

COALSL

**MODERN
SLAVERY
STATEMENT
2021-22**



Australian Government

**Coal Mining Industry
(Long Service Leave Funding) Corporation**

INTRODUCTION



This Modern Slavery Statement for the Coal Mining Industry (Long Service Leave Funding) Corporation (Coal LSL) has been approved by its Board of Directors in accordance with the *Modern Slavery Act 2018* and relates to the financial year ending 30 June 2022.

The purpose of this statement is to outline Coal LSL's commitment and approach to identifying, assessing and mitigating the risks of modern slavery in its operations and supply chains, as well as adopting a continuous improvement philosophy towards strengthening its risk and governance frameworks.

THE ENTITY

About Coal LSL

Coal LSL is an Australian Government corporation established under the *Coal Mining Industry (Long Service Leave) Administration Act 1992* (the Admin Act).

Our purpose is to exercise the functions and powers conveyed by the Admin Act, as well as those set out in the *Coal Mining Industry (Long Service Leave) Payroll Levy Act 1992* and the *Coal Mining Industry (Long Service Leave) Payroll Levy Collection Act 1992*.

We have 2 important roles under our legislation: custodian and regulator of the scheme. It is our purpose to ensure employees are connected with their long service leave benefits and, with this in mind, it is our vision that as a contemporary, sustainable long service leave scheme we enhance the communities we work with, serve and operate in.

Structure

The principal governing body of Coal LSL is its Board of Directors, established under the Admin Act.

Coal LSL employs more than 200 staff and is based in Newcastle, New South Wales, Australia. Coal LSL does not own or control any related entities.

OPERATIONS AND SUPPLY CHAINS

Operations

Coal LSL is the custodian and regulator of the long service leave scheme for employees within the black coal mining industry. It is our responsibility to ensure that employees can access their long service leave benefits and employers fulfil their legislative obligations. Part of doing this effectively is meeting community expectations of good regulatory practice and building trust with our stakeholders.

Our role is to:

- ▶ Collect funds from employers by way of a levy
- ▶ Invest funds and ensure fund sufficiency to finance the cost of reimbursements of long service leave
- ▶ Ensure accurate and compliant record keeping
- ▶ Reimburse employers' authorised payments of long service leave
- ▶ Enable recognition of long service leave entitlement for eligible employees.

For more information about our operations, please refer to the 2021–22 Annual Report and 2022–23 Corporate Plan.

Continued impact of COVID-19

The COVID-19 pandemic continues to impact global supply chains and has likely resulted in further challenges to modern slavery and highlighted social and economic vulnerabilities worldwide. We recognise that the impact of the COVID-19 pandemic may increase the risk that workers in Australia and around the world have become more vulnerable to modern slavery.

We were not notified by any suppliers of any heightened risks of modern slavery associated with COVID-19 nor did we observe any behaviours that would indicate a heightened risk of modern slavery. However, throughout this period of uncertainty, we continued to engage with suppliers fairly and transparently to ensure we fulfilled our order commitments with our suppliers and not further impact their operations.

Supply chains

Our supply chains consist largely of:

- ▶ Professional services, including consultants, legal advisers, investment managers, an investment custodian, actuary and asset consultant
- ▶ Other services, including recruitment, leased office space, training and technology (i.e. hardware, software and cloud services).

We acquired goods and services from approximately 160 suppliers in 2021–22, for a total purchase value of approximately \$24 million. The top 25 suppliers represent approximately 85% of total purchasing expenditure.

Further details on these top 25 suppliers are:

- ▶ 88% of suppliers are in Australia, with the remaining 12% based in the United States of America
- ▶ 52% of suppliers have been assessed to have a simple supply chain, 28% a moderate supply chain and 20% a complex supply chain.

Based on the geographical location and simplicity of supply chains, we assessed the risk of modern slavery within our supply chains as low.

RISK ASSESSMENT IN OPERATIONS AND SUPPLY CHAINS

Coal LSL recognises that modern slavery may be present in its supply chains and can impact on its operations. As a result, processes are in place to minimise the risk that Coal LSL’s investment activities and supply chains contain instances of modern slavery.

Methodology

We use a risk management methodology which considers a range of modern slavery risk factors. The methodology includes an assessment of the sector and industry in which the supplier operates, the products or services being supplied, the supplier’s geographic location, and the supplier’s supply chain model. The assessment of modern slavery risks was conducted in accordance with this methodology and follows the Australian Government’s guidance.

Operations

The risk of modern slavery in our operations has not materially shifted over the past 12 months and continues to remain low. In particular:

- ▲ All our operations are conducted in Australia and our workforce consists of adequately experienced and professional staff members who are all located within Australia
- ▲ The majority of our employees are employed under the *Australian Government Industry Award 2016* and all employees are subject to the *Fair Work Act 2009*
- ▲ We have robust recruitment practices, including candidate background checks and partnerships with carefully selected local recruitment agencies.

Perceived risk of modern slavery within our supply chains

The assessment below has been based on the risk assessment methodology above, and comprises corporate knowledge regarding our supply chains, as well as other publicly available resources on modern slavery.

Supply category	Perceived risk of modern slavery within supply chain		
	High ●	Medium ●	Low ●
Technology (hardware)	●		
Cleaning	●		
Construction/building	●		
Textile and clothing	●		
Investments (portfolio)	●		
Technology (software, cloud services)		●	
Professional services (consultancies)			●
Fund management			●
Recruitment			●
Catering services			●
Furniture and fittings			●
Real estate/premises			●
Staff development/training			●
Utilities			●
Insurance			●
Legal services			●

Identified higher risk supply chains

The risk of modern slavery in our supply chains varies across the sector or product procured. The following supply categories have been identified as inherently at a higher exposure to modern slavery risks.

Supply category	Risk profile	Risk mitigation
Investments	The diverse nature of Coal LSL's investment portfolio presents significant complexity when determining exposure to modern slavery risks.	Coal LSL has implemented a process to minimise the risks of exposure to modern slavery within its investment portfolio. This involves the investment managers reporting on the risks of modern slavery associated with that investment product.
Building/construction	<p>The building and construction industry is a high-risk sector due to the:</p> <ul style="list-style-type: none"> ▶ Reliance on manual labour and the historical incidence of unfair labour practices, especially in developing countries ▶ Higher prevalence of vulnerable populations, such as migrant workers ▶ Business models structured around high-risk work practices. 	<p>Coal LSL completed the fit-out of a new office space and engaged several suppliers within the building and construction industry. Coal LSL outsourced the fit-out contract to reputable Australian suppliers/industry specialists and ensured contractual arrangements clearly articulated compliance with all legislative requirements.</p> <p>This was a one-off project and Coal LSL does not engage suppliers from this supply category as part of usual business operations.</p>
IT hardware	<p>The ICT industry is a high-risk sector due to:</p> <ul style="list-style-type: none"> ▶ Potential sourcing of raw materials from conflict-prone countries or geographies that are regarded as having a high modern slavery risk ▶ Manufacturing of hardware components in countries with poor or unfair labour practices ▶ Production of goods through multi-tiered supply chains with limited visibility beyond tier 1 or tier 2 suppliers. 	<p>Coal LSL continues to review the Modern Slavery Statements of hardware product suppliers to ensure they are committed to reducing modern slavery risks.</p> <p>Coal LSL endeavours to keep abreast of potential or emerging modern slavery risks in the broader technology hardware environment to inform our practices and actions.</p>
Staff uniforms	<p>The textile and apparel industry is a high-risk sector due to the:</p> <ul style="list-style-type: none"> ▶ Reliance on manual labour and the historical incidence of unfair labour practices, especially in developing countries ▶ Sourcing of raw material (e.g. cotton) from countries or geographies that are regarded as having a high modern slavery risk. 	<p>Coal LSL purchases uniforms from one local Australian small business supplier and has developed a good working relationship with them. Pricing for these uniforms is set at market rates.</p> <p>No issues have been identified during 2021–22 with our supplier.</p>
Cleaning	<p>Cleaning services have been regarded as a high-risk supply category by the Department of Home Affairs as a key risk area for modern slavery due to the:</p> <ul style="list-style-type: none"> ▶ Employment of unskilled, manual labour and the historical incidence of unfair labour practices ▶ Higher prevalence of vulnerable populations, such as migrant workers who may not be aware of their rights under Australian law. 	<p>Coal LSL engages one local supplier and has developed a good working relationship with the cleaners assigned to clean our office spaces. Our Workplace Experience Manager engages regularly with Coal LSL office cleaners to gain a better understanding of their working conditions.</p> <p>No issues have been identified during 2021–22 with our supplier.</p>

ACTIONS TAKEN IN 2021–22

Coal LSL understands the importance of working collaboratively with its stakeholders to raise awareness and take appropriate measures to help reduce the risks of modern slavery.

Coal LSL has taken the following actions to minimise its modern slavery risks during 2021–22:

Supply chain

Education and training: Collaboration between the procurement team and procurement stakeholders has proven effective in raising the awareness of what modern slavery risks are and how we can better identify and manage them. Further training on modern slavery for all procurement stakeholders is scheduled for 2022–23.

Procurement and contracts management: We continue to make measured improvements to our procurement and contracts management framework to ensure modern slavery risks are minimised, as far as reasonably practicable. We ensure our procurement principles are always applied, encourage the use of local suppliers and attempt to gain a better understanding of supply chains through due diligence processes. If we identify potential modern slavery risks with a given supplier, we will work with the supplier to address any concerns.

Continued assessment of technology suppliers: Our modern slavery risk assessment recognises that technology hardware products represent a higher risk of modern slavery (see IT hardware risk assessment on page 5). We have taken a risk-based approach by continuing to use prominent technology hardware providers who are likely to have more influence, incentive and resources to minimise the risk of modern slavery in their supply chains. We obtain a level of assurance by reviewing these suppliers' published Modern Slavery Statements to assess the actions they are taking.

Operations

Investing in our people's health and wellbeing is important to us. The introduction of our hybrid working model and a fast-paced environment of growth and change provided new challenges for our workforce. Our strategy leverages the benefits of our flexible ways of working to deliver an environment that is safe, positive and supportive so we can balance the wellbeing of our people with the organisation's goals, creating a workforce that brings their best self to work every day.

We also ensure that:

- ▶ All staff is remunerated in excess of minimum award wages and remuneration reviews are conducted annually, having regard to the consumer price index changes and comparable pay rates for similar positions held in other companies
- ▶ Our workplace entitlements are aligned to or exceed the requirements set out in the National Employment Standards.

Investments

Coal LSL's Board of Directors endorsed an Environmental, Social and Governance (ESG) Statement, which outlines the areas of focus under the "E", the "S" and the "G". During 2021–22 special focus has been on climate change and modern slavery risks. Reporting is gradually being developed across each of the asset classes in the portfolio, which involves a review of the modern slavery policy or stewardship policy for each manager. These policies constitute the managers' baseline modern slavery reporting.

COMMITMENTS

Priorities

Outlined below are Coal LSL's areas of focus for the next reporting period.

Supply Chain

- ▶ Continuous improvement of procurement and governance frameworks to better identify and minimise the risks of modern slavery
- ▶ Undertake further due diligence activities on high-risk suppliers' supply chains to better assess and identify potential modern slavery risks
- ▶ Introduce a Supplier Code of Conduct
- ▶ Further educate and raise awareness of modern slavery risks among staff responsible for procuring goods and services

Operations

- ▶ Enhance and embed Coal LSL's values
- ▶ Prioritise the health and safety of staff through the delivery of wellbeing initiatives
- ▶ Focus on maintaining a positive culture within the organisation

Investments

- ▶ Finalise the reporting on modern slavery risks across all the asset classes

Assessment of the effectiveness of actions

Coal LSL is committed to reviewing the effectiveness of its actions by assessing the effectiveness of its corporate governance frameworks to ensure they are operating as intended in managing modern slavery risks. Where gaps are identified, Coal LSL will endeavour to strengthen these frameworks, improve due diligence processes and introduce additional support in the form of guidance and/or tools to manage and minimise exposure to modern slavery risks.

Approval and signature by a responsible member

This statement was approved on Tuesday 6 December 2022 by the Board of Directors of Coal Mining Industry (Long Service Leave Funding) Corporation in its capacity as principal governing body.

This statement is signed by Christina Langby in her role as the Chair of the Board of Directors of Coal Mining Industry (Long Service Leave Funding) Corporation on Tuesday 6 December 2022.



Christina Langby

Chair of the Board of Directors

Coal Mining Industry (Long Service Leave Funding) Corporation

Tuesday 6 December 2022