



Australian Government
Coal Mining Industry
(Long Service Leave Funding) Corporation



MODERN SLAVERY STATEMENT 2023/24

COALLSL

Acknowledgement of Country

Coal LSL acknowledges and pays respect to the past, present and future Traditional Custodians and Elders of this nation and the continuation of cultural, spiritual and educational practices of Aboriginal and Torres Strait Islander peoples.



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INTRODUCTION

This Modern Slavery statement for Coal Mining Industry (Long Service Leave Funding) Corporation (Coal LSL) has been approved by the Board of Directors in accordance with the *Modern Slavery Act 2018* and relates to the financial year ending 30 June 2024.

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* (Admin Act).

Coal LSL's purpose is to ensure eligible employees are connected with their long service leave benefits by exercising the powers and functions of the governing legislation. In addition to the Admin Act, Coal LSL's governing legislation includes 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 the Board of Directors, as established by the Admin Act. During the reporting period, Coal LSL's responsible minister was 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, NSW, Australia. Coal LSL does not own or control any related entities.

As the custodian of the Coal Mining Industry Long Service Leave Scheme (the Scheme), Coal LSL performs 3 core functions:



Regulation



Administration



Investment
management

OUR VISION



We enhance our communities as a contemporary, sustainable long service leave scheme.



OPERATIONS AND SUPPLY CHAINS

OPERATIONS

Coal LSL is the custodian of the portable long service leave scheme for eligible employees within the Australian black coal mining industry. It is our responsibility to ensure eligible 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 stakeholders.

Coal LSL's role is to:

- collect funds from employers by way of 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 entitlements for eligible employees.

For more information about Coal LSL's operations, please refer to the [2023-24 Annual Report](#) and [2024-25 Corporate Plan](#).

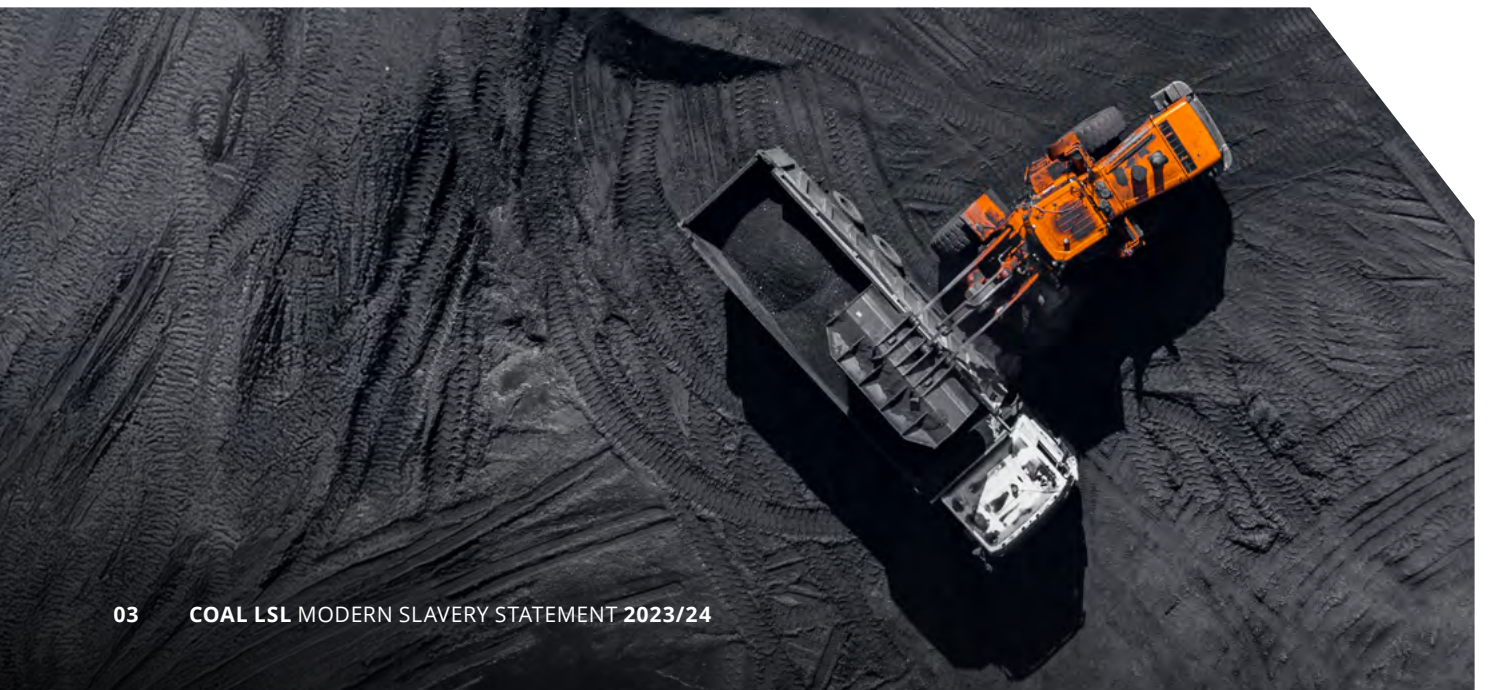
CORPORATE GOVERNANCE AND RISK MANAGEMENT PRACTICES

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 operations from the impacts of modern slavery and comply with legislative obligations.

Coal LSL's risk management framework is aligned with the Commonwealth Risk Management Policy and the international risk management standard (ISO 31000:2018), and consists of:

- a Risk Management Policy
- a Risk Management Guideline
- an enterprise risk management system
- training
- strategic, operational and project risk registers
- documentation of the Board's risk appetite.

This framework empowers and supports staff to proactively identify, evaluate, manage, and report on risks, including those related to modern slavery.





200

Suppliers during the 2023-24 financial year



\$18.7m

Spent with suppliers during 2023-24



83%

Suppliers based in Australia



47%

Suppliers have simple supply chains

SUPPLY CHAINS

The main categories of goods and services procured by Coal LSL remain unchanged from our 2022-23 Modern Slavery Statement and include professional, financial, and other services. These can be further broken down as follows:

- consultants
- investment custodian
- actuarial services
- legal advisory
- leased office premises
- recruitment
- technology (including hardware, software, and cloud services)
- insurances.

Coal LSL's procurement activities spanned approximately 200 suppliers during the 2023-24 financial year.

These activities were worth a total value of \$18.7 million, with approximately 80% of this amount spent with our top 30 suppliers.

Of these top 30 suppliers:

- 83% are based in Australia, with a further 10% in the United States of America. The remaining 7% are located in Europe and the United Kingdom
- 47% have been assessed to have a simple supply chain, 40% a moderate supply chain and 13% a complex supply chain.





RISK ASSESSMENT IN OPERATIONS AND SUPPLY CHAINS

As the primary operations of the Scheme are conducted in an office-based environment located within Australia, Coal LSL considers there to be a low risk of modern slavery occurring directly within our operations.

Coal LSL acknowledges the risk of modern slavery that may be present within our supply chains, and our responsibility to minimise our role in supporting these practices.

Coal LSL's approach to risk management, and the methodology used to assess the modern slavery risk is based on the Australian Government's guidance, and draws upon information published in the Global Slavery Index 2023.

This methodology assesses the modern slavery risk of a supplier based on the following four 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.

Coal LSL has categorised the modern slavery risk exposure into three areas: Operations, Supply Chains – Goods and Services, and our Investment Portfolio.



OPERATIONS

The risk of modern slavery practices within Coal LSL's direct operations has not materially shifted over the past year (FY24) and continues to be assessed as low, on the basis that:

- the workforce is entirely based within Australia, operating primarily from an office located in Newcastle, NSW (we do not have any overseas operations)
- the vast majority of the workforce is employed under the Australian Government Industry Award 2016, and all employees are subject to the *Fair Work Act 2009* and National Employment Standards
- recruitment and employment screening practices are robust and include candidate background checks and leverage partnerships with carefully selected local recruitment agencies

- the Code of Conduct outlines the standards of ethics and behaviour expected of all Coal LSL employees and encourages staff to maintain a culture where modern slavery related risks are identified and managed.

Coal LSL has not identified any modern slavery practices within the organisation during the reporting period.



100%

Of our workforce is based within Australia



SUPPLY CHAINS – GOODS AND SERVICES

The due diligence undertaken for prospective Coal LSL suppliers includes consideration of their modern slavery risk, as governed by our procurement practices and contracts framework. These due diligence activities support risk-based procurement decisions.

Coal LSL’s standard supplier contracts contain a modern slavery clause to establish clear expectations around the effective management of modern slavery risks.

PERCEIVED RISK OF MODERN SLAVERY WITHIN OUR SUPPLY CHAINS

The categories of goods and services procured during the reporting period are considered and identified to address susceptibility to modern slavery practices. This enables Coal LSL to assess our vulnerability to modern slavery within our supply chain.

We have used corporate knowledge of supply chains and publicly available resources on modern slavery to assess Coal LSL’s overall perceived risk of modern slavery within supply chains as low.

There has been no material shift in the modern slavery risk profile of Coal LSL’s supply chains.

Supply category	Perceived risk of modern slavery within supply chain		
	High ●	Medium ●	Low ●
Technology (hardware)	●		
Cleaning	●		
Textiles and clothing	●		
Technology (software, cloud services)		●	
Professional services (consultancy 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

Having identified the categories of supply with an inherently high exposure to modern slavery risks we have further assessed the extent to which Coal LSL procures those supplies.

Supplier category	Risk factors
IT hardware [1% of total suppliers] [1.6% of total expenditure]	<p>The procurement of IT hardware presents a level of vulnerability to modern slavery due to the following:</p> <ul style="list-style-type: none">• technology devices often rely on raw materials and minerals sourced from regions with poor labour practices, or conflict zones which have higher risks of forced labour• a significant number of components are manufactured in countries with weak labour laws and enforcement, increasing the risk of exploitation• supply chains are often multi-tiered and intricate, obscuring visibility beyond tier 1 or tier 2 suppliers. As a result, it can be challenging to identify and address modern slavery practices.
Cleaning [1% of total suppliers] [0.4% of total expenditure]	<p>Cleaning services are considered a high-risk supply category for modern slavery due to the following:</p> <ul style="list-style-type: none">• the prevalence of subcontracting within the industry, coupled with the unskilled, manual labour utilised can increase the risk of unfair labour practices or exploitation• workers may often encounter dangerous and substandard working conditions• a substantial proportion of employees within the cleaning industry are migrant workers who may not be aware of their rights under Australian law¹.
Staff uniforms [0.5% of total suppliers] [0.03% of total expenditure]	<p>The textile and apparel supply chain are complex, and has an inherently high risk of modern slavery due to the following:</p> <ul style="list-style-type: none">• raw materials such as cotton are often sourced from countries or geographies that are regarded as having a high modern slavery risk due to their weak labour regulations• the demand for low-cost production of apparel drives a high risk of unethical labour practices, especially in developing countries• reliance upon manual labour, often undertaken by a vulnerable workforce.

¹ Cleaning Contractors: Modern Slavery Guidance, Cleaning Accountability Framework, 2020



INVESTMENT PORTFOLIO

Coal LSL's investment portfolio is integral to our ability to achieve our purpose of connecting eligible employees with their long service leave benefits. Despite the diversity of our portfolio, we remain alert to the inherent modern slavery risk.

Coal LSL invests across a number of asset classes, sectors and geographies by leveraging the specialised expertise of external investment managers. The internal investment team, led by the Chief Investment Officer, manage the Coal LSL portfolio in accordance with the investment strategy as approved by the Investment Committee, a sub-committee of the Board of Directors.

The portfolio is invested in Australian equities, international equities, fixed income, property, infrastructure, alternative assets and cash, with a geographical spread of those assets across the globe.

As Coal LSL invests in pooled investment trusts, we acknowledge that understanding the portfolio's exposure to modern slavery practices and the impact on underlying investments presents a significant challenge. Nonetheless we believe that investment managers are an important source of knowledge due to the selection processes they undertake to determine the underlying investments to include. The investment team meets regularly with all external investment managers to review the portfolio's performance and consider existing and emerging risks, including exposures to modern slavery.

The investment managers engaged by Coal LSL adopt the Principles for Responsible Investment² and are committed to upholding these principles.

Environmental, Social and Governance (ESG) considerations form an important part of the selection and ongoing monitoring of our investment managers and advisers.

² The PRI is a UN-supported organisation that assesses the eligibility of institutional investors who apply to become signatories. There are 6 Principles that represent a commitment to incorporating ESG issues into investment practice.





ADDRESSING MODERN SLAVERY RISKS

During the 2023-24 financial year Coal LSL's actions included the following:

- continuing to support staff by regularly reviewing and benchmarking remuneration to maintain entitlements that are at least in line with National Employment Standards and exceed minimum award wages
- identifying and managing modern slavery risks upon renewal of contracts with external recruitment providers. These requirements now form part of the standard expectations for recruitment service providers operating under the Preferred Supplier Arrangements
- promptly responding to legislative change, including the 0.5% increase to superannuation contributions, to ensure staff received these entitlements in line with obligations

- increasing the number of suppliers engaged using whole-of-government panels. By utilising whole-of-government arrangements, we leverage the due diligence processes undertaken for those suppliers to qualify
- maturing the procurement framework and continuing to embed modern slavery considerations into the supplier due diligence processes, compelling suppliers to also enhance their approach to modern slavery risks
- continuing to perform annual due diligence on each external investment manager, working to improve the ESG-related metrics captured in these annual assessments
- incorporating ESG-related matters in assessing custodian services, including exposure to modern slavery practices.





COMMITMENTS

Coal LSL is committed to enhancing our ability to identify and reduce our exposure to modern slavery practices.

Our efforts during the 2024-25 reporting period will include the following:



Incorporating the Commonwealth Supplier Code of Conduct into our procurement practices, reinforcing the behaviours expected of those doing business with Coal LSL.



Updating operational processes and policies to align with legislative requirements, staff expectations and labour market trends.



Promoting the use of whole-of-government contracts where possible to ensure more comprehensive assessments of supplier compliance and minimisation of modern slavery risks.



Continuing to evolve the due diligence of our investment managers to address modern slavery risks and ESG-related concerns.



Promptly and proactively implementing legislative requirements and changes to the National Employment Standards to support our employees.



Keeping and uplifting the ESG and modern slavery focus within our internal investment team through attendance at specialised industry seminars and other education opportunities.



Educating our workforce on the right to disconnect and remaining committed to flexible work practices.



ASSESSING THE EFFECTIVENESS OF OUR ACTIONS

As our operating environment changes, the continued strengthening of Coal LSL's governance and risk management practices is important.

Focus areas and initiatives to reduce modern slavery practices are embedded within operational objectives and priorities over the 2024-25 financial year, and are assessed against governance and risk management frameworks.

Where suppliers disclose modern slavery risks during the due diligence phase of procurement, Coal LSL will review the risk against the risk management framework and evaluate the supplier's progress against remediation actions.

Coal LSL's focus on continued improvement drives the ongoing assessment and identification of modern slavery risks within the operating environment, while maintaining a commitment to implementing and enhancing controls to minimise exposure to these practices.

APPROVAL AND SIGNATURE BY A RESPONSIBLE MEMBER

This statement was approved on Thursday 5 December 2024 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 Thursday 5 December 2024.



Christina Langby

Chair of the Board of Directors
Coal Mining Industry (Long Service Leave Funding) Corporation
Thursday 5 December 2024

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