

Managing the risk of modern slavery

December 2024

Modern Slavery Statement for the period
1 July 2023 to 30 June 2024

INTRODUCTION

The Australian Institute of Company Directors (AICD) is proud of the steps we have taken to combat modern slavery over the reporting period, and we are committed to continually improving our practices in this important area.

In 2023, we voluntarily elected to comply with the disclosure obligations under the *Modern Slavery Act 2018* (Cth) (the **Act**) even though we did not meet the annual consolidated revenue threshold. Compiling a Modern Slavery Statement and making the statement available on our website is aligned with our *Purpose* and *Mission*.

During 2023 and 2024, we consolidated our understanding of modern slavery risks in our supply chain and implemented changes to better monitor and mitigate those risks. Our review of key contracts and suppliers has not revealed any instances of modern slavery in our supply chain and our assessment is that there is a low risk of modern slavery, both in our supply chains and in our operations more generally. However, we will continue to develop our monitoring and risk management capability in respect of modern slavery. We will also continue to provide our members with information and education about this important and evolving area and will engage in reviews of the legislation as they arise.

We strongly support the objectives of the modern slavery reporting regime in Australia.



Mark Rigotti
Managing Director and Chief Executive Officer

REPORTING ENTITY

The reporting entity preparing this statement is the Australian Institute of Company Directors ACN 008 484 197 (**AICD**).

The AICD has developed this Modern Slavery Statement (**Statement**) to demonstrate its commitment to eliminating modern slavery practices in its business operations and supply chain.

Last financial year (FY24), our annual consolidated revenue exceeded \$100 million. This statement is therefore prepared in accordance with the requirements of section 13 of the Act.

OVERVIEW OF THE AICD

The AICD is a not-for-profit organisation. The *Purpose* of the AICD is to strengthen society through world-class governance. The *Mission* of the AICD is to be the independent and trusted voice of governance, building the capability of a community of leaders for the benefit of society.

The AICD's current membership exceeds 53,000¹. Each year the AICD conducts programs and courses that educate participants on the theory and practice of modern corporate governance for directors and aspiring directors. To further its Purpose, the AICD makes available a number of scholarships to attend its programs and courses each year (both on its own account and with partner organisations) to develop director capability on not-for-profit boards and to ensure Australian boards better represent our diverse communities.

The AICD makes a significant contribution to public debate and provides leadership on contemporary governance practice through our governance and policy resources and publications.

COMMITMENT

This is the second statement prepared by the AICD with respect to identifying and addressing modern slavery risks in its operations and supply chain.

When we refer to *modern slavery* in this Statement

we mean practices such as human trafficking, slavery, servitude, forced labour, debt bondage, forced marriage and child labour.

Our *commitment* is to:

1. Identify, assess and address modern slavery risks in our operations and supply chain;
2. Continue to improve our processes and procedures to ensure that we engage with vendors who have a demonstrated commitment to eliminating modern slavery in their operations and supply chain;
3. Continue to make meaningful contributions to reviews of the Act, subsidiary legislation, and guidance, as well as public debate about the Act;
4. Continue to engage with our members and other key stakeholders to raise awareness of evolving stakeholder expectations regarding human rights and modern slavery; and
5. Continue to develop education resources for directors which support them in fulfilling their modern slavery obligations and associated reporting obligations.

OUR CORPORATE STRUCTURE AND GOVERNANCE

The AICD is a public company limited by guarantee with a registered office at Level 12, Tower 3, Darling Park, 201 Sussex Street, Sydney, NSW.

We are a national organisation with eight state and territory *Divisions*, and we have offices in each state and territory.

The AICD's governing body is the *Board*, comprised of 13 directors, including 8 Division directors and our Managing Director & Chief Executive Officer.

Each Division consists of a number of councillors, which vary by Division. The AICD also has a number of Forums and Advisory Committees served by volunteer members. These include the *ASX Chairs Forum*, the *Corporate Governance Committee*, the *NFP Chairs' Forum* and the *Law Committee*.

Directors on the Board serve on a voluntary basis, as do members of each Division Council and members of the AICD's Forums and Advisory Committees.

The management of the AICD is the responsibility of the Managing Director & Chief Executive Officer, supported by an Executive Committee of six executives who each have management responsibility for different aspects of AICD's strategy and operations.

OUR OPERATIONS AND SUPPLY CHAIN

Overview of Operations

The services we provide are:

- Governance education to individual learners (both members and non-members) and organisations focussed on improving the governance capability and subject matter expertise of their directors and senior management.
- Development of resources and services to members of the AICD which include:
 - A wide range of *professional development* events including the annual Australian Governance Summit, the annual Essential Director Updates, and regular seminars and webinars.
 - *Publications* on issues facing directors, such as the Company Director Magazine and the Membership Update.
 - Access to *Business Centre and Member Lounges* in Sydney, Melbourne, Brisbane, Perth, Adelaide, Hobart and Canberra.
- Resources, templates and other materials related to director obligations and governance, many of which are accessible to members and non-members.

In each state and territory (with the exception of the Northern Territory) the AICD provides or administers the following services on its own premises:

- **Business Centre and Member Lounges**, which are available to members and their guests for informal meetings or private work.
- **Room facilities and catering**, which are used for delivery of the AICD's courses and other activities.
- **Rooms available for hire** by members for meetings or events.

The AICD currently employs over 340 staff nationally. The AICD's head office is located at Level 12, Tower 3, Darling Park, 201 Sussex Street, Sydney.

The majority of AICD's members are located in Australia, however there are a small number of members located overseas. The AICD does not conduct promotional or other sales activity targeted towards overseas jurisdictions.

Overview of our supply chains

During the reporting period we engaged vendors across the following categories:

- Software as a Service (SaaS)
- Software platform management products and services
- Events management and venue hire
- Course facilitators
- Course development
- Course assessment and marking
- Recruitment agencies
- Stationery and print
- Marketing and advertising
- Professional services
- Catering
- Couriers
- Publishing
- Leasing of premises (including building management, cleaning, and maintenance services).

Given the nature of the AICD's operations and the services the AICD provides to its customers, the AICD has a large number of small suppliers, particularly in the categories of course facilitator, course development and course assessment and marking. These currently account for approximately 18% of our core supplier base by value. These suppliers are either independent contractors or sole traders and are all located in Australia.

In addition, the AICD has a significant number of lower value (less than \$10,000) one-off suppliers across a range of categories including venue hire, events management, travel and accommodation, IT, catering, and couriers. Over

the reporting period, these accounted for approximately 50% of our total supply arrangements by value.

The AICD has a simple supply chain model, procuring mainly services and some goods (for example, stationery, IT and office equipment), to support the development and delivery of educational and member services. These services are marketed and sold within Australia. The short supply chain, limited range of products and local sphere of operation put the AICD in a low category of risk for incidents of modern slavery within its own operations.

Key supplier agreements are in place with organisations across Australia and overseas for the products and services the AICD acquires from third parties. Many of these are long-term, strategic relationships. Typically, these arrangements relate to the following categories: Software as a Service, software platform management products and services, recruitment agencies, marketing and advertising, professional services, and leasing of premises. With the exception of some IT-related services and products, these arrangements are typically with Australian-based suppliers or Australian subsidiaries of international suppliers, with the relevant supply delivered onshore.

However, the AICD's supply chain does include two organisations that have confirmed that their operations extend to some higher-risk countries. One of those suppliers is a global hotel chain with operations in the UAE, Turkey and Saudi Arabia. The other is a technology company which, while headquartered in Australia, has offices in the Philippines and provides services across approximately 100 countries globally.

IDENTIFICATION OF MODERN SLAVERY RISK IN OUR OPERATIONS AND SUPPLY CHAIN

Risks within our workforce

AICD's employees are located in each state and territory in Australia (currently with the exception of the Northern Territory). The majority of our employees work in our Sydney office.

Australia is generally considered to be a lower-risk country with respect to the risk of modern slavery. Having regard to the nature, size and location of the AICD's operations, our assessment is that the risk of modern slavery practices

within our workforce is low.

However, we recognise that employees with temporary or voluntary work settings, immigration visas, and English as a second language may require additional assistance and information in relation to the potential risks of modern slavery. We also recognise our role as a potential employer in engaging external suppliers to provide recruitment services and labour and, as a consequence:

- only engage with reputable labour hire or recruitment firms; and
- engage with these firms on the basis that their modern slavery controls are acceptable.

Risks within our operations and supply chains

Procurement of goods and services is managed by individual teams within AICD, with the advice and support of a Procurement Manager located in Sydney. The AICD does not produce or manufacture physical products. The AICD procures goods and services in the following key categories, which enable the AICD to deliver its services to its customers:

- Suppliers of education services including facilitators and content providers.
- Suppliers of technology products and services, including software as a service.
- Suppliers of media and marketing services.
- Suppliers of hospitality services including events management and catering services.
- Suppliers of cleaning and facilities management services for the AICD's own premises and external venues.

Our approach to assessing and addressing risks of modern slavery in our business operations and supply chains in this reporting period is outlined below. While we have not identified that modern slavery has occurred in our operations or supply chains, we recognise and acknowledge that the risk of modern slavery in our operations or supply chains may increase with:

- Suppliers of technology products and services where suppliers engage offshore personnel;
- Suppliers of hospitality services where personnel may be engaged other than in accordance with Federal

and State laws regarding minimum employment standards; and

- Suppliers of cleaning and facilities management services where AICD is not the principal (for example, where facility management services are provided by AICD's landlords, pursuant to a lease).

These areas are the key areas of vulnerability in our operations and supply chains.

Approach

Our assessment of the risk of modern slavery in our operations and supply chains for the period 1 July 2023 to 30 June 2024 has focussed on the following suppliers²:

- The AICD's top 100 suppliers by expenditure; and
- Suppliers of business-critical services to the AICD.

We adopted the following approach to our assessment in this reporting period:

- A questionnaire was provided to each supplier which asked the supplier to identify the risk of modern slavery in their operations and supply chain via a series of targeted questions.
- Each of the 40 responses received was evaluated to determine the modern slavery risk for that supplier.
- A risk rating was assigned to each response.
- Of the 40 responses received, 6 were from suppliers who were identified to be sole traders.

Of the 60 remaining suppliers who did not provide a response to the questionnaire, 24 suppliers directed the AICD to their publicly available modern slavery statements. These suppliers are, in summary:

- Australia-based and multinational providers of IT-related services and platforms
- A provider of financial services to the AICD
- A lessor of premises to the AICD
- Recruitment services
- Marketing & media services

We recognise that for large organisations with many

customers it may not be practical to answer individual questionnaires provided by customers with respect to modern slavery risk, and we accept that for such organisations provision of a modern slavery statement that addresses the organisation's practices with respect to modern slavery on an aggregated basis may be the only practical way of addressing questions about this risk. This will not prevent us from investigating reports of modern slavery practices in our supply chain about these suppliers if they are received.

We have assessed the remaining 36 suppliers who did not respond to the questionnaire or direct us to their Modern Slavery statement, against the following criteria:

- The nature of the services being supplied to identify whether they were low risk services;
- The type and scale of entity providing the service to determine whether they were low risk providers (for example, there is a low risk of modern slavery where the supply is provided by a sole trader); and
- The materiality of the cost of the service being supplied (with expenditure of less than A\$100,000 being considered to not be material).

Where the response to one of the three criteria was 'yes', we conducted desktop research to confirm our assessment of the modern slavery risk associated with that supplier.

Of this group of 36:

- A further 12 suppliers were sole traders;
- 7 suppliers were under A\$100,000 in total spend (ranging from \$1,800.00 to \$99,000.00 of spend);
- 1 supplier contract with the AICD had ceased;
- 2 responded that they are not required to report on modern slavery; and
- 14 suppliers do not meet one of the three criteria listed above and are yet to respond.

We are seeking to engage in constructive discussions with each of the 14 suppliers who are yet to respond to assist them to identify modern slavery risks in their operations and supply chains and to understand the steps they are taking to mitigate any such risks, to our satisfaction.

ASSESSMENT AND MITIGATION OF MODERN SLAVERY RISK IN OUR SUPPLY CHAINS

The responses provided by suppliers (whether by completion of the questionnaire or by providing a modern slavery statement) and the research we conducted on the non-responders *did not disclose practices with respect to modern slavery that we assessed as 'high-risk'*. As noted above, we were not able to assess modern slavery risks in relation to 14 suppliers who did not respond, but we continue to work with those suppliers to satisfy ourselves they have identified any modern slavery risks in their operations and supply chains and taken steps to mitigate these risks.

OTHER MEASURES TAKEN TO MITIGATE MODERN SLAVERY RISK IN OUR OPERATIONS AND SUPPLY CHAINS IN THE REPORTING PERIOD

We have taken the following steps to combat modern slavery over the course of this year. We have:

- implemented the requirement that, for procurement of goods or services over A\$100,000, a Modern Slavery questionnaire must be completed and identified risks addressed by the supplier prior to engagement. This requirement is embedded in our Procurement and Vendor Management Policy;
- completed a review of all recruitment and labour hire agencies we engage to ensure they have appropriate controls in place with respect to the risk of modern slavery;
- taken steps to ensure that compliance with the AICD's Supplier Code of Conduct is a condition of engagement of all suppliers; and
- introduced steps in our procurement process to apply additional scrutiny to potential suppliers providing services to us from offshore.

We continue to work constructively with our key suppliers to ensure that we are satisfied that they have adequate measures in place to mitigate the risk of modern slavery in their business operations and supply chains.

FURTHER STEPS

Following a review of the effectiveness of the steps we have taken this year to reduce the risk of modern slavery in our operations and our supply chains, we intend to take the following further steps over the next 12 months:

- Review and refresh the AICD's Procurement and Vendor Management Policy (including the introduction of a Procurement Handbook which will incorporate a section on modern slavery).
- Refresh and relaunch organisation-wide procurement training to further raise awareness of our modern slavery related policies and procedures.
- Review and, if necessary, revise the modern slavery related provisions in the AICD's Supplier Code of Conduct to ensure that our suppliers are aware of our requirements of them to:
 - not engage in modern slavery
 - comply with specific modern slavery laws
 - carry out their own modern slavery due diligence, and
 - notify AICD of any potential modern slavery issues that are identified.
- Investigate the establishment of a procurement register to help ensure compliance with, and maintenance of appropriate records in relation to, our modern slavery policies and procedures.
- Review the effectiveness of Speak Up, the AICD's whistleblower program, as a grievance and complaint mechanism to enable suppliers (or their employees) to report concerns about modern slavery risks in our operations and supply chains to the AICD.
- Review of the supplier questionnaire process used to assess the modern slavery risks in our supply chains, incorporating risk-based segmentation to enhance alignment with modern slavery reporting requirements and identify priority areas for improvement. This will include an assessment of the feasibility of requiring all new suppliers to complete a Modern Slavery questionnaire prior to engagement.

- Completion of an internal audit of compliance with our modern slavery policies and processes.
- Consider the introduction of 'preferred supplier' arrangements in some categories to consolidate our supplier base.

EVALUATING THE EFFECTIVENESS OF OUR ACTIONS

We consider that the risk of modern slavery in our business and supply chain is low based on our operations and our assessment of key suppliers during the reporting period. However, we understand the importance of continuous improvement in combating modern slavery and we have taken steps during the reporting period to improve our policies, due diligence procedures and processes and to identify additional steps we will take to improve our management of this risk this year.

We recognise the importance of transparency with respect to reporting our progress against this Statement and we commit to reporting our learnings and challenges after 30 June 2025.

This Statement is made by the AICD for the financial year ending 30 June 2024 and was approved by the board of directors of the AICD in their capacity as principal governing body of the AICD on 9 December 2024.

This Statement is signed by Mark Rigotti in his role as the Managing Director and Chief Executive Officer of the AICD on 11 December 2024.



Mark Rigotti
Managing Director and Chief Executive Officer

ABOUT US

The Australian Institute of Company Directors is committed to strengthening society through world-class governance. We aim to be the independent and trusted voice of governance, building the capability of a community of leaders for the benefit of society. Our membership includes directors and senior leaders from business, government and the not-for-profit sectors.

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