

## INTRODUCTION FROM THE CEO

KU Children's Services (KU) is committed to upholding human rights and acting with honesty and integrity for our people, for children and for our planet. This includes our commitment to procure products and services that meet or exceed our own and customer expectations, to take action to address risks of modern slavery within our supply chain, and to partner with suppliers who share our values.

At KU, we value respect and trust in our relationships, recognise the importance of childhood as a special time and are committed to the belief that every child has a right to feel safe, nurtured, valued and heard. Practices relating to modern slavery and child exploitation strongly conflict with our values and what we believe is right.

As a reporting entity under the Modern Slavery Act 2018, we welcome the legislation as an opportunity to enhance and formalise our commitment to the fight against modern slavery. We understand that modern slavery refers to situations where offenders use coercion, threats or deception to exploit victims and undermine their freedom, such as through human trafficking, forced labour, debt bondage, forced marriage and the worst forms of child labour. It is our responsibility to do our best to ensure we are not part of the problem, directly or indirectly. KU aligns with the United Nations Convention on the Rights of the Child and the United Nations Guiding Principles on Business and Human Rights (UNGP) which are an internationally recognised standard to prevent and address human rights abuses occurring in the context of businesses.

The legislation highlights the pervasiveness of these practices and the extent to which they are still occurring, even in Australia. Whilst we have always made procurement decisions based on what we believe to be right, as part of our response to the legislation we have sought to better understand and respond to risks within our supply chain, and to reiterate our commitment to taking action to address these. As a Child Safe organisation, we further commit to eliminating the risk of child labour in our supply chain, through assessing our risks and working with our suppliers.

In 2022 KU continued to facilitate a Modern Slavery Working Group, recognising that collaboration is essential to tackling modern slavery risks, which can affect many different parts of the organisation. Our Working Group therefore contains representatives from various teams in our Central Office and is chaired by our GM People Services. Our key achievements in 2022 include:

- ▶ Regular meetings of our Modern Slavery Working Group. This includes representatives from our People Services, Finance, Marketing and Communications, Capital Works and Repairs and Maintenance Teams
- ▶ Developed a bespoke online learning module detailing KU's position and expectations with respect to the risk and mitigations relating to Modern Slavery
- ▶ Refined a Supplier Questionnaire as a tool to assist in assessing our suppliers' policies and practices to identify, assess and mitigate modern slavery risks in our supply chains and operations. It will be used to facilitate collaborative two-way engagement between us and our suppliers and can be integrated into the procurement process.
- ▶ Implementing formal contract clauses to our contractors and suppliers specifically endorsing our commitment to Modern Slavery eradication and seeking acknowledgement that they are of similar mind.
- ▶ Communicated and raised awareness within KU staff of our commitment to addressing Modern Slavery where we can.

# MODERN SLAVERY STATEMENT

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- ▶ Base lined our Employee awareness of KU's position on Modern Slavery via the 2022 KU Employee Engagement survey.

2022 has again been a challenging year for many businesses in Australia. The COVID-19 pandemic has had the greatest impact on vulnerable populations around the world with mass unemployment, increasing the risk factors for modern slavery. At KU, this has continued to impact the way we do business, with chronic staffing shortages affecting the early childhood sector and our Executive Steering Committee continuing to monitor and direct our operations during this time. The health and wellbeing of the children in our care and the staff who work with the children remained a priority. The maintenance of enrolments in our services and programs as we communicated with families; both at an individual service and whole of business level was also a priority.

Signed by Chief Executive Officer:  Date approved by Board: 28 Feb 2023  
(Christine Legg)

## ABOUT US

This statement is made on behalf of the reporting entity **KU Children's Services** (KU) and covers the reporting period of 1 January 2022– 31 December 2022. Our Australian Company Number is 000 006 137, and registered office location is 129 York Street, Sydney, NSW 2000.

KU is a not-for-profit entity, registered charity, and company limited by guarantee. We provide early childhood education and care services, and our members are the parents of the children enrolled at KU. We do not have any entities, therefore will not be reporting consultation as per Criteria 6 of the MSA.

## OUR OPERATIONS

We provide early childhood education and care services through our 108 KU early education and care services including 19 work based childcare centres. We employ approximately 2,000 people.

Our operations are solely based in Australia, in New South Wales, Victoria, ACT and Queensland. We offer the following services:

- ▶ Preschool education
- ▶ Childcare and early education and care for infants, toddlers, and pre-schoolers
- ▶ Early Intervention programs and National Disability Insurance Scheme (NDIS) services, which support children with disabilities and additional needs.
- ▶ Inclusion support for children with additional needs
- ▶ Childcare services supporting the settlement of newly arrived migrant and refugee children and their families under the Adult Migrant English Program (AMEP)

We work with a mixture of short-term and long-term suppliers in the delivery of our services. Long-term arrangements tend to be for our Central Office contracts who provide ongoing services, such as for IT and Finance. Our short-term arrangements include purchasing one-off supplies, or for standalone projects such as capital works and consumable supplies.

## ONGOING SERVICES

We have accepted an extension of our contract with the Australian Government to:

# MODERN SLAVERY STATEMENT

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- ▶ Continue in our role as the Inclusion Development Fund Manager (IDFM): a national funding program for all approved Child Care Subsidy (CCS) early education services across Australia to provide additional funding to support children with disabilities and additional needs. The IDFM aims to address barriers to inclusion in a nationally consistent and equitable way and this funding is supported by the Inclusion Agencies. (IAs) in each State and Territory across Australia.
- ▶ Continue as the lead Inclusion Agency in NSW, ACT and Qld; and as a contractor in Victoria. The IAs are funded to support CCS early education services to develop inclusive practices through tailored support, advice, and access to specialist equipment to better support children with disabilities and additional needs.
- ▶ KU employs specialist early education staff for 16 IAs and IDFM offices.

We also have a contract with Navitas, which provides English language tuition to eligible adult migrants and humanitarian entrants to help them learn foundation English language and settlement skills through the Adult Migrant English Program (AMEP). KU provides childcare services to parents whilst they are attending classes. AMEP is administered by the Australian Government Department of Home Affairs (DoHA).

Childcare during English classes is provided at no cost to the families and is fully funded by the DoHA. We provide an onsite childcare placement at KU AMEP services located at English Colleges, and also organise mainstream childcare placements near English Colleges or student's homes.

## OUR SUPPLY CHAIN

Australia is the only sourcing country for our Tier 1 general supply chain, Tier 1 refers to our direct suppliers, i.e. the first level of our supply chain as captured in accounts payable spend data.

Whilst we procure a variety of goods and services, our top five industry spend categories during the reporting period are listed below:

- ▶ **Commerce**  
Mercantile function that provides variety goods or provide a select service, such as catering
- ▶ **Financial services**  
Auxiliary financial activities
- ▶ **Public administration, education and health**  
Including services conducted with or necessitated by government, activities of membership organisations, and services relating to health or education
- ▶ **Dwellings**  
Relating to property expenses, including rent, lease and physical building attributes (lifts, gates, fencing)
- ▶ **Machinery and equipment**  
Likely to be more specialist, and long-term (as opposed to manufactured goods which may be more generic, or single use)

We acknowledge that each of these industry categories has a differing level of modern slavery risk, with our identified higher risk areas outlined in the following section.

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## OUR MODERN SLAVERY RISKS | SUPPLY CHAIN

We identified three higher risk procurement categories for KU: Electronic Equipment, Food Products and Commerce. These are all areas in which we have significant spend. We have provided further details of these risks below:

### 1. Electronic equipment

Electronic Equipment involves the manufacturing of computer, optical, and electronic products. This category also includes software development.

We recognise there are risks in the manufacturing of equipment, including electronic goods. Asia is a global centre for manufacturing, with many companies relying on migrant workers who are globally recognised as an increasingly vulnerable population to risks of modern slavery and labour exploitation. Modern slavery risks in this sector include the risk of being contacted by recruiters with a job opportunity and forced into debt bondage and shackled to their employer.

### 2. Food products

Food products includes the production, processing, packaging, and transport of food and produce. We purchase food products for use in our centres and as part of our operations caring for children.

Both the domestic and international elements of this supply chain are at risk of modern slavery. Australia imports items such as palm oil and seafood from Asia, which represent a higher risk of modern slavery. Domestically there is reliance on informal contracts when recruiting backpackers and seasonal workers in the sector, which may leave them vulnerable to modern slavery practices, such as wage theft, excessive working hours, and passport retention.

### 3. Commerce

The category of commerce includes a broad range of retail products and services obtained by KU. Of our three identified higher risk areas, this category represents the highest level of spend for KU. Our spend in this category includes trades and retail purchases, with a particular higher risk area being cleaning services.

Cleaner unions and superannuation funds have reported regular occurrences of unethical contracts and superannuation theft within this industry, particularly targeting migrant workers.

COVID-19 has made workplace hygiene vital for public health. The hygiene supplies and equipment have seen increased demand, and under pressure manufacturers may resorted to modern slavery practices.

## OUR MODERN SLAVERY RISKS | OPERATIONS

We recognise that we are part of a large supply chain that encompasses the extraction and processing of raw materials that go into the products we purchase, the subcontractors who may transport or process the goods, through to varying tiers of suppliers before they reach us.

Alongside key modern slavery risk areas within our supply chain, we also identified areas of practice that may increase our exposure to risks of modern slavery. These included the following areas, which we have identified as current risks within our operations:

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- ▶ **Accounts payable data**

We recognise that a sufficiently granular understanding of our entire supply chain is required to allow for the identification and management of modern slavery risks. It can be challenging to obtain the required level of insight to maintain a good overview of risk levels, without a sufficiently detailed categorisation and records framework. This should also include a clear record of the supplier location, to assist us with being able to effectively assess and address our modern slavery risks.

- ▶ **Petty cash spend**

We identified that we have a number of supplier records relating to petty cash payments. Cash payments can pose a higher risk for modern slavery, due to the fact that some schemes involve paying workers cash in hand, and not keeping records to avoid auditor and regulatory scrutiny. The risk may be greater when associated with services rather than goods, with research indicating that in Australia, the agricultural, construction, hospitality, meat processing, cleaning, domestic work, and food services industries pose the greatest risk.

## ACTIONS TAKEN TO ASSESS OUR MODERN SLAVERY RISKS

As one of our ongoing steps in responding to modern slavery, we recognised the need to maintain a clear understanding of our supply chain in order to identify and manage modern slavery risks. We therefore conducted a risk assessment review in 2022 focusing on our Tier 1 suppliers, to develop an understanding of our ongoing risk and identify higher risk suppliers and sectors.

We considered the following factors:

- ▶ **Country risk**

In recognition that some geographies are at more risk of modern slavery, we conducted our assessment based on the Walk Free Foundation 2018 Global Slavery Index (GSI)

- ▶ **Category risk**

Involving an assessment of the inherent risk levels present in different sectors, industries or associated with different goods and services

- ▶ **Dependency risk**

To identify our financial relationship with different suppliers

Our assessment allowed us to establish a baseline understanding of our modern slavery risks, and to prioritise areas for increased focus as we continue on our journey to minimise and respond to modern slavery risks within our supply chain.

The highest risk supplier categories in Australia in which we procure were found to be chemical, rubber and plastic products; electronic equipment; machinery and equipment; food products; paper products and publishing; and commerce.

Following our assessment, we conducted further analysis of our data base in 2022 to:

- ▶ Provide more granular detail on country of origin and industry type
- ▶ Rationalise dormant supplier information to distil down to active suppliers

The UNGP (Principle 19) makes it clear that the way you respond to modern slavery risks depends on whether you are causing, contributing to, or are directly linked to each risk. We acknowledge that our response must be tailored to the modern slavery risks we have identified as being most at risk.

# MODERN SLAVERY STATEMENT

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Following the risk assessment of our Tier 1 suppliers, we took action in a number of different areas in 2020, 2021 and continued this in 2022 to maintain strength in our processes and coordinate our response to modern slavery. These include:

- ▶ Regular meetings of our Modern Slavery Working Group. This contains representatives from our People Services, Finance, Marketing and Communications, Capital Works and Repairs and Maintenance Teams and is chaired by our GM People Services.
- ▶ Developed a bespoke online learning module detailing KU's position and expectations with respect to the risk and mitigations relating to Modern Slavery
- ▶ Refined a Supplier Questionnaire as a tool to assist in assessing our suppliers' policies and practices to identify, assess and mitigate modern slavery risks in our supply chains and operations. It will be used to facilitate collaborative two-way engagement between us and our suppliers and can be integrated into the procurement process.
- ▶ Implementing formal contract clauses specifically endorsing our commitment to Modern Slavery eradication and seeking acknowledgement that they are of similar mind.
- ▶ Communicated and raised awareness within KU staff of our commitment to addressing Modern Slavery where we can.
- ▶ Base line our Employee awareness of KU's position on Modern Slavery via the 2022 KU Employee Engagement survey.

The activities we have undertaken in this reporting period have consolidated our solid foundation in our response to modern slavery. We have developed tools to articulate our commitment and expectation to our staff and suppliers. We have also ensured that we have the appropriate governance and coordination in place to elevate our responses moving forward.

Some of our future actions over the next two years include reviewing our policies to ensure alignment with best practice human rights instruments (such as the UNGP), enhancing our supplier data records within our Accounts Payable system, and conducting deep dives into higher risk categories.

Over the next year, our focus will remain communicating and operationalising our developed tools within our organisation and raising our staff awareness regarding the risks of modern slavery. We are also communicating these externally and working with our suppliers to bring them along on the journey.

## ASSESSING EFFECTIVENESS

We understand that one of the challenges in the fight against modern slavery is that it is complex and often hidden. We recognise that it is therefore essential that we hold ourselves to account and consider

We recognise the need to continue to develop key performance indicators to ensure the robustness of our monitoring process, we are looking forward to establishing of employee awareness benchmark and this will allow us the opportunity to focus on high gain actions in 2023, as we look towards developing an overall program reporting framework.


## OTHER RELEVANT INFORMATION

We recognise that collaboration is essential to making a positive impact in this area, and in 2023 intend to explore the opportunities to develop partnerships with other organisations, such as with modern slavery NGOs and charities.

# MODERN SLAVERY STATEMENT

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Signed for and behalf of the Board.

Signed by Chair:  \_\_\_\_\_ Date: 28 February 2023

(Sema Whittle)