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Infratil Modern Slavery Report

September 2021

Infratil Limited (NZX:IFT, ASX:IFT)

This is the modern slavery report made on behalf of Infratil Limited for the financial year ended 31 March 2021. It has been prepared pursuant to the requirements of the Australian Modern Slavery Act 2018.

This report was approved by the Infratil Board on 29 September 2021.

Contents

Foreword	1
Introduction and Definitions	2
About Infratil	3
Approach to Managing Modern Slavery Risk	5
Assessing the Effectiveness of Infratil's Approach	8

Foreword

The Board believes that the respect of human rights is an integral part of society, and that modern slavery, exhibited in any form, should be globally eradicated.

We are pleased to publish our second report on modern slavery.

The Board acknowledges the work of the United Nations (“UN”) and accept its standards of achievement for all peoples and nations within the Universal Declaration of Human Rights (“the UN Declaration”). Based on the UN Declaration, we understand that infringements on human rights can occur in many forms and across many countries and industries.

We are committed to understanding modern slavery risks that may arise within each of the industry sectors in which we participate, and, on our behalf, Morrison & Co actively engages with Infratil’s investments to ensure that appropriate steps are taken to mitigate these risks.

In 2020, the Board formalised its views on human rights and modern slavery and our commitments to ensuring that the risk of modern slavery occurring within Infratil’s supply chain is minimised. Our views have not changed.

Modern slavery often disproportionately affects women, migrant workers, and other vulnerable workers and our programme in FY21 focussed on potentially vulnerable individuals participating in the provision of contracted services, particularly services that are provided to our investments.

Through our regular interactions with each organisation, we have sought to understand the extent to which Portfolio Entities are monitoring labour conditions experienced by such individuals, with a particular focus on the controllable risks that may arise through cleaning and security contracts.

While some inconsistencies between each organisation’s approach to the management of cleaning and security contracts were noted, it is pleasing to report that our FY21 modern slavery programme did not identify any actual or potential occurrences of modern slavery.



Mark Tume
Chairman



Jason Boyes
Chief Executive

Introduction

This Modern Slavery Report has been prepared pursuant to the Australian Modern Slavery Act 2018.

Infratil's second Modern Slavery Report ("**Report**") describes Infratil, its investment portfolio and its operations, and outlines:

- Infratil's approach to the identification of risks of modern slavery practices occurring within its operations and supply chains, and within its Portfolio Entities.
- The actions taken by Infratil and its manager, Morrison & Co, to assess and address these risks.
- The assessment of the effectiveness of actions to be taken to address modern slavery risk.

Definitions

Infratil	Infratil Limited (ARBN 144 728 307), a New Zealand incorporated company which is listed on the New Zealand Stock Exchange (NZX) and the Australian Stock Exchange (ASX).
Modern Slavery	Describes situations where offenders use coercion, threats, or deception to exploit victims and undermine their freedom. Practices that constitute modern slavery can include human trafficking, slavery, servitude, forced labour, debt bondage, forced marriage and child labour.
Morrison & Co	<p>The day-to-day management of Infratil has been delegated to Morrison & Co.</p> <p>Morrison & Co is a leading alternative asset manager with experience across infrastructure and property in both private and listed markets. Morrison & Co's service offering spans the full spectrum of alternatives investment management including research, origination, due diligence, deal/trade execution, debt arranging and capital management, transition management, portfolio management, long-term active asset management and governance.</p>
Portfolio Entity	<p>A business in which Infratil holds an ownership interest. At the end of the FY21 reporting period, the Portfolio Entities included the following material investments:</p> <ul style="list-style-type: none">• Trustpower• Longroad Energy• Wellington International Airport• Vodafone New Zealand• Canberra Data Centres• Qscan• Retire Australia• Tilt Renewables <p>Infratil recently sold its majority ownership interest in Tilt Renewables. Due to the lengthy sale and divestment process, this Portfolio Entity was not included within Infratil's FY21 modern slavery programme. Similarly, majority ownership interest in Pacific Radiology Group was acquired after the end of the reporting year and will be included in Infratil's FY22 modern slavery programme.</p>
Reporting period	Infratil's financial year is 1 April to 31 March

About Infratil

Infratil is an infrastructure investment company whose businesses provide services that are critical to the communities in which they operate.

Infratil is a publicly owned company, listed on the NZX (New Zealand) and the ASX (Australia). It was established in 1994. From its initial NZ\$25 million equity base, Infratil has grown to NZ\$8 billion of consolidated assets. Infratil's success is based on investing in growth infrastructure and ensuring that its facilities and services efficiently meet the needs of their users and communities.

Corporate Governance The Board of Directors ("**Board**") is elected by its shareholders and has overall responsibility for the governance of Infratil, while the day-to-day management responsibilities for Infratil have been delegated to Morrison & Co.

The primary role of the Board is to approve and monitor the strategic direction of Infratil recommended by Morrison & Co and to add long-term value to Infratil's securities, having appropriate regard to the interests of all material stakeholders.

The Board has established three standing committees, and other committees may be formed when it is efficient or necessary to facilitate efficient decision-making or when required by law. The standing committees are the Audit and Risk Committee, the Nomination and Remuneration Committee and the Manager Engagement Committee.

The Board is committed to undertaking its role in accordance with internationally accepted best practice, within the context of Infratil's business. Infratil's corporate practices have been prepared with reference to the Financial Markets Authority's Corporate Government Handbook, the requirements of the NZX Listing Rules and the recommendations of the NZX Corporate Governance Code. Infratil's corporate structure, capital allocation and capital sources are described in Figure 1.

Supply Chain

The three key elements of Infratil's supply chain are its manager, other directly engaged professional service providers and its investments.

Management services: The day-to-day management of Infratil has been delegated to Morrison & Co under the Management Agreement.

Other professional services: Infratil engages specialists to provide professional services that include financial auditing, legal, accounting and taxation advice, and other such services. Infratil expects that its service providers are appropriately managing their own exposure to modern slavery risks.

Investments: Infratil is a long-term owner of publicly and privately owned infrastructure entities (**Portfolio Entities**). Infratil typically holds majority or significant minority positions in each investment, and Infratil's level of control and influence over the Portfolio Entities varies depending on the level of Infratil's ownership of each business. The Portfolio Entities carry on business in a number of different sectors and geographies and are managed by their own boards of directors and management teams – Infratil does not directly operate any of these businesses. Accordingly, Infratil's activities with respect to the Portfolio Entities focus primarily on Infratil's role and responsibilities as an owner of those businesses, and the varying level of control and influence which Infratil has in each business. Each Portfolio Entity has its own supply chain which is a mixture of outsourced and in-house operations, and each Portfolio Entity oversees its own outsourcing or in-house activities.

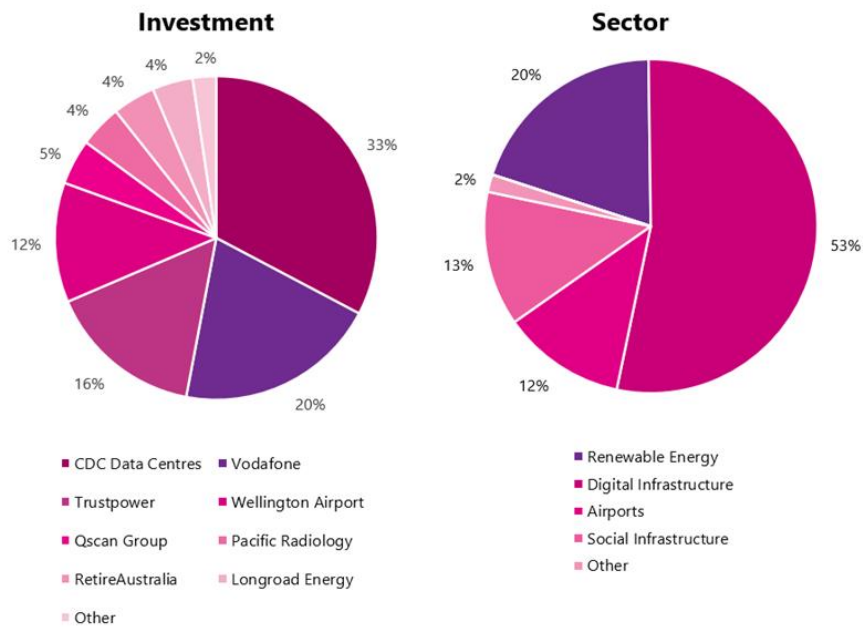
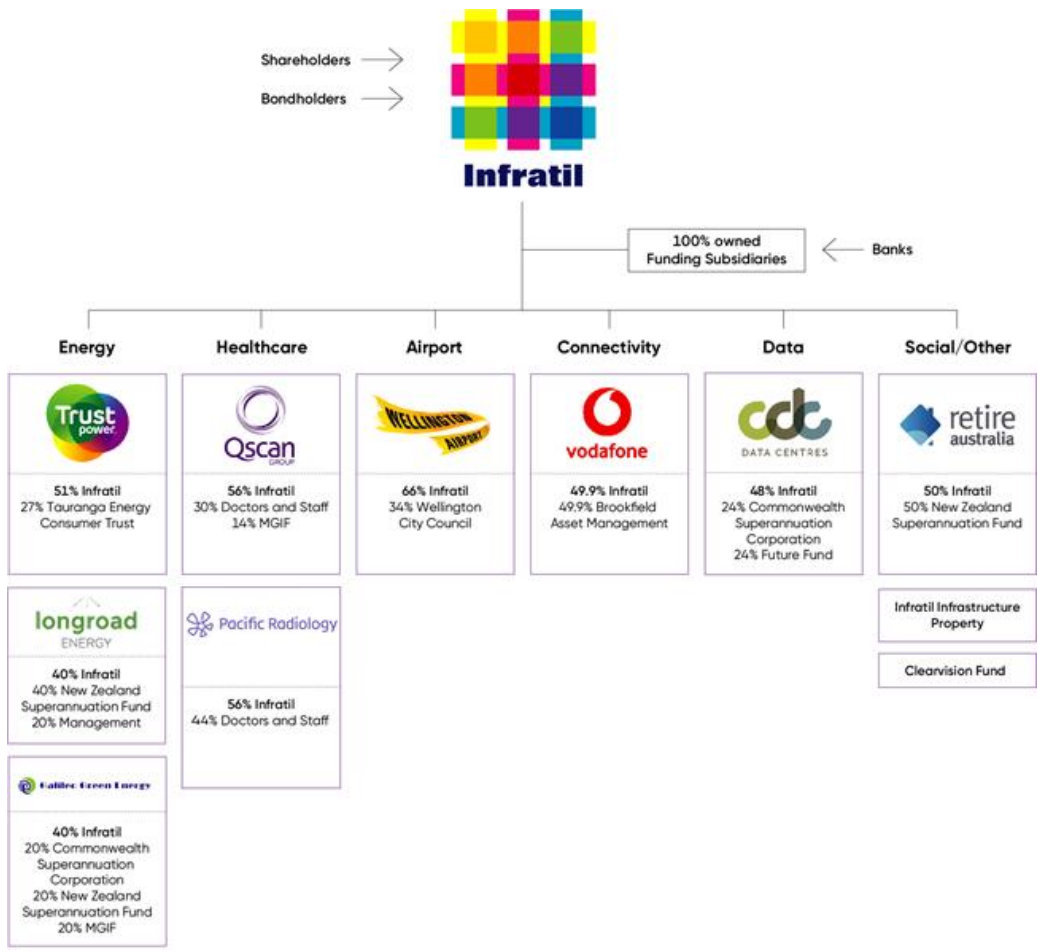


Figure 1: Infratil corporate structure, capital allocation and capital sources, as at 31 March 2021, but excluding Tilt Renewables (which was divested in August 2021). Pacific Radiology Group was acquired in May 2021.

Approach to Managing Modern Slavery Risk

The Board has defined its expectations for minimising modern slavery risk across the Infratil portfolio. It expects that by delivering these expectations, the likelihood of modern slavery occurring within its supply chain will be minimised.

Infratil's Human Rights & Modern Slavery Position Statement describes the commitments that Infratil has made in relation to human rights and modern slavery. Commitments include:

- Understanding and monitoring the materiality of human rights and modern slavery risks within each of the sectors that Infratil's Portfolio Entities operate in.
- Seeking to ensure that each Portfolio Entity has assessed and is managing the risk of human rights breaches and modern slavery within its business (including sector-based risks that have been identified by the Manager) and is focussed on the measures it can take to assess and mitigate these risks.
- Optimising Infratil's corporate systems and processes and seeking to ensure that Morrison & Co's corporate systems and processes are optimised, to minimise the risk of Infratil being complicit in human rights and modern slavery violations.
- Ensuring that Infratil reports in accordance with the Act.
- Supporting Infratil's Portfolio Entities in their reporting in accordance with legislation in the jurisdictions in which they operate, including the Act.

Morrison & Co's sustainability specialists and investment professionals are responsible for understanding and, where feasible, seeking the mitigation of environmental, social and governance risks associated with the operations of Portfolio Entities.

Modern slavery risk mapping

Infratil is committed to understanding the materiality of human rights and modern slavery risks within each of the sectors that Infratil's Portfolio Entities operate in.

To inform Infratil's modern slavery-related engagements with its supply chain, Infratil has undertaken an annual review of operational activities that occur within each industry sector in which it materially invests or interacts. The aim of the review was to identify the activities being undertaken that are believed to most likely lead to increased risk of occurrences of modern slavery.

The 2021 results of the risk mapping process are described in Table 1.

Sector	Sector Traits	Key Risk Areas
Professional services <ul style="list-style-type: none"> • Morrison & Co (Manager) • Share registry services • Lawyers and other consultants • Audit services and financial advisors 	<p>Professional service sector participants such as companies that provide investment and asset management services are commonly office based. Contractors are engaged to provide facility management services such as cleaning. Suppliers include companies that provide IT equipment and office catering.</p>	<ul style="list-style-type: none"> • Office-related procurement (IT equipment and catering) • Cleaning services
Airports <ul style="list-style-type: none"> • Wellington International Airport 	<p>Airports typically employ a relatively limited direct workforce but engage a multitude of contractors and subcontractors to undertake facility services. Further, there are many tenants on site that may employ their own contractors (aeronautical, retail and commercial). Construction activities occur frequently on site, often major development. Directly engaged contractors are considered a key focus to alleviate any modern slavery risks from company-controlled operations, followed by tenants and their contractors associated with the airport.</p>	<ul style="list-style-type: none"> • Cleaning, maintenance & security • Construction activities • Human trafficking & detainment
Energy Generation and Retailing <ul style="list-style-type: none"> • Trustpower 	<p>Organisations associated with energy generation and retailing are primarily office based with some infield operations required for maintenance and engineering purposes. Contractors are often engaged for construction or major works and specialist engineering services are required across the network. Equipment may be sourced from countries with an increased risk of modern slavery occurrences.</p>	<ul style="list-style-type: none"> • Construction activities • Equipment manufactured offshore • Support services procured offshore e.g., IT helpdesk, HR & payroll
Renewable Energy Development and Operations <ul style="list-style-type: none"> • Longroad Energy • Galileo Green Energy 	<p>Organisations associated with the development and operation of utility-scale renewable energy projects and infrastructure are primarily office based with some infield operations required for maintenance and engineering purposes. Contractors are often engaged for any construction or major works and specialist engineering required across the network. Equipment may be sourced from countries with an increased risk of modern slavery occurrences.</p>	<ul style="list-style-type: none"> • Construction activities • Contracted labour force (Operations & Maintenance) • Equipment manufactured offshore
Digital Infrastructure <ul style="list-style-type: none"> • Vodafone New Zealand • CDC Data Centres 	<p>Organisations operating within the data and connectivity sector are largely office-based. Contractors are regularly engaged to deliver infrastructure-related projects and technology upgrades. Electronics and telecommunication-related systems may be sourced from countries with an increased risk of modern slavery occurrences.</p>	<ul style="list-style-type: none"> • Support services procured offshore e.g., data warehousing, customer call centres • Telecommunications and IT equipment manufactured offshore • Contracted facility services (i.e., cleaning and security)
Retirement Living <ul style="list-style-type: none"> • Retire Australia 	<p>Retirement living businesses typically employ head office staff and a small management team at each facility. Contract services are often utilised to fulfil facility related services such as cleaning, catering, gardening and care assistance roles. Residents may also directly engage healthcare professionals and other service providers. Due to the often geographically disparate nature of retirement living communities different service models may exist between facilities. New developments are common.</p>	<ul style="list-style-type: none"> • Contracted facility services (i.e., catering, cleaning and groundskeeping) • Construction activities

Sector	Sector Traits	Key Risk Areas
Real Estate Management <ul style="list-style-type: none"> Infratil Infrastructure Property ASIP 	Real estate management tends to be office based. The activities undertaken by the organisation will likely include outsourcing of asset level cleaning, security and construction works to service providers and contractors. Development projects many also be undertaken periodically.	<ul style="list-style-type: none"> Construction activities. Contracted facility services (i.e., cleaning and security)
Diagnostic Imaging <ul style="list-style-type: none"> Qscan 	Diagnostic imaging clinics are typically office-like facilities with multiple enclosed rooms utilised for medical imaging services and to undertake medical procedures and consultations. Administrative and support staff work alongside doctors and diagnostic imaging specialists at each facility. Maintenance and specialist engineering services are required on an ad hoc basis which are often outsourced. Cleaning services for the facilities are also outsourced.	<ul style="list-style-type: none"> Cleaning & maintenance Equipment manufactured offshore Support services procured offshore e.g., IT helpdesk, HR & payroll

Table 1: Results of modern slavery risk mapping investigation

Supply chain engagement

Infratil is committed to ensuring that its suppliers and Portfolio Entities are adequately assessing and managing the risk of modern slavery occurrences. Infratil is also committed to confirming that each entity is aware of its responsibilities associated with assessing and managing the risk of human rights and modern slavery within its operations and supply chain.

The actions taken by Infratil are outlined in Table 2. Each of the actions taken are informed by the modern slavery risk mapping process outlined above.

Stakeholder(s)	Actions
Professional services – Morrison & Co	<p>Morrison & Co conducted an assessment of the potential for modern slavery occurrences within its corporate supply chain in 2019. The assessment was reviewed in 2020 by the Morrison & Co compliance team to support the integration of modern slavery considerations into Morrison & Co's External Service Provider & Outsourcing Policy. Morrison & Co typically undertakes this review annually at the commencement of each calendar year.</p> <p>Morrison & Co periodically undertakes modern slavery reviews of its higher risk suppliers and service providers. In 2021, catering suppliers to the Wellington and Sydney offices were replaced due to a lack understanding of the modern slavery risks within their supply chains.</p>
Professional services - Other	<p>In 2021, Infratil expanded its modern slavery risk management review into this group of stakeholders. The top three suppliers to Infratil, based on a cost spent perspective were identified and engaged to determine their understanding of their own risk of modern slavery in their supply chains and operations.</p> <p>The responses received at time of publication indicate that while there may be opportunities for improvement, these suppliers are considering modern slavery risks within their operations.</p>
Portfolio Entities	<p>Infratil is committed to actively engaging with Portfolio Entities on modern slavery issues.</p> <p>In 2020, a portfolio-wide modern slavery engagement programme was undertaken to determine the extent to which modern slavery was being considered by Portfolio Entities.</p> <p>Following the annual review of Infratil's sector-based modern slavery risks, Morrison & Co identified contracted cleaning and security services as the focus for Infratil's modern slavery engagement activities in as services of this nature are higher risk and are directly procured by most Portfolio Entities.</p> <p>Morrison & Co engaged with each significant Portfolio Entity in order to confirm the following:</p> <ul style="list-style-type: none"> whether one or more cleaning and security contracts were in place. the extent to which modern slavery is contemplated within its cleaning and security contract(s).

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- whether reviews are undertaken to confirm that workers' remuneration is paid in accordance with agreed rates and/or appropriate awards.
 - whether the contract(s) allows the services being undertaken to be reviewed and/or audited.
 - whether workers have access to confidential whistleblowing mechanisms to report concerns.
 - there are mechanisms in place to manage risks when sub-contracting the services to a third party.

The outcomes of the engagement described above are aggregated and used to inform ongoing engagements with key Infratil stakeholders such as Portfolio Entities, the Board and Morrison & Co employees, together with security holders and bond holders.

In the case of entities reporting under section 14 of the Act, our approach did not change in FY21.

Table 2: Results of stakeholder engagement on modern slavery

While the engagement process undertaken by Morrison & Co on behalf of Infratil determined that there are inconsistencies between Portfolio Entities in their approach to the management and monitoring of sub-contracted cleaning and security services, it did not identify any actual or potential modern slavery risks.

Infratil is committed to undertaking comprehensive ESG due diligence when seeking to acquire new investments, and human rights and modern slavery are key elements of this ESG due diligence process. The due diligence process seeks to determine the extent to which the potential for human rights and modern slavery risks exist, together with the existence of policies and procedures that are in place to ensure that modern slavery and human rights breaches within the target entity and its supply chain are avoided.

Assessing the Effectiveness of Infratil's Approach

Infratil is committed to applying a disciplined, ongoing approach to the identification, monitoring and management of modern slavery risk to ensure the effectiveness of its actions.

To date, Infratil has not identified any actual or potential cases of modern slavery within its operations. However, as typical of most large organisations with global operations, Infratil's global supply chain is complex. It is acknowledged that the identification of modern slavery risk will require ongoing focus and attention.

In the event that an actual or potential incident of modern slavery is identified within Infratil's supply chain, it would be treated in a similar manner to a material environmental or a health and safety incident, namely, key stakeholders would be notified, remedial measures implemented (subject to Infratil's level of control) and the incident response is tracked to closure. Any modern slavery risks that are identified would be recorded in Infratil's incident register. Infratil has not formalised a remediation policy for modern slavery incidents at present.

The Board is committed to reviewing the effectiveness of the requirements of its Human Rights and Modern Slavery Position Statement on an annual basis and is committed to reporting in line with the Act. Infratil is also committed to periodically reviewing modern slavery risks within its operating sectors to ensure its position remains current.

Infratil and Morrison & Co are committed to continuous improvement in corporate systems and processes (e.g., enterprise risk management) to minimise the risk of Infratil being complicit in modern slavery violations.



Infratil