

University of Newcastle

Modern Slavery Act Statement

30 June 2020

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Introduction

This statement sets out the actions to address the University's reporting obligations under the *Modern Slavery Act 2018* (Cth) (the Act). The Act requires entities based, or operating, in Australia, which have an annual consolidated revenue equal to or greater than \$100 million, to report annually on the risks of modern slavery in their operations and supply chains, and actions to manage, lessen, and where possible remove those risks.

The University of Newcastle recognises that we have a responsibility under the Act to take a robust approach to slavery and human trafficking. The University of Newcastle is absolutely committed to the prevention of slavery and human trafficking in all our University activities, and to ensuring that our supply chains are free from slavery and human trafficking.

Definitions

Modern Slavery Definition

modern slavery means conduct which would constitute:

(a) an offence under Division 270 or 271 of the Criminal Code; or

(b) an offence under either of those Divisions if the conduct took place in Australia;

or

(c) trafficking in persons, as defined in Article 3 of the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime, done at New York on 15 November 2000 ([2005] ATS 27); or

(d) the worst forms of child labour, as defined in Article 3 of the ILO Convention (No. 182) concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, done at Geneva on 17 June 1999 ([2007] ATS 38).¹

The Term Modern Slavery is used to cover a range of exploitative practices including human trafficking, slavery, forced labour, child labour, removal of organs and slavery-like practices. It can be defined as the recruitment, movement, harbouring or receiving of children, women or men using force, coercion, abuse of vulnerability, deception or other means for the purpose of exploitation.

¹ Modern Slavery Act 2018

The Australian Government has developed definitions of human trafficking, slavery and slavery-like practices that are conceptualised on a 'continuum of seriousness'.

Human trafficking: the movement of a person into, out of, or within Australia using coercion, threats or deception for certain exploitive end purposes. These exploitive end purposes are slavery, servitude, forced labour, forced marriage and debt bondage.

Slavery: occurs when a person exercises the rights of ownership over another person. This includes the power to make the victim an object of purchase or to use their labour or services in a substantially unrestricted manner.

Servitude: occurs when the victim does not consider themselves free to cease providing their labour or services OR to leave their place or area of work because of the use of coercion, threats or deception. To be in a condition of servitude, the victim must also be significantly deprived of their personal freedom.

Forced labour: occurs when the victim does not consider themselves free to cease providing their labour or services OR to leave their place or area of work because of the use of coercion, threats or deception.

Forced Marriage: occurs when the victim gets married without freely and fully consenting because they have been coerced, threatened or deceived or because they are incapable of understanding the nature and effect of a marriage ceremony.

Debt Bondage: occurs when the victim pledges their services or the services of a third person as security for a real or purported debt where this debt is: manifestly excessive; or the reasonable value of their services is applied to the debt; or the length and nature of their services are not limited or defined.²

Under the Act, modern slavery broadly includes all forms of trafficking in persons, slavery and slavery-like practices and the worst forms of child labour. This includes forced labour, forced marriage, child prostitution and children working hazardously, and other conduct that would be an offence under the *Criminal Code Act 1995* (Cth).



According to the Global Slavery Index 2018³, there are approximately 40.3 million people enslaved globally of which approximately 25 million people are enslaved in the Asia Pacific region alone, and 15,000 people living in slavery in Australia.

² Hidden in Plain Sight – December 2017 Commonwealth of Australia 2017 ISBN 978-1-74366-754-5v Enquiry into Modern Slavery in Australia.

³ a global study of modern slavery conditions by country published by the Walk Free Foundation

Our University

The University of Newcastle (the University) is guided by the values of excellence, equity, engagement and sustainability. The University has a reputation as a world-class institution making an impact within regions throughout Australia and across the globe. Through strategic leadership and a commitment to quality in everything we do, we are securing a sustainable future among the best universities in the world.

“Looking Ahead”

Our Vision

To be a world-leading university for our regions.

Our Purpose

To deliver exceptional student experience, preparing graduates for life in an increasingly interconnected society.

To serve our regions by taking research that matters to the world and bringing our global expertise home.

Our Commitment

We will be a leading advocate and driving force for excellence and equity in higher education.

We will deliver an outstanding and inspiring student experience. We will ensure our students develop life and career skills that will make them competitive in the workforce and are strongly supported in their physical and mental wellbeing.

We will bring the world to our regions and take our regions to the world through relevant research solutions to local, national and global problems.

University of Newcastle Values

Excellence

We pursue the exceptional and strive for innovation in our teaching, research and operating environment.

Equity

Our commitment to equity, diversity and inclusiveness is fundamental to everything we do. We believe that every person has the right to participate and succeed.

Engagement

Our staff, students, alumni and communities are deeply connected to the challenges and opportunities in each of our regions and beyond.

Sustainability

We are ethically minded and prioritise responsible management of our environment and financial resources.

Code of Conduct and Policy Framework

The University of Newcastle's values and our Code of Conduct set the behavioural standards for everyone who works for, or on behalf of the University.

Our Code of Conduct ('CoC'), which links to our Values, explains what we stand for as an organisation and how we will conduct ourselves as we work together to deliver our strategy. It helps us take a consistent, global approach to important ethical and compliance issues.

Our Code covers a range of important elements about how we do business, including key elements on behaving ethically and lawfully. It outlines where to go for further help, and how to raise concerns through various channels, including our whistle-blower Policy.

Our Code sets out the standards of behaviour we expect of our people, including our Council Members, our employees, our contractors and our students. It embodies our commitment to good corporate governance and responsible business practice. Our Code reflects the expectation of our customers, students, investors, regulators and the community.

Principles

In realising the University's vision and giving effect to its values we are guided by the following principles of judgement: to

- Act on the basis on sound reasons, solid evidence and impartial judgement;
- Aim to do good and minimise harm;
- Aspire to deserve the trust and good opinion of the communities we serve as a university;
- Be accountable for the choices we make;
- Do what we say we will do;
- Maintain the sustainability of our institution;
- Promote safety and wellbeing;
- Respect the intrinsic dignity of all people.

Supplier Code of Conduct

In 2017, Strategic Procurement developed and implemented a Supplier Code of Conduct (“SCoC”) to support the University’s ethical framework that was developed in 2016. The Supplier Code of Conduct was incorporated into tendering schedules along with an Ethical Due Diligence Questionnaire as mandatory compliance criteria.

Key features of the Supplier Code of Conduct:

- Employment is freely chosen
- Freedom of association and the right to collective bargaining are respected
- Working conditions are safe and hygienic
- Child labour is not used
- Living wages are paid
- Working hours are not excessive
- No discrimination is practiced
- Regular employment is provided
- No harsh or inhumane treatment is used
- Integrity and transparency in dealings between the University of Newcastle and its supply chain partners are ensured
- Environmental outcomes are improved
- Animal welfare is protected

Suppliers must ensure that foreign and migrant workers are engaged in compliance with immigration and labour laws in the country of employment.

The University does not condone the use of child forced labour or human trafficking. All Suppliers are required to ensure that all reasonable efforts are employed to eliminate child labour, forced labour, the exploitation of workers and/or deceptive practices in the recruitment of workers both in their own operations, in their supplying factories and in their own supply chains, including raw materials producers. Under no circumstances should workers be required to pay fees or leave deposits to gain employment.

Probity – Risk Management

Probity is a risk management approach to ensuring procedural integrity.

A procurement process which conforms to the expected standards of probity is one in which clear procedures, consistent with UON’s policies and guidelines and the legitimate interests of bidders, are established, understood and observed throughout the procurement process. All bidders are to be treated consistently and equitably in accordance with these procedures. Decisions are to be made in a transparent manner, which allows them to be understood and justified subsequently.

Why is probity important?

Positive outcomes that should result from procedural integrity include:

- avoidance of conflicts/problems;
- avoidance of corrupt practices;
- better outcomes against stated objectives;
- improvements in public sector integrity through organisational and attitudinal change;
- reassurance to the community and those wishing to do business with the University that the process and outcome can be trusted;
- provision of an objective and independent view on the probity of the process; and
- minimisation of potential for litigation.

What are the Probity Principles?

There are five essential probity principles to achieve procedural fairness. University Officers should consider these principles throughout all stages of the procurement process.

They are:

- open competitive process;
- fairness, consistency and transparency of process;
- identification and resolution of conflicts of interest;
- accountability in relation to decision making; and
- monitoring and evaluating performance.

Ethical Framework

The University uses an Ethical Decision-Making approach to identify modern slavery risks and what steps the University needs to take to prevent slavery and human trafficking in our operations.

- University officers are required to draw on evidence and reason in their decision making with a professional responsibility to look beyond self-interest and personal view to realise the University's purpose, values and principles.
- When making decisions on behalf of the University, the 'standard for judgement' lies in the University's Ethical Framework (see below Figure 1.1) rather than the personal beliefs of any individual.

The Framework must be read and applied as no single element has priority over another.

The Framework will not eliminate ambiguity; values and principles will compete from time to time. Accordingly, decision making requires the need for the exercise of judgement rather than 'mere compliance'.

Figure 1.1

ETHICAL FRAMEWORK

UON'S VISION UON stands as a global leader distinguished by a commitment to equity and excellence and to creating a better future for its regions through a focus on innovation and impact.

UON'S VALUES Values structure choices between competing options. In realising the UON's vision we will prioritise the institutional values of:

EQUITY AND SOCIAL JUSTICE – we provide opportunities for people with ability, regardless of their background and experiences. We lead in providing education for Indigenous Australians.

EXCELLENCE – we deliver the highest quality in everything we do and benchmark ourselves against the world's best.

ENGAGEMENT – our staff, students and alumni are a resource for our whole community. We are partners and collaborators in world-class research, teaching and learning, and our skilled graduates contribute to our regions, Australia and the world.

INTEGRITY – we are open, ethical, rigorous and committed to the highest standards in academic enquiry. We are champions of academic freedom and professional responsibility.

INNOVATION – we challenge standard practice and received wisdom. We are world leaders in generating new knowledge and translating innovative ideas into real benefits to society.

SUSTAINABILITY – we are leaders in sustainability. We make a significant contribution to the economic, social and environmental capacity of our communities.

UON'S PRINCIPLES Principles provide a 'standard of judgement' against which to test the quality of decisions. In realising UON's vision and giving effect to its values we will:

- Act on the basis of sound reasons, solid evidence and impartial judgement – even when our findings are unpopular
- Aim to do good and minimise harm
- Aspire to deserve the trust and good opinion of the communities we serve as a university
- Be accountable for the choices we make
- Do what we say we will do
- Maintain the sustainability of our Institution
- Promote safety and wellbeing
- Respect the intrinsic dignity of people

CODE OF CONDUCT

POLICIES & PROCEDURES

EXISTING ETHICAL ARRANGEMENTS

- Animal care and ethics
- Human Research ethics

Strategy and Planning

In July 2019 the University executive committee noted the requirements and endorsed the implementation of the Supply Chain Strategy to address the University's *Modern Slavery Act* (Cth) 2018 obligations.

While the strategy (refer Modern Slavery Strategy Flow Chart Figure 1.2) is initially designed to ensure the University meets these reporting obligations, it is also expected that this process will enable the University to clearly articulate its approach to social responsibility in respect of the supply chain and investment portfolio.

Current State - (Dec 2019)

The Supplier Code of Conduct (SCoC) was introduced in 2017 and is based on the University's Ethical Framework and the Ethical Trading Initiative (ETI) Base Code.

The ETI Base Code is founded on the conventions of the International Labour Organisation (ILO) and is an internationally recognised code of labour practice. It is viewed as a global reference standard and is widely used as a benchmark against which to conduct social audits and develop ethical trade action plans.

The University's currently has ~2800 active suppliers within its supply chain. Compliance documents are embedded into the University's tendering documents and are mandatory to be executed and returned. Every tender that is awarded through Strategic Procurement requires a statement of ethical compliance.

Future State

On 1 January 2019, the *Modern Slavery Act* 2018 (Cth) commenced. This requires statutory reporting for medium to large companies (\geq \$100M consolidated revenue) operating in Australia. It is crucial that the University begin reviewing its supply chain by collecting data to gain greater visibility that will enable the University to comply with its obligations.

Strategy - Corporate Social Responsibility (CSR)

A CSR maturity path for the University places the University in accordance with the *Modern Slavery Act* (Cth) 2018 and accepts the importance of a longer-term program that will have valued impact on all aspects of society including economic, social, and environmental. The strategy recognises the University's commitment to an ethical supply chain.

CSR Program

- Workforce Training:
 - Training and Awareness will be conducted across the University of Newcastle throughout the campuses.
 - Development of tools to educate our commercial teams who respond to corporate questions relating to the Modern Slavery Risk Management.
 - Forming a comprehensive understanding of our indispensable human rights priorities to publish through the University Website, LOOP and SharePoint sites.

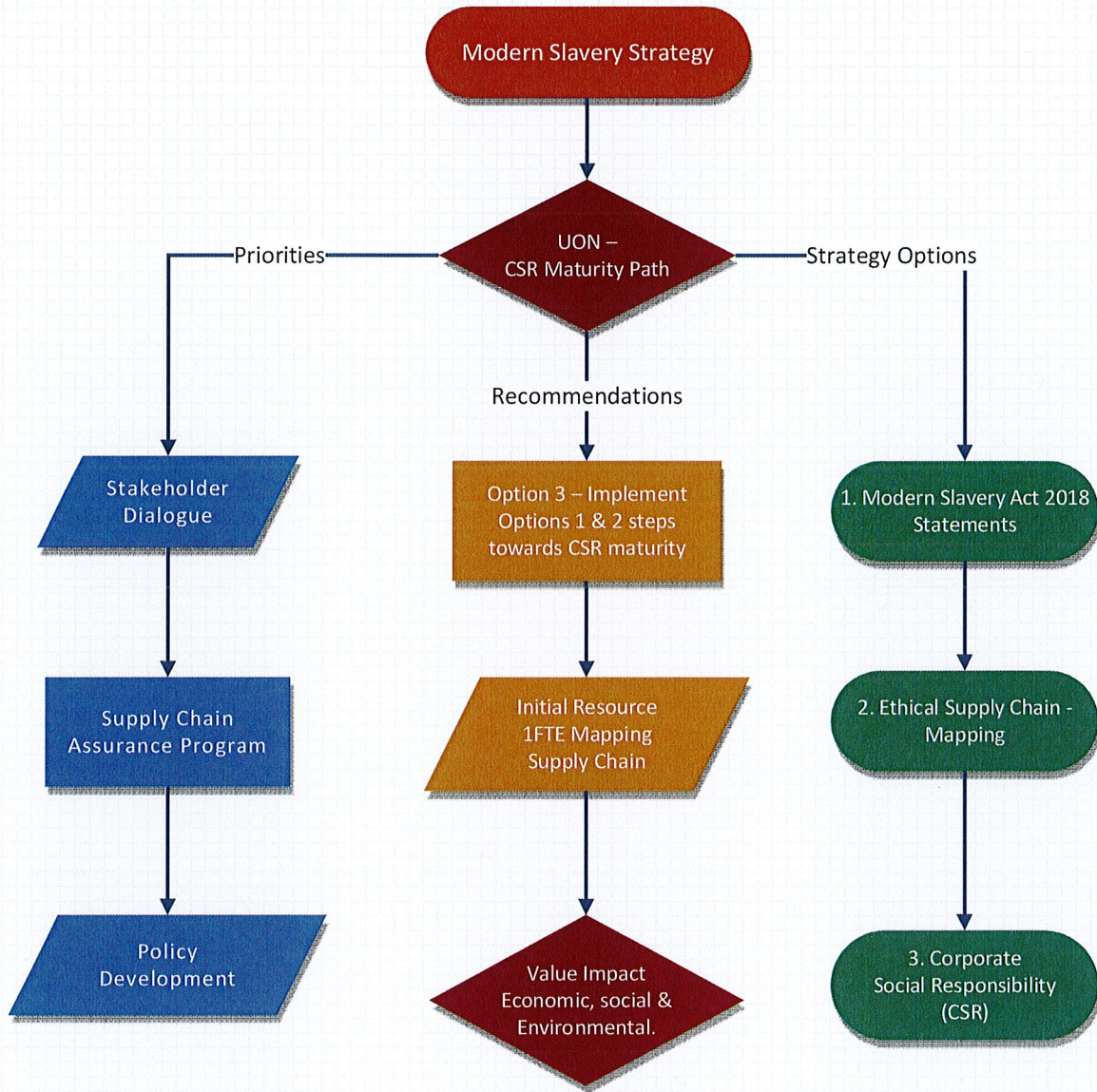
- Risk and Compliance:
 - Establishment of a Supply Chain Assurance Program that will be implemented across the University.
 - Adjust our supply chain category approach to ensure new regulations and program findings could be easily incorporated into how we detect risk.
 - Finalise clear compliance principles that meet the risk level presented by individual suppliers.

- Policy Development:
 - Draft a comprehensive statement of the University's commitment to Human Rights
 - Engage Key Stakeholders for the approval of the commitment document.

- Administrative Framework:
 - Administrative Framework to be developed, including provision to implement ongoing up to date information on the University's Supply Chain.
 - Determine who is responsible to work with Suppliers to ensure compliance with the *Modern Slavery Act 2018* and with the broader area of Corporate Socially Responsible Supplier Strategies, and to be able to record compliance accurately across the Supply Chain.

Figure 1.2 UON MODERN SLAVERY STRATEGY FLOW CHART

Modern Slavery Project Flowchart



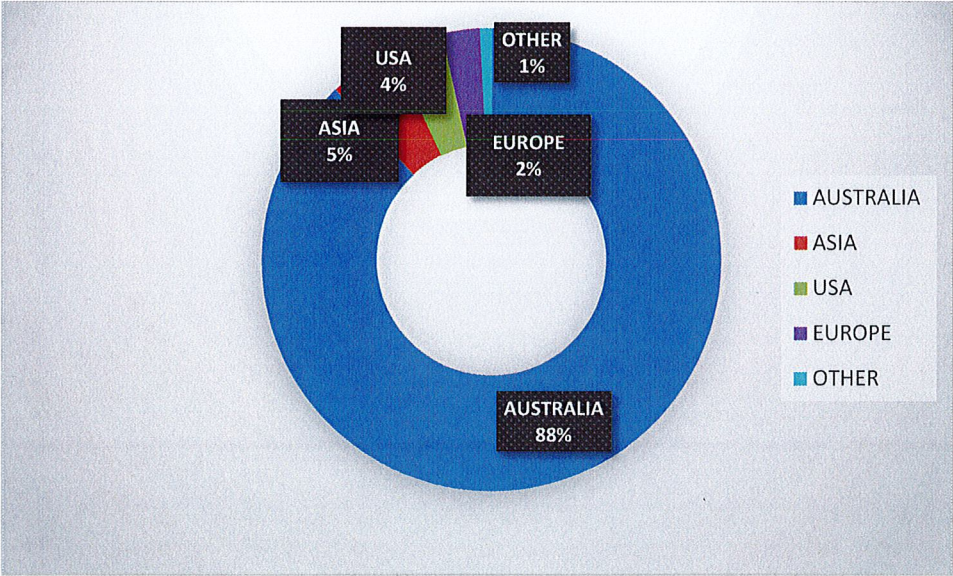
Risk Assessment of Current Supply Chain

- In the calendar year 2019 we engaged directly with more than 2,441 Trade Creditors.
- 20% (488) of the total number of Suppliers made up 91% of total non-salary expenditure for the period.
- The initial risk analysis was completed on our Tier 1 supply chain. These are suppliers who are our direct suppliers.
- Analysing the risk of modern slavery was assessed using the Global Slavery Index.⁴
- First level of risk was based on the point of direct supply (country) of the Supplier and the second level of risk was based on the Type of Service or goods provided by Supplier.

Origin Country Risk for Supply Chain

Analysis of the point of direct supply of the University’s top 20% of the Supply Chain found that the goods and services provided consisted of 88% Australian supply origins. Figure 1.2 illustrates the tier 1 supply locations resulting in low risk of supply country.

Figure 1.2 MODERN SLAVERY – SUPPLIERS COUNTRY OF ORIGIN RISK CHART



More than 90% per cent of what we spend directly with suppliers is sourced in low-risk countries, as defined by the Global Slavery Index. Many of our suppliers have Australian-based subsidiaries with whom we deal directly. As a result, a high percentage of our direct sourcing is within Australia.

⁴ The Minderoo Foundation - An independent assessment of government progress towards achieving UN Sustainable Development Goal 8.7.

Type of Service or Goods Risk Profile for Supply Chain

When investigating the type of Services or Goods the University's highest risk was Technology, Laptops, Computers and mobile phones which included 94 Suppliers, as illustrated in Figure 1.3 below.

Figure 1.3 PRODUCT/SERVICES RISK BY COUNT OF SUPPLIERS

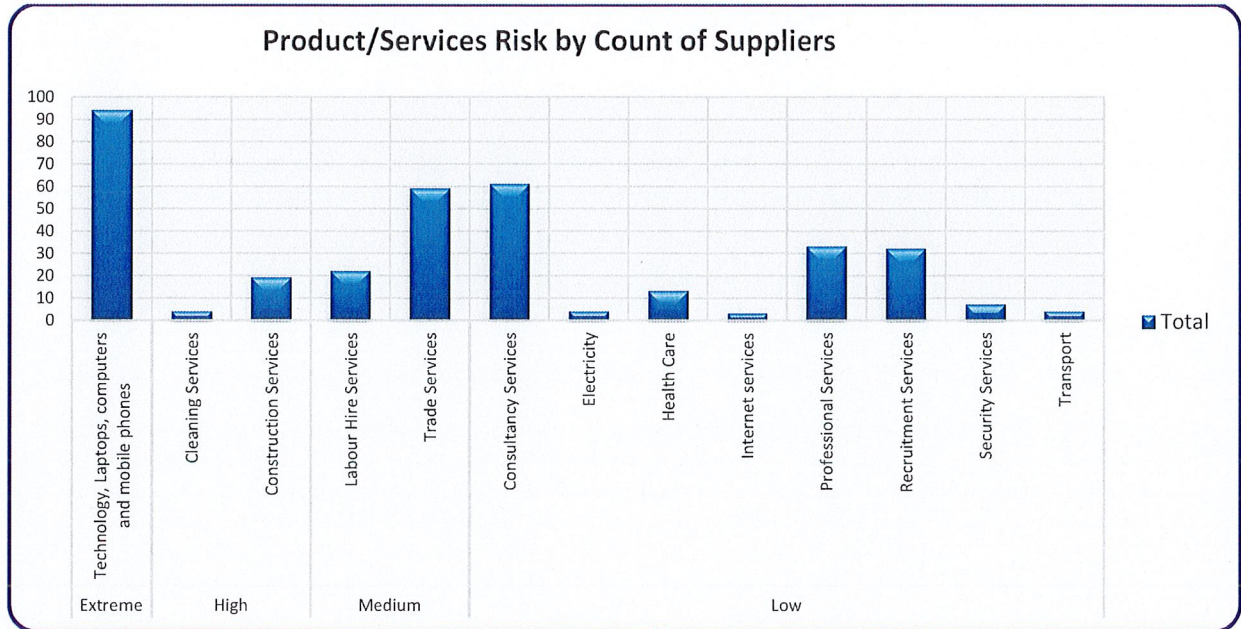
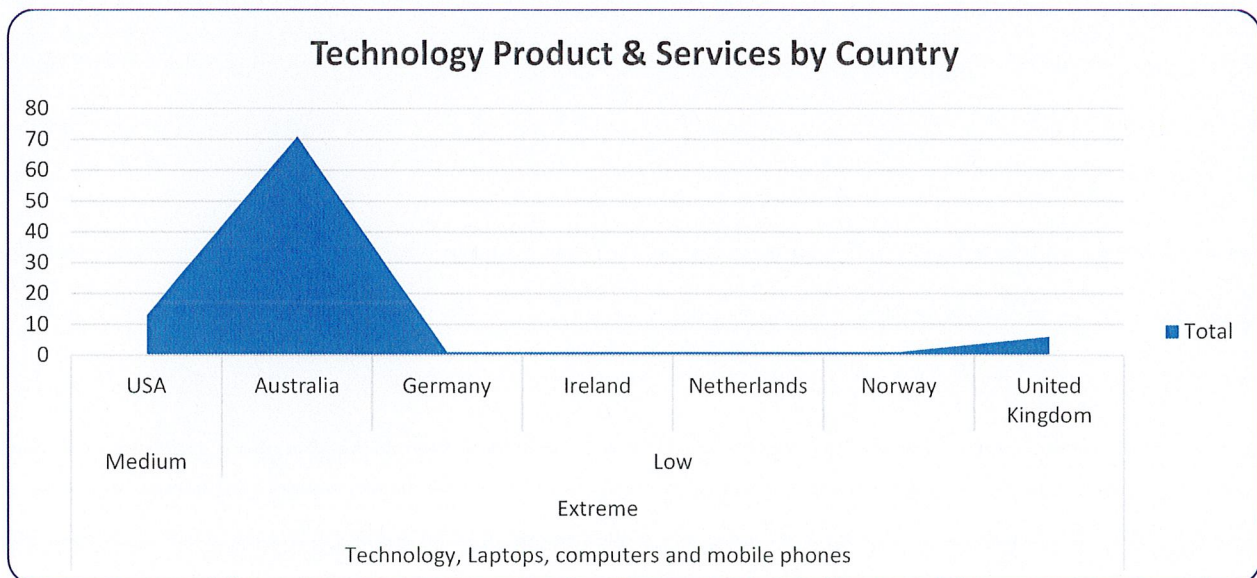


Figure 1.4 provides further analysis of technology, laptops, computers and mobile phones as a product/ service, revealing that the countries of supply were of a low to medium risk.

Most of these product/services are of a Australian origin, as multinational corporations based in Australia. Of the 94 Suppliers for Technology Services and Goods, 71 (76%) were based in Australia.

Figure 1.4 TECHNOLOGY PRODUCT & SERVICE BY COUNTRY



Reporting and performance indicators

Supply Chain review of compliance

1. Supplier Code of Conduct (SCoC) – currently embedded in the Tender Schedules and part of the Tender process within the University Procurement Processes. Compliance to be extended to include all Tier 1 Suppliers in our Supply Chain at the University.
2. Ethical Due Diligence Questionnaire – currently embedded in the Tender Schedules and part of the Tender process within the University Procurement Processes. As only 3% of Suppliers in our Supply Chain are included in this process, action will be taken to determine how Suppliers outside of this process will be included in the future.
3. Supplier Sustainability Assessment – embedded in the Request for Tender Schedules to now be provided to Suppliers outside the Tender process for UON Supplier information.

University of Newcastle Investments

University of Newcastle Investment Strategy

In 2017 the University made the decision to amend its ESG Framework in order to make it more consistent with its Ethical Framework and its Environmental Sustainability Plan.

A key undertaking of this amended ESG framework was to exclude certain products or services from its investment portfolio that were inconsistent with the University's Principles as outlined in its Ethical Framework, provided there was no significant additional investment risk that might jeopardise the investment objective. Priority areas identified for exclusion were human rights abuses, tobacco, controversial weapons and corrupt business practices.

During 2018 and 2019 the University transferred its international shares investments into the Mercer Socially Responsible Global Shares fund which excludes investments with exposure to companies involved in alleged human rights abuses and corrupt business practices. The University also removed emerging market shares from its strategic asset allocation until such time as suitable emerging market share funds are available within the current investment governance model that are deemed socially responsible. The existing emerging market allocation was re-allocated into the Mercer Socially Responsible Global Shares fund.

In 2019, the University's listed equity portfolio included exposure to five companies facing severe allegations of irresponsible operations (there were 8 companies in 2018). Mercer is reviewing these red flags and will engage if they believe the controversial holdings pose material risk to the portfolio or represents a proven, severe and ongoing abuse of human rights or corrupt practices that requires divestment.

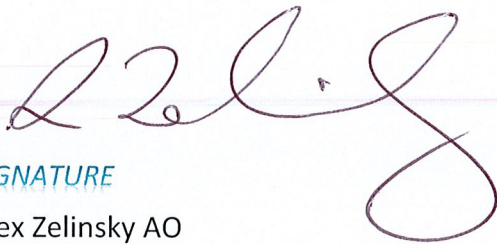
The University's ESG framework and strategic asset allocation of investments are reviewed annually by the Finance Committee.

Future Commitments

Over the next year our focus will be on:

- Continuing to develop the maturity of our supplier assurance programs.
- Assessing our practices against the requirements of the *Modern Slavery Act (Cth) 2018*.
- Training and Awareness of *Modern Slavery Act (Cth) 018* including our responsibilities and requirements to comply with the Act across the University sites and locations.

This statement is made pursuant to section 13 of the *Modern Slavery Act 2018 (Cth)* and constitutes the Modern Slavery Statement of the University of Newcastle for the year ending 31 December 2019 and has been approved by the Council of the University of Newcastle.

A handwritten signature in dark ink, appearing to read 'Alex Zelinsky', written over a horizontal line.

SIGNATURE

Alex Zelinsky AO

Vice Chancellor and President, The University of Newcastle