



MODERN SLAVERY STATEMENT 2020-21



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 2021.

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 by the *Coal Mining Industry (Long Service Leave) Administration Act 1992* (the Admin Act). Coal LSL's purpose is to exercise the functions and powers conveyed by the Admin Act as well 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*.

Structure

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

Coal LSL employs over 180 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 regulator and manager of the industry's long service leave scheme. Compliance and enforcement activities are in place to ensure employers fulfil their legislative obligations, providing eligible employees with access to their long service leave entitlements.

Coal LSL's role is to:

- ▲ Collect funds from employers by way of levy
- ▲ Maintain the Coal Mining Industry (Long Service Leave) Fund (the Fund) and invest the Fund to ensure fund sufficiency to meet 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
- ▲ Advise the Minister as to the rates of payroll levy that should be imposed on employers to ensure Fund sufficiency.

For more information about Coal LSL's operations, please refer to the 2020–21 Annual Report and 2021–22 Corporate Plan.

Supply Chains

Coal LSL's supply chain consists of:

- ▲ professional services, including consultants, an investment custodian, investment managers, actuaries, asset consultants, and legal advisors.
- ▲ other services, including recruitment, leased office space, training, and technology (hardware, software, and cloud services).

Coal LSL acquired goods and services from approximately 120 suppliers in the 2020-21 financial year, for a total purchase value of less than \$9 million. The top 25 suppliers represent approximately 77% of that purchasing expenditure. Of these top 25 suppliers, 92% are located in Australia, with the remaining 8% based in the United States of America.

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. Coal LSL recognises 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.

Coal LSL has not been able to assess the additional impacts of COVID-19 on suppliers and their supply chains and associated modern slavery risks. However, throughout this period of uncertainty, Coal LSL has continued to engage with suppliers fairly.

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

When assessing suppliers, Coal LSL considers a range of modern slavery risk factors. These include 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 2020–21 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 Coal LSL’s operation is considered low; all operations are conducted in Australia and Coal LSL’s workforce is made of professional staff members who are all located within Australia.

All Coal LSL employees are engaged in accordance with the *Fair Work Act 2009*. The executive staff are employed on individual contracts, and all other employees are employed on contracts underpinned by the Australian Government Industry Award 2016.

Supply chain

The risk of modern slavery in Coal LSL’s supply chain varies across the sector or product procured. Supply chain assessments have identified the following categories where the risk of modern slavery is greatest:

Supply category	Description of risk
Staff uniforms	<p>The textile and apparel industry is a high-risk sector due to the reliance on manual labour and the historical incidence of unfair labour practices, especially in developing countries.</p> <p>No problematic matters have been identified during the 2020-21 financial year for this supply category.</p>
IT hardware	<p>The ICT industry is a high-risk sector due to the:</p> <ul style="list-style-type: none"> ▶ potential of sourcing raw materials from conflict-prone countries or geographies that are regarded as having a high modern slavery risk ▶ manufacturing of hardware in countries with poor or unfair labour practices ▶ production of goods through multi-tiered supply chains with limited visibility beyond tier 1 or 2 suppliers. <p>The risk is inherently low for Coal LSL because we engage high-profile suppliers which have practices in place that minimise modern slavery risk in their own supply chains.</p>
Cleaning	<p>Cleaning services are generally regarded as a high-risk service category. However, for Coal LSL the risk remains low as the supplier is a local small business with a relatively simple supply chain.</p> <p>No problematic matters have been identified during the 2020-21 financial year for this supply category.</p>
Investments	<p>Coal LSL has commenced a process to minimise the risks of exposure to modern slavery within its investment portfolio. This will involve an assessment of reports issued by the investment managers of each investment product on the risks of modern slavery associated with that investment product.</p>

ACTIONS TO ADDRESS THE RISKS

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 over the course of the 2020–21 financial year:

Governance

Assessment of technology suppliers: Coal LSL's modern slavery risk assessment recognises that technology suppliers (mostly hardware resellers and cloud services) represent a higher risk of modern slavery. Coal LSL reviewed the most recently available Modern Slavery Statements issued by its technology suppliers, which has provided a level of assurance about their commitment to identify and combat modern slavery risks.

Procurement and contract management: Coal LSL has reviewed and revised its procurement and contracts management framework to incorporate the assessment of modern slavery risks. Two main areas of enhancement include:

- i. assessing a supplier's modern slavery risk as part of the procurement process
- ii. incorporating specific additional clauses in contracts to require applicable suppliers to comply with Australian Modern Slavery regulatory obligations.

Investments

Coal LSL's investment portfolio is held across a diverse number of unit trusts, which, due to their diverse nature, present significant complexity when determining exposure to risks of modern slavery.

Coal LSL commenced drafting an Environmental, Social and Governance (ESG) Statement in which the Board of Directors will set the organisation's focus for these domains, including modern slavery risks. When finalised, the ESG Statement will be embedded in the investment process and Coal LSL's Investment Committee and Board will receive regular ESG reporting, which will address the modern slavery risks.

COMMITMENTS

Priorities

Coal LSL's areas of focus for the next reporting period are to:

- ▶ perform a review of internal practices, policies, and frameworks with a view to embed improvements that better identify and minimise the risks of modern slavery
- ▶ undertake further due diligence activities on its supply chain and assess the modern slavery risks identified
- ▶ further educate and raise awareness of modern slavery risks amongst staff responsible for procuring goods and services
- ▶ conduct refresher staff training on the Code of Conduct and its associated procedures, which include managing modern slavery risks
- ▶ finalise and operationalise the ESG Statement, including modern slavery risks. Embed ESG matters in the investment process, including regular reporting.

Assessment of the effectiveness of actions

Coal LSL will assess the effectiveness of its actions in relation to modern slavery risks through continuous improvement measures. This will include reviewing areas that may have a higher exposure to modern slavery risks, targeting reporting and analysis. The aim of the assessment is to ensure modern slavery risks are identified, evaluated, and appropriate mitigations are put in place on a timely basis.

Approval and signature by a responsible member

This statement was approved on 30 November 2021 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 30 November 2021.



Christina Langby

Chair of the Board of Directors

Coal Mining Industry (Long Service Leave Funding)
Corporation

30 November 2021