



MODERN SLAVERY STATEMENT

Under the Modern Slavery Act 2018 (CTH)

REPORTING PERIOD: 01 JULY 2020 – 30 JUNE 2021

THE LEPROSY MISSION AUSTRALIA
ABN 52 354 004 543



Outlined in this Report

3 | SECTION 1:

Introduction and Preliminary Information

6 | SECTION 2:

Modern Slavery Risk Assessment

9 | SECTION 3:

Addressing Modern Slavery Risks and Measuring the Effectiveness of our Modern Slavery Measures

13 | SECTION 4:

Measuring Effectiveness

14 | SECTION 5:

Consultation with Controlled Entities, and any other Relevant Information

15 | SECTION 6:

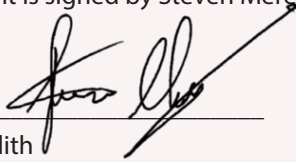
Appendix - Initial Risk Assessment Methodology Summary

SECTION 1

Introduction and Preliminary Information

This Modern Slavery Statement has been approved by the Board of Directors of The Leprosy Mission Australia on 13 December 2021, in their capacity as the principal governing body of The Leprosy Mission Australia ABN 52 354 004 543.

This Statement is signed by Steven Meredith in his capacity as Board Chair of The Leprosy Mission Australia.



Steven Meredith
Board Chair, The Leprosy Mission Australia
13 December 2021

This Modern Slavery Statement is made pursuant to the requirements of the Modern Slavery Act 2018 (Cth) (the Act).

The Leprosy Mission Australia (ABN 52 354 004 543) is a voluntary reporting entity under the Act. Whilst our annual revenue does not meet the Act’s statutory threshold, we believe that addressing modern slavery risks in supply chains and operations is an important feature of good corporate citizenship.

Accordingly, we are proud to have undertaken the measures reflected in this Statement, and are committed to an ongoing modern slavery response that spans future reporting periods.



Key Focus Areas

This is our second Modern Slavery Statement submitted under the Act. It details our progress over the subject reporting period in undertaking due diligence actions in relation to modern slavery, including our focus on the following key areas:



Increased assessment and understanding of the risks in our operational supply chains, particularly our suppliers in identified high risk geographies



Developing modern slavery focused policies and other internal governance frameworks



Engaging with identified high risk suppliers, including through self-assessment questionnaires



Updating supplier agreements with standard provisions that expressly address modern slavery issues



Facilitating specialist modern slavery training

SECTION 1: INTRODUCTION AND PRELIMINARY INFORMATION

Structure, Operations and Supply Chains

The Leprosy Mission was founded in 1874 and established in Australia in 1913 to provide holistic support to people affected by leprosy.

We are the world’s largest and oldest leprosy-focused organisation.

As a charitable organisation, we are accountable to the Australian Charities and Not-for-Profit Commission (ACNC), the Department of Foreign Affairs and Trade (DFAT), the Australian Council for International Development (ACFID), and the Fundraising Institute of Australia (FIA) and strictly abide by their Governance Standards.

We are a company limited by guarantee and registered in Australia. We are governed by a voluntary board constituted by individuals who are highly experienced in fundraising, finance, health, program management, and consultancy.

Our headquarters are located in Box Hill, Victoria and we have 24 full-time equivalent employees in Australia, who are largely skilled staff and professionals. Our primary, day-to-day operations include office administration, fundraising appeals, funding our work overseas, and retail operations.



We have assessed 93% of our 191 direct suppliers for modern slavery risks over the reporting period.

Our direct (tier one) suppliers are predominantly based in Australia with a minority of international suppliers.



Geographical Breakdown

The specific geographical breakdown of our direct suppliers is as follows:

- 54.2% are based in Australia
- 13.6% are based in India
- 13.1% are based in Nepal
- 9.9% are based in England
- 4.1% are based in Nigeria
- 2.7% are based in Papua New Guinea
- 1.8% are based in Thailand
- 0.4% are based in New Zealand
- 0.4% are based in Sri Lanka

These overseas entities are primarily comprised of overseas charitable project partners (engages in services and charity work in countries where people are impacted by leprosy), and associated inventory suppliers.

SECTION 1: INTRODUCTION AND PRELIMINARY INFORMATION

Industry Categories

Our procurement spend has also been grouped into the following general industry categories for the purpose of modern slavery risk assessment.

The relative percentage of our total spend is listed in brackets next to each category:



The overseas partners referred to above, have been classified in the 'Education, Health and Other Services' category.

The Leprosy Mission Australia primarily raises revenue through the printing and delivery of direct request fundraising mail and catalogues. We also rely on storage, postal services and forwarding agencies for informing our supporters and gaining new supporters for our charity work.

We also have a significant overseas inventory of suppliers for wholesale goods such as gifts and homeware products that we import and on-sell to the public. These products are manufactured overseas, including through select partners that provide employment and rehabilitative opportunities for workers impacted by disadvantage and poverty.

For our corporate office operations, we rely on services such as cleaning, security and other maintenance services.

SECTION 2

Modern Slavery Risk Assessment

Over the reporting period we did not identify any actual or suspected incidences of modern slavery within our operations or supply chain.

Modern slavery risks in our direct, Australian-based operations have been assessed as being low.

Areas of potentially elevated modern slavery risk have been identified within our retail operations. This is primarily due to the potential for goods sourced from higher risk countries within our supply chains. This is discussed in the following section, with a focus on our international supplier and partner organisations.

During the subject reporting period, we engaged Fair Supply, an independent legal and advisory firm with specialist expertise relevant to the Modern Slavery Act, to undertake an initial risk assessment of our supply chain and those of our partner organisations.

Further details on the proprietary risk assessment methodology that was applied are set out in the Appendix to this Statement.

We recognise that modern slavery risks can arise from a complex interaction of factors including:



Total supplier spend amounts (i.e. the value of our direct supplier contracts)



Geographical area of supplier operation



Industry category, including industries that in turn, feed into particular categories further down the supply chain



Depth of tiering within the supply chain(s) - for e.g. 3rd tier, 5th tier supplier etc

Although no one factor outlined above is determinative, one of the major factors in our direct supply chain are the geographical operations of our suppliers and partners, particularly in the Education, Health and Other Services industry category in Nepal, Nigeria, Papua New Guinea, Timor Leste, Thailand and India.

Some important aspects of the modern slavery risk factors for each of these countries relevant to this sector are discussed on the following page.



Education, Health and Other Services

Nepal

Our supply chain in Nepal includes not only our overseas partners and inventory suppliers, but also wholesale trade and manufacturers.

We recognise that modern slavery risks in Nepal are increased due to overall levels of vulnerability to poverty and socio-economic disadvantage within the country. Approximately 1.6 million children are estimated to be in conditions of child labour in Nepal. Practices such as forced labour and debt bondage are prevalent in the country.

Although our direct inventory and wholesale suppliers primarily operate in fair trade businesses, there is a risk that we may be exposed to modern slavery at lower tiers in the supply chain in Nepal, particularly if subcontracting arrangements to third parties occur or where component materials are sourced from these third parties.

Papua New Guinea

One of our overseas partner's is based in Papua New Guinea, which is a country with a high overall risk for modern slavery. This partner provides support and services for people impacted by leprosy and poverty.

The Global Slavery Index rates PNG as having the 21st highest prevalence for modern slavery (out of 167 countries covered by the Index).

Due to the geographical proximity to higher risk sectors in the country, the primary risk that we have identified is through our partner's operations unknowingly procuring third party goods and services that have been extracted, manufactured, or otherwise produced by exploiting people in modern slavery practices.

Nigeria

Our overseas partner in Nigeria has also been identified as having supply chains and operations with a relatively higher risk area for modern slavery.

Nigeria is one of 10 countries globally with the highest prevalence for modern slavery.

Our overseas partner operations seek to assist and provide support to those with leprosy in Nigeria.

Whilst these operations are not inherently high risk for modern slavery, we recognise that suppliers further down the supply chain may potentially use workers in situations of forced labour.

India

Our overseas partner in India, due to its operations in a high-risk country, has supply chains with inherently elevated modern slavery risks.

India is ranked in the highest 10 countries globally for modern slavery risk.

That risk is most acute in lower-skilled sectors, where workers are at a greatly elevated risk of practices such as bonded labour.

Whilst our direct partners and inventory suppliers do not engage in such practices, a wide variety of inputs in the supply chain may be sourced from third parties in India that may be at greater risk for practices associated with modern slavery.

Therefore, our operations in India may be more directly linked to modern slavery, giving rise to a heightened need for due diligence processes. We have commenced the long-term process of addressing these risks through the introduction of certain due diligence policies, set out below.

SECTION 2: MODERN SLAVERY RISK ASSESSMENT



China

Direct supplier risks relating to forced labour practices in China

We recognise and welcome the emergence of a heightened international commitment to addressing the incidence of widespread allegations of forced labour in a diverse range of global supply chains involving the state-sanctioned exploitation of the Uyghur minority people in China.

Our external subject matter experts have cross-referenced our direct supplier list against the identified companies with alleged links to forced labour, as published in Australian Strategic Policy Institute's (ASPI) 2020 Report: Uyghurs for sale: 'Re-education', forced labour and surveillance beyond Xinjiang'. It is noted that many of the 83 companies identified are global brands, with a major presence in households, businesses, and other commercial environments all over the world.

We have identified one direct supplier as being named in the ASPI report. This supplier is a mandatory reporting entity and has publicly acknowledged the existence of the state imposed forced labour schemes in the Xinjiang region. However, they have not confirmed actual links with the labour scheme within their own supply chain. The supplier's most recent modern slavery statement has detailed a comprehensive due diligence and remediation framework, including delivery of supplier training on forced labour and provision of remediation payments to victims of modern slavery, who were identified through comprehensive onsite factory audits and whistle-blower hotlines.

Whilst we are encouraged by the proactive and robust measures introduced by this entity to address their modern slavery risks, we intend to undertake further due diligence measures in relation to this supplier in the next reporting period, including to determine whether more direct action may be justified, such as pursuing alternative supplier relationships going forward. We are also committed to monitoring the latest information - in relation to the risks of tainted supplier chains from the Xinjiang region and otherwise tainted by the systematic abuse of the Uyghur minority people groups in China.

Addressing Modern Slavery Risks and Measuring the Effectiveness of our Modern Slavery Measures

The following is a summary of key modern slavery due diligence efforts undertaken during the subject reporting period.



Undertaking a Modern Slavery Risk Assessment

During the current reporting period, we focused upon a more comprehensive assessment of potential modern slavery risk areas than we were able to undertake during the first reporting period.

This risk assessment was undertaken by our external subject matter experts and forms the basis of our risk assessment, set out above.



SECTION 3: ADDRESSING MODERN SLAVERY RISKS AND MEASURING THE EFFECTIVENESS OF OUR MODERN SLAVERY MEASURES



Internal Governance and Policies

We worked with our external subject matter experts, Fair Supply, to review our current internal governance framework to ensure that it adequately addresses modern slavery risks in our operations and supply chains.

We have undertaken a gap analysis of the following policies:

- Complaints Handling Policy
- Grievance Guidelines
- Human Rights Policy
- Procurement Procedure
- Whistleblowing Policy
- Supplier Code of Conduct
- Supplier Agreement

In response to the findings of our gap analysis, we have sought to update our policies, including our updated Supplier Code of Conduct that will be rolled out during the next reporting period.

We have also concentrated our efforts during the subject reporting period on updating our supply agreement to include model provisions for expressly addressing modern slavery issues. This updated supply agreement will also be rolled out during the next reporting period.

The following contractual obligations have been introduced for direct suppliers under the model provisions:

- Requesting our suppliers to take reasonable steps to assess whether any modern slavery is occurring within its direct supply chain
- The supplier agrees to engage with its own suppliers on seeking to address modern slavery risks, thereby creating a 'multiplier effect'.

The supplier warrants that it will:

- not engage in slavery-related practices
- carry out reasonable modern slavery due diligence
- take steps to identify assess and address modern slavery risks
- notify us if it becomes aware of any actual or suspected modern slavery
- has read and understood our Supplier Code of Conduct

The supplier agrees to complete a supplier self-assessment questionnaire. The proposed clauses were finalised between the end of the reporting period and the publication of this statement. We plan to roll out the proposed clauses during the next reporting period for all existing and new suppliers.

We have also obtained an expert review of our complaints handling policy to ensure our staff are aware in how to handle modern slavery related grievances that may be received. We have also developed our human rights grievance policy.



SECTION 3: ADDRESSING MODERN SLAVERY RISKS AND MEASURING THE EFFECTIVENESS OF OUR MODERN SLAVERY MEASURES



Engagement with high risk suppliers

In our First Statement, we identified elevated risk areas specifically arising from our retail operations based in high-risk locations. As part of the ongoing process of addressing this identified risk area, over the subject reporting period we issued eleven (11) of these targeted suppliers with a modern slavery self-assessment questionnaire.

The suppliers covered by this process included both domestic and international suppliers.

The questionnaire sought supplier responses on the following topics:

- Supplier visibility over their supply chains
- Governance frameworks and policies addressing modern slavery
- Training to staff and suppliers on modern slavery
- Due diligence processes for modern slavery risks in the supply chain
- Remediation processes for modern slavery risks

External subject matter experts facilitated the supplier self-assessment questionnaire process, including providing us with analysis of the responses received. Consistent with the approach throughout this Statement, we have maintained the anonymity of our suppliers who have completed the Questionnaire. This is to ensure that commercial confidence is preserved, and to maximise the likelihood of meaningful and candid participation by our suppliers in future modern slavery risk assessment and mitigation activities. Responses were received from just over a third of suppliers surveyed.

The following conclusions can be drawn from the feedback received from responsive suppliers:

- None of the responding suppliers are mandatory reporting entities under the Act.
- There is a reasonable awareness relating to modern slavery risks for approximately 75% of responsive entities.
- All responsive suppliers, except for one, appeared to have a reasonable level of visibility beyond the first tier of their supply chains.
- There appeared to be a positive correlation between the suppliers with operations based in high risk locations and a higher level of willingness to engage in due diligence measures. Notwithstanding this willingness, overall understanding of modern slavery issues was demonstrated to be quite limited, indicating a strong further potential for engagement, including on educational / awareness-raising initiatives.
- Most suppliers reported being in the process of developing governance systems or policies to address international human rights principles relevant to modern slavery.
- Approximately 75% of responsive entities had either existing supplier engagement and screening processes in place, or were in the process of developing such processes.
- One responsive supplier was flagged as having no awareness of modern slavery risks or form of policies or measures in place.
- During the next reporting period we will work with suppliers to advise them when the self-assessment questionnaire will be sent and provide an explanation of the purpose of the survey and encourage supplier engagement and completion.



SECTION 3: ADDRESSING MODERN SLAVERY RISKS AND MEASURING THE EFFECTIVENESS OF OUR MODERN SLAVERY MEASURES

Supplier Deep Dive

In conjunction with our modern slavery questionnaire, we also undertook a “deep dive” of specific suppliers with identified elevated potential modern slavery risks over the reporting period. This due diligence was undertaken in recognition of the need for a more supplier-specific understanding of modern slavery risks, which builds upon the industry-category focus in the Initial Risk Assessment process.

The deep dive considered specific materials purchased from our suppliers and partners, the supply chain for these materials and the modern slavery risk based on geographical operation and material inputs in the supply chain.



Investment Partner Due Diligence

In our initial statement, we flagged an intention to commit to only engaging an investment partner that has lodged a modern slavery statement.

We have confirmed that our current investment partner is a reporting entity and have reviewed their modern slavery response and are satisfied that they have implemented a robust modern slavery framework that is assessing its modern slavery risks beyond tier one.

Education and Training

We conducted a training session with key representatives within the organisation, including our managers and all relevant teams, and to clearly understand the results of our modern slavery risk assessment and to help focus where we will concentrate our efforts for further modern slavery action moving forward.

The modern slavery specific training, conducted by external subject matter experts, also addressed the following key areas:

-  Understanding and identifying modern slavery
-  Reporting requirements pursuant to the Act
-  Indicators of forced labour
-  The unique risk profile of The Leprosy Mission Australia
-  Specific risk factors present in high risk geographies of our suppliers
-  Screening tools to assess new suppliers
-  Screening tools to review high risk suppliers in relation to their awareness and response to modern slavery
-  Indicators of modern slavery for auditing suppliers

We intend to facilitate additional training and educational awareness for all of our staff during the next reporting period.

Measuring Effectiveness



Key Performance Indicators

In our First Statement, we committed to a continuous improvement approach in our modern slavery response. We stand by that commitment and have established an array of key performance indicators (KPIs) to monitor the effectiveness of our due diligence and remediation efforts.

These are summarised in the following table:



Key Performance Indicator	Assessment of Achievement of KPI
Our commitment to holding one modern slavery training session each year for our Australian staff.	In progress.
For modern slavery grievances lodged under our global whistleblowing service all grievances must commence remediation within a three-month time period.	No modern slavery grievances were made over the reporting period.
100% of new supplier contracts include modern slavery clauses.	We have updated our supplier contract to include modern slavery clauses. The updated contracts will be operational in the next reporting period.
100% of our first-tier suppliers are provided with a survey each year to gauge their understanding of modern slavery.	We have issued our targeted higher risk suppliers with a modern slavery questionnaire. A total of 4 (four) of the surveys issued were completed.
All Partner agreements include a reference to modern slavery compliance.	This is earmarked for the next reporting period.
All Partners are asked about modern slavery in their annual QAR review.	During the next reporting period TLMA will be issuing self-assessment questionnaires to all partners.
Suppliers in high-risk geographies will be surveyed, post-COVID-19 to ensure practices have not changed as a result of the situation.	Due to the ongoing COVID-19 pandemic and associated travel restrictions we have not been able to undertake onsite audits of our overseas suppliers.
Our due diligence and mitigation actions, as detailed in our first statement, will be reviewed to assess if it has been carried out.	We have continued to vet potential new suppliers, including requiring evidence of their World Fair Trade Organisation Certification.

We are still in the process of implementing these KPIs within our operations and supply chain. We intend to update our measuring effectiveness framework on an ongoing basis so that it continues to reflect current best practice in modern slavery due diligence.

SECTION 5

Consultation with Controlled Entities, and any other Relevant Information

The Leprosy Mission Australia does not own or control any other corporate entities with separate supply chains, operations or other potential sources of modern slavery risk.

Some of our planned modern slavery due diligence activities have been hampered by the COVID-19 pandemic.

We have been unable to undertake planned onsite audits of our overseas suppliers due to travel restrictions.

We also recognise that the COVID-19 pandemic has had, and continues to have, devastating impacts, especially for our overseas partners and inventory suppliers that are based in India. It has exacerbated pre-existing vulnerabilities for many in higher risk countries such as India.

Finally, we have been required to discontinue and cancel supply orders for products that did not have availability due to COVID-19 related supply chain issues. We have also been required to change certain supply chain logistics, including shifting towards procuring sea freight delivery for our overseas suppliers, due to the increase air freight costs and limited flight availability.



Appendix - Initial Risk Assessment Methodology Summary

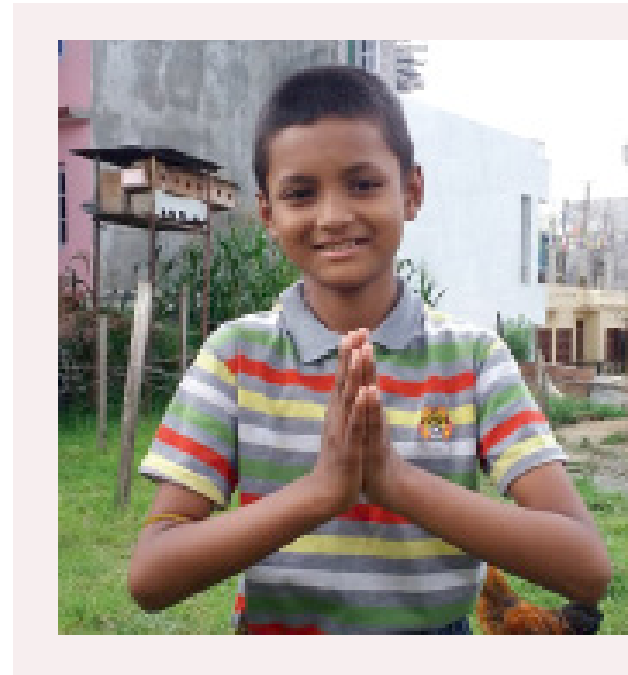


Initial Risk Assessment

An initial risk assessment was carried out to identify the elevated areas of modern slavery risk in our supply chains.

This baseline exercise provides the basis for our subsequent focus for ongoing due diligence and remediation activities across not only the present reporting period but for upcoming years.

Incorporating company spend data throughout global markets, we have utilised external consultants, Fair Supply, with proprietary technology to trace the economic inputs required to produce products and services sourced from Tier 1 suppliers to Tier 2 suppliers, Tier 2 suppliers to Tier 3 suppliers, and so on, all the way to Tier 10 suppliers of the supply chain of TLMA's top suppliers by spend.



MRIO Assessment

This supply chain mapping was performed using a balanced, global Multi-Regional Input-Output (MRIO) table which links supply chain data from 190 countries, and in relation to 15,909 industry sectors.

This MRIO table is assembled using the following sources:



i. The United Nations' (UN) System of National Accounts



ii. UN COMTRADE databases



iii. Eurostat databases



iv. The Institute of Developing Economies, Japan External Trade Organisation (IDE/JETRO)



v. Numerous National Agencies including the Australian Bureau of Statistics

The MRIO is then examined against the following international standards:

i. The UN Guiding Principles on Business and Human Rights;

ii. The Global Slavery Index;

iii. International Labour Organisation (ILO) Global Estimates of Modern Slavery; and

iv. The United States' Reports on International Child Labour and Forced Labour.



A proprietary algorithm has then been applied to synthesise publicly available risk data against the exclusively licensed MRIO table. The result of this process is the creation of a modern slavery risk profile to Tier 10 for each supplier and investment of the TLMA.

This analysis was performed for the purposes of risk identification under Section 16(1)(c) of the Act. No information confirms the actual existence of non-existence of slavery in TLMA's supply chains. Analysis was undertaken at the industry and country level. It does not account for variances at the entity, region or product level.



Examination Conclusions

The multi-faceted approach to modern slavery risk assessment that we have undertaken has included examination and analysis of the following:



The individual suppliers, investments and industries with the most elevated risk of modern slavery



Supply chain and investment plots to provide a visual representation of the supply chain and investment supply chains for the TLMA's top 3 first tier industries



Plotting the relative slavery risk in the supply chain and investment by tier, up to tier 10



Geographical depiction of the cumulative risk of modern slavery across the supply chain and investments around the world



An overview of the classification of the first tier of our supply chain and investments by country and industry, including relative modern slavery risk

The top 50 suppliers in our supply chains and operations that posed the highest calculated risks in relation to modern slavery were identified.



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THE LEPROSY MISSION AUSTRALIA
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