

Managing the risk of Modern Slavery

INTRODUCTION

While the AICD has not met the reporting threshold for the period 1 July 2022 – 30 June 2023 ("Statement Period") we have decided to publish a statement setting out the steps we have taken to identify the risk of modern slavery occurring in our supply chain.

During 2022 and 2023 we built an understanding of risks in our supply chain using a Supplier Questionnaire and identified changes to be made in our supply chain to ensure that we minimise the risk of modern slavery occurring.

The AICD has engaged with the Commonwealth government in reviews of the Modern Slavery Act and has provided information to its members about this important legislation.

While our review of key contracts has not revealed any instances of modern slavery in our supply chain, we will continue to monitor our supply chain for modern slavery risk.

We will also continue to provide our members with information and education about this important and evolving area and engage in reviews of the legislation as they arise. The AICD strongly supports the objectives of the modern slavery reporting regime in Australia.



Mark Rigotti

Managing Director and Chief Executive Officer

December 2023

Background to this statement

The Australian Institute of Company Directors ACN 008 484 197 (**AICD**) has developed this Modern Slavery Statement (**Statement**) to demonstrate its commitment to eliminating modern slavery practices in its business operations and supply chain.

While the AICD's consolidated revenue during the Statement Period does not meet the revenue threshold for reporting under the Modern Slavery Act 2018 (Cth) (**the Act**) we consider it appropriate that the AICD provides this Statement to its stakeholders to identify:

- the steps it has taken to assess the risk of modern slavery in its operations and supply chain; and
- the steps it proposes to take to eliminate such risks

Compiling this Statement and making the Statement available on our website is aligned with the AICD's Purpose and Mission.

A review of the Act was conducted by Professor McMillan AO and the Commonwealth Attorney-General during 2022/2023 and we recognise that an outcome of this review may result in changed reporting requirements under the Act.

The AICD supports the objectives of the modern slavery reporting regime in Australia captured in the Act. Since the Act's introduction Australian directors and the wider community have had an increased focus on modern slavery risks in business operations and supply chains.

As well as contributing to the 2022 review in a submission provided on 22 November 2022, we have participated in consultations with the Commonwealth government regarding introduction of the Act and draft guidance for reporting entities and we provide updates to our members and non-members on their obligations under the Act.

Overview of the AICD

The AICD is a not-for-profit organisation. The Purpose of the AICD is to strengthen society through world-class governance. The Mission of the AICD is to be the independent and trusted voice of governance, building the capability of a community of leaders for the benefit of society.

The AICD's current membership exceeds 50,000¹. Each year the AICD conducts programs and courses that educate participants on the theory of modern corporate governance and its application to directors and aspiring directors.

To further its purpose, the AICD makes available a number of scholarships to attend its programs and courses each year (both on its own account and in conjunction with partner organisations) to develop director capability on not-for-profit boards and to increase the representation of groups in our community currently under-represented on Australian boards.

The AICD makes a significant contribution to public debate and provides leadership on contemporary governance practice through our Education, Governance and Policy Leadership Team.

Commitment

This is the first statement prepared by the AICD with respect to identifying and eliminating modern slavery practices in its operations and supply chain.

When we refer to modern slavery in this Statement we mean practices such as human trafficking, slavery, servitude, forced labour, debt bondage, forced marriage and child labour.

Our commitment is to:

1. Identify, assess and address modern slavery risks in our operations and supply chain;
2. Continue to improve our processes and procedures to ensure that we engage with vendors who have a demonstrated commitment to eliminating modern slavery in the vendor's operations and supply chain;
3. Continue to make meaningful contributions to reviews of the Act, subsidiary legislation and guidance as well as public debate about the Act;

4. Continue to engage with our members and other key stakeholders to ensure awareness of evolving stakeholder expectations regarding human rights and modern slavery; and
5. Continue to develop education resources for directors with respect to due diligence on their modern slavery obligations and their reporting obligations.

Our Corporate Structure and Governance

The AICD is a public company limited by guarantee with a registered office at 18 Jamison Street, Sydney, NSW.

We are a national organisation with 7 state and territory Divisions, and we have offices in each state and territory.

The AICD's governing body is the Board, comprised of 12 directors, including 7 Division directors and our CEO and Managing Director.

Each Division consists of a number of councillors, which vary by Division. The AICD also has a number of Forums and Advisory Committees served by volunteer members. These include the ASX Chairs Forum, the Corporate Governance Committee, the NFP Chairs' Forum and the Law Committee.

Directors on the Board serve on a voluntary basis, as do members of each Division Council and members of the AICD's Forums and Advisory Committees.

OUR OPERATIONS AND SUPPLY CHAIN

Overview of Operations

The services we provide are:

- Governance education to individual learners (both members and non-members) as well as to organisations focussed on improving the governance capability of their directors and senior management
- Providing development resources and services to members of the AICD which include:
 - A wide range of professional development events including the annual Australian Governance Summit and regular seminars/webinars for our members
 - Publications focussed on issues facing directors which include regular member updates such as the Company Director Magazine, the Essential Director Update and the Membership Update.
 - Access to Business Centre and Member Lounges (BCMLs) in Sydney, Melbourne, Brisbane, Perth, Adelaide, Tasmania and the ACT.

- Availability of resource materials regarding director obligations and governance accessible to non-members.

In each state and territory (with the exception of the Northern Territory) the AICD provides or administers the following services on-site:

- **BCMLs:** available to members and their guests for informal meetings or private work.
- **Room facilities and catering:** used for delivery of the AICD's courses on-site.
- **Rooms available for hire:** by members for meetings or events.

The AICD currently employs over 300 staff nationally. The AICD's head office is located at 18 Jamison St, Sydney.

The majority of AICD's members are located in Australia however there are a small number of members located overseas.

Supplier overview

During the Statement Period we engaged vendors across the following categories:

- Providers of Software as a Service (SaaS)
- Providers of platform management products/services
- Venue providers
- Course facilitators
- Course authors
- Course assessors/markers
- Recruitment agencies
- Goods such as course notes and binders
- Events management services
- Marketing and advertising
- Professional services, including legal services and audit services
- Catering services
- Courier/delivery services
- Publishing services
- Providers of leased premises (who provide building management services, including cleaning and maintenance services).

Key supplier agreements are in place with organisations across Australia and overseas including the United States. With respect to the provision of IT-related services and products, in particular, the AICD's supply chain may span a number of geographies including India.

Further detail on identification of risks in the AICD's operations and supply chain over the Statement Period is provided in the next section.

IDENTIFICATION OF MODERN SLAVERY RISK IN OUR OPERATIONS AND SUPPLY CHAIN

Risks within our workforce

AICD's employees are located in each state and territory. The majority of our employees are located in our Sydney office.

Australia is generally considered to be a lower-risk country with respect to the risk of modern slavery. Within our Australia-based workforce, having regard to the nature and size of the AICD's operations, the risk of modern slavery practices occurring is low.

However, we recognise that employees with temporary/voluntary work settings, immigration visas and English as a second language may require additional assistance and information in relation to the potential risks of modern slavery.

We recognise our role as a potential employer in engaging external suppliers to provide recruitment services and labour and we will:

- Only engage with reputable labour hire or recruitment firms; and
- Engage with these firms on the basis that their modern slavery controls are acceptable.

Risks within our supply chain

Procurement of goods and services is managed by each business unit with the advice and support of a Procurement Manager located in Sydney. Unlike other reporting entities the AICD does not produce or manufacture products.

The AICD procures goods and services in the following key categories, which enable the AICD to deliver its services:

- Suppliers of education services including facilitators and content providers;
- Suppliers of technology products and services, including software as a service;

- Suppliers of media and marketing services;
- Suppliers of hospitality services including events management and catering services;
- Suppliers of cleaning and facilities management services for the AICD's own premises and external venues.

We recognise that the risk of modern slavery may increase with:

- Suppliers of technology products and services where suppliers engage offshore personnel;
- Suppliers of hospitality services where personnel may be engaged other than in accordance with Federal and State laws regarding minimum employment standards;
- Suppliers of cleaning and facilities management services where AICD is not the principal (for example, where facility management services are provided by AICD's lessors, pursuant to a lease).

Our assessment of the risk of modern slavery in our supply chain for the period 1 July 2022 to 30 June 2023 has focussed on the following²:

- The top 20 suppliers by expenditure; and
- Suppliers of business-critical services to the AICD.

CONSULTATION WITH INTERNAL STAKEHOLDERS

We also consulted with key stakeholders across the AICD to determine the actions needed to identify and manage modern slavery risk.

SUPPLIER PROFILE

The suppliers we assessed are:

- Large and medium-sized organisations based in Australia; and
- Large suppliers of IT-related services with a head office located off-shore who have a corporate presence in Australia.

Approach

We adopted the following approach:

- A questionnaire was provided to each supplier which focussed on asking the supplier to identify the risk of modern slavery in the supplier's operations and supply chain via a series of targeted questions
- Each of the 24 responses received was evaluated to determine the modern slavery risk for that supplier

A risk rating was assigned to each response.

Of the 24 responses received, 8 suppliers declined to complete the questionnaire and instead referred the AICD to the supplier's publicly available modern slavery statement. These suppliers are:

- Australian-based and multinational providers of IT-related services and platforms;
- A provider of financial services to the AICD;
- A lessor of premises to the AICD.

We recognise that for large organisations with many customers it is not practical to answer individual questionnaires provided by customers with respect to modern slavery risk and we accept that for such organisations provision of a modern slavery statement that addresses the organisation's practices with respect to anti-modern slavery on an aggregated basis may be the only practical way of addressing questions about this risk.

This will not prevent us from investigating reports of modern slavery practices in our supply chain about these suppliers if they are received.

One other supplier (a lessor of premises to the AICD) declined to respond to the questionnaire and also declined to provide a modern slavery statement for assessment.

We are engaging in constructive discussion with this supplier to assist them to identify modern slavery risks in their supply chain and steps they are taking to mitigate any risks, to our satisfaction.

Information about the assessment of the risk attaching to each supplier as a result of the questionnaire responses and the steps we have taken or intend to take in response are outlined in the next section.

Assessment and mitigation of modern slavery risk in our supply chain

The responses provided by suppliers to our request to complete the questionnaire (whether by completion or by providing a modern slavery statement) did not disclose practices with respect to modern slavery that we assessed as 'high-risk'.

As noted above we were not able to assess the modern slavery controls of one key supplier, but we continue to work with that supplier to satisfy ourselves that the supplier has identified any modern slavery risks in its operations and supply chain and takes steps to mitigate these risks.

We have taken steps to update our internal processes and procedures to ensure that engagement of suppliers includes consideration of supplier controls with respect to modern slavery risk during the Statement Period. These are:

- Review of our Vendor and Procurement Management Policy and other key policies to ensure they appropriately reflect our intention to prevent modern slavery occurring in our supply chain
- Preparation of a Supplier Code of Conduct which explicitly refers to modern slavery controls in the supplier's business
- Review of our contract templates to include appropriate contractual controls with respect to the supplier's anti-modern slavery practices, compliance with the Act or any replacement legislation and the Supplier Code of Conduct.

These are the actions that we propose to take over the next 12 months:

- We will require that for procurements over \$100K a Modern Slavery questionnaire must be completed and identified risks are addressed prior to engagement. We will embed this requirement in our Procurement and Vendor Management Policy.
- We will ensure that recruitment and labour hire agencies we engage have appropriate controls in place with respect to the risk of modern slavery.
- We will ensure that complying with the Supplier Code of Conduct is a condition of engagement of all suppliers.
- Additional scrutiny will be applied to potential suppliers providing offshore services.
- Assessment of future lease or lease renewal proposals will include an assessment of the lessor's controls with respect to modern slavery risk in the lessor's management and servicing of leased premises

We will continue to work constructively with our existing key suppliers to ensure that we are satisfied with controls to prevent modern slavery in their business operations and supply chains.

EVALUATING THE EFFECTIVENESS OF OUR ACTIONS

This is the first statement prepared by the AICD with respect to identifying the risk of modern slavery in our business operations and supply chain.

We consider that the risk of modern slavery in our business and supply chain is low based on our operations and our assessment of key suppliers during the Statement Period.

Notwithstanding this we have taken steps during the Statement Period to improve our policies, procedures and processes and to identify additional steps we will take.

Even if the AICD does not meet the revenue threshold requirements for reporting under the Act in the next reporting year (1 July 2023 to 30 June 2024) we recognise the importance of transparency with respect to reporting our progress against this Statement and we commit to reporting our learnings and challenges after 30 June 2024.