



Australian Government

Coal Mining Industry
(Long Service Leave Funding) Corporation

COALSL

2019-20

**MODERN
SLAVERY
STATEMENT**

Coal Mining Industry (Long Service Leave Funding) Corporation

ABN 12 039 670 644

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INTRODUCTION

Our culture is built on trust, openness, respect, care and honesty.

We believe in operating ethically, and act in a way that contributes to individuals' economic and social wellbeing.

Governance considerations are incorporated into all our activities, providing effective mechanisms for corporate responsibility.

This is the first Modern Slavery Statement for Coal LSL.

It sets out the action taken in assessing potential slavery risks in our operations, supply chain and investment portfolio throughout the financial year ending June 2020.

Priorities for action have been identified and forge our commitments for the next reporting period.

OUR BUSINESS

ABOUT US

Coal LSL is the Australian Government corporation established to regulate and manage the black coal mining industry long service leave scheme.

Our regulatory responsibility is to ensure employers understand and meet their legislative obligations in order to provide eligible employees with access to their correct and rightful entitlements.

We are also responsible for safeguarding the data, records and information held for the purposes of carrying out our role, as well as protecting the fiscal integrity of the long service leave Fund.

Coal LSL has serviced the industry as a government entity for more than 27 years.

For more information about our business, please refer to our 2019–20 Annual Report and 2020–21 Corporate Plan.

OUR STRUCTURE

Coal LSL does not have any subsidiary entities, employs 145 staff members, and operates solely in Newcastle, NSW, Australia.

The basis of management is determined by Coal LSL's governing legislation and policies approved by the Board of Directors. The Board of Directors is fully accountable to the responsible federal minister, who appoints each of the six Directors.

OUR OPERATIONS AND SUPPLY CHAIN

Coal LSL engages a range of professional organisations, in addition to investment managers, to assist in administering the Fund.

Our supply chain also includes the purchase of office supplies, procurement of specialist services and leasing of our office space.

Our operations can be split in two main areas:

- ▶ Operations, administration and regulation
- ▶ Investment management.

Operations, administration and regulation

Main activities

- Collect funds from industry employers by way of levy.
- Ensure accurate and compliant record-keeping (leave balance and employee records).
- Reimburse employers' authorised payments of long service leave.
- Enable recognition of long service leave entitlement for eligible employees.
- Procurement.

Supply chain

- Professional services and consultants (recruitment and training, legal advice, IT support, travel services).
- Office supplies and consumables.
- Utilities and office space.
- Uniforms.
- Premises management (cleaning and maintenance).
- Technology (hardware, software and cloud services).

Investment management

Main activities

- Invest levy funds received in a diversified portfolio across a range of asset classes including unit trusts, infrastructure, Australian and international equities, fixed interest, fixed income and cash.
- Ensure fund sufficiency to finance the cost of reimbursements of long service leave.

Supply chain

- Fund managers.
- Actuarial and professional services for portfolio review.
- Custodian.

RISK ASSESSMENT

in our operations and supply chains

Coal LSL can assess the potential risk for modern slavery in the procurement of goods and services supporting its operations.

As an investor, Coal LSL can assess the potential risk for modern slavery in its investment portfolio selection and fund manager appointments.

The investment managers of the unit trusts are regularly reviewed by Coal LSL's asset consultant and our internal investment team. Coal LSL will be relying on reporting from the investment managers attesting to the underlying assets in the units trusts having no exposure to modern day slavery.

The visibility provided as a result of our compliance with the Modern Slavery Act 2018 (Cth) is also an awareness opportunity for Coal LSL employees, who may consider the risk of modern slavery in their own personal choices.

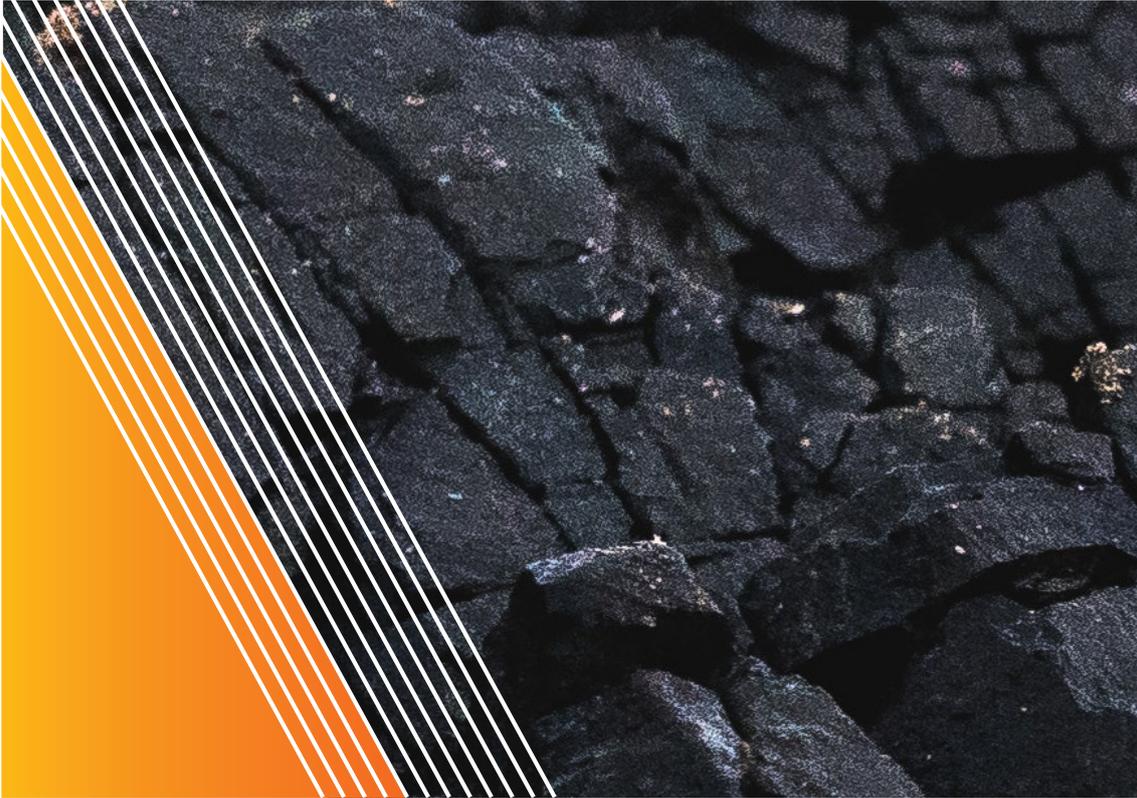
OUR APPROACH

In accordance with the UN Guiding Principles on Business and Human Rights, we used a targeted and risk-based approach to perform a review of our supply chain, and determine high risk countries, sectors and products.

With most of Coal LSL's suppliers located in Australia (mainly Newcastle, NSW) and only a small proportion based in the United States of America, the risks across our operations and supply chains have been deemed low, as these countries tend to have a higher awareness of modern slavery.

However, we have identified three areas for which risks should be assessed beyond tier 1 providers and further along the supply chain, where possible. These are:

SUPPLY	REASON FOR FOCUS
Corporate uniforms	Textiles and apparel industry is a high-risk sector due to importation of all uniform items.
Technology hardware	ICT industry is a high-risk sector due to sourcing of raw materials and production of components through a multi-tiered supply.
Investments	Further information is needed about the underlying trust assets the investment managers are selecting and in which the Fund holds units.
Cleaning	Cleaning services is acknowledged as a high-risk industry. Further information is needed from our provider to assess any risk exposure.



IMPACT OF COVID-19

Coal LSL recognises that workers will be increasingly vulnerable due to the COVID-19 pandemic.

The textile and apparel industry is one of them; issues at both ends of the supply chain resulted in widespread job reductions and impacted thousands of workers globally.

Due to operational and workforce growth, Coal LSL maintained its demand for textile and apparel products and retained procurement arrangements with its local end-supplier.

In March 2020, Coal LSL had to significantly expand its IT infrastructure to implement a work-from-home model of operations in order to comply with public health orders and restrictions.

This resulted in increased expenditure in a high-risk sector, despite the items being sourced through a local tier 1 supplier.

Internally, the impact of COVID-19 has seen the requirement to deliver training and awareness of all obligations, including Modern Slavery requirements, online. This is not deemed to have had a negative impact on the effectiveness of the training and this will be the preferred method going forward to accommodate a growing and increasingly remote-working business.

ADDRESSING THE RISK

METHODOLOGY

Coal LSL has chosen the following approach to address and embed obligations of the Act into its governance framework.

The key elements of this methodology consist of development, implementation and continual improvement of tools to meet the core obligations of the Act, in addition to assessing and managing risks in the supply chain.



For this reporting period, Coal LSL focussed on the initial assessment of risks across its supply chain, identifying compliance requirements under the Act, and enhancing our governance framework.

COMMITMENTS

PRIORITIES

Our key areas of focus for the next reporting period are:

- ▶ Keep assessing potential modern slavery risks in our operations and supply chains, and take steps to address any identified risks.
- ▶ Update procurement procedures and tools to ensure Modern Slavery is addressed from due diligence to ongoing supplier management.
- ▶ Update our Master Services Agreement (MSA) to reflect modern slavery considerations.
- ▶ Promote awareness of modern slavery requirements within the business through further presentations and training for Coal LSL employees, particularly in procurement activities.
- ▶ Incorporate modern slavery risk management requirements into existing assurance processes.

ASSESSING THE EFFECTIVENESS OF OUR ACTIONS

The Modern Slavery actions we have committed to will be reviewed by the Board at the end of the 2021 financial year to provide a continual improvement approach and to establish areas of focus for the next reporting period.

APPROVAL

We, the Board, as the accountable authority of the Coal Mining Industry (Long Service Leave Funding) Corporation have reviewed and approved this statement.



Christina Langby
Chair