



## Council Fact Sheet: Modern Slavery Risk Assessment for LGP Contracts

**LGP has assigned modern slavery risk ratings to Approved Contractors under LGP Contracts. The risk ratings will assist councils to undertake reasonable steps to better ensure the goods and services they procure are not a product of modern slavery. Providing confidence to councils who purchase through our contracts to better meet modern slavery legislative and ethical obligations.**

### Background

The *Modern Slavery Act 2018 (Commonwealth)* requires entities based, or operating, in Australia, which have an annual consolidated revenue of more than \$100 million, to report annually on the risks of modern slavery in their operations and supply chains, and actions undertaken to address those risks. This report is known as a Modern Slavery Statement.

Local government is not required to publish a Modern Slavery Statement under the Commonwealth Act ([alga.asn.au](http://alga.asn.au)) but larger councils with revenues above the \$100M threshold may choose to do so voluntarily.

However, under the *Local Government Act 1993 (NSW)*, and regardless of size, NSW councils are required to take into consideration social justice principles in all decision making, which includes procurement.

Furthermore, as a spender of public monies, councils have an ethical obligation to consider, identify and manage modern slavery risks within their supply chains. This would be an expectation of their communities and elected members.

In response to all the above, LGP has undertaken a modern slavery risk assessment across all its panel contracts. The intent of the risk assessment is to assist councils (when purchasing under LGP Contracts) to undertake reasonable steps to ensure the goods and services they procure are not a product of modern slavery. Hence, enabling councils who purchase through the contracts to better meet legislative and ethical obligations related to modern slavery.

LGP can conduct similar risk assessments for councils on a fee for service basis.

### Outline of Risk Assessment Approach

A survey was sent to all LGP Approved Contractors to collect details of their approach and activities to detect and manage modern slavery risks within their organisation and supply chains. The survey questions are aligned to the Commonwealth Act and the reporting requirements for Australian modern slavery statements.

The survey data collected was analysed and the results used to assign an individual modern slavery risk rating to each responding contractor.

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An Approved Contractor's modern slavery risk rating is based on:

- Awareness of the Commonwealth *Modern Slavery Act 2018*;
- Approach/controls in place and action undertaken to detect and prevent modern slavery within their supply chain; and
- The main country(ies) of origin for the products sold under an LGP Contract.

The risk ratings are displayed as a Supplier Intelligence Badge in VendorPanel in the format below. Not only does this make the risk ratings highly visible when purchasing from LGP Contracts it also enables purchasers to conduct searches for Approved Contractors based on Modern Slavery risk.



High



No response  
provided



Moderate



Low

***Please note that the risk assessment ratings are based solely on Approved Contractors' responses to the survey. LGP has not conducted any further investigations or individual audits on Approved Contractors.***

These ratings are further detailed below. It is important to understand that the level of risk associated with a contractor does not translate to a confirmation that modern slavery is or is not present.

### *Low Risk*

Aware of modern slavery legislation and has communicated this to employees and/or suppliers. Satisfactory policies and processes in place to identify and address modern slavery in supply chain. If required to comply with the *Modern Slavery Act 2018* they are complying and reporting. Also includes suppliers that have opted to voluntarily report under the Act.

### *Moderate Risk*

Aware of modern slavery legislation. Some action taken to identify and address modern slavery risks in their supply chain but is somewhat limited and/or needs improving. Some or all products they sell are or may be sourced from high risk country(ies).

### *High Risk*

No/limited awareness of modern slavery legislation. Failing to comply with the *Modern Slavery Act 2018* if required to. Very little to no process in place to assess and address modern slavery risks within supply chain. Main country(ies) products are sourced from is/are considered high risk countries.

### *No Response Provided*

The contractor failed to respond to survey requests and data is not available to assess their level of modern slavery risk. Therefore, the contractor should be treated with the same level of caution as a contractor with high modern slavery risk.

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If a council would like further details of an Approved Contractor's performance in managing modern slavery risks in their supply chain please contact [sustainablechoice@lgp.org.au](mailto:sustainablechoice@lgp.org.au). Further details may include copies of relevant policies and processes and activities undertaken to detect and prevent modern slavery, that were provided in survey responses.

### Modern Slavery Risks – Spend Categories

It is also important to consider the modern slavery risks associated with spend categories when making purchasing decisions. For example, where a spend category is typically considered low risk a moderate risk Approved Contractor may be ok. Whereas, it may be best to engage with only lower risk Approved Contractors where the spend category has a high risk.

The following factors should be considered when determining the level of modern slavery risk for spend categories:

- Australian & Globally recognised risk level associated with category.
- Total spend per annum on Contract i.e. higher spend opens up potential higher risk.
- Country(ies) where products are typically sourced (high risk countries as determined by Global Slavery Index (GSI) and International Labour Organisation (ILO) statistics).
- In the case of services related categories – generally, what type of employees are engaged and how (modern slavery has been identified in Australia where employees are migrant workers on 457 visas employed via international employment agencies).

The Global Slavery Index identified the following categories and products as having a higher risk for modern slavery occurrence:

#### *Categories*

Domestic work, construction, manufacturing, agriculture, forestry, and fishing.

#### *Products*

Cotton, bricks, garments, and electronics – laptops, computers and mobile phones.

The Global Slavery Index identifies the following countries as having a high prevalence of modern slavery. Products sourced from these countries should be considered as having a higher modern slavery risk.

North Korea, Eritrea, Burundi, Central African Republic, Afghanistan, Mauritania, South Sudan, Pakistan, Cambodia, Iran, India, China, Nigeria, Indonesia, Democratic Republic of the Congo, Russia, and the Philippines.

## Further Information

Australian Modern Slavery Register & procurement toolkit

<https://modernslaveryregister.gov.au/resources/>

Global Slavery Index <https://www.globalslaveryindex.org/>

Commonwealth Modern Slavery Act (2018) <https://www.legislation.gov.au/Details/C2018A00153>

NSW Modern Slavery Act (2018) <https://www.legislation.nsw.gov.au/#/view/act/2018/30>