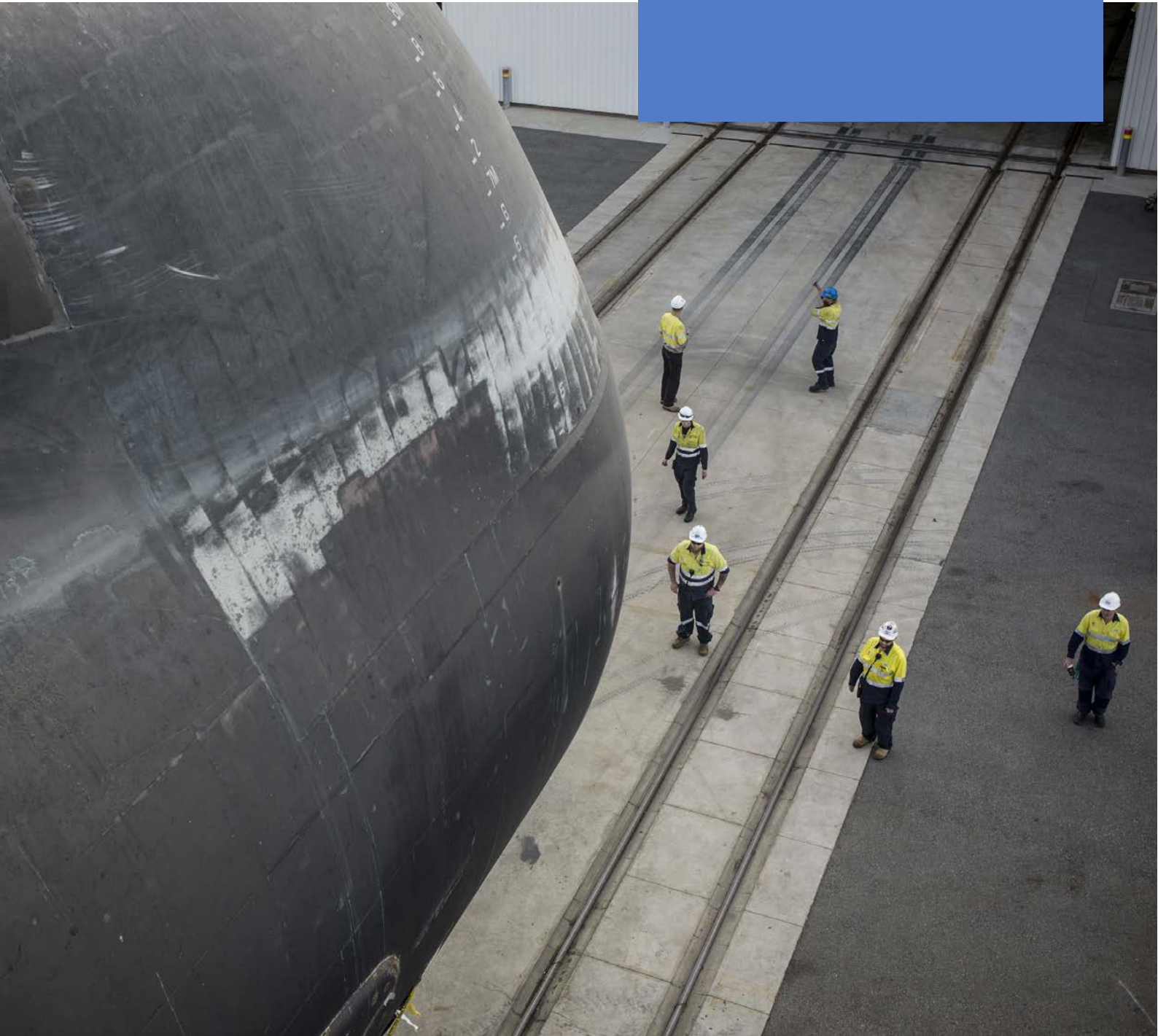


# Modern Slavery Statement

2021



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# A Message from ASC

On behalf of the Board of ASC Pty Ltd (ASC), we are pleased to endorse the company's 2021 Modern Slavery Statement.

This is the second annual statement produced by ASC, outlining our progress and commitment to addressing and eliminating modern slavery risks in our operations and supply chain, by raising awareness and identifying risks through our three-year road map.

ASC acknowledges modern slavery can occur in every industry and sector and there is no place for such abhorrent conduct, either in the Australian community or in the global supply chains of Australian companies.

During this reporting period we focused our efforts on strengthening practices within each of the four pillars that guide our approach to modern slavery risk management: corporate governance; policies and procedures; due diligence; and monitoring and reporting.

This year, ASC launched a revised set of corporate values that reflect the behaviours and principles by which we deliver our services, and align with our commitment to responsible business practices, including eliminating modern slavery. They are Protect (safety and security), Respect, Integrity, Discipline and Excellence, forming the acronym PRIDE.

ASC also successfully re-negotiated three of the four Enterprise Bargaining Agreements (EBAs) pertaining to our workforce during this reporting period. These agreements cover approximately 32 per cent of ASC's total permanent workforce.

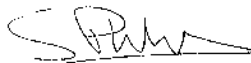
While this reporting period centred on embedding and implementing the framework to support our commitments to eliminating modern slavery risks, there is still more to do on this journey. We are now looking ahead to the third year of our road map, which will focus on continuous improvement.

We will continue to report annually on the actions ASC has taken to address modern slavery risks in our operations and our supply chains, and remain committed to upholding the enduring and important principles on which this plan is based.

This statement was approved by the ASC Board on 12 November 2021.



Bruce Carter  
CHAIRMAN



Stuart Whiley  
MANAGING DIRECTOR AND  
CHIEF EXECUTIVE OFFICER

# Our Achievements



## 2020/2021

### Corporate Governance

- > Submitted ASC's first Modern Slavery Statement.
- > ASC's modern slavery commitment updated in ASC's 2021 Annual Report.
- > Developed ASC's modern slavery training modules for employees as an on-line resource.

### Policies and Procedures

- > Improved policies and procedures addressing modern slavery risks through continuous review and improvement of governance processes.

### Due Diligence

- > Updated the risk assessment of Tier 1 suppliers in accordance with ASC's modern slavery risk framework.
- > Undertook a deep-dive of high risk suppliers identified in the reporting period and implemented awareness raising activities with identified suppliers.
- > Modern slavery awareness raising activities were conducted with high risk suppliers.
- > ASC PRIDE corporate values implemented.
- > Enterprise Bargaining Agreements successfully negotiated with ASC's workforce.

### Monitoring and Reporting

- > Developed ASC's modern slavery KPIs.

# Roadmap

ASC's Modern Slavery Three-Year Risk Management Implementation Plan (2020-2022) outlines the three-phased approach adopted by ASC to pursue our ambition to eradicate modern slavery in our operations and supply chain.

This plan aligns with the three-year review period outlined in s21(c) of the *Modern Slavery Act 2018 (Cth)*<sup>1</sup> (the Act) and provides ASC with the ability to monitor progress against our commitments and the Act.

This is ASC's second statement in response to the Act and summarises our progress. During 2020/2021 we were in the second phase of execution – “Embedding and Implementing” – see Figure 1.

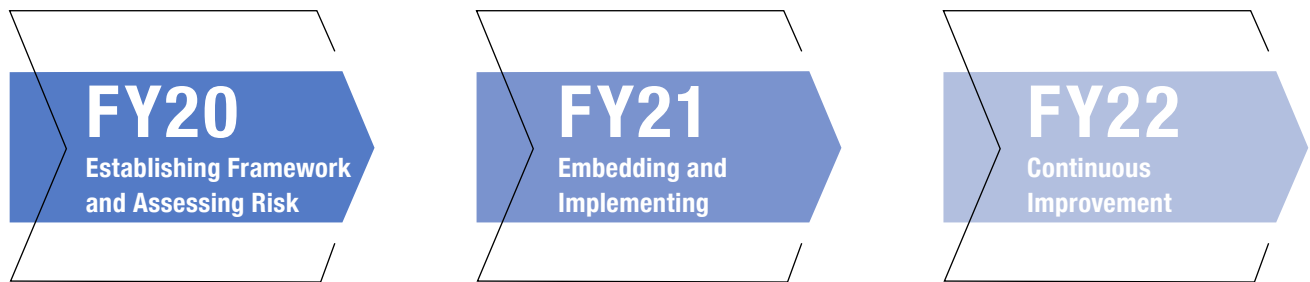


Figure 1: Modern Slavery Three-Year Risk Management Implementation Plan



<sup>1</sup>Modern Slavery Act 2018 (legislation.gov.au)

# Snapshot of our Approach

ASC's vision to eradicate modern slavery in our operations and supply chain is upheld by our strategic pillars and PRIDE values, which provide the governance and corporate structure to implement our priority actions.



Figure 2: ASC vision, strategic pillars and PRIDE values

## DEVELOPMENT OF THIS STATEMENT

ASC Pty Ltd is a proprietary company limited by shares registered under the *Corporations Act 2001 (Cth)* and is subject to the *Public Governance, Performance and Accountability Act 2013 (Cth)*. All the shares issued in the capital of ASC are owned by the Commonwealth of Australia, represented by the Minister for Finance.

ASC's Executive Team and Board also manage and oversee active subsidiaries ASC OPV Shipbuilder Pty Ltd and ASC AWD Shipbuilder Pty Ltd (together the ASC Group). ASC's Executive Team and Board were consulted in the development

of this statement. Further consultation was undertaken with our subsidiaries who are responsible for our supporting role on the Offshore Patrol Vessel Program (OPV) and our activities on the Air Warfare Destroyer (AWD) Program, both managed by ASC's Maritime Services Group through its Executive Manager and Head of Commercial and Supply.

This statement, pursuant to s16(1) of the *Australian Modern Slavery Act 2018*, sets out the actions taken by ASC Pty Ltd, ASC AWD Shipbuilder Pty Ltd and ASC OPV Shipbuilder Pty Ltd (together, for the purposes of this Statement, "ASC")

to address modern slavery risks in its business and supply chains over the financial year ending 30 June 2021.

In ASC's second modern slavery statement, we consulted with our active subsidiaries to conduct an annual modern slavery risk assessment of our collective Tier 1 suppliers. For suppliers assessed as high risk, we worked together with both subsidiaries to implement due diligence and remediation procedures to support suppliers to take remedial action.

# About ASC

Our mission is to be a trusted and efficient partner with sovereign design, build and sustainment capabilities, driving best value for our customers.

ASC's central role in the Australian maritime defence supply chain provides the opportunity to influence and drive actions to further identify and address modern slavery risks throughout the industry.

At ASC, we live by our PRIDE values, ensuring we build a safe, engaged and customer-focused culture. Beyond our legislative obligations, it is our PRIDE values that underpin our approach and commitment to eradicating modern slavery in our operations and supply chain as we support our nation's defence capabilities.

## ORGANISATIONAL STRUCTURE

ASC is a proprietary company limited by shares and registered under the *Corporations Act 2001*. It is subject to the *Public, Governance Performance and Accountability Act 2013*. All the shares issued in the capital of ASC are owned by the Commonwealth of Australia represented by the Minister for Finance.

ASC has two active wholly Australian Government owned subsidiaries: ASC AWD Shipbuilder Pty Ltd and ASC OPV Shipbuilder Pty Ltd. ASC also has two dormant subsidiaries: Deep Blue Tech Pty Ltd and ASC Modules Pty Ltd. The Executive Team and the Company Board for ASC Pty Ltd manage and govern ASC, including its subsidiaries. ASC's structure is shown in Figure 3.

On 11 June 2004, ASC was proclaimed as a Government Business Enterprise (GBE) under the then *Commonwealth Authorities and Companies Act 1997*. ASC is a Commonwealth company. ASC remains a GBE pursuant to section 5(2) (a) of the *Public Governance, Performance and Accountability Rule 2014*.

ASC has proudly served as Australia's sovereign submarine builder and sustainer for more than 35 years.

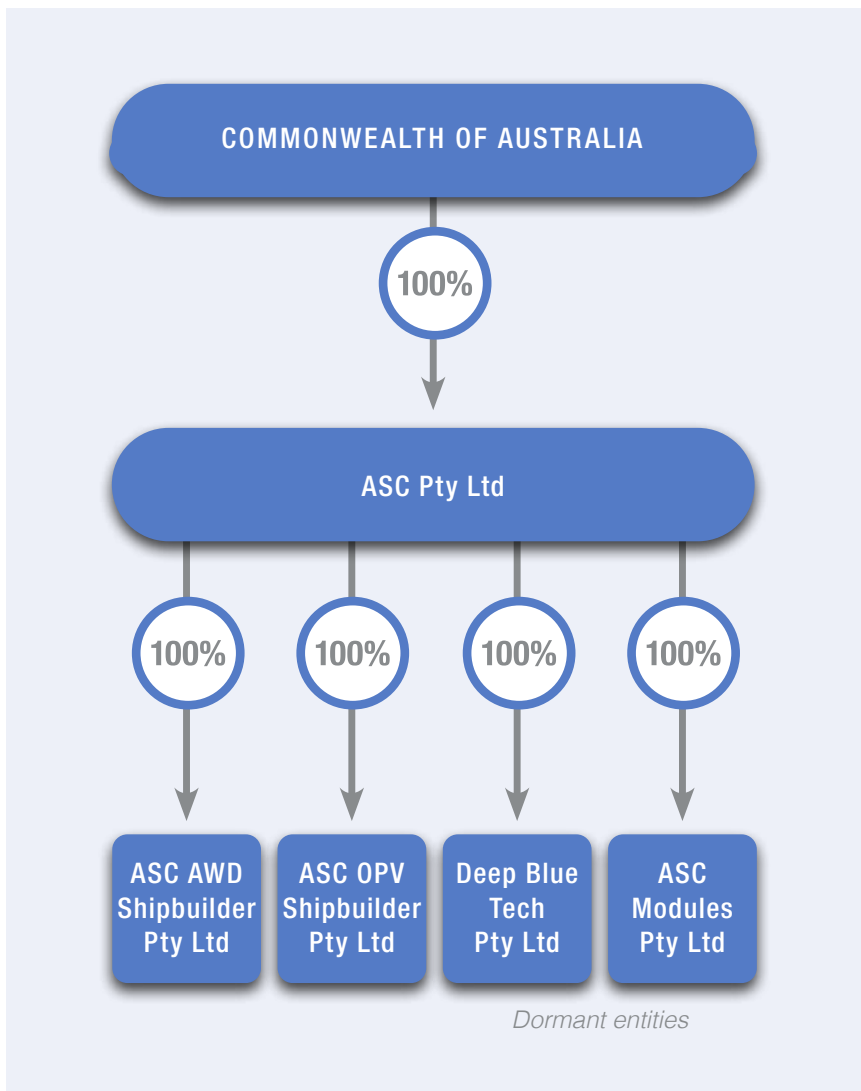


Figure 3: ASC Group Structure

This statement provides a single, consolidated description of the actions to address modern slavery risks across ASC.

# Operations and People

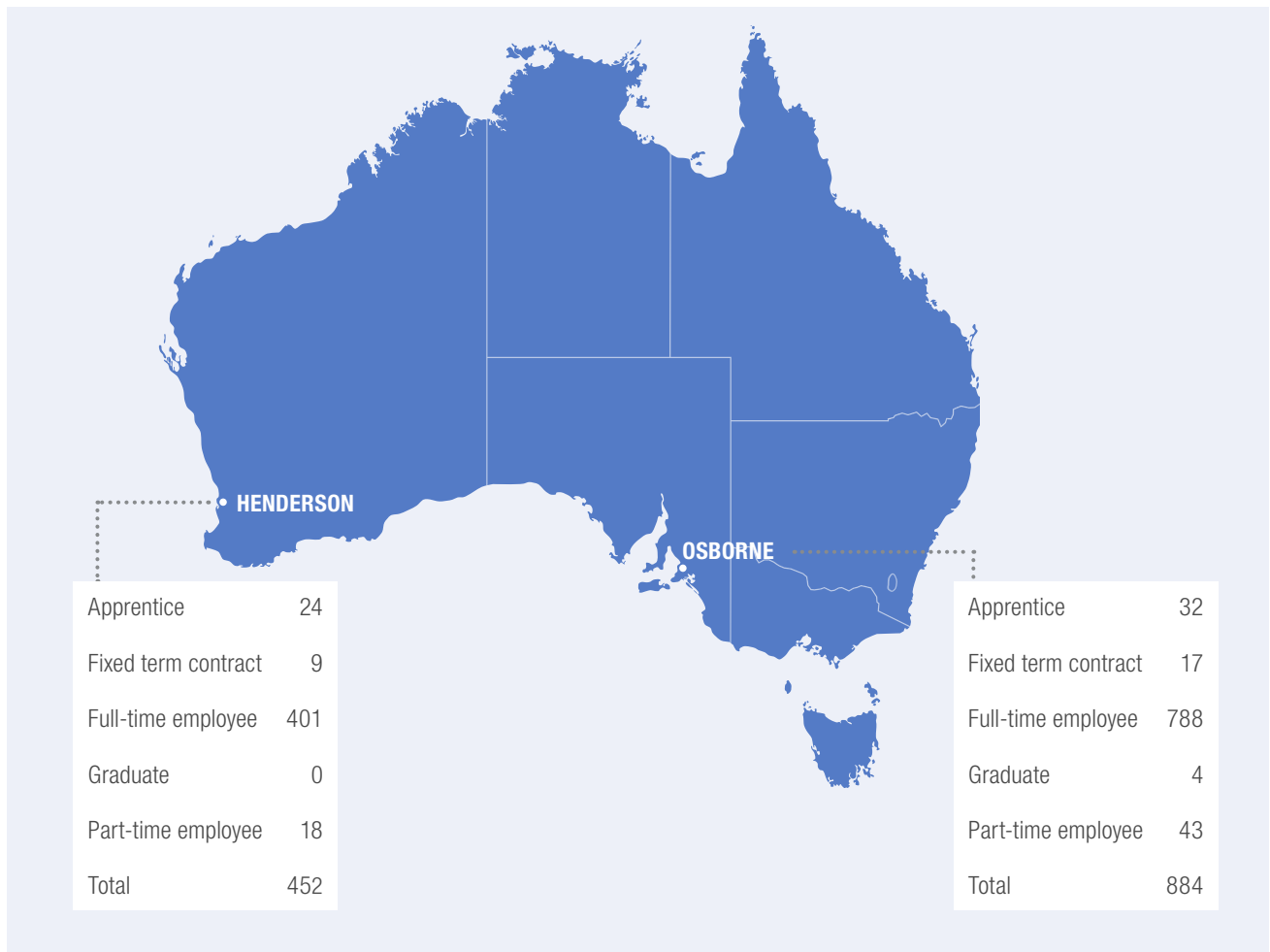


Figure 4: ASC workforce 30 June 2021

ASC's approximately 1,300-strong workforce is based across two states, at ASC North in Osborne, South Australia and ASC West in Henderson, Western Australia.

Approximately 90 per cent of our workforce is employed on a permanent basis. As at 30 June 2021, 14 per cent of ASC apprentices were under 18 years of age. Around two per cent of our employees are employed on fixed term contracts.

Following completion of the reporting period, ASC partnered with the Australian Government to implement a new Sovereign Shipbuilding Talent Pool, which will result in an increase to the existing ASC workforce. This increase will be reported in ASC's 2021/2022 statement.

## SUPPLY CHAIN

ASC has developed, deployed and manages the largest, most complex and diverse supply chain operations ever required for the Australian Defence Force. Our extensive and global supply chain spans a wide range of industries and includes more than 1,100 suppliers engaged in 2020/2021.

The majority of these suppliers are stable, longer-term relationships, and are located in Australia, Europe, North America and Singapore. ASC is an integral part of Australia's sovereign naval industrial capability due to our partnerships, supply chain excellence, and superior incorporation of Australian industry content.



# Modern Slavery Risks in our Operations and Supply Chains



## RISKS IN OUR OPERATIONS

The nature of ASC's work necessitates a highly skilled workforce. ASC's employees are located in Australia, and perform either corporate/office-based roles or highly skilled trade-related roles. ASC also has contracts with overseas partners and second employees to these companies (in France and Canada).

The risk assessment conducted in 2019/2020 demonstrated that overall, when assessed in the context of Australia and ASC's mature human resource policies, systems and procedures, these roles are considered lower risk for modern slavery. Whilst these circumstances and risks remain unchanged in 2020/2021, during the reporting period we focused on implementing approaches that allowed us to continue compliance with ASC's *Fair Work Act 2009 (Cth)* obligations<sup>2</sup>.

## RISKS IN OUR SUPPLY CHAIN

ASC aims to provide world-class sovereign supply chain capability that is an enduring and integral part of Australia's maritime strategy. As an Australian naval shipbuilding organisation, the majority of our direct suppliers are located in Australia, with the remaining supply relationships located across Europe, North America, and Asia.

In 2020/2021, ASC engaged more than 1,100 suppliers, spending around \$200 million with Australian businesses. Major categories of supply for ASC include defence equipment; machinery; professional services, transport and logistics; and human resource and employment services.

## SUPPLIERS BY LOCATION, NUMBER AND INHERENT RISK

In 2020/2021, ASC undertook the second modern slavery risk assessment of direct Tier 1 suppliers, including active suppliers in ASC's AWD and OPV shipbuilding activities. This process considered both geographic and industry risk factors to determine suppliers with the greatest inherent risks of modern slavery, using global country risk assessment sources.

In 2020/2021, the tool utilised to assess suppliers was updated to incorporate revised risk ratings for each country and industry. This has resulted in some countries and industries having a higher risk rating due to new knowledge and recently unfolding incidents.

<sup>2</sup>Fair Work Act 2009 (legislation.gov.au)

# Modern Slavery Risks in our Operations and Supply Chains *continued*



Figure 5: Suppliers by location, number, and inherent risk

ALL SUPPLIERS		
INHERENT RISK CATEGORY	#	% OF SUPPLIERS
High	16	2
Medium	412	37
Medium/low	651	59
Low	25	2

NEW SUPPLIER SUBSET		
INHERENT RISK CATEGORY	#	% OF SUPPLIERS
High	3	1
Medium	88	29
Medium/low	185	62
Low	23	8

The 2020/2021 risk assessment revealed that ASC had financial spend with more than 1,100 Tier 1 suppliers<sup>3</sup> across 15 countries, with more than 90 per cent located in Australia.

The majority of ASC's Tier 1 suppliers have medium/low risk rating and are located in Australia, Europe, and North America, and are all considered to have lower inherent modern slavery risks. These suppliers with a medium/low risk

rating represented 55 per cent of ASC's total annual procurement expenditure.

In 2021/2021, ASC established relationships with approximately 300 new suppliers, of which 62 per cent were assessed as medium/low risk. More than 80 per cent (244) of these new suppliers are located in Australia, with the remaining spread across Europe and North America.

#### KEY POINTS FROM RISK ASSESSMENT INCLUDE:

**2%** of suppliers were assessed as high risk; **three** (out of **16** in total) of these suppliers are new to ASC. High risk suppliers represent less than **1%** of ASC's procurement spend.

**All** of ASC's high risk suppliers are located in Australia. This risk reflects the high inherent risk of the categories of goods and services provided.

**Top 10 suppliers** account for approximately **40%** of total procurement spend.

**4** of these top suppliers were identified as posing a medium risk of modern slavery. These will be prioritised for additional assessment and engagement in **2021/2022**.

<sup>3</sup>ASC carries out its risk assessment on suppliers with whom ASC has associated spend in a calendar year.

# Modern Slavery Risks in our Operations and Supply Chains *continued*

ASC recognises that, whilst our supplier base is predominantly located in Australia (meaning the risk of modern slavery is low), the categories of goods and services provided by these suppliers have high inherent risk of modern slavery further upstream in the supply chain (for example, through subcontractors to our suppliers) for the products we purchase.

As such, ASC acknowledges the need for effective controls to minimise the likelihood of contributing to exploitative practices through our business activities. ASC has commenced further assessment of suppliers who provide categories of goods and services with a higher inherent risk of modern slavery and will continue to work with them to identify and mitigate potential risks upstream in the supply chain.

The table below sets out the procurement categories of ASC's high-risk suppliers, the Tier 1 countries we source from and the likely indicators that drive their inherent modern slavery risk rating.

CATEGORY OF GOODS & SERVICES	TIER 1 SOURCING COUNTRIES	INDICATORS OF INHERENT RISK
Apparel and accessories such as cotton bags and t-shirts, leather bags, and protective cases	Australia	There are high inherent risks related to the apparel and textile manufacturing industry including forced labour, child labour and human trafficking. The complexity of this sector's supply chain reduces the visibility of issues which lie deep within activities such as the production and farming of animals for leather and natural fibres such as cotton. Cotton and leather are typically produced in areas with high risks of modern slavery like China and Brazil. These countries are associated with high-risk of forced labour (eg China has faced allegation of forced labour of its Uyghur population in Xinjiang). The apparel and textile industry are highly labour intensive with a reliance on low-skilled and migrant workers who are frequently exposed to excessive working hours, underpayment, and poor working conditions.
Electronic components such as component parts for the maintenance of equipment such as marine lights, solar, batteries, and switches	Australia	The electronic manufacturing industry has been linked with numerous instances of labour exploitation which present themselves deep within the complex supply chains of critical componentry. The industry is at higher risk for forced labour and human trafficking throughout its supply chain including the use of migrant labour particularly in countries like China and Malaysia where electronics are predominantly produced. Other risks associated with the industry lie in the sourcing of commodities which are associated with forced labour and exploitation, limiting the control over modern slavery risk within the electronic supply chains.
Timber pallets and building products	Australia	The wood-based products industry is at higher risk for forced labour and human trafficking. Whilst Australian grown timber is considered low risk for modern slavery, the supply chains of finished products carry risks further upstream. Production processes elevate the risk of workers being exposed to hazardous working conditions. Labour risks such as the use of low skilled migrant labour, seasonality and subcontracting increase the risk of exposure to modern slavery in this industry.
Protective equipment including safety glasses	Australia	The healthcare supplies industry is higher risk for forced labour and human trafficking. While our suppliers of healthcare products are Australian based, modern slavery risks may be found in sourcing component parts for production. Factors such as complex and/or opaque supply chains, frequent use of migrant labour and exploitative work practices such as excessive overtime, increase modern slavery risks in this industry.
Distributors of food products	Australia	Services provided within the food distribution industry are likely to rely on an indirect employment model such as labour hire, contracting or sub-contracting, minimising visibility of workforce exposure to business and operational risk. At a broader level, the food and agriculture industry has been linked to child labour and forced labour exploitation in countries where these industries operate. Factors such as seasonal work practices, long work hours, dangerous working conditions and frequent use of migrant workers contribute significant risks in this industry.

# Approach to Managing Modern Slavery Risks

ASC's commitment to modern slavery eradication is guided by our Modern Slavery Three-Year Risk Management Implementation Plan. In 2020/2021, we entered the second phase of our plan to embed and implement our policies and procedures, and continue reporting on our progress.

During this period, we focused on strengthening practices within each of the four pillars that guide our approach to modern slavery risk management:

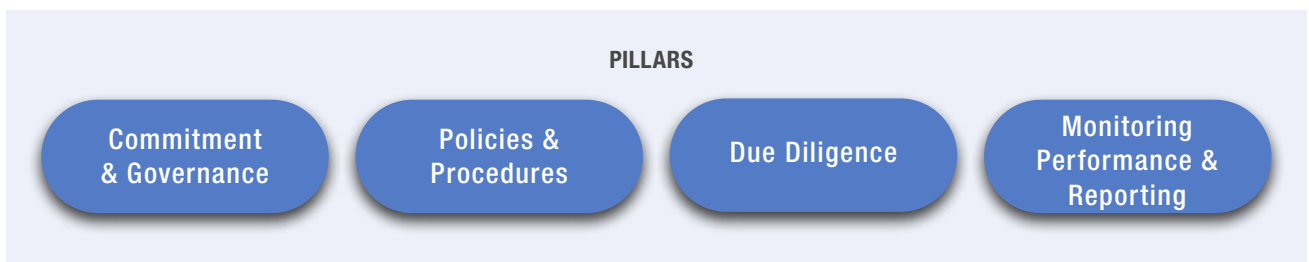


Figure 6: The Four Pillars of Modern Slavery Risk Management



# Commitment and Governance

Human rights and modern slavery remain enduring priorities in ASC's governance principles.

We are committed to creating an environment free from slavery in our workforce and supply chains. Our PRIDE values guide our business conduct and support us in building a safe and engaged culture for all people involved in supporting our activities.

ASC's governance structure defines the roles and relationships between our owner, the ASC Board, management, employees, and supply partners – see Figure 7. Three committees support the ASC Board:

- Audit Committee
- Business Assurance and Security Committee
- Human Resources and Remuneration Committee

The Business Assurance and Security Committee is responsible for assessing management's approach to minimising and managing ASC's exposures to all areas of material business risks, including modern slavery. The committee met four times in 2020/2021.

Responsibility for managing risks associated with modern slavery and human rights sits with several management/executive committees including:

**The Executive Safety, Environmental and Quality (ESEQ) Council** is responsible for proactively reviewing the strategies, policies, risk exposure, targets, and performance of ASC and where appropriate, its suppliers and contractors with respect to work health and safety, quality assurance, environmental sustainability, and product safety. The committee met four times in the 2020/2021 reporting period.



Figure 7: ASC Governance Structure

**The Executive Risk Management Committee (ERMC)** is responsible for overseeing the ASC Risk Management Framework, in alignment with AS/NZS ISO 31000:2018 Risk Management Standard. The ERMC is principally responsible for establishing and maintaining the ASC risk profile which includes monitoring risk reporting, identifying material risk and advising the executive and ASC Board on risk related matters, including modern slavery. The committee met four times in the 2020/2021 reporting period.

**The Human Resources and Remuneration Committee** assists the Board to fulfil its corporate governance and oversight responsibilities in relation to the Company's people strategy, including remuneration components, performance measurements and accountability frameworks, recruitment and retention, talent management and succession planning. The committee met four times in the reporting period.

## Commitment and Governance *continued*



ASC's Modern Slavery Working Group (MSWG) operates across departments and is sponsored by two of ASC's executive managers. The MSWG is tasked with providing governance and leadership to deliver on ASC's commitments including:

- Implementing our modern slavery compliance framework to identify, address and remediate modern slavery risk.
- Overseeing the development of ASC's annual Modern Slavery Statement.
- Tracking implementation of ASC's Three-Year Modern Slavery Risk Management Implementation Plan to improve our systems, processes, and controls.
- Developing and delivering an ongoing system of education to build awareness of modern slavery across ASC's Board, executive, staff and suppliers.
- Providing regular progress reports to the Executive and Board.

The MSWG met eight times in the reporting period.

# Policies and Procedures

ASC uses a range of policies and procedures to guide our approach to modern slavery risk management in our operations and supply chain. Our policies are subject to bi-annual reviews in accordance with ASC's policy review schedule,

ASC has a Code of Conduct for its employees and a separate Code of Conduct for suppliers, both which outline the behaviours that are expected of them. In 2020/2021, we updated our Procurement Manual to ensure that the principles of the modern slavery legislation were embedded and implemented into our business systems and operational procedures.

The table below highlights relevant policies and procedures that we have in place to manage and remediate modern slavery risks.

POLICY/PROCESS/PROCEDURE	ASC	SUPPLIERS	PURPOSE
Modern Slavery Process	✓	✓	Describes ASC's commitments with respect to the <i>Modern Slavery Act 2018</i> , what ASC is doing to manage modern slavery risk, and how ASC will identify, report, investigate and remediate instances of modern slavery.
ASC Code of Conduct	✓		Articulates the high standards of honesty, integrity, ethical and law-abiding behaviour expected of ASC's directors, employees and contractors.
Supplier Code of Conduct		✓	Outlines ASC's expectation that suppliers comply with the <i>Modern Slavery Act 2018</i> . Sets out the standards that ASC expects of its suppliers in relation to ASC's values, labour and human rights, health and safety, environment and community, and confidentiality.
Anti-Fraud Process and Fraud and Corruption Control Framework	✓	✓	Outlines ASC's commitment and approach to complying with laws and regulations addressing fraud, bribery, and corruption, which can facilitate slavery and other forms of exploitation in the value chain.
Whistle-blower Protection Process	✓	✓	Ensures disclosure of any contravention of the law, including the <i>Modern Slavery Act 2018</i> , can be made internally without fear of reprisal, with the knowledge that the whistle-blower will be treated fairly and confidentially.
Risk Management Framework	✓		Includes guidance for the identification and management of modern slavery risks.
Supply Chain Policy	✓		Seeks to deliver a safe, secure, sustainable, and value for money supply chain through an effective governance framework that enables good faith dealings and transparent commercial processes in the supply chain. By creating sustainable supply, ASC ensures that the economic and other benefits of our procurement spend flow through more equitably to all workers in our supply chain, helping to eradicate negative impacts such as modern slavery.
Procurement Manual	✓		Stipulates all procurement activity should be undertaken in a fair and ethical manner consistent with ASC's Code of Conduct with particular emphasis given to consideration of modern slavery risks.
People and Culture Manual	✓		References the <i>Fair Work Act 2009</i> (Cth). Provides an overview of human resources related policies and procedures and is a guide to new and existing employees who need to familiarise themselves with ASC's People and Culture documentation. The manual also details conditions of employment and our approach to maintaining compliance with our <i>Fair Work Act 2009</i> (Cth) obligations within our Australian operations.

# Modern Slavery Due Diligence and Risk Management

ASC's Three-Year Modern Slavery Risk Management Implementation Plan provides us with the framework to identify, assess and manage our modern slavery risks. The MSWG continuously reviews the actions included in the plan to maintain relevance as we progress our commitments.

## MANAGING RISKS IN OUR OPERATIONS

ASC's operational activities were assessed as having a lower risk of modern slavery within the context of Australia and our existing human resource systems and controls. In 2020/2021, we focused our efforts on implementing the following controls to maintain compliance with labour requirements and understand modern slavery risks.

## ENTERPRISE BARGAINING AGREEMENT (EBA)

ASC negotiates four EBAs with our workforce every three years. In 2020/2021, three of four EBAs were re-negotiated. The staff agreement for South Australia was ratified and operational in the reporting period, while the remaining negotiated EBAs are expected to commence in the 2021/2022 reporting period. In 2020/2021, a new EBA was successfully negotiated for staff in South Australia, with the remaining three agreements under negotiation. The EBAs cover around 30 per cent of ASC's total permanent workforce.

EBA	METHOD OF NEGOTIATION	STATUS OF ENTERPRISE BARGAINING
Staff Agreement South Australia	Good faith bargaining	Completed. Ratified document in place and operational prior to 30 June 2021.  <i>Commencement date: 26 May 2021</i>  <i>Nominal expiry: 26 March 2024</i>
Staff Agreement Western Australia	Good faith bargaining	Negotiations complete but agreement not yet ratified and operational as at 30 June 2021.
Team Lead Agreement South Australia	Good faith bargaining	Negotiations complete and agreed in principal but not yet voted on as at 30 June 2021.
Team Lead Agreement Western Australia	Good faith bargaining	Current EBA in place. Negotiations not yet commenced as at 30 June 2021 for new EBA.

Further to the above, ASC engages blue collar labour hire providers and mitigates any risk by negotiating these contracts on the same principles as agreed within the relevant ASC EBA.

## EXTERNAL REMUNERATION REVIEW

ASC's Human Resources and Remuneration Committee is responsible for undertaking annual reviews of ASC's remuneration policy and strategy, which covers around 68 per cent of ASC's salaried employees.

In 2020/2021, ASC engaged the support of an external industry expert to conduct a remuneration review of our salaried workforce. This included a review of ASC's banding against industry benchmarks and an assessment of roles against factors considered to be common to all roles, such as job content, qualifications, skills, experience, business environment, job challenges and position accountabilities.

Results of this process were reviewed by ASC and where appropriate, updates were made to salary bands to reflect movement in the external market and the strategic and operational requirements of ASC.



# Modern Slavery Due Diligence & Risk Management

## *continued*



### SUPPLY CHAIN RISK IDENTIFICATION AND ASSESSMENT

In 2020/2021, we focused on assessing and addressing modern slavery risks in ASC’s supply chain, and implemented due diligence and remediation procedures to support high risk suppliers in taking action to mitigate relevant risks.

ASC engaged an independent consultant to conduct our second annual modern slavery risk assessment which identified the inherent risks with Tier 1 suppliers. The assessment considered three key factors in determining inherent risks: country risk, industry risk and modern slavery risk.

Country risk ratings were established through an analysis of human rights databases, indices and reports from internationally recognised bodies including the Global Rights Index, International Labour Organisations, and the World Bank. Modern slavery industry risk ratings were established through an analysis of labour intensity; skill level; presence of opaque intermediaries; level of industry regulation; presence of migrant labour and known modern slavery violations.

An inherent modern slavery risk score was then calculated for each Tier 1 supplier for all forms of modern slavery including forced labour; child labour; forced marriage and human trafficking.

### SUPPLY CHAIN RISK MITIGATION AND REMEDIATION

In 2020/2021, we introduced a new qualification process for all ASC suppliers, requiring all new suppliers to complete ASC’s Modern Slavery Questionnaire.

We commenced engagement with Tier 1 suppliers that ASC identified (during the modern slavery risk review) to be at high risk of engaging in modern slavery, in addition to the top 14 critical suppliers, with a view to further our understanding of their modern slavery risk. A detailed assessment of each supplier’s inherent risk rating and evaluation of responses to our Modern Slavery Questionnaire was undertaken. Through this process, we identified three suppliers that required further action to take into the next reporting period.

We will use the results of this process to develop action plans for risk mitigation, which will be implemented with each supplier in 2021/2022.

HIGH RISK SUPPLIER	CONCERNS IDENTIFIED FROM MODERN SLAVERY QUESTIONNAIRE
1	Supplier provided good awareness of modern slavery risk, however given country and inherent industry risk, action plan required to understand supplier’s risk mitigation.
2	Supplier has limited awareness of modern slavery risk. Given supply industry risk, action plan required to build supplier knowledge.
3	Supplier has limited awareness of modern slavery risk. Given supply industry risk, action plan required to build supplier knowledge.

# Monitoring Performance and Reporting

ASC has embedded grievance mechanisms and whistle-blower protection processes available to our workforce and suppliers to raise concerns, which may include incidents of modern slavery, human trafficking, or human rights issues. In 2020/2021, no incidents of this kind were identified through these mechanisms. This process is publicly available on ASC's website.

We are committed to investigating all instances of actual or suspected modern slavery reported to ASC. Where an investigation confirms the presence of modern slavery in our supply chain or business operations, we will initiate remediation steps detailed in our modern slavery process.

ASC's MSWG governs the implementation of our modern slavery compliance framework and closely monitors the advancement of our Three-Year Modern Slavery Risk Management Implementation Plan. The group is also responsible for providing the ASC Board with updates on the progress of our modern slavery program.

Our primary focus over the reporting period was to update modern slavery training resources for employees; maintain compliance of operational procedures; develop modern slavery KPIs; introduce supplier qualification/requalification processes and implement risk management practices for high-risk suppliers. The effectiveness of our approach is measured through the following mechanisms:

EFFECTIVENESS MECHANISM	ACTIVITY COMPLETED IN 2020/2021
Monitoring compliance with policies and procedures	<ul style="list-style-type: none"> <li>Submitted ASC's first Modern Slavery Statement.</li> <li>Improved policies and procedures addressing modern slavery risks through continuous review and improvement of governance processes.</li> <li>Developed ASC's modern slavery training modules for employees as an on-line resource.</li> </ul>
Internal reporting on compliance and progress	<ul style="list-style-type: none"> <li>ASC's Modern slavery commitment updated in ASC's annual report.</li> <li>Updated the risk assessment of Tier 1 suppliers in accordance with ASC's modern slavery risk framework.</li> <li>Deep-dive of high risk suppliers identified in the reporting period and implementation of awareness raising activities with identified suppliers.</li> <li>Modern slavery awareness activities conducted with high risk suppliers.</li> <li>Developed ASC's modern slavery KPIs.</li> </ul>
Review and revision of approach to support continuous improvement	<ul style="list-style-type: none"> <li>Commenced development of the next Three-Year Modern Slavery Plan for 2023/2025.</li> </ul>

To measure the impact of our due diligence approach, we plan to track the following modern slavery KPIs in 2021/2022:

- Reporting** – As a percentage new supplier qualifications assessed against modern slavery criteria (target: 100 per cent)
- Policy & Governance** – Milestones completed in accordance with Modern Slavery Three-Year Risk Management Implementation Plan (Target: 100 per cent)
- Policy & Governance** – Supplier Relationship Management (SRM) Plans that include consideration for modern slavery risk mitigation in supplier operations and supply chains (Target: 100 per cent)
- Risk** – Mitigation plans approved and implemented for all identified high risk Modern Slavery suppliers (Target: 100 per cent)

## Ongoing Impact of COVID-19



The COVID-19 pandemic continues to disrupt many businesses across our supply chain and operations. Closure of facilities according to state-based restrictions may increase the risk of vulnerability and exposure to modern slavery in ASC's supply chain. In 2020/2021, we continued the following procedures established at the beginning of the pandemic to support our employees and contractors to better mitigate modern slavery risks by:

- Providing regular communication to all employees and contractors around changes to working arrangements based on restrictions.
- Reducing density onsite to protect members of our onsite workforce who were unable to work from home through the introduction of flexible working arrangements (two days working from home) for all eligible employees.
- Maintenance of security screening procedures for site access to obtain health declarations from all non-employees.

Recognising that the safety and livelihood related challenges induced by COVID-19 extended to our supply chain, we continued to support our supply chain to reduce their exposure to modern slavery practices by:

- Maintaining reduced supplier payment terms (from 30 days to 15 days) during the reporting period.
- Maintaining open communication channels with our Tier 1 suppliers.
- Providing workers with access to our grievance mechanisms and whistle-blower protection process.

We will evaluate the suitability of these mechanisms and update measures as COVID-19 restrictions evolve.

# Looking Ahead: 2021/2022

## 2021/2022

- |                          |  |
|--------------------------|--|
| Corporate Governance     | <ul style="list-style-type: none"><li>&gt; Continue planning the Three-Year Modern Slavery Plan for 2023/2025.</li><li>&gt; Develop a formal modern slavery consultation process with subsidiaries.</li></ul>  |
| Policies and Procedures  | <ul style="list-style-type: none"><li>&gt; Update ASC's Supplier Code of Conduct and Procurement templates in line with ASC's current modern slavery risk management practices.</li></ul>  |
| Due Diligence            | <ul style="list-style-type: none"><li>&gt; Annual risk review of Tier 1 suppliers in accordance with ASC's modern slavery risk framework.</li><li>&gt; Expand supply chain risk assessment beyond Tier 1 suppliers.</li><li>&gt; Further review of workforce contracting arrangements.</li></ul> |
| Monitoring and Reporting | <ul style="list-style-type: none"><li>&gt; Implement and establish ongoing monitoring of ASC's modern slavery KPIs.</li></ul>  |



# Appendix

ASC prepared its 2021 Modern Slavery Statement in accordance with the mandatory criteria listed in s16(1) of the *Australian Modern Slavery Act 2018*. The table below lists the criteria and the sections in our statement that address each.

REFERENCE	AUSTRALIAN MODERN SLAVERY ACT 2018 (CTH) MANDATORY REPORTING REQUIREMENT	LOCATION OF INFORMATION
<b>s 16(1)(a)</b>	Identify the reporting entity	Page 4 – Snapshot of our approach
<b>s 16(1)(b)</b>	Describe the structure, operations, and supply chains of the reporting entity	Page 5 – About ASC Page 6 – Operations and People Page 7 – Modern Slavery Risks in our Operations and Supply Chain
<b>s 16(1)(c)</b>	Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls	Page 7 – Modern Slavery Risks in our Operations and Supply Chain
<b>s 16(1)(d)</b>	Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes	Page 10 – Approach to Managing Modern Slavery Risks
<b>s 16(1)(e)</b>	Describe how the reporting entity assesses the effectiveness of such actions	Page 16 – Monitoring Performance and Reporting
<b>s 16(1)(f)</b>	Describe the process of consultation with: i) any entities that the reporting entity owns or controls; and ii) in the case of a reporting entity covered by a statement under section 14 – the entity giving the statement	Page 4 – Development of this Statement
<b>s 16(1)(g)</b>	Include any other information that the reporting entity, or the entity giving the statement, considers relevant	Page 18 – Looking ahead: 2021/2022



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