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# MODERN SLAVERY STATEMENT

*FOR THE REPORTING PERIOD  
1 JANUARY 2021 TO 31 DECEMBER 2021  
(FINANCIAL YEAR 2021)*

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# A MESSAGE FROM THE MANAGING DIRECTOR AND THE DEPUTY MANAGING DIRECTOR

PAE is extremely proud to report on our ongoing efforts to understand, identify, and address the risk of modern slavery in our operations and supply chain for the reporting period ending December 31, 2021.

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**WE STRONGLY BELIEVE THAT OUR COMMITMENT TO ACT ETHICALLY, HONESTLY, AND BE RESPECTFUL OF THE RIGHTS OF OTHERS, HAS UNDERPINNED OUR SUCCESS SINCE WE WELCOMED OUR FIRST CUSTOMERS IN 1990.**

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Our values as a company are what drive us to continue learning and improving in every aspect of our business dealings.

This Modern Slavery Statement articulates our ongoing commitment to doing business in a way that places the greatest value on human rights and dignity, ahead of profits.

This reporting period has presented our business with a great many challenges, giving us the opportunity to reflect on who we are, and the standards we expect from those with whom we do business.

We are pleased to submit the second Modern Slavery Statement on behalf of the PAE Board of Directors and employees for the 2021 reporting period, and to participate in the fight against human trafficking and modern-day slavery.



Barry Misiurak  
Managing Director

A handwritten signature in black ink, appearing to read "Barry Misiurak".



Andrew Maguire  
Deputy Managing Director

A handwritten signature in black ink, appearing to read "Andrew Maguire".

## PURPOSE OF THE STATEMENT

Pacific Asia Express (PAE) recognises our responsibility to understand and respect the human rights of all people without any discrimination and are committed to preventing and addressing any risks of adverse human rights impact linked to our operations and supply chain. As part of our commitment to supporting human rights, we take a stand against modern slavery, and we are committed to working with all our stakeholders to reduce and eradicate the practice of modern slavery and human trafficking.

This Modern Slavery Statement, made pursuant to the Australian Modern Slavery Act 2018 (the Act), aims to articulate the risks of Modern Slavery within PAE's operations and supply chains, and the steps we have taken, and will take in subsequent reporting periods, to manage and address these risks.

Our Modern Slavery Statement has been prepared in accordance with the mandatory reporting criteria required by the Act, being:

- ❖ A description of PAE entity and its structure,
- ❖ An outline of our operations and supply chains,
- ❖ An assessment of the potential modern slavery risks in those operations and supply chains,
- ❖ Actions taken to assess and address those risks in the reporting period,
- ❖ Assessment of the effectiveness of such actions and future steps, and
- ❖ A description of the process of consultation with the entities owned and controlled by PAE in preparing this Modern Slavery Statement.

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### **Understanding Modern Slavery**

*Modern slavery describes situations where perpetrators use coercion, threats or deception to exploit victims and undermine their personal freedoms. Practices that constitute modern slavery can include human trafficking, slavery, servitude, forced labour, debt bondage, forced marriage and the worst forms of child labour. It does not include practices such as substandard working conditions or underpayment of workers, although these practices are also harmful and may be present in some situations of modern slavery.*

*Modern slavery can occur in every industry and sector and has severe consequences for victims. Modern slavery also distorts global markets, undercuts responsible businesses, and can pose significant legal and reputational risks to entities.*

*The Australian Government is taking a global leadership role in combating modern slavery. There is no place for modern slavery in the Australian community or in the global supply chains of Australian goods and services.*

*Entities have a responsibility to respect human rights in their operations and supply chains, as outlined in the United Nations Guiding Principles on Business and Human Rights. This includes taking steps to assess and address modern slavery risks.*

*PAE acknowledges that as a leading shipping agency and logistics provider, it also has a major role to play in combating modern slavery. By committing to take action in combating modern slavery across our operations and supply chains, PAE will protect against harm to our business and our clients' businesses and will improve the integrity and quality of our respective supply chains.*

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## OUR STRUCTURE AND OPERATIONS

Pacific Asia Express Pty Ltd (ACN 051 866 409) (PAE) is an independent Shipping Agency and Logistics Company. PAE directly employs just over 80 people who work from our offices in most major Australian port cities, including Darwin and Townsville.

PAE acts as the local Shipping Agent for the following major Shipping lines: Pacific International Lines (PIL), Mariana Express (MELL) and Toyofuji Shipping (TFS). In acting as the local agent of PIL, MELL and TFS, PAE engages with and utilises suppliers that are contractually engaged by PIL, MELL and TFS. As such, PAE does not have control over the selection of and the contractual arrangements in place with those suppliers.

PAE operations involve the management of over 100 monthly port calls around Australia, comprising of container ships, multi-purpose and RORO vessels, catering for refrigerated containerised cargo, car transportation, break bulk as well as general and project cargo.

PAE shares many business resources such as Human Resources, Information Technology, Finance, Purchasing, and Risk & Compliance with AAW Global Logistics Pty Ltd (AAW), another reporting entity under the Modern Slavery Act, such that many elements of this statement are similar to AAW's statement lodged on 20 December 2021.

PAE outsources a small percentage of our operations and accounting functions to an offshore team operating in the Philippines.

## OUR PEOPLE

In FY2021, PAE maintained a workforce of just over 80 people across our operations.

As part of our HR Policy, we use only reputable recruitment firms and follow all applicable laws and regulations. We regularly review our recruitment procedures and recruitment providers to ensure a transparent and fair hiring process that can assist HR personnel to select the right candidate based on merit and job fit, as well as to avoid discriminatory behaviour at all stages of the overall recruitment process.

As an employer, PAE takes steps to ensure that all new team members are appropriately qualified and authorised to work in their respective countries. Remuneration is determined by taking into account the skills and experience required to safely perform the role, current market salary data, the applicable Modern Awards, and parity with colleagues performing the same or similar role. Salaries are reviewed on an annual basis to ensure that employees are compensated fairly and appropriately for their time and efforts, as well as their skill development.

PAE recognises that our most valuable asset is our people, so we prioritise employee welfare by encouraging and promoting a supportive work environment, offering well-being programmes and workplace flexibility. Cultivating a culture of continuous learning in our workplace has become a business imperative. Our primary HR goal is to provide people with the skills, tools, and support they need to do their jobs, as well as opportunities to advance their careers.

All our employees have access to grievance channels through which they can express their concerns, through WHS incident reporting, Working Together Policies, and our whistleblowing mechanisms. PAE is committed to protecting employees who report wrongdoing and will ensure that all disclosures made in accordance with whistleblowing procedures are treated confidentially and without fear of retaliation.

## OUR SUPPLY CHAIN

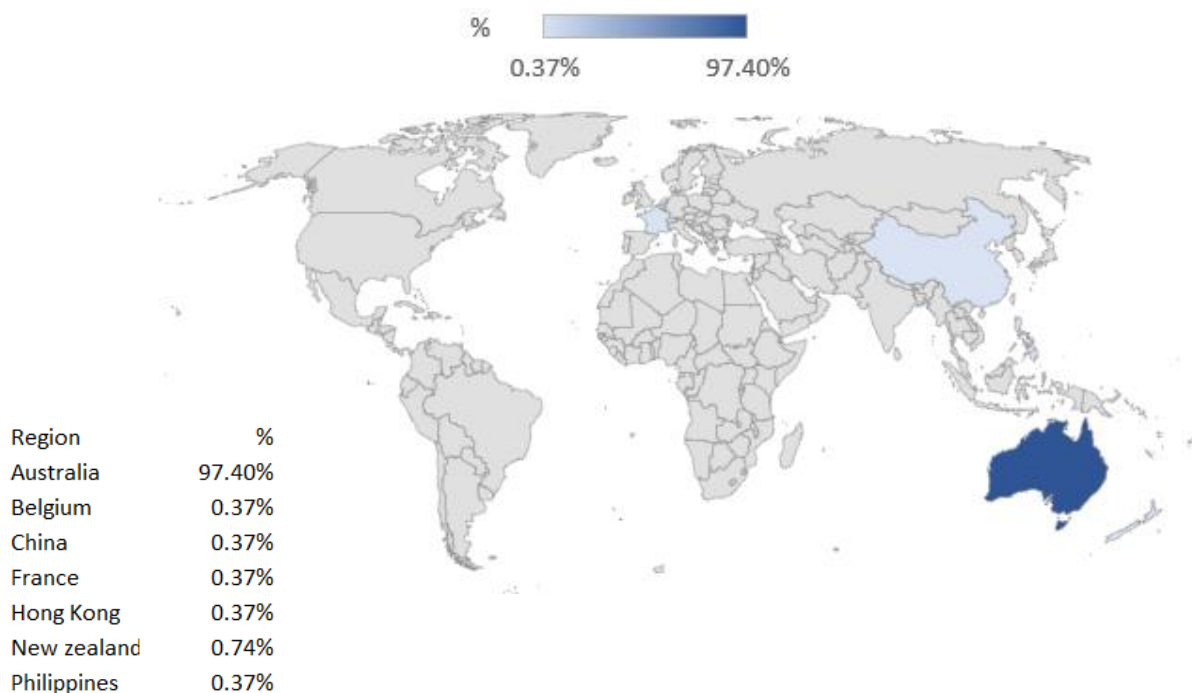
As a Shipping Agency and Logistics Company, we have established business relationships with our suppliers in order to provide our customers with access to the highest levels of service and efficiency in the transit of their goods.

At PAE, we understand the importance of human rights and dignity, and are committed to working with likeminded businesses, so that we do not intentionally contribute to modern slavery as we carry out our role as a player in the international supply chain.

PAE's supply chains include:

- ❖ Services that contribute to its operations such as the cleaning, catering, security, office equipment maintenance, utilities, IT, telecommunication that service PAE's offices. These service providers are located almost exclusively in Australia.
- ❖ Services that contribute to the services PAE offers its clients, including stevedoring companies, sea pilots, tug operators, seaports, trucking companies, storage and logistics companies. 97.42 % of our suppliers are based in Australia. Our small number of overseas suppliers are based in New Zealand, China, Hong Kong, Belgium and Philippines and provide freight forwarding, transportation, shipping agency services, and administration support services.
- ❖ Suppliers of goods to PAE that are not for resale to our clients, such as suppliers of equipment, packaging materials, office stationery, PPE, promotional products. These suppliers are located in Australia.
- ❖ Suppliers of professional services to PAE that are not for resale to our clients, such as suppliers of education and training, consulting and financial services. These suppliers are located in Australia.

### Location of Suppliers



# RISKS OF MODERN SLAVERY IN OUR OPERATIONS

## OPERATIONS RISKS

PAE has continued to operate solely in Australia in FY2021, where the geographical risk of modern slavery is lower; however, we recognise that modern slavery does occur in Australia, particularly in relation to vulnerable workers, migrants, and/or workers in low-skilled positions or in casualized or insecure forms of work.

PAE continues to outsource a small percentage of our operations and accounting functions to the Philippines, which has a high geographic risk of modern slavery according to the Global Slavery Index. Our outsourced operation in the Philippines provides PAE with entry level clerical services. PAE's operations in the Philippines are not in an industry identified by the Global Slavery Index as being an industry with a risk of modern slavery, however PAE is cognisant of the elevated risks in this aspect of our operations. PAE conducts visits to the Philippine office twice a year on average, which enables us to observe workplace conditions. However, our ability to conduct site audits was impacted for the second year in a row due to ongoing closures and severely restricted international borders. As a result, we developed alternative monitoring techniques such as virtual site visits.



## LABOUR RISKS

During this reporting period, PAE continued to engage workers as permanent full-time employees. Our employees are based in Australia and perform office duties. All permanent staff are employed on individual contracts with a Guarantee of Annual Earnings that exceeds the National Minimum Wage or relevant minimum Award wage.

Whilst we do acknowledge that modern slavery can occur in Australia, all of our employees are professional skilled workers and 99% are engaged on a permanent basis, which reduces the risks of modern slavery.

Whilst we acknowledge that migrant workers are at particular risk of modern slavery in Australia (though not typically in our industry), PAE does not presently engage any employees who hold working visas tied to their employment with PAE.

## RECRUITMENT RISKS

In relation to deceptive recruitment practices, we acknowledge that modern slavery risks are prevalent in this area, even in Australia. In FY2021, PAE continued to engage temporary workers through labour hire agencies, but only through agencies who are members of Australian recruitment industry associations such as corporate AHRI and RCSA memberships. Labour hire providers are also required to be licensed in several Australian jurisdictions. Workers engaged through labour hire agencies are engaged in Australia to perform administrative support work for PAE. The entitlements for all temporary labour hire appointments are confirmed in writing, regardless of the type of work an individual is engaged to undertake. From FY22 workers engaged through labour hire providers will be provided with a copy of PAE's Whistleblower Policy, which includes a mechanism for reporting modern slavery, and will be included in upcoming Culture and Pulse Surveys.

We are aware of the inherent risks of outsourcing recruitment and as such PAE:

- uses the services of a reputable recruitment agency on occasion to assist with temporary and permanent appointments; and
- checks that recruitment agencies we use do not charge recruitment fees to prospective or successful employees.

As we only use reputable recruitment agencies and the workers engaged are not performing work of the kind considered to be at risk of modern slavery in Australia, we have assessed the risk of modern slavery occurring in this element of our operations as low. However, in our aim for continuous improvement, from FY22 we are proposing to formally implement into our recruitment checklist a process to mitigate against recruitment agencies charging recruitment fees to prospective or successful employees.





## RISKS OF MODERN SLAVERY IN OUR SUPPLY CHAINS

PAE utilises cleaning, catering, and security services for our Australian offices through contracting arrangements with companies who supply these services. While the workers are based in Australia, PAE recognises that these industries have a higher risk of modern slavery even within Australia. Workers may come from vulnerable groups, such as low-skilled workers and those from migrant, low-income, or culturally and linguistically diverse backgrounds. If not managed properly, this increases the risk of potential modern slavery practises.

PAE uses IT support services for our operations, which are provided by a contracting arrangement company. While the companies we work with are based in Australia, their employees may be located in other countries, posing a geographical risk of modern slavery. PAE has limited visibility into this supply chain, which will be looked into further in future reporting periods.

PAE procures giftware promotional products, office supplies and uniforms which may be manufactured in various locations outside Australia, however they are purchased locally in Australia and from reputable office supplies stores and promotional merchandising suppliers. PAE does not have much visibility over this supply chain, however noting that supply chains related to uniforms and branded products may have a high risk of modern slavery, these supply chains will need to be investigated further.

PAE engages the following Australian service providers:

- ❖ stevedoring companies to manage loading and unloading of general and containerised cargo,
- ❖ sea pilots to manage safe passage of our principals' ships,
- ❖ tug operators to manage towage and marine related services,
- ❖ seaports as a place to unload or load goods from a vessel,
- ❖ trucking companies to transport goods from and to ports, and
- ❖ storage and logistics companies for safe storing of goods for its clients.

As 99.34% of PAE's total expenditure in relation to the above supply chains is paid to companies based in Australia, where strong regulation and good business governance prevail, the overall risk of modern slavery in the first tier of PAE's supply chain is considered to be relatively low (tier 1 suppliers are those that deal directly with PAE). These Tier 1 suppliers are also not in industries identified to be at risk of modern slavery in Australia. However, many of those suppliers are likely to source goods and services from higher risk jurisdictions, and we are continuing to develop an understanding of our supply chain in order to identify those risks.

In Australia, many workers in the maritime transport industry, including stevedores and port workers, are union members, which facilitates collective bargaining in relation to workplace issues, and reduces the risks of modern slavery occurring in Australia in these professions.

Sea pilots are professional, highly skilled workers, and therefore PAE assesses the risks of modern slavery to be low in relation to this supply chain in Australia.

Many of our largest suppliers in this space are themselves reporting entities under the Modern Slavery Act or have issued their own publicly available statements with respect to modern slavery. PAE will continue to monitor these reports, and the risks of modern slavery disclosed in such reports, in future reporting periods to assess modern slavery risks in these supply chains, and the work that is being undertaken by these suppliers to address those risks.

PAE acknowledges that, as a link of the global supply chain network, our supply chains are lengthy, and we have limited visibility and minimal ability to exert control, particularly in circumstances where key suppliers are far larger than PAE. Some of these larger suppliers have made public commitments regarding human rights and modern slavery, and many are likely to be reporting entities under the Act. Notwithstanding this, in future PAE will endeavour to leverage its longstanding business relationships with larger entities in this industry with a view to encouraging a similar focus on modern slavery.



We prioritised the risk review of Tier 1 suppliers in the previous reporting period and this focus has continued in this reporting period with a commitment to working with our Tier 1 suppliers to assess and address risks of modern slavery further down our supply chains in subsequent periods. Our efforts in this reporting period have been targeted at offshore processing service providers and our key suppliers because we identified that these supply chains may be the most vulnerable to modern slavery, and PAE believes it has the ability to influence and change these suppliers.

## OUR ACTIONS

### POLICIES AND STANDARDS

PAE has taken steps to address risks of modern slavery within our business and supply chain through implementation of policies and procedures. PAE will continue to build on this, and any new policies that are implemented will be reported in subsequent reporting periods. The most important policies and procedures that we have in place, as well as the steps we have taken to mitigate the risks of modern slavery, are outlined below:

## **BULLYING, HARASSMENT, AND DISCRIMINATION POLICY**

PAE is committed to preventing bullying, harassment and discrimination and has implemented policies that reflect the company's commitment to provide a safe and healthy work environment. Workplace bullying and harassment are not and will not be tolerated under any circumstances. This policy outlines PAE's commitment to a safe workplace and is intended to ensure, to the greatest extent possible, that employees are not subjected to any form of bullying, harassment, or discrimination while at work. This policy was updated during the reporting period to reflect changes to the Fair Work Act 2009.

## **WHISTLEBLOWER PROTECTIONS POLICY**

We are committed to promoting a culture of open and honest communication, corporate compliance, and governance. As part of that commitment, PAE has a Whistleblower Protections Policy, which serves as a grievance mechanism through which people within and outside our business can register concerns or file reports about any suspected misconduct or an improper state of affairs including unethical, illegal, or other inappropriate conduct. The Policy has been made available to all staff via our intranet, and to the general public via our website. We did not receive a Whistleblower report during the reporting period. In this reporting period, we updated this policy to include explicit references to modern slavery, and to make it more accessible to the community and employees of our suppliers (and their suppliers) for the purpose of reporting modern slavery risks or concerns directly to PAE so that they can be addressed and remedied.

In acknowledgement that not receiving a Whistleblowing report is not an indication of there being no issues to report on, but potentially of there being insufficient awareness of the policy, in FY22, PAE will work to raise awareness of the Whistleblower Policy down our supply chains.

## **FLEXIBILITY AT WORK POLICY**

To continue to support our employees to better balance work and their family life, we introduced the Flexibility at Work Policy. This initiative builds on our commitment to improve the retention of our staff and their well-being, support diversity and continue to build on our people-first strategy. This year, we began updating the policy and introduced a Work from Home checklist to assist us in assessing the risks associated with working from home. To ensure the ongoing safety of our team working from home, the checklist is required to be resubmitted annually, or when an employee makes significant changes to their at-home work environment, such as renovations or moving house.

## **WORKING TOGETHER POLICY**

The Company respects every employee's right to be treated with dignity, respect, and courtesy. Employees should be able to come to work in an environment that reflects harmony, safety, and security, and that is free of harassment and discrimination, and the Company will make every effort to ensure that this happens. As part of this commitment, PAE implemented a Working Together Policy to ensure that the Company provides a safe and healthy working environment. The Policy is available to all employees via our intranet.

## **EQUAL EMPLOYMENT OPPORTUNITY (EEO) POLICY**

The Company is committed to providing equal opportunities for all applicants and employees of the Company, in all areas of employment, and in the terms and conditions of employment, regardless of sex, race, marital status, political or religious beliefs, or any other protected characteristics. Company policy requires that Equal Employment Opportunities will be provided in all aspects of employment including recruitment, promotions, remuneration and other terms and conditions of employment.

## MODERN SLAVERY POLICY

PAE is committed to protecting our employees' rights and maintaining the highest human rights, ethical, and modern slavery standards. As a result, during this reporting period we developed our Modern Slavery Policy, which affirms the Company's commitment to contributing to the abolition of all forms of modern slavery and outlines our approach to reducing the risk of modern slavery practises within our supply chains and operations. The Modern Slavery Policy was finalised 16 July 2021, and has since been communicated to our employees, our outsourced operations team in the Philippines, and the general public via our website.

## EMPLOYEE CODE OF CONDUCT POLICY

We began developing an employee code of conduct policy this year. This is an important document that explains to employees the standard of behaviour expected of them, and how the company intends to conduct business. It aids in the avoidance of ambiguity in staff expectations and the prevention of inappropriate behaviour. It also fosters a positive ethical culture in which all employees are treated equally and with respect.

## EMPLOYEE HANDBOOK

The handbook is a valuable tool for developing, strengthening, and changing our organization's culture, and it reflects our commitment to the promotion and protection of human rights based on the principles of dignity, equality, and mutual respect. It includes standards, policies, and employee expectations, in order to comply with Australian workplace regulations. This reporting period, we have begun updating the Employee Handbook to include information about modern slavery and PAE's commitment to addressing the risks of modern slavery in its operations and supply chains.

## CULTURE AND PULSE SURVEYS

As a result of the pandemic and the supply chain pressures that continue to affect our business, the implementation of our employee survey, which was scheduled for 2020, has been postponed once more. This programme will be revisited in FY2022 with the same goal of soliciting anonymous feedback from our employees (including those engaged on a temporary basis or through labour hire agencies) to assist PAE in identifying and addressing risks of gender inequality, harassment, coercion, bullying, control, or exploitation.



## RECRUITMENT

PAE has continued its practice of engaging only reputable recruitment providers and employment agencies who are members of Australian recruitment industry associations and checking that any new agencies do not charge candidates recruitment fees. For recruitment for permanent positions, recruitment providers or employment agencies are engaged predominantly in relation to senior or specialist roles. Where workers are engaged on a temporary basis through labour hire providers to perform administrative support work, PAE confirms all entitlements in writing, regardless of the type of work an individual is engaged to undertake. As noted above, in FY22 workers engaged through labour hire providers will be provided with a copy of PAE's Whistleblower Policy, which includes a mechanism for reporting modern slavery, and will be included in upcoming Culture and Pulse Surveys.

Engagement of recruitment agencies (whether for temporary or permanent hires) requires prior approval from the Commercial Director (expense approval) and agency selection and commercial relationship is approved and managed by the Senior HR Business Partner. By limiting the use of recruitment agencies for permanent positions to senior, specialist and difficult-to-fill roles that are well remunerated and skilled, this reduces the risk of PAE contributing to modern slavery in its operations through deceptive recruitment practices on the part of recruitment agents.

PAE executes an annual salary audit to monitor compliance with employment agreements and ensure all staff are receiving above the National Minimum Wage or Award Wage (where relevant). During this reporting period, we have reviewed all staff remuneration to ensure all staff are paid appropriately.



## INTERNSHIPS

PAE has established relationships with several Australian tertiary institutions, periodically offering internships to students, and has historically provided work experience to high school students. In these circumstances, students are engaged under the terms and conditions set by their university or the relevant Education department. Interns who are observing and learning as part of a student or vocational placement are ordinarily not paid, however interns who are undertaking productive work and delivering a commercial benefit are remunerated, consistent with Australia's workplace laws. During the reporting period, PAE did not provide any internships or work experience placements.

## VISITS TO OUTSOURCED TEAM IN THE PHILIPPINES

Due to Covid and travel restrictions, our team has not been able to travel and conduct site visits in the last two years. As a result, we continue to meet with our outsourced team representatives on a regular basis via online meetings to discuss any issues they may be experiencing. These meetings occur with the entire outsourced team, and cover a wide range of topics, including the impact of lockdowns, the need for IT or other support, and employee well-being. With the easing of restrictions, we anticipate travel and site visits will resume in FY22.

In the reporting period, we updated our legal documentation with our outsourced team to include requirements with respect to modern slavery, including that:

- (a) Workers engaged by the provider receive (at a minimum) remuneration in accordance with applicable laws, and those records are kept that we can be provided with; and
- (b) Workers are free to leave their employment or contract with the provider and are not subject to any debt bondage arrangement.

We have also engaged in dialogue with the outsourced team with respect to the requirements of the Act, and what steps PAE is taking to make sure we understand, assess and address risks of modern slavery in our operations and supply chains. The dialogue continues and has highlighted for us the importance of listening to the experiences and viewpoints of suppliers and entities who, because of their geographic location, have a valuable perspective to share with respect to the driving factors behind labour exploitation and modern slavery, which should be considered by PAE (and all reporting entities) in actions it takes to address risks.

## DUE DILIGENCE

As part of our commitment to maintain PAE's ethics and integrity in business practices, we continue to monitor and review our internal processes and policies.

We follow our responsible recruitment practises, which include stringent pre-employment checks for all employees, such as background checks, employment history, and confirmation of appropriate work rights.

We engage reputable labour hire agencies and follow the same process before engaging new hires, in which we identify the type of work to be outsourced, check against relevant Awards, and ensure individuals are remunerated in accordance with the relevant Award; if the Award is not applicable, we review current market rates to ensure individuals are paid a competitive rate when compared to their peers.

With the assistance of our consultants, we developed a Supplier Risk Assessment process in FY20 to assist us in identifying and managing the risks of modern slavery in our supply chain. During this reporting period, we used the same process to evaluate our Tier I Suppliers.

We have started developing a procurement procedure that will ensure that these service providers have been pre-screened and have undergone background checks, including financial, human resource, and regulatory due diligence, before we engage them. PAE is looking for ways to incorporate ethical sourcing into our procurement practises. During the reporting period, we commenced work in drafting an Ethical Sourcing Policy and Supplier Code of Conduct, which we expect to implement in FY22.

In the event that we need to work with any agents, PAE has created an agency agreement that has modern slavery clauses for foreign agents. During this reporting period, we also added a modern slavery clause to our current contract with our offshore processing service providers.

We updated our vendor agreement during this reporting period to include specific references that address the vendor(s)' working conditions or concerns about modern slavery, and we will implement this document during the next reporting period. This updated form will be provided to all new vendors. PAE will also work with existing vendors to transition them to the new vendor agreement, which will begin in the next reporting period.



## TRAINING OF STAFF

This year, we collaborated with our consultants to develop a Modern Slavery Training Programme to raise awareness among our employees. We had planned to implement the training in FY21, but due to Covid-related delays, we are now planning to implement it as a mandatory compliance course for all our employees and our outsourced team in FY22.

This reporting year, our Group Risk & Compliance Manager attended a workshop on Implementing Effective Modern Slavery Grievance Mechanisms hosted by Global Compact Network Australia. The workshop provided:

- Technical guidance on the expectations of businesses in implementing grievance mechanisms as outlined in the UN Guiding Principles on Business and Human Rights (UNGPs) and the Australian Modern Slavery Act 2018 (Cth).
- Practical guidance on how to design and implement grievance mechanisms that meet the UNGPs' effectiveness criteria.
- Workshop exercises that respond to a hypothetical modern slavery scenario, such as designing and peer-reviewing an effective grievance mechanism.
- Networking opportunities with other practitioners and technical experts.

## MONITORING AND REPORTING

Our efforts to combat modern slavery continue, with the working group meeting on a regular basis throughout the reporting period. The initiative is still fully supported by the policy owners, finance team, Group Risk & Compliance Manager, Senior Human Resources Business Partner, and Chief Financial Officer.

PAE has defined a framework that includes metrics that will allow PAE to track the effectiveness of its due diligence actions and report on our impact during the reporting period. The metrics will come into effect in FY22. Furthermore, we've begun including modern slavery reporting as a standing agenda item at every board meeting.

## ASSESSING THE EFFECTIVENESS OF OUR ACTIONS

In FY21 PAE did not receive any reports of modern slavery in our operations or supply chains. We have taken steps since the close of this period to make sure our employees, outsourced teams and contractors are aware of our Whistleblower Protection Policy and our Modern Slavery Policy, which are publicly available on our website. Our efforts in this space will continue into future reporting periods.

In relation to our operations, we assess the effectiveness of our actions through our Annual Review of our People and Safety policies which is conducted to ensure employees are receiving legal entitlements. During the reporting period, we did not identify any issues in respect of compliance by PAE with Australia's workplace laws.



Using the framework set out in **Table I** to assess the effectiveness of our actions to address modern slavery, we have measured our activities in FY21 in relation to our stated objectives from our previous Modern Slavery Statement. We have:

- ❖ commenced the Annual review of our People and Safety policies,
- ❖ completed our review of existing agreements to include Modern Slavery clauses,
- ❖ continued to drive enhanced compliance with workplace rights including pre-employment due diligence and labour hire management,
- ❖ begun work on the development of a Procurement Policy, Ethical Sourcing Policy and Code of Conduct for Suppliers Policy. It is anticipated that these policies will be finalised and implemented in FY22,
- ❖ developed a procurement procedure that will include supplier risk assessment and surveys, and are currently developing a preferred supplier list with the goal of implementing the procedure in FY22, and
- ❖ continued developing Key Performance Indicators and a long-term plan to allow for a more thorough review in subsequent periods, detailing how effective PAE has been in addressing modern slavery risks within operations and supply chains.



**TABLE I - PAE's framework for evaluating the efficiency of our actions**

**Governance Framework**

- Annual review of our People and Safety policies.
- A maturity assessment of our policies, systems, and controls, as well as our grievance mechanisms and remediation processes.
- Completion rates for awareness training.

**Risk Management**

- Risk-based approach to assessing the risks of modern slavery by reviewing our business operations, procurement practises, and Tier I Suppliers, taking into account their geographical location, nature of goods and services supplied, and annual spend level.
- Total number of suppliers who have incorporated anti-modern slavery practises into their operations.
- Analysis of responses to supplier questionnaires.

**Grievance Mechanisms**

- Regular reporting on the total number of issues raised and resolved.

**Monitoring and Reporting**

- Regular reporting on the total number of site visits.
- Reporting to the Executive Team on a quarterly basis.

Due to the continuing impact of COVID-19 on our operations our objective to deliver a Modern Slavery Training Programme to all our staff has been deferred to FY22.

In FY22 as our efforts continue, we will assess our effectiveness by considering:

- ❖ the number of our suppliers that are transitioned on to contractual documentation including modern slavery clauses,
- ❖ the number of employees who complete Modern Slavery training,
- ❖ the responses to our Culture and Pulse Survey,
- ❖ the implementation and response rates in respect of modern slavery questionnaires,
- ❖ the percentage of suppliers engaged from our preferred supplier lists,
- ❖ any reports made through channels and remediation activities, and
- ❖ the compliance with procurement procedures.

We will continue to consult with experts in the field to better understand our obligations and to implement strategies to assess and address the risks of modern slavery, as well as to assess the effectiveness of our actions.

## DURING COVID

As the COVID-19 pandemic continues for the second year in a row, a number of preventative measures remain in place to ensure that our employees work in a safe and healthy environment.

- ❖ Our Crisis Management Team, comprised of senior business leaders, worked tirelessly to keep our people safe while ensuring business continuity.
- ❖ Our Covid Management Plan was reviewed and updated on a regular basis in accordance with the most recent health advice, and any significant changes were communicated to our employees.
- ❖ All employees in Australia continued to work from home as per government directives.

- ❖ Throughout 2021, PAE continued to assist vessel owners/operators by facilitating crew changes and seafarer repatriation in accordance with all Covid-19 restrictions and protocols imposed by governments both here and abroad.
- ❖ PAE continued to work closely with our offshore partners in the Philippines to support their remote working model.
- ❖ Our Paid Pandemic Leave Policy, which was implemented in March 2020, remained in effect for all employees, including casuals, new employees, those with minimal sick leave accrual, and those with pre-agreed work commitments, providing 10 days of paid leave should they or a member of their family require care, become sick with the virus, but have insufficient leave available.

Despite the above precautions, COVID-19 has continued to have a significant impact on our operations and supply chains, as well as the steps PAE was able to take during the reporting period to assess and address modern slavery risks.

## CONSULTATION

Our consultation process included participation by our Modern Slavery working group, which includes representatives from Finance, Human Resources, Trade, Operations, Risk and Compliance, and Executive team members.

The PAE Board of Directors authorised and approved the publication of this statement on June 28, 2022.



# CONTINUOUS IMPROVEMENT

PAE is committed to continually improving our approach to reducing the risk of modern slavery practises in our supply chains and operations and has established the following priorities for FY22:

- ❖ Continue to review our existing Policy Framework.
- ❖ Continue to work on our Procurement Policy, Ethical Sourcing Policy, and Supplier Code of Conduct Policy, with the goal of implementing it in FY2022. Supplier risk assessment and surveys, as well as the development of a preferred supplier list, will be part of the procurement procedure's implementation.
- ❖ Deliver the developed modern slavery training to all our staff to increase their understanding and awareness.
- ❖ Continue to drive enhanced compliance with workplace rights including pre-employment due diligence and labour hire management, including:
  - updating our induction process for labour hire workers to ensure they are aware of our Whistleblower Policy; and
  - updating our recruitment checklist to include a process to mitigate against the risk of engaging recruitment agencies who charge recruitment fees to prospective or successful employees.
- ❖ Continue to review our existing agreements to ensure that modern slavery clauses are included.
- ❖ Continue the transition of existing vendors to the new vendor agreement.
- ❖ Publish Modern Slavery Statement by 30<sup>th</sup> of June each year outlining the steps we have taken to address modern slavery risks.
- ❖ Engage in dialogue with shipping lines for whom PAE acts as a local agent with the goal of developing shared responses to modern slavery risks and ways to address those risks.
- ❖ Continue to assess the effectiveness and efficiency of our actions in response to modern slavery risks.



Review of Policies



Supplier Code of Conduct



Training & Awareness



Compliance & Due Diligence



Review of Contracts



Compliance with the Act

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