



The Leprosy
Mission
Australia

2022



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ZERO LEPROSY
TRANSMISSION
DISABILITY
DISCRIMINATION

Modern Slavery Statement **2022**

THE LEPROSY MISSION AUSTRALIA
ABN 52 354 004 543

MODERN SLAVERY STATEMENT
Under the Modern Slavery Act 2018 (Cth)

REPORTING PERIOD 01 JULY 2021- 30 JUNE 2022

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PART ONE

Introduction and preliminary information

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.

This is our third 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:

- ❖ Risk Management review of current strategy
- ❖ Policies and documents reviewed in the last reporting period have been implemented including the supplier onboarding for new suppliers.
- ❖ Reassessment of the supplier engagement strategy with a view to conducting a more collaborative approach with non-reporting entities who directly supply us.
- ❖ Conducting monitoring visits to partners and suppliers in India and Nepal.
- ❖ Facilitating specialist modern slavery training.

During the reporting period, TLMA commissioned Unchained Solutions Pty Ltd to conduct a risk management review of our current strategy to address modern slavery. Unchained surveyed all our processes and procedures over the previous reporting periods including our modern slavery statements, policy suite, supplier engagement strategy and direct supplier risk assessment.

Through this review, Unchained identified key gaps and opportunities in our current strategy, and facilitated two workshops with the modern slavery workshop group with a view to a) developing an action plan with KPIs for the next two reporting periods, and b) reformulating our approach to engaging with our merchandise suppliers and international partners.

Unchained's overall recommendation was for TLMA to augment its current strategy with an emphasis on stakeholder engagement and collaboration by engaging in:

1. Capacity building activities to monitor and report on modern slavery risks among merchandise suppliers and partner organisations.
2. Policy improvement and socialisation, especially the grievance mechanism.
3. Identification of key areas of risk and a deeper dive investigation into high-risk product lines.
4. Developing a clear framework for measuring the effectiveness of actions taken.



Our 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 25 full-time equivalent employees in Australia, who are skilled staff and professionals. Our primary day-to-day operations include office administration, fundraising appeals, funding our work overseas, and retail operations.

In our previous reporting period, we assessed 93% of our 191 direct suppliers for modern slavery risks over the reporting period. Our current supplier number stands at 224 suppliers. 66% of our 191 suppliers continued into 2021. In the current reporting period, we have taken a stakeholder-based approach rather than another data-based analysis.

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

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

- 84.9% are based in Australia
- 3.2% are based in Nepal
- 3.2% are based in UK
- 1.8% are based in USA
- 0.9% are based in Bangladesh
- 0.9% are based in China
- 0.9% are based in Ireland
- 0.9% are based in New Zealand
- 0.5% are based in India
- 0.5% are based in Denmark
- 0.5% are based in Malta
- 0.5% are based in Palestinian
- 0.5% are based in Singapore
- 0.5% are based in Sri Lanka
- 0.5% are based in Thailand

We engage with these overseas 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.

As per our last reporting period, 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:

- Education, Health and Other Services (18.2%)
- Business Services (16.5%)
- Other Services (12.6%)
- Storage (7.4%)
- Activities of other membership organisations (6.5%)
- Computer and technical services (6.0%)
- Postal services (5.8%)
- Wholesale trade (5.8%) and wholesale on a fee or contract basis (2.7%)
- Legal services (2.1%)
- Other community services (1.8%)
- Forwarding agencies (1.8%)
- Textile products (1.5%)
- Other manufacturing (1.5%)
- Insurance (1.2%)

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

Included with these overseas entities are our overseas charitable project partners (engaged in services and charity work in countries where people are impacted by leprosy) and associated inventory suppliers. Our project partners are located in the following countries

- India
- Indonesia
- Nepal
- Nigeria
- PNG
- Timor Leste
- Thailand

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.

PART TWO

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 Unchained Solutions, an independent professional services firm with specialist expertise relevant to the Modern Slavery Act, to provide a Risk Management Strategic Framework and subsequent action plan for 2023 and 2024.

Further details on the proprietary risk assessment methodology that was applied is referenced in the FY21 statement.

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

1. total supplier spend amounts (i.e. the value of our direct supplier contracts);
2. geographical area of supplier operation;
3. industry category, including industries that in turn, feed into particular categories further down the supply chain; and
4. 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 is the geographical operations of our suppliers and partners, particularly in the *Education, Health and Other Services* industry category in Nepal, Nigeria, Timor Leste, and India. Some important aspects of the modern slavery risk factors for each of these countries relevant to this sector are discussed below.

Education, Health & 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.



Nigeria

- ❖ Our overseas partner in Nigeria has also been identified as having supply chains and operations with a relatively high risk for modern slavery. However, we note that we have no suppliers in Nigeria. 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.

Timor Leste

- ❖ Our overseas partner in Timor Leste is at low risk of modern slavery due to the nature of their work and the low risk existing in the country. However, there is potential for this to be offset by the high levels of poverty within the country.
- ❖ The Timor Leste government has guidelines and policies to reduce modern slavery risk. The senior leadership team in our partner organisation are trained on modern slavery awareness and the organisation complies with local policies.
- ❖ Whilst our partner organisation does not engage in modern slavery practices, there are possible risks in the downstream supply chains of the partner organisation.

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.

Direct supplier risks relating to forced labour practices in China

- ❖ We are also committed to monitoring the latest information in relation to the risks of tainted supply chains from the Xinjiang region and particularly as these relate to the systematic abuse of the Uyghur minority people groups in China.



PART THREE

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.

Internal Governance and Policies

- ❖ Relevant policies have been reviewed in the previous reporting period and will continue to be reviewed as part of our ongoing policy review cycles.
- ❖ The Supplier Code of Conduct that was updated in the last reporting period was sent to all new international suppliers.
- ❖ The updated supply agreement has been sent to new suppliers that we have engaged with.
- ❖ The following contractual obligations were 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 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, and
 - has read and understood our Supplier Code of Conduct.
 - The supplier agrees to complete a supplier self-assessment questionnaire.

Engagement with high-risk suppliers

- ❖ In the current reporting period we have developed an action plan to more effectively engage with suppliers in relation to the self-assessment questionnaire and this will entail engaging with suppliers through training workshops. These workshops will be rolled out in the next reporting period.

Education and Training

- ❖ All staff have undergone online Modern Slavery training which addressed the following key areas:
 - A definition of modern slavery
 - Identifying, assessing and addressing modern slavery risks
 - A description of the impacts of modern slavery on an organisation
 - Identifying ways to mitigate the risks
 - How to report on modern slavery with our organisation’s operations and supply chains.

Investment Partner Due Diligence

- ❖ As per our previous statements, we remain committed to only investing with firms that have lodged a modern slavery statement.
- ❖ In the current reporting period The Leprosy Mission engaged in a tender process to review our investment partner, and as part of the process applicants were asked to submit their current Modern Slavery Statements. As a result, a new investment partner was engaged. We 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.



PART FOUR

Measuring effectiveness

In our Second 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	Actions Taken
Our commitment to holding one modern slavery training session each year for our Australian staff	Training session undertaken in March 2022
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 have been sent to new suppliers.
100% of our first-tier suppliers are provided with a survey each year to gauge their understanding of modern slavery.	Towards the end of the reporting period we reassessed this supplier engagement strategy with a view to conducting a more collaborative approach with non-reporting entities who directly supply us.
All Partner agreements include a reference to modern slavery compliance.	We have updated our partner agreements, requesting all partners develop and implement procedures to prevent modern slavery and to inform TLMA of any incidents concerning modern slavery. We have received signed agreements from all partners.
All Partners are asked about modern slavery in their annual Quality Assurance Review (QAR) review.	<p>We issued a modified self-assessment questionnaire to 4 partners. 1 questionnaire was completed. TLMA to obtain completed questionnaires from all partners in the next reporting period.</p> <p>Questions regarding modern slavery compliance are now included in an annual QAR review.</p> <p>Questions will be reviewed and updated as required in the next reporting period.</p> <p>TLMA will continue to work with international partners to establish a universal standard on business and human rights across all TLM organisations.</p>
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.

As part of the Risk Management Strategic Framework an action plan has been developed and the following KPIs have been established for the coming year.

Key Performance Indicator	Assessment of Achievement of KPI
Our commitment to providing modern slavery training sessions for our Australian staff.	Modern Slavery training forms part of all staff inductions.
For modern slavery grievances lodged under our global whistleblowing service all grievances must commence remediation within a three-month time period.	Number of grievances received and effectively processed.
Improved Partner and Supplier Engagement Strategy.	Suppliers are provided with training and are effectively engaged with to complete the self-assessment questionnaires.
All Partners are asked about modern slavery in their annual QAR review.	Questions reviewed and updated as required.
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.
Update our measuring effectiveness framework on an ongoing basis so that it continues to reflect current best practice in modern slavery due diligence.	Goals are revised and effectiveness framework established.
FairTrade Certification is obtained for TLMA Social Enterprise.	Time frame and action plan is developed to obtain FairTrade Certification.

PART FIVE

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 ongoing COVID-19 pandemic.

We have been unable to undertake planned onsite audits of our overseas suppliers due to travel restrictions. However, in the last quarter of the period one overseas trip took place to Nepal. NLF, who is both a supplier and project partner, was visited and as part of the trip the handicraft production arm of the organisation was briefly visited and their production process explained. No audit was conducted at this time.

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

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.



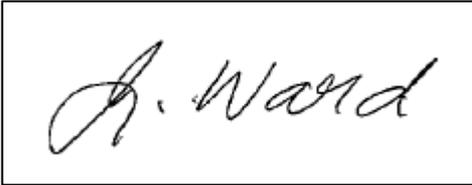
Modern Slavery Act 2018 (Cth) – Statement Annexure

Principal Governing Body Approval

This modern slavery statement was approved by The Leprosy Mission Australia Board of Directors and Leadership Team on Monday, 5th December 2022.

Signature of Responsible Member

This modern slavery statement is signed by a responsible member of The Leprosy Mission Australia as defined by the Act:



JENNIFER WARD

BOARD CHAIR

Mandatory Criteria

Below table outlines the page number/s of our statement that addresses each of the mandatory criteria in section 16 of the Act.

Mandatory criteria	Page number/s
a) Identify the reporting entity	2
b) Describe the reporting entity's structure, operations and supply chains.	3
c) Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls.	4-5
d) Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes.	6
e) Describe how the reporting entity assesses the effectiveness of these actions.	7
f) Describe the process of consultation on the development of the statement with any entities the reporting entity owns or controls (a joint statement must also describe consultations with the entity covered by the statement).	Do not own or control any other entities
g) Any other information that the reporting entity, or the entity giving the statement, consider relevant.	N/A