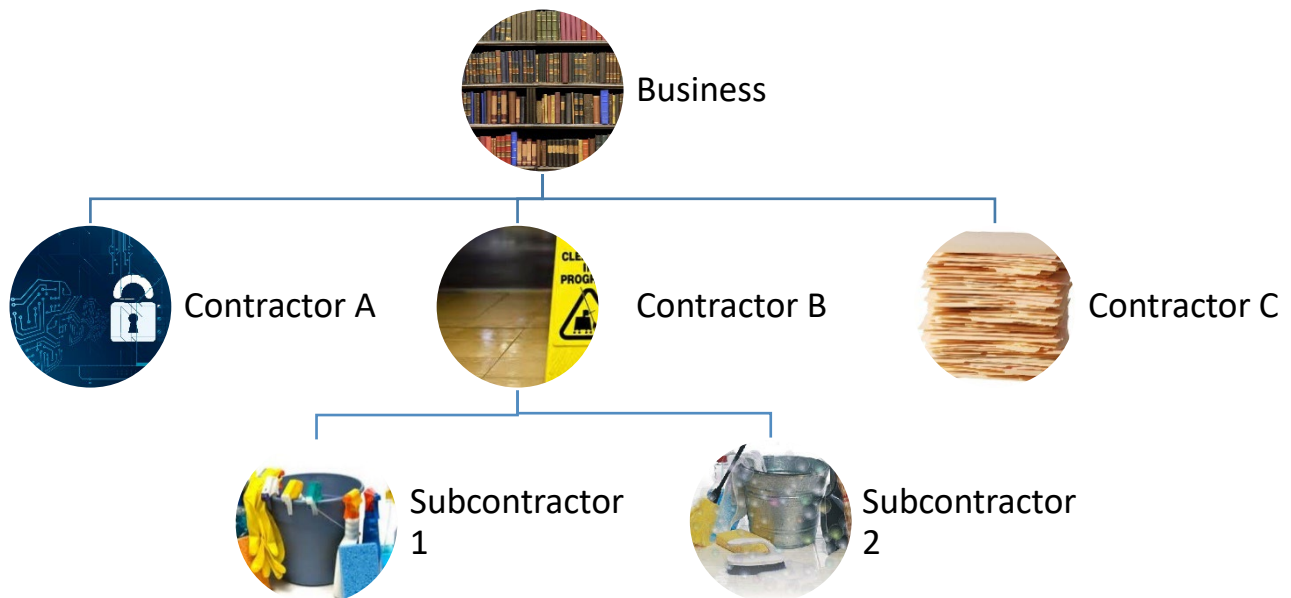
Extended Supply Chain

Sainsbury's (UK Supermarket) expects its own brand grocery suppliers to develop an ethical trade strategy that includes a supply chain risk assessment, which incorporates the risk of modern slavery. The company also reports that it has regular meetings with key grocery suppliers to discuss worker engagement and the responsible use of labour providers, and shares good practice case studies with other suppliers

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Appendix 4: Template Supply Chain Map



Source: [Guide to monitoring your labour contracting \(DOCX 1.8MB\) \(PDF 1.5MB\)](#)

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Appendix 5: Resources

KPMG findings following workshop interviews



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Modern Slavery Act - <https://www.legislation.gov.au/Details/C2018A00153>

Guidance on how to comply with the Modern Slavery Act (2018) -
<https://www.homeaffairs.gov.au/criminal-justice/files/modern-slavery-reporting-entities.pdf>

Tools <https://www.responsiblesourcingtool.org/>

Facilities Management

<https://www.cleaningaccountability.org.au/>

Construction

Human Rights Watch - [Guidelines for a Better Construction Industry in the GCC: Code of Conduct for Construction Companies](#). 2015.

International Labour Organization - [Brick by Brick: Unveiling the full picture of South Asia's brick kiln industry and building the blocks for change](#). 2017.

International Labour Organization - [Guidance Tool for Construction Companies in the Middle East](#). 2019.

International Trade Union Confederation - [Hidden Faces of the Gulf Miracle](#). 2011.

Whobuilds.org - [A Critical Field Guide: Who Builds Your Architecture?](#) 2017.

Manufacturing, Electronics and Electrical

Verité - [Forced Labor in the Production of Electronics Goods in Malaysia](#). 2014.

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