



Australian Government

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

MODERN SLAVERY STATEMENT 2022-23

COALS



Coal LSL acknowledges the traditional custodians of the land on which we work. We pay our respects to its people, cultures and elders past, present and emerging.



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 2023.

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, as custodian and regulator of the scheme, 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*.

As the custodian and regulator of the scheme, we ensure employees are connected with their long service benefits and, with this in mind, it is our vision to enhance our communities as a contemporary, sustainable long service leave scheme.

Structure

The principal governing body of Coal LSL is its Board of Directors, established under the Admin Act. Coal LSL's responsible minister is The Hon Tony Burke MP Minister for Employment and Workplace Relations and Minister for the Arts.

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 2022–23 Annual Report and 2023–24 Corporate Plan.

Continued impact of COVID-19

The impact of COVID-19 on our supply chain has eased significantly over the past 12 months; however, we remain alert to the lagging impact it may have on some suppliers. We continue to support our suppliers through fair and transparent engagement and a commitment to fulfilling our contractual obligations with them.

Corporate governance and risk management practices

Sound governance practices, including policies, guidelines and controls support Coal LSL's business operations to enable ethical and risk-based decision-making, maintain sustainable supply chains that safeguard our operations from the impacts of modern slavery and comply with our legislative obligations.

We have implemented a risk management framework that is consistent with the Commonwealth Risk Management Policy and ISO 31000 Risk Management standard. This framework ensures we have the appropriate controls in place to identify, evaluate, manage and report on risks, including modern slavery risks.

Supply chains

The types of goods and services procured over the last year have generally remained consistent with our 2021–22 Modern Slavery Statement and largely comprise:

- ▶ professional services, including consultants, contractors, a custodian, actuary, asset consultant, and legal advisers
- ▶ other services, including recruitment, leased office space and technology (hardware, software, and cloud services), travel and insurance.

We acquired goods and services from approximately 170 suppliers in 2022–23 for a total purchase value of approximately \$16 million. The top 30 suppliers represent approximately 80% of total purchasing expenditure.

Of these top 30 suppliers:

- ▶ 90% are based in Australia, with the remaining 10% in the United States of America.
- ▶ 53% have been assessed to have a simple supply chain, 30% a moderate supply chain and 17% a complex supply chain.

RISK ASSESSMENT IN OPERATIONS AND SUPPLY CHAINS

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

We continue to apply the same risk management methodology to assess our modern slavery risk. This is based on the Australian Government's guidance and utilises information published in the Global Slavery Index 2023. This methodology assesses the modern slavery risk of a supplier based on the following 4 factors:

- ▶ the industry in which the supplier operates
- ▶ the products/services being supplied
- ▶ the geographic location of the supplier
- ▶ the complexity of the supplier's supply chain model.

We have categorised our modern slavery risk exposure into 3 areas: Operations; Supply Chains – Goods and Services; Investment Portfolio.

OPERATIONS

The risk of modern slavery in our operations has not materially shifted over the past year (FY23) and continues to remain low. This assessment is based on:

- ▶ an Australian-based workforce (we do not have any overseas operations)
- ▶ the employment of most staff under the Australian Government Industry Award 2016 and all staff are subject to the *Fair Work Act 2009* and National Employment Standards
- ▶ robust recruitment practices, including candidate background checks and partnerships with carefully selected local recruitment agencies
- ▶ the implementation of policies to establish the behaviours expected by all staff members to maintain a culture where modern slavery related risks are identified and managed.

We have not identified any modern slavery activities in our operations during the previous reporting period.

Actions taken in 2022–23

During 2022–23, we took the following actions to manage modern slavery risks in our operations:

- ▶ Issued a revised Code of Conduct centred around our organisational values.
- ▶ Delivered all-staff training on our Code of Conduct and Appropriate Workplace Behaviour policies. These outline organisational expectations for the behaviour of staff and proactive measures for behaviours that do not align with these values.
- ▶ Provided fair remuneration to our staff members (in excess of minimum award wages), and ensured workplace entitlements aligned with or exceeded the National Employment Standards requirements.
- ▶ Complied with legislative requirements in a timely manner. These included increasing superannuation contributions, incorporating paid domestic violence leave and adopting the changes to parental leave provisions.

Commitments for 2023–24

Continue to comply with legislative requirements or changes to the National Employment Standards or other legislative instruments.

SUPPLY CHAINS – GOODS AND SERVICES

Our goods and services supply chain is governed by the procurement and contracts framework. We perform due diligence activities for all new suppliers to ensure we obtain the right information to understand and assess the modern slavery risks for each supplier to support risk-based procurement decisions.

Perceived risk of modern slavery within our supply chains

The assessment below has been based on a risk assessment that incorporates corporate knowledge of our supply chains, with other publicly available resources on modern slavery. There has not been a material shift in the modern slavery risk profile of our supply chains. We have assessed the overall perceived risk of modern slavery in our supply chains as low.

Supply category	Perceived risk of modern slavery within supply chain		
	High ●	Medium ●	Low ●
Technology (hardware)	●		
Cleaning	●		
Textile and clothing	●		
Technology (software, cloud services)		●	
Professional services (consultancies and contracting services)			●
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 sectors and products being procured. The following supply categories have been identified as having an inherently higher exposure to modern slavery risks¹.

Supply category	Risk profile	Risk mitigation
IT hardware (2% of total suppliers) (2.5% of total expenditure)	The ICT industry is a high-risk sector due to: <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. 	Coal LSL performs due diligence checks on its IT hardware suppliers, such as reviewing their Modern Slavery Statements to ensure they are committed to reducing modern slavery risks. Where possible, we consider using whole-of-government suppliers, which have been through the appropriate due diligence process to qualify as a whole-of-government supplier.
Cleaning (0.6% of total suppliers) (0.3% of total expenditure)	Cleaning services have been regarded as a high-risk supply category for modern slavery due to the: <ul style="list-style-type: none"> employment of unskilled, manual labour and the historical incidence of unfair labour practices dangerous and substandard working conditions higher prevalence of vulnerable populations, such as migrant workers who may not be aware of their rights under Australian law². 	Coal LSL engages one supplier to provide cleaning services for our office spaces. This supplier has implemented a Modern Slavery Policy and is committed to minimising the risk of modern slavery in their supply chain. We have not been notified of or identified any concerns with this supplier during 2022–23.
Staff uniforms (0.6% of total suppliers) (0.2% of total expenditure)	The textile and apparel industry is a high-risk sector due to the: <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. 	Coal LSL is a very small consumer of textiles and we source our uniforms from one local Australian small business supplier. Pricing for these uniforms is set at market rates. We have not been notified of or identified any concerns with this supplier during 2022–23.

Actions taken in 2022–23

During 2022–23, we took the following actions to minimise the impacts of modern slavery in our supply chains:

- Enhanced our procurement framework with a focus on improving our modern slavery due diligence for suppliers to ensure we can better understand and assess their modern slavery risk.
- Promoted the importance of identifying and managing modern slavery risks with procurement stakeholders through engagement and education.
- Initiated the development of a Supplier Code of Conduct to outline a minimum set of expectations and behaviours for doing business with Coal LSL.

Commitments for 2023–24

- Finalise and implement the Supplier Code of Conduct
- Provide further training in Modern Slavery risks, impacts and minimisation/avoidance strategies for staff members involved in procurement activities
- Further enhance our procurement and due diligence frameworks to ensure a proportionate and risk-based approach to managing modern slavery risks
- Develop key performance indicators to assess modern slavery risk management in our supply chains

1. Based on information from The Global Slavery Index 2023.

2. Cleaning Contractors: Modern Slavery Guidance, Cleaning Accountability Framework, 2020.

INVESTMENT PORTFOLIO

Our investment portfolio supports our purpose of ensuring employees are connected with their long service leave benefits.

The Investment Committee, a sub-committee of the Board of Directors, oversees our investment strategy and portfolio, which is operationally managed by an internal investment team with day-to-day management of the Fund's assets outsourced to investment managers.

We are committed to integrating Environmental, Social and Governance (ESG) considerations, including modern slavery risks, into the selection and performance monitoring of investment managers and advisers. Our investment managers are signatories to the Principles for Responsible Investment and are committed to upholding these principles.

Coal LSL invests in pooled investment trusts and acknowledges the limitations of determining our exposure to modern slavery risks and the mitigation of such risks in the underlying investments. We believe investment managers are typically best positioned to analyse governance matters concerning the entities in which they invest.

Our investment team meets with all external investment managers regularly to review our investment portfolios, which includes consideration of risk of exposures relating to modern slavery.

Our portfolio is invested in Australian equities, international equities, fixed income, property, infrastructure, alternative assets and cash. The risk of modern slavery is significantly reduced through the portfolio being diversified across asset classes, investment managers, geographies, and sectors.

Actions taken in 2022–23

During 2022–23, we took the following actions to minimise the impacts of modern slavery risks in our investment portfolio:

- ▶ The Investment team performed an operational due diligence (ODD) assessment of all our investment managers' approaches and measures in place to mitigate the risk of any exposure to modern slavery.
- ▶ For each investment manager, the ODD assessment occurs annually. Throughout the year, managers were assessed on a rotating basis and the outcomes of the assessments were included in the quarterly risk report to the Investment Committee.

Commitments for 2023–24

We are committed to engage with all our investment managers across all asset classes to maintain oversight on how managers evolve their ESG commitments and related frameworks.

COMMITMENTS

Assessment of the effectiveness of actions

Our commitments are incorporated into our annual operating plans and assessed as part of our governance and due diligence frameworks. We recognise the need to be flexible and adaptive to everchanging operating and supply chain environments. Where gaps are found and opportunities for improvement identified, we are committed to implementing the appropriate controls to ensure we are well positioned to manage and minimise our exposure to modern slavery risks.

Furthermore, we have committed to developing performance measures for improved assessment of our controls.

Approval and signature by a responsible member

This statement was approved on Tuesday 5 December 2023 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 5 December 2023.



Christina Langby

Chair of the Board of Directors

Coal Mining Industry (Long Service Leave Funding) Corporation

Tuesday 5 December 2023