

29 June 2021

Councillor's Office
Auckland Council

Attn:

Chris Darby - North Shore Ward Councillor
Cathy Casey- Albert-Eden-Puketāpapa Ward Councillor
Shane Henderson- Waitākere Ward Councillor
Richard Hills - North Shore Ward Councillor
Pippa Coom - Waitemata and Gulf Ward Councillor
Efeso Collins - Manukau Ward Councillor

Tēna koutou,

Procurement of Auckland Transport fleet of electric buses

Thank you for your letter dated 31 May 2021 and for expressing your shared concern regarding the ethical procurement of AT's new fleet of electric buses. We share your concern and confirm that, we undertake steps to ensure that the good and services we procure are ethically sourced, which minimises any risk that Auckland Council has involvement with companies using unethical labour practices.

Our main due diligence is carried out through a robust procurement approach, following best practice detailed in the Waka Kotahi NZ Transport Agency Procurement Manual and reflected in our own standards, procedures and guidelines. Additionally, in late 2019, Auckland Transport introduced a [Supplier Code of Conduct](#) that we are progressively rolling out to our ca. 2000 suppliers. Through acknowledgement of the Code, we encourage our suppliers, at a minimum, to:

- Meet the principles set out in this Code or have established a clear goal toward meeting the principles set forth in the Code.
- Actively review, monitor and modify their management processes and business operations to ensure alignment with the principles in the Code.

The Code has a specific principle (Principle 4: Human Rights and Workplace Conditions) where Auckland Transport expects suppliers to comply with international standards for human rights, to provide acceptable working conditions and to comply with relevant labour laws.

There are three phases of the roll out of the Supplier Code: the first phase (which we are currently in) involves the on-boarding of all our suppliers who are required to acknowledge the principles of the supplier code of conduct and advise if they are meeting these principles. The second phase involves a supply chain risk assessment, to identify any specific market or country risks that may require additional controls, and the third stage then involves direct engagement with any high risk supply chains through for example supply chain auditing and positive disclosure statements.

Ultimately we have the right, through Government Procurement Rule 44, to exclude a supplier from participating in a contract opportunity if there is a good reason for exclusion. Reasons for exclusion include human rights violations by the supplier or in the supplier's supply chain, with evidence supporting the reason for the exclusion. Although the recent Australian Institute for Policy report that you reference provides some compelling and detailed insights into the possible "*use of Uyghur workers outside Xinjiang through abusive labour transfer programmes*", it concludes that the 82



companies identified in the report may be “*potentially directly or indirectly benefiting*” from the use of these alleged programmes.

Auckland Transport has not identified any issues directly related to concerns that have been raised to date that would provide us good reason to exclude CRRC, and AT has not been advised of any Government concerns that would potentially limit the supply of electric buses for the New Zealand market. Addressing forced labour, people trafficking and slavery requires a whole-of-government response, working with our supply base, and we will continue to work in partnership with the relevant government agencies and suppliers, with whom we are committed to taking action against any unethical practices.

It is worth noting that in addition to CRRC, BYD (who supply batteries and chassis to ADL, one of our other electric bus suppliers based in the UK) were also cited in the Australian report, alongside Siemens (electric chargers at Go Bus), Samsung (our mobile phones), HP and Apple (our computers) and Microsoft (our corporate software provider). This further supports our approach, by working with and encouraging our suppliers to, at a minimum, meet standards of business best practice, both in their operations and through their wider supply chains, in order to collectively drive change.

We have obtained positive disclosure statements from our three bus suppliers CRRC, ADL/BYD and Yutong (via our contracted bus operators or directly via their bus suppliers or importers) that they do not engage in or are aware of any modern slavery practices in their supply chains, and are committed to working to prevent modern slavery and human trafficking from occurring within their business operations and supply chains.

Specifically we have received the following to date – they cover commitment to ensuring that no modern slavery (forced labour) exists in our bus operator’s supply chains and in some cases actions they are taking accordingly to assure:

- **Yutong** (e-buses supplied by JW Group in NZ either via our bus operators (Airport Link) or directly to AT (trial XLB 3-axle))
 - JWG/Yutong Modern Slavery Statement
 - (note that Yutong were not specifically identified in the Australian report)
- **CRRC** (e-buses supplied by Kako Limited, trading as Electric Autobus, (the NZ import agent sourcing CRRC buses to NZ Bus), used on Citylink)
 - Letter from NZ Bus addressing “Supply Chain Integrity” by NZ Bus in their sourcing of buses from Electric Autobus
 - A letter from Autobus (18 June) detailing an independent audit they carried out regarding the claims made in the Australian report. This audit was requested by Greater Wellington Council in partnership with AT (as we use the same bus operator NZ Bus). This confirmed that concerns of forced labour in our City Link bus fleet are unfounded.
- **ADL** (e-bus components sourced from BYD (mentioned in Australian report), and buses assembled in UK, AT trial fleet of 2 x ADL BYD e200EV and 1 x E300EV XLB)
 - Letter from ADL to AT, confirming their requirement on BYD to conform to the UK Modern Slavery Act
 - ADL’s annual “MODERN SLAVERY AND ANTI-TRAFFICKING STATEMENT 2020”, a legal requirement to publish annually by UK laws (Modern Slavery Legislation)
 - Letter from BYD to their customers (incl ADL) detailing the commitment of their supplier code of conduct placing “*prohibitions against involuntary and forced labor*”
 - We also have a copy of BYD’s annual CSR report, which details policy and actions specific to ethical supply chains



In response to your specific requests, detailed in your letter of 31 May:

1. We are in contact with our colleagues at Greater Wellington Regional Council (GWRC) regarding their involvement with CRRC. They have informed us to date that:
 - They are taking guidance from the NZ Government on any restrictions of trade and, would react accordingly should NZ Government advice change from the current position
 - Although GWRC do not have a supplier code of conduct, they have asked their two bus operators (who similar to AT's operator contracts, procure buses on behalf of the council) to confirm what due diligence they had undertaken. The operators advised:
 - They had conducted in-country visits inspecting the supply chain
 - GWRC have been provided copies of their respective visit reports
 - No obvious issues of unethical labour practices were detected, and no use of forced labour was detected
2. We are continually reviewing our involvement with CRRC, and indeed other suppliers that may pose ethical sourcing risks, and if evidence can be provided that would provide good reason for exclusion, then we would take action accordingly.
3. We are committed to continuously reviewing and improving our procurement and due diligence processes to ensure that AT is not involved, as far as reasonably practicable, with companies using unethical practices.

I hope this would provide you with assurance that we take matters of ethical supply seriously and, will take all necessary action to minimise any risk that Auckland Council has involvement with companies using unethical labour practices.

Ngā mihi,

A handwritten signature in black ink, appearing to read 'A Young-Cooper', is written over a light grey rectangular background.

Adrienne Young-Cooper
Chair

A handwritten signature in black ink, appearing to read 'S Ellison', is written over a light grey rectangular background.

Shane Ellison
Chief Executive

cc: Jim Stabback, Chief Executive, Auckland Council