

# Modern Slavery Statement 2020

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Australia Post acknowledges the Traditional Custodians of the land on which we operate, live and gather as employees, and recognises their continuing connection to land, water and community. We pay respect to Elders past, present and emerging.



Australia Post supports the achievement of the United Nations Sustainable Development Goals, including those relating to Modern Slavery.

# 1. Introduction & Overview

## Purpose of this Statement

This FY20 Modern Slavery Statement, made pursuant to the Australian Modern Slavery Act 2018 (Act), sets out the actions taken by Australia Post to address modern slavery risks in our business and supply chain for the financial year ending 30 June 2020. The Act requires certain large entities to assess their operations and supply chains for modern slavery risks, and to transparently disclose their efforts to address these risks in an annual statement to the Minister of Home Affairs. Each section in this Statement corresponds to a mandatory criterion of the Act.

This Statement applies to the operations, subsidiaries and suppliers of the Australia Post Group including our extended workforce. This Statement is made on behalf of Australia Post and its relevant subsidiaries and controlled entities, as outlined in Section 2. The Statement was approved by Australia Post's Board of Directors in December 2020.

## Understanding modern slavery

Under the Act, modern slavery describes situations where offenders use coercion, threats or deception to exploit victims and undermine their freedom. It includes eight types of serious exploitation including trafficking in persons, forced labour, debt bondage and the worst forms of child labour.<sup>1</sup>

These constitute human rights violations and serious criminal offences, with severe consequences for victims, and are prohibited under Australian and international law.

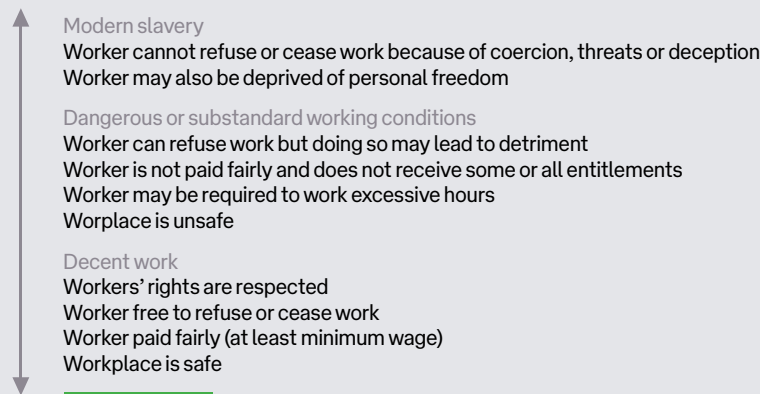
Modern slavery occurs when a victim's personal freedom is significantly restricted and they are not free to stop working or leave their place of work. Modern slavery is best understood on a continuum of labour practices (as shown in the diagram below 'Where does modern slavery fit?'). While distinct from dangerous or substandard working conditions, the existence of these issues can be warning signs of modern slavery. Conversely, preventing substandard conditions and improving work practices can help prevent slavery.

Australia Post recognises that modern slavery is often hidden and exacerbated by complex supply chains.<sup>2</sup> We also acknowledge that the impacts of the COVID-19 pandemic may increase the vulnerability of workers in global supply chains to modern slavery.<sup>3</sup>

We support the Act and recognise the role business can play in ensuring their operational practices are in line with laws and relevant Government guidance, and in using their position 'for good' when engaging suppliers and contractors.

### Learn more: Where does modern slavery fit?

Modern slavery happens at the most extreme end of a spectrum that ranges from decent work to serious exploitation



Source: Commonwealth Modern Slavery Act 2018 - Guidance for Reporting Entities

<sup>1</sup> Commonwealth Modern Slavery Act 2018 Guidance for Reporting Entities: <https://www.homeaffairs.gov.au/criminal-justice/files/modern-slavery-reporting-entities.pdf>

<sup>2</sup> While its covert and criminal nature makes it challenging to quantify, it is estimated that there are approximately 40 million victims of modern slavery around the world – including in Australia – and it can occur in every industry and sector: 2017 Global Estimates of Modern Slavery: Forced Labour & Forced Marriage, International Labour Organization and Walk Free with International Organization for Migration, 2017; and 'Hidden in Plain Sight': Report of the 2017 Parliamentary Inquiry into establishing a Modern Slavery Act in Australia, Australian Parliament's Joint Standing Committee on Foreign Affairs, Defence and Trade, 2017

<sup>3</sup> Commonwealth Information for reporting entities about the impacts of coronavirus, April 2020: <https://www.homeaffairs.gov.au/criminal-justice/files/modern-slavery-covid-19.pdf>

Operating ethically and responsibly

Australia Post does not tolerate modern slavery in our operations or extended supply chain. This commitment aligns to our purpose, values and ethics, which set out how we go about operating ethically and responsibly.

At Australia Post, our purpose is to connect people with each other and the world. We unlock opportunities for everyone.

People are at the heart of everything we do. Providing access to the services and support that they need is what drives us.

Our values of Trust, Inclusivity, Empowerment and Safety underpin everything we do – the services we deliver, the products we provide and, importantly, how we behave and communicate with each other, our customers and suppliers.

This is supported by a range of policies, frameworks and strategies (referred to in more detail in Section 4). As one of Australia’s largest and most trusted businesses, we take seriously our responsibility to behave with integrity, and our power to make a positive difference – economically, socially and environmentally.

Trust	Inclusivity	Empowerment	Safety
Do the right thing	Respect everyone	Find a way	Be safe and well
<b>T</b>	<b>I</b>	<b>E</b>	<b>S</b>

Snapshot of 2020 Progress

**A coordinated response** – A cross-functional Modern Slavery Working Group has overseen a business-wide program of work to assess, prioritise and tackle our business risks related to modern slavery.



**Delivering on our commitments and standards** – Our commitment and values are brought to life by policies and frameworks including Our Ethics, our Supplier Code of Conduct and 2020-2022 Group Corporate Responsibility Plan.



**Accelerating supplier due diligence** – We implemented a program to more formally prioritise and assess modern slavery risk in our supply chains. We’re exploring ways to strengthen this approach, starting with deep dives into higher risk areas.



**Treating our workforce fairly** – We strive to protect the well-being and safety of our people, especially during the COVID-19 pandemic. We maintained compliance with workplace laws across our whole workforce.



**Training and preparedness** – We built the capability of people with responsibilities related to modern slavery, laid groundwork for all-staff training, and scenario tested our ability to unearth and manage incidents.



## 2. Who we are

### What we do

As a Government Business Enterprise (GBE), Australia Post is a self-funding business with both commercial and community service obligations. We make efficient use of our assets and resources to earn profits that can be reinvested in our business and to our Shareholder for the benefit of the Australian community.

Under our community service obligations, we are required to provide an accessible and reliable letter service, at a single uniform rate of postage for ordinary letters, for all Australians. We have been transforming our business to facilitate the growth of online shopping in Australia and investing in our people and infrastructure to safeguard our future. We are growing our international abilities by offering competitive inbound and outbound international delivery services. Our post offices are increasingly the teller of the nation – a vital shopfront in every community, where Australians can transact with hundreds of other organisations, including banks, business and government agencies.

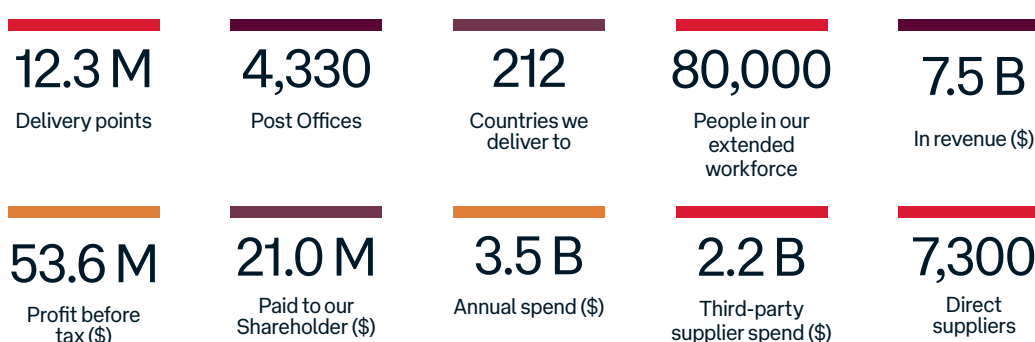
We deliver on our twin objectives of providing an accessible, reliable nationwide community service, while remaining financially sustainable. We continue to place the safety of our people as our highest priority because we believe everyone should feel safe and well during their day. We are committed to enhancing our performance as a responsible business and we are actively pursuing our goal of reducing our environmental impacts.

### Our structure

Headquartered in Melbourne, the Australia Post Group comprises Australia Post and trust entities. Our structure consists of Australia Post and six main operating entities<sup>4</sup> and other subsidiary and controlled entities and interests<sup>5</sup> as published in the [Australia Post FY20 Annual Report](#).

This Statement is prepared as a joint Statement by Australia Post on behalf of Australia Post's subsidiary and controlled entities that are reporting entities, as prescribed by the Act.<sup>6</sup>

### Snapshot of Australia Post



<sup>4</sup>In addition to **Australian Postal Corporation**, the main operating entities of the Australia Post Group are as follows:

- **Star Track Express Pty Ltd** ACN 001 227 890 and **StarTrack Retail Pty Ltd** ACN 146 789 979. (Together these entities operate the StarTrack road and the air delivery and freight business, based in Strawberry Hills, New South Wales and other locations nationally)
- **Decipha Pty Ltd** ACN 100 126 396 (operates an information management service, based in Melbourne, Victoria); **POLi Payments Pty Ltd** ACN 105 393 664 (operates online debit payment services, based in Melbourne, Victoria); and **SecurePay Pty Ltd** ACN 088 101 875 (operates the SecurePay online payment solutions business, based in Melbourne, Victoria)
- **Australia Post Global eCommerce Solutions (UK) Limited** (a wholly owned supplier of cross-border e-commerce delivery and logistics solutions, based in London, United Kingdom, which does not carry on business in Australia). This entity is governed by the UK Modern Slavery Act 2015, not the Australian Act.

<sup>5</sup>These include: **Australia Post Services Pty Ltd** ACN 002 599 340 (the holder of the Australia Post group Australian Financial Services Licence); **Australia Post Licensee Advisory Council Limited** ACN 106 150 654 (the public company limited by guarantee that provides a communications forum between Australia Post and Australia Post's licensed post offices); **Australia Post's international joint venture with China Post, Sai Cheng Logistics International Company Ltd** (not a controlled entity); and other entities as published in the Annual Report.

<sup>6</sup>In addition to the main operating entities listed above (see footnote 4, bolded entities only), the following entities are also reporting entities as defined by the Act: **Australia Post Transaction Services Pty Ltd** ACN 116 164 286 (Holding company for Australia Post domestic subsidiaries); **AUX Investments Pty Ltd** ACN 146 824 919 (Top holding company for the StarTrack group of subsidiary companies); **Star Track Express Holdings Pty Ltd** ACN 106 690 153, and **Star Track Express Investments Pty Ltd** ACN 002 454 533 (StarTrack group holding companies); **AP International Holdings Pty Ltd** ACN 110 171 723 (Holding company for Australia Post international services companies); and **AP Global Holdings Pty Ltd** ACN 609 953 504 (Australian holding company for the Australia Post Global eCommerce Solutions group).

Our people & operations

Australia Post has a total workforce of approximately 80,000 people. This makes us one of the largest workforces in Australia with over 35,000 people directly employed and a substantial extended workforce, including

employees of Licensed Post Offices and Community Postal Agents, and contracted delivery drivers. Below we outline our workforce by segment.



Our supply chains

Like most large corporate groups, the Australia Post Group has complex supply chains that comprise both domestic and international suppliers. The Group has total supplier spend of \$2.2 billion, via 7,300 suppliers (with whom we have direct contact). The majority of the Group’s procurement spend relates to Australian-based suppliers servicing key supply groups such as logistics, property management, labour hire and business support services.

Our Post Offices are retail stores, so we also have centralised sourcing of Retail Merchandise products from a large variety

of local and overseas suppliers. Our Post Office supply categories include mobile phones, consumer electronics, home office and stationery, gifts and packaging consumables. Retail purchasing takes place under Group Procurement systems and policies, and represents approximately \$100m annual spend.

In addition, our Licensed Post Offices, Community Postal and Mail Agents, and Mail and Parcel Contractors oversee their own procurement processes – sourcing goods and services both via Australia Post and independently.

### 3. Overview of our modern slavery risks

#### Approach to scoping our modern slavery risk




We apply a systematic approach to risk and compliance at Australia Post.<sup>7</sup> To scope modern slavery risk, we have considered Commonwealth Guidance<sup>8</sup> regarding contexts and sectors in which modern slavery has been found to take place, including high risk countries, vulnerable populations, high risk products or industries, and high risk work practices (such as subcontracting and outsourcing where visibility and control is reduced). Modern slavery has the potential to occur in any location, industry or sector.

We conducted a review in 2018 and again in 2020 to map relevant modern slavery risk categories against our value chain – summarised in the table below. This allowed us to scope areas for deeper assessment.

#### Assessment of our modern slavery risk

Our assessment has found that Australia Post’s core business is considered a low risk activity. Reputable external ratings categorise postal and courier activities in the transportation and storage sector in Australia as carrying low inherent risk, including low risk for labour standards and health and safety.<sup>9</sup> During the reporting period, we have not become aware of any instances or indications of modern slavery in our operations, supply chain or workforce, including in our subsidiaries and controlled entities.

We acknowledge that while we have made strong progress, we still have work to do to build a deeper understanding of risks and gain information on areas of our value chain where we have less visibility. This will be a priority in FY21 and FY22.

Risk of modern slavery across our value chain		
		
<b>Our people and resources</b>	<b>Our network and operations</b>	<b>Our customers and community</b>
<ul style="list-style-type: none"> <li>Indirect and outsourced workforce groups (e.g. labour hire)</li> <li>Indirect workforce groups in our Licensed Post Office network</li> <li>Our sub contractor network (e.g. delivery contractors)</li> <li>Subcontracted services (e.g. cleaning)</li> </ul>	<ul style="list-style-type: none"> <li>Procurement of goods and services</li> <li>Retail merchandise products for sale in our Post Offices</li> <li>Merchandise independently sourced by Licensed Post Offices</li> </ul>	<ul style="list-style-type: none"> <li>Our Customer Network<sup>10</sup></li> </ul>

<sup>7</sup>In considering Modern Slavery, in line with the Act, 'risk' refers to a risk to people within our operations or supply chains who could potentially become victims of modern slavery. This can also have implications for business risk, as a business may be considered to cause, contribute to, or be directly linked (i.e. through suppliers and partners – but not customers) to modern slavery practices.

<sup>8</sup>Commonwealth Modern Slavery Act 2018 Guidance for Reporting Entities: <https://www.homeaffairs.gov.au/criminal-justice/files/modern-slavery-reporting-entities.pdf>

<sup>9</sup>Sedex 'RADAR Pre-Screen' 2020 finds that postal and courier activities in the transportation and storage sector in Australia carry low inherent risk, including low risk for labour standards and health and safety

<sup>10</sup>We may unknowingly carry products through our customer network on behalf of our customers which may have been produced using modern slavery. Acknowledging that Australia Post is not broadly authorised to open mail, modern slavery risks associated with items we carry for customers are difficult to monitor. Furthermore, while this risk has been identified in Our Customer Network, we are reporting in line with the Act which emphasises consideration of operations and value chain – not customer practices.

### Our people and resources

In line with the Act, we have made efforts to assess risk within our core services and have identified our extended workforce as a relevant area for additional due diligence.

This is important for us as one of Australia’s largest workforces, where the safety and wellbeing of our people is paramount.

To undertake this assessment, we considered modern slavery risks through the broader lens of workforce compliance– the controls we have in place to ensure compliance with Australia’s workforce laws, including laws in relation to protecting vulnerable workers. We have identified the following areas where enhanced controls (described in Section 4) also mitigate modern slavery risk.

Indirect workforce groups	<p>These are groups where we do not have a direct employment relationship, and so have reduced visibility and control.</p> <p>This includes our workers providing services through labour hire agencies and contractors.</p> <p>It also includes our Licensed Post Offices, where we again do not have a direct employment relationship with workers.</p>
Practices and arrangements within these groups	<p>We have identified practices and arrangements that could carry increased risk should controls not be followed.</p> <p>These include licensing arrangements, record keeping, workplace safety, visas and working rights and compliance with applicable industrial instruments and other workforce laws, including in relation to the payment of wages.</p>
Subcontracted operational services	<p>Our Facilities Management is a substantial operational area managed by a third party and which includes subcontracting relationships in areas like cleaning.</p> <p>We know that cleaning has been identified as a risk area for modern slavery in Australia and so gave this additional consideration (see <i>Case Study: Addressing Risks in our Cleaning Services</i>).</p>
COVID-19	<p>We also considered the importance of protecting workers during COVID-19, as outlined in the <i>Case Study: COVID-19 Impacts</i></p>

### Our network and operations

We assessed modern slavery risk across our procurement practices, Post Office network, and extended supply chain found that our potential risks lie in the following areas.

Procurement	<p>While the majority of our Group Procurement spend takes place in Australia (which is not a high risk country) and in low risk categories such as professional services, we have identified some high-risk categories such as uniforms and packaging for further due diligence.</p> <p>We have noted a degree of potential risk in relation to our decentralised decision-making model for low-spend purchasing and are looking at this through the lens of staff training.</p>
Retail merchandise	<p>While representing a lower proportional spend than procurement, this includes a high variety of products and suppliers, including higher risk categories such as electronics.</p>
Supplier visibility	<p>In both procurement and retail merchandise we have partial visibility of suppliers beyond those we have a direct relationship with, and of certain risk factors (such as country of origin) in some categories, and are committed to improving this.</p>
Licensed Post Office merchandise	<p>Our Licensed Post Offices can procure and sell products and services that are sourced by Australia Post. As independent business owners, Licensed Post Offices may also procure products and services through independent channels where Australia Post does not have visibility.</p>
Raw materials	<p>We have started to look into the potential for high risk raw materials in relevant items, such as our electric vehicles (see <i>Case Study: Cobalt-Free electric Delivery Vehicles</i>)</p>
COVID-19	<p>Following updated Commonwealth Guidance<sup>11</sup> we also considered the potential for increased risks as a result of COVID-19 supply chain pressures (see <i>Case Study: COVID-19 Impacts</i>)</p>

<sup>11</sup> Commonwealth Information for reporting entities about the impacts of coronavirus, April 2020: <https://www.homeaffairs.gov.au/criminal-justice/files/modern-slavery-covid-19.pdf>



### Case study: COVID-19 Impacts

Our response to COVID-19 has been driven by a clear strategy to protect our people, serve our country, and safeguard our business. Throughout the pandemic, protecting the safety and wellbeing of our people has remained our highest priority. Australia Post immediately worked to introduce split shifts and safe distancing for the frontline workforce and moved all other employees to work from home. By the end of March 2020 more than 4,500 employees were working remotely. Vigilant distribution of hand sanitiser, gloves and masks, the roll out of protective screens across post office counters, ongoing communication and strict social distancing and zoning policies in operational areas were prioritised. Throughout the pandemic we have consulted widely and regularly with our employees, our customers, our partners, Shareholder Ministers, the unions and other key stakeholders.

Additionally, we considered [Australian Government guidance](#) noting that pressures from the COVID-19 pandemic may increase the vulnerability to modern slavery of workers in global supply chains, and outlining actions entities can take to reduce this. We followed various recommended fair supply chain practices with our suppliers including early payments where appropriate, avoiding unreasonable contract variations, and avoiding shifts to less reputable retail merchandise suppliers.

When sourcing personal protective equipment (such as gloves and masks) to urgently protect our workforce, key considerations were: to source items quickly, to meet quality standards (e.g. Australian Standards, ISO certifications), and to not compete directly with the health sector's supply. Analysis has identified that some of the gloves purchased were manufactured in a country where migrant labour exploitation has been alleged. At the time of publishing this Statement, our inquiries had not identified any of the glove manufacturers to be associated with forced labour claims. We will continue to consider avenues to gain further information.

Additional impacts of COVID-19 included some delays in the delivery of relevant actions to address modern slavery risk, as we focused on urgent imperatives and business transition. This included delays to supplier due diligence, supplier audits, staff training and hosting stakeholder events. Our intention is to continue progressing these actions, while our business continues to serve the Australian people through the crisis.



## 4. Our Actions

### Policies, Programs and Governance

Australia Post has a range of policies, programs and governance mechanisms which set out our commitment to standards of conduct and behaviour.

Our governance structure is aimed at ensuring transparency and accountability regarding modern slavery.

Code of Conduct	Our Code of Conduct, <a href="#">Our Ethics</a> embodies our Group-wide commitment to addressing modern slavery
Modern Slavery Standard	Our Standard will function as a stand alone policy document on modern slavery, aligned to relevant standards and principles (drafted in FY20, it was approved early FY21)
Workforce arrangements	Our workforce arrangements including our <a href="#">policies and procedures</a> are developed in accordance with relevant Australian workplace laws which reflect fundamental human rights and international labour law standards
Whistleblower	Our Group <a href="#">Whistleblower Policy</a> and Whistleblower Hotline Provide a grievance mechanism for people within and outside our business
Procurement Policy & Principles	Our Procurement Policy and frameworks and align to Commonwealth Procurement Guidelines. Our Sustainable Procurement Principles are: <ol style="list-style-type: none"> <li>1. Workplace health, safety and wellbeing is never compromised</li> <li>2. Zero tolerance for harassment, abuse and discrimination</li> <li>3. Prioritise social enterprises, Indigenous and ethically certified goods and services</li> <li>4. No exploitative or forced labour and wage practices must be fair</li> <li>5. Rights to freedom of association and collective bargaining are respected</li> <li>6. Environmental impacts and hazards are minimised</li> </ol>
Supplier Code of Conduct	Included in all supply contracts, our <a href="#">Supplier Code of Conduct</a> sets out our minimum expectations of our suppliers, including expectations to ensure suppliers do not use any child labour, forced labour or involuntary labour, and operate according to recognised national and/or international standards
Global Compact Principles	We are committed to the principles of the <a href="#">United Nations Global Compact</a> , the world's largest voluntary corporate citizenship initiative to which we became a signatory in 2010, in alignment with our Shareholder's objectives of good governance of GBEs
2020-2022 Group Corporate Responsibility Plan	Our <a href="#">2020-2022 Group Corporate Responsibility Plan</a> sets out commitments and targets aligned to the Sustainable Development Goals, including to: <ul style="list-style-type: none"> <li>• create a holistic approach to addressing modern slavery in our operations and extended supply chain (commitment 1.2); and</li> <li>• have a transparent and traceable supply chain (commitment 1.4)</li> </ul>
Modern Slavery Working Group	Established in April 2019, our cross functional working group reports to an accountable Executive Sponsor and provides updates to the People & Sustainability Committee of the Board, and to the Board itself. The group includes risk and compliance, sustainability, procurement, retail merchandise, security, employee relations, governance and legal areas and leads a business-wide program of work to address modern slavery risk.
Subsidiary oversight	Subsidiary oversight is conducted, as outlined in Section 6. Relevant subsidiaries have Australia Post's shared services for finance, procurement and workplace relations available to them, ensuring that Group-wide expectations on minimising modern slavery risks are implemented across the Group.

### Mitigating risks in our extended workforce

Australia Post has controls in place to ensure compliance with workforce laws, including laws aimed at protecting vulnerable workers, and we consciously partner with reputable service providers and agencies. We are committed to ensuring that every person who works for the Group, whether as part of our directly employed or extended workforce, is engaged and paid in a manner compliant with relevant workplace laws. We have outlined some of the most relevant FY20 actions which strengthen our ability to protect against modern slavery.

- We took a coordinated approach: establishing Workforce Compliance Forums underpinned by monthly meetings to manage directly employed and extended workforce compliance in a coordinated way across the business.
- We strengthened controls when engaging the workforce, including by undertaking pre-engagement due diligence, reviewing contracts to require direct compliance with relevant laws, including the Modern Slavery Act 2018, and strengthening our powers to conduct workforce compliance audits.
- We strengthened controls during the engagement of our workforce, including by undertaking random and for cause compliance audits of workforce segments. We conducted periodic reviews of compliance with workplace obligations, including in relation to the payment of wages, visa compliance and labour hire licensing.
- We took steps to educate our extended workforce partners in relation to workplace laws and their obligations to their workers, including providing copies of *Our Ethics* and our Supplier Code of Conduct. We also provided our workforce with avenues to raise concerns or make complaints, including through our Whistleblower Hotline.
- We took proactive steps to protect workers' wellbeing and safety in our direct and indirect workforce during the COVID-19 pandemic, as detailed further in the *Case Studies: Addressing Risks in our Cleaning Services* and *COVID-19 Impacts*.

#### Case study: Addressing Risks in our Cleaning Services

The safety and wellbeing of our people, including our extended workforce, is our number one priority. The cleaning sector is considered a high risk area for modern slavery in Australia. This is in part due to the presence of outsourced or subcontracted labour, where oversight can diminish, combined with potential work safety risks. During 2020, there was the additional risk of exacerbating the vulnerabilities of workers during the COVID-19 pandemic, as cleaning needs intensified.

Cleaning of our facilities is overseen by a third party provider of property services who, during FY20, undertook actions to ensure compliance with relevant workplace laws, including through routine compliance audits, personnel interviews and vendor tracking. During the COVID-19 pandemic Australia Post took additional steps to ensure that the safety of cleaners, along with the rest of our extended workforce, was prioritised, including by modifying practices and ensuring access to Personal Protective Equipment.

Engagement of a new property services provider in 2020 provided an opportunity to further enhance controls around modern slavery. New arrangements place restrictions on subcontracting, giving us the ability to limit potential risks from multiple layers of contracting, and maintain closer oversight.

In addition, in FY21 we will conduct an audit of this provider focused on modern slavery. This will be the first such supplier audit we have undertaken. It will be designed to review whether the information provided in a modern slavery self-assessment (completed by the provider) is accurate in practice. The audit will incorporate Sedex Members Ethical Trade Audit methodologies and will focus on the two pillars of 'Labour standards' and 'Health and Safety'. It will be a valuable opportunity to review the accuracy of the self-assessment process in an important area of our operations.

Due diligence in our supply chain

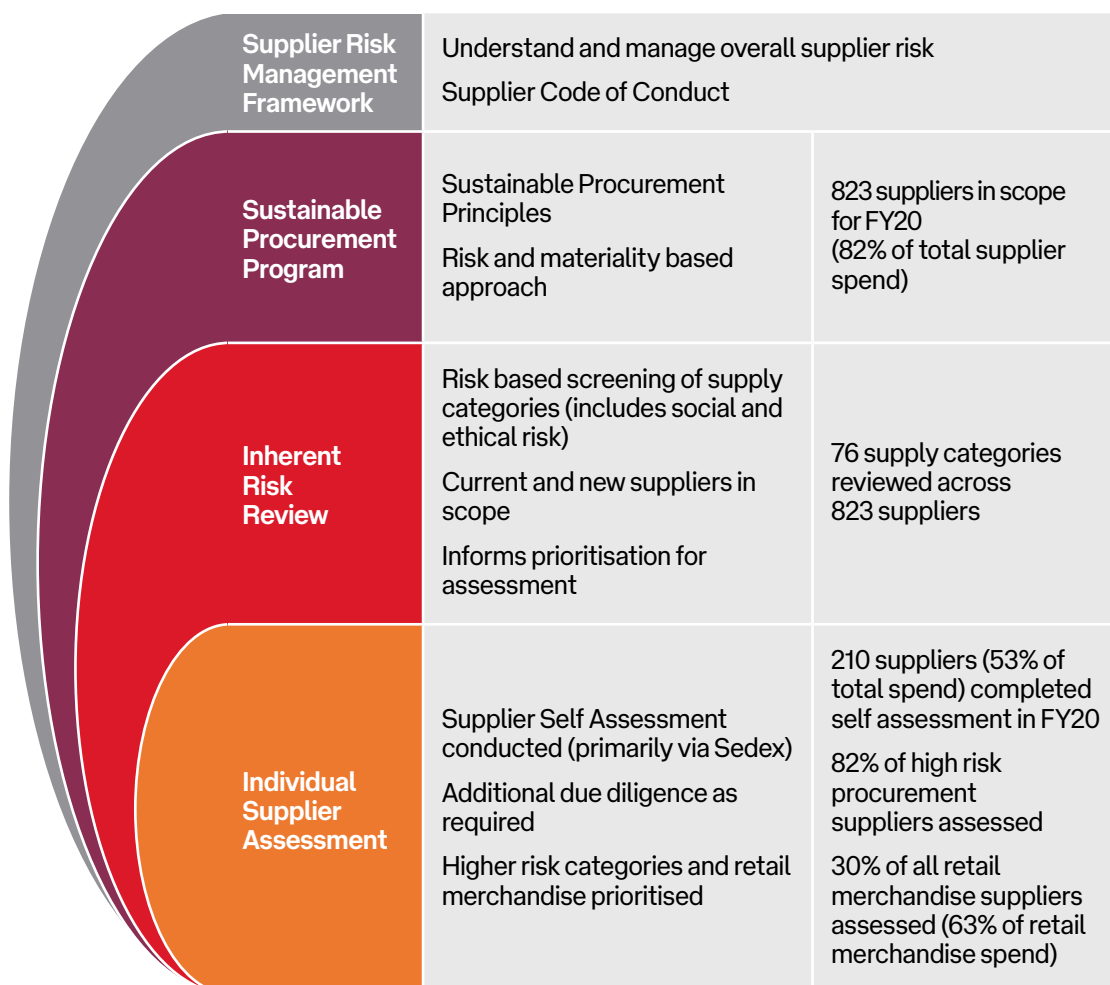
Australia Post is committed to driving transparency and traceability in our supply chain. As outlined above, our approach is underpinned by robust procurement policies and principles, including our Supplier Code of Conduct.

We take a risk-based approach to modern slavery, consisting of an inherent risk review across our supply categories, followed as required by a Modern Slavery Risk Assessment (individual supplier assessment). We use the Supplier Ethical Data Exchange (Sedex). The Sedex approach is based on current research, established standards and industry best practice codes, and the database provides suppliers a common platform for assessment by multiple customers. This gives us evidence to see and track potential risk in our supply chain.

- The higher risk areas included uniforms, paper and packaging. We prioritised this cohort for individual supplier assessment.

- We also prioritised our retail merchandise products (e.g. electronics, packaging) as a higher risk group.
- Medium risk procurement categories included office supplies, information technology services and logistics services, while the lower category included professional and financial services. We have commenced assessment of these suppliers. Assessment progress slowed during the COVID-19 pandemic, as we decided not to place additional pressure on our existing supplier base during the crisis.

While our established procedure is to implement a corrective action plan with suppliers as needed, at 30 June 2020 we had not identified any requirements for corrective action. In FY20 we identified a small number of suppliers where we had to seek further information, after which no further action was required.



Additional due diligence and risk mitigation efforts

During FY20 we explored ways to improve our assessment methodology and go deeper on key risk areas.

- We conducted a cost benefit analysis on our assessment approach and considered opportunities to focus on higher risk suppliers and consider risk data beyond self-assessment, given widely acknowledged limitations to suppliers assessing their own risks.
- We undertook additional due diligence on areas of potential risk, such as a deep dive (see *Case Study: Cobalt-Free Electric Delivery Vehicles*) that looked at high risk raw materials in the extended supply chain.
- We found opportunities to incorporate modern slavery risk preventative measures into new contractual arrangements and processes.
- We considered how to effectively harness targeted supplier audits, and started preparation for our first audit in FY21.
- Retail merchandise sourcing conducted factory visits outside Australia to better understand who was manufacturing goods procured through third parties (while not formal audits, consideration was given to safety conditions and relevant certifications or memberships).
- We prioritised Australian-made packaging products (now 90% of volume sold). Our mailing boxes are 100% certified by the Forest Stewardship Council which includes social criteria.
- Our social and Indigenous procurement program saw approximately \$19.7 million of expenditure devoted to social enterprises and Indigenous business, creating over 3,000 hours of employment and other benefits.

**Case Study: Cobalt-Free Electric Delivery Vehicles (EDVs)**

Sustainability is considered holistically and strategically at Australia Post. We have set a science-based target to reduce carbon emissions by 15 per cent (127,315 tonnes) by 2025, and are investing in smart transport such as electric delivery vehicles (EDVs). EDVs are providing environmental and safety improvements for our business while allowing our posties to deliver more parcels. During our modern slavery risk assessment process, we considered the potential presence of cobalt in the batteries of electric vehicles. Cobalt is known for grievous human rights impacts and is implicated in child labour and worker deaths and disease in the Democratic Republic of Congo.

Dialogue with the supplier of our EDVs found that they do not contain any cobalt. This was an intentional choice due to the difficulty sourcing cobalt sustainably. We will take this into consideration for future decisions around electric vehicles from the outset, so that we can offset both human and environmental risks.



**Grievance mechanisms, incident response and remediation processes**

The Modern Slavery Working Group has been working to improve Australia Post’s preparedness for appropriate reporting, investigation and remediation of incidents, should they arise. Scenario testing to inform this approach was carried out with key stakeholders during FY20.

Through this process, we identified ways to strengthen grievance mechanisms. We conducted a refresh of our whistleblower processes with the Australia Post Whistleblower Hotline being the appropriate channel for employees of suppliers to raise concerns or complaints.

We considered a range of potential internal reporting channels and commenced development of tools to help relevant people identify and escalate ‘modern slavery red flags’.

Should cases of confirmed modern slavery risks or issues arise within our supply chain, we will (per recommended practice) work with suppliers in the first instance to develop and implement corrective action plans. We also have access to contractual remedies.

In the event of Australia Post or its personnel being found to cause or contribute to an incident of modern slavery, we will comply with relevant laws and will seek to prevent further harm. This may include, where required, by ensuring victim-centred support is in place, providing appropriate remediation processes, and working with respected third parties.

**Capability building**

Identifying and managing modern slavery risks requires the assistance of our people, suppliers and partners. We took a range of actions this year to equip our people.

- We conducted a capability building needs assessment to understand learning needs for different roles and functions across the business.
- Our people continued to receive relevant compulsory on-boarding including in ethical decision making, incident reporting, corporate responsibility and workplace safety. We prepared modern slavery specific content for inclusion in a future refresh of this training.
- A staff education session was provided by an international modern slavery expert and made available to our people online.
- Relevant procurement staff have received training since 2016, including application of modern slavery risk management processes. A mandatory procurement module with modern slavery content has been developed for FY21, aimed at those with purchasing authority.
- The Modern Slavery Working Group has built its capability through briefings, sharing of research and scenario testing activities.
- Australia Post’s Board of Directors has participated in external training/briefings and an externally led training on this issue.
- Staff at Australia Post Global (based in London) received compliance training on modern slavery.

## 5. Effectiveness of our actions



We are committed to continuous improvement, and acknowledge that the Act is intended to support the eradication of modern slavery and not simply be a compliance exercise.

We also acknowledge the inherent challenges in measuring a ‘reduction’ in modern slavery arising from the often-covert nature of the crime. Our efforts to enhance risk assessment and transparency should improve our ability to find a breach or incident – so that in future, finding such issues may in fact indicate our systems are improving.

Our focus is on ensuring effectiveness by measurably improving the preventative mechanisms in our operations and supply chain. During 2020 we structured our work into a results framework with a hierarchy of outcomes and lead/lag indicators, which has supported collective ownership of goals.

This is underpinned by governance mechanisms referred to earlier in this Statement, which help us hold ourselves to account.

We make efforts to ensure our approach is relevant and reflective of emerging standards and practices, including leveraging research and in-house expertise, and targeted external engagement to gain insights and seek feedback, as described in Section 6.

Each stream of work undertaken by the Working Group reviews its effectiveness and ensures continuous improvement.

Examples from FY20 include:

- scenario testing of our incident response approach to ensure we have readiness for the variety of potential ways in which a modern slavery incident might occur;
- conducting random and for cause workforce compliance audits across our workforce to verify compliance by contractors and other indirect labour groups; and
- identifying learning outcomes against which training effectiveness can be measured.

Section 7 outlines our commitment to continuous improvement in FY21.

## 6. Consultation & Engagement



Australia Post actively engaged and consulted with Australia Post Group subsidiaries on our modern slavery program of work.

In accordance with the relevant provisions of the Act this Statement has been prepared in consultation with each reporting entity covered by the Statement and has been approved by the principal governing body of Australia Post and – where applicable – each relevant subsidiary and controlled entity.

During FY20, reports were provided to the boards of those subsidiary entities that are reporting entities, which included: details of the reporting requirements; information regarding the establishment of a Modern Slavery Working Group to address risks; subsequent updates on the Working Group's initiatives; and relevant program materials and updates.

We actively engage with our workforce, unions, customers, suppliers and other entities to strengthen the integrity of our operations and the reputation of our business – including to eradicate any presence of modern slavery.

As underscored in our 2020-2022 Group Corporate Responsibility Plan, we recognise the importance of collaboration and multi-stakeholder partnerships.

We gain modern slavery insights and feedback on our response by engaging externally with a

range of stakeholders including government, civil society, business, and experts in the field. We participate actively in the Global Compact Network Australia Modern Slavery Community of Practice, a peer network for Australian businesses to share learnings in relation to the Act.

Representatives of Australia Post have been invited to present on our approach to modern slavery in forums including the Australian Border Force Industry Summit in November 2019.

In our supply chain, our partnership with Sedex provides us with a valued resource and network, and a platform for supplier engagement. We also engage our suppliers directly and proactively to ensure they understand our requirements, and they are supported in our approach. We have attended cross industry events, conferences and round tables specifically dedicated to understanding modern slavery in supply chain procurement.



## 7. Next Steps

Our focus going forward will centre on continuing current efforts while finding more effective ways to identify modern slavery risks and mitigate those risks with preventative measures. Our priorities for the coming year will be confirmed by the Modern Slavery Working Group in early FY21, and will involve:

- enhancing transparency and traceability of our supply chain through due diligence, including efforts to continually review and improve the effectiveness of our supplier assessments through the Sustainable Procurement Program;
- expanding our ability to look beyond direct suppliers and consider factors like country of origin in supplier segmentation and risk assessment;
- undertaking our first major supplier audit related to modern slavery risk, and integrating learnings from the process;
- continuing to educate our extended workforce partners in relation to workplace laws and their obligations to their workers;
- progressing staff training and awareness raising and carrying out targeted capability building for people with key responsibilities;
- continuing scenario testing of reporting mechanisms and improving internal readiness for responding to potential modern slavery incidents;
- further engaging relevant subsidiaries' Boards in identifying and addressing modern slavery risks, as required; and
- continuing to drive enhanced compliance with workplace rights across our extended workforce, including through audit practices, workforce monitoring, pre-engagement due diligence and contractor management.

Australia Post is committed to continuously improving our efforts to combat modern slavery. We recognise that this requires an ongoing year-on-year commitment to a multifaceted program of work. Through our Modern Slavery Working Group, we will continue to identify and manage modern slavery risks, and we will report these transparently.



Lucio Di Bartolomeo  
Chair

For and on behalf of Australia Post Group  
18 December, 2020

