

# EY Australia Modern Slavery Statement

FY22

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This statement is a joint statement made on behalf of the following reporting entities - Ernst & Young (ABN: 75 288 172 749), Ernst & Young Services Trust (ABN: 67 457 905 811) and EY Business Solutions Pty Ltd (ABN: 35 122 885 465).

This statement has been approved by the principal governing body of Ernst & Young, Ernst & Young Services Trust and EY Business Solutions Pty Ltd on 20 December, 2022.

## Message from our Chief Sustainability Officer and Chief Executive Officer



**Mathew Nelson**  
EY Regional Chief  
Sustainability Officer,  
Oceania



**David Larocca**  
EY Regional Managing  
Partner and Chief  
Executive Officer, Oceania

Over the last few years we have seen a perfect storm of global crises that has shaken the foundation of many of our value chains. Pandemics, climate change and labour constraints have all shone a light on the fact that our supply chains are complex, globally connected, and vulnerable. Championing the human rights of all global citizens in the context of these challenges has never been more important.

In response, EY Oceania\* has stepped up our commitment to support a world free of modern slavery and where all its citizens can live free from fear, harassment and discrimination. We see our role in this firstly by ensuring that we are managing the human rights risks in our own value chain and secondly by

working with our clients to help them manage human rights issues.

In putting the microscope back on ourselves, we recognise that although we have taken big strides over the last few years, there is much for us to work on. To accelerate our impact we need to step change our ambitions, processes and activities. For this reason, our 2022 Modern Slavery Statement will discuss our actions to date but have an even stronger focus on our future commitments that will help us take a leadership role in eradicating modern slavery.

As an organisation that provides a large amount of modern slavery advisory services to the corporate market, we can be very self-critical of the rate of our own progress. We naturally look to the targets we didn't achieve, the best practices we didn't embody and the breakthroughs we didn't realise. This is healthy, to a degree, but it can also lead us to overlook the important milestones we quickly normalise in the pursuit of the next goal.

To that end, we see much in this statement that we are proud of, we are a business whose approach to the investigation of modern slavery has vastly changed. We are also pushing the button on a large campaign of in-country supplier diligence that was initially delayed

by the pandemic and will incorporate key higher risk suppliers. We are also proud of the increased ambition that our executive has supported that will lead to greater examination of the outcomes of our activities but also the re-imagining of more ethical business models - to help embody the change that the Modern Slavery Act 2018 ultimately pursues.

We are pleased to enclose the EY Australia Modern Slavery Statement for 2022.

We thank you for your interest in our statement and welcome any feedback you may have.

Sincerely,

**Mathew Nelson**  
EY Regional Chief Sustainability Officer, Oceania

**David Larocca**  
EY Regional Managing Partner and  
Chief Executive Officer, Oceania



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## 02 Our statement

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This statement is made on behalf of Ernst & Young, Ernst & Young Services Trust, and EY Business Solutions Pty Ltd (together “EY Australia”, “we”, “us” or “our”). It has been prepared in accordance with the requirements of the Modern Slavery Act 2018 (the Act) for the reporting period from 1 July 2021 to 30 June 2022 (FY22). Ernst & Young in Australia is a partnership and a member firm of Ernst & Young Global (EYG) Limited, a UK company limited by guarantee.

EY owns and controls a number of subsidiary entities and the activities of these entities are included in this statement.

### **Our consultation activities undertaken to prepare this statement**

Ernst & Young, Ernst & Young Services Trust, EY Business Solutions Pty Ltd, and the entities they own or control, are managed centrally within our Australian operations with shared policies, procedures, and business functions which govern all business activity, including the management of modern slavery risks. The centralised management structure enables EY Australia to operate and govern our modern slavery program as a single, integrated group, which includes among other things modern slavery risk assessments, due diligence activities, implemented controls, and the preparation of our modern slavery statement.

In preparing this statement, we conducted cross-functional consultation with key stakeholders whose roles and responsibilities sit across the reporting entities, including the entities owned and controlled by the reporting entities. This involved conducting meetings, as well as facilitating workshops and focus group discussions, with representation from

Risk Management, Operations, Finance, Legal, Procurement, Talent, and Corporate Responsibility. Our human rights and modern slavery advisors within the EY Climate Change and Sustainability Services team were also consulted to support the preparation of the statement.

Our central management and the consultation activities undertaken facilitated communication across EY Australia regarding the reporting requirements, actions taken, and planned actions, to address the requirements. Each reporting entity, including entities owned and controlled by the reporting entities, was engaged on an ongoing basis as part of this approach, facilitating the preparation of this joint statement.

In FY23, we will establish a cross-functional human rights and modern slavery working group who will meet periodically to drive and monitor the day-to-day management of modern slavery risks throughout the business and will form the core element of our consultation and governance activities.



## Our commitments

As part of our commitment to elevate our ambition, we have updated our overarching approach to human rights for EY Oceania. The first step in this process

was to establish a set of overarching modern slavery commitments that will guide our strategy and our future activities as well as provide a point of challenge

when we review our approach for each stage of our value chain.

### EY Oceania Modern Slavery Commitments

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- 1. We know that modern slavery exists within our supply chain** – experience tells us that somewhere within our extensive value chains there will be modern slavery. We will actively work with our suppliers to find this exploitation and take immediate steps to put an end to it and provide for/facilitate effective remediation of harm. We will undertake further work to understand the drivers, including our causal relationship, to inform our approach to preventing future harm.
- 2. We have a duty to use our position and power to raise awareness and tackle slavery as soon as we can** – within our operations and supply chains we need to use the unique position of our global business relationships to drive on the ground improvements in the labour rights enjoyed by our direct and indirect workforce.
- 3. Our strategic business relationships provide an opportunity to drive immediate and urgent action** – we will participate in multi-stakeholder dialogue to further advance the business and human rights agenda, both locally and globally, with a focus on the investigation and mitigation of root cause issues.
- 4. Risk-based due diligence is our best hope for finding and addressing slavery** – we will undertake due diligence of our value chain through on the ground engagement with potentially impacted workers throughout our value chain.
- 5. We need to move more quickly to finding and addressing slavery ... not just assessing risk** – we will work with our stakeholders to facilitate and provide appropriate remedies to impacted people, and we will work to establish trust in the remedial mechanisms available to workers within our operations and supply chain to improve the identification of indicators and instances of modern slavery within our value chain.
- 6. We must continually improve, and look to leading academics and survivors of slavery on how to do so** – we will continue to review and enhance the effectiveness of our response, and report on our progress transparently each year, at a minimum.

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# Our progress on our commitments





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03

## 03 Our progress on our commitments





We continue to make progress on the modern slavery commitments which were established in our previous modern slavery statements. Additional efforts are needed to investigate and mitigate the risk of modern slavery practices occurring in our operations and supply




chain (and we have made a significant investment in uplifting our program of work in FY23). We have outlined our progress on these commitments in FY22 and noted where remedial action commenced after the end of the FY22 reporting period.

Objective	FY21 Commitments	Status	Update on our commitments for FY22
Increase awareness of modern slavery risks, build capability and drive the consistent implementation of modern slavery procurement practices	To provide annual modern slavery training to Procurement team members		Our annual modern slavery training seminar was held for our procurement team members in September 2021.
	To roll out a modern slavery web-based learning module to team members from Legal, Talent, Workplace Services, and Brand, Marketing and Communications		A modern slavery web-based learning module was successfully rolled out in December 2021 to team members from Legal, Talent, Workplace Services, and Brand, Marketing and Communications. As at 30 June 2022, we achieved a 100% completion rate, where we trained 621 people across these key business functions.
Enhance our supplier due diligence processes to effectively identify and address modern slavery within our supply chain	To further improve our supplier due diligence processes and to assess areas for additional developments in future reporting periods		Limited action was taken during the reporting period. Reviewing our supplier due diligence processes to identify improvement opportunities is an area of priority within our <b>FY23 Human Rights and Modern Slavery Strategy</b> . <i>This is discussed further in the 'Our actions for the future' section.</i>
	To perform audits over suppliers as part of a specified audit plan with detailed modern slavery criteria		Limited action was taken during the reporting period. Targeted due diligence, including in-country on the ground site visits, is an area of priority within our <b>FY23 Human Rights and Modern Slavery Strategy</b> . <i>This is discussed further in the 'Our actions for the future' section.</i>

 Completed  Not completed however remedial action in progress  Not Started



Objective	FY21 Commitments	Status	Update on our commitments for FY22
Maintain an active view of our modern slavery risks, impacts and controls over our onshore operations, offshore operations, and outsourced suppliers	To place a stronger focus on due diligence activities over our offshore operations to validate our understanding of the existing control environments and, where appropriate, provide recommendations and support for improvements		Limited action was undertaken in the reporting period. We will perform in-country assessments of selected offshore operations as part of our <b>FY23 Human Rights and Modern Slavery Strategy</b> in FY23. <i>This is discussed further in the 'Our actions for the future' section.</i>
	To undertake further due diligence activities over outsourced service providers and evaluate whether specified controls are required to manage modern slavery risks		Limited action was undertaken in the reporting period. Conducting due diligence activities over our outsourced service providers is a priority for FY23, as part of our <b>FY23 Human Rights and Modern Slavery Strategy</b> . <i>This is discussed further in the 'Our actions for the future' section.</i>
	To assess the applicability of our current modern slavery due diligence process and controls for our subcontractor population		In FY22 we engaged our two key contingent workforce management providers to deepen our understanding regarding their existing approach to managing modern slavery risks. <i>This is discussed in detail below in the 'Our approach to managing modern slavery risks' section.</i>
Integrate considerations of human rights risks into the acceptance process for clients	To focus on identifying ways in which our human rights principles can be worked into our client acceptance process		<p>Following the endorsement of the <a href="#">EY Global Human Rights Statement</a> by our Global Executive in FY21, EY Australia continues to encourage the work of EY globally to further integrate human rights considerations into our global client acceptance and continuance processes.</p> <p>During the reporting period, we introduced a set of principles for sensitive engagements into our client acceptance processes which consider the alignment of our clients' practices to our values.</p>

 Completed
  Not completed however remedial action in progress
  Not Started

Further to our progress in FY22, we have increased our efforts to enhance our program and have established the following priority actions for the FY23 reporting period. These actions are discussed further in the 'Our actions for the future' section of this statement.

- We will complete heightened due diligence activities over offshore EY member firms and selected outsourced service providers.
- We will review our supplier due diligence approach to identify, design and implement improvement opportunities.
- We will conduct targeted due diligence activities over selected priority suppliers.
- We will establish a cross-functional human rights and modern slavery working group.
- We will improve how we capture and characterise grievances raised through our grievance mechanisms.
- We will review and enhance our escalation and remediation processes.
- We will establish a framework to assess the effectiveness of our actions to drive continued improvements each year.

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# Our structure, operations and supply chain

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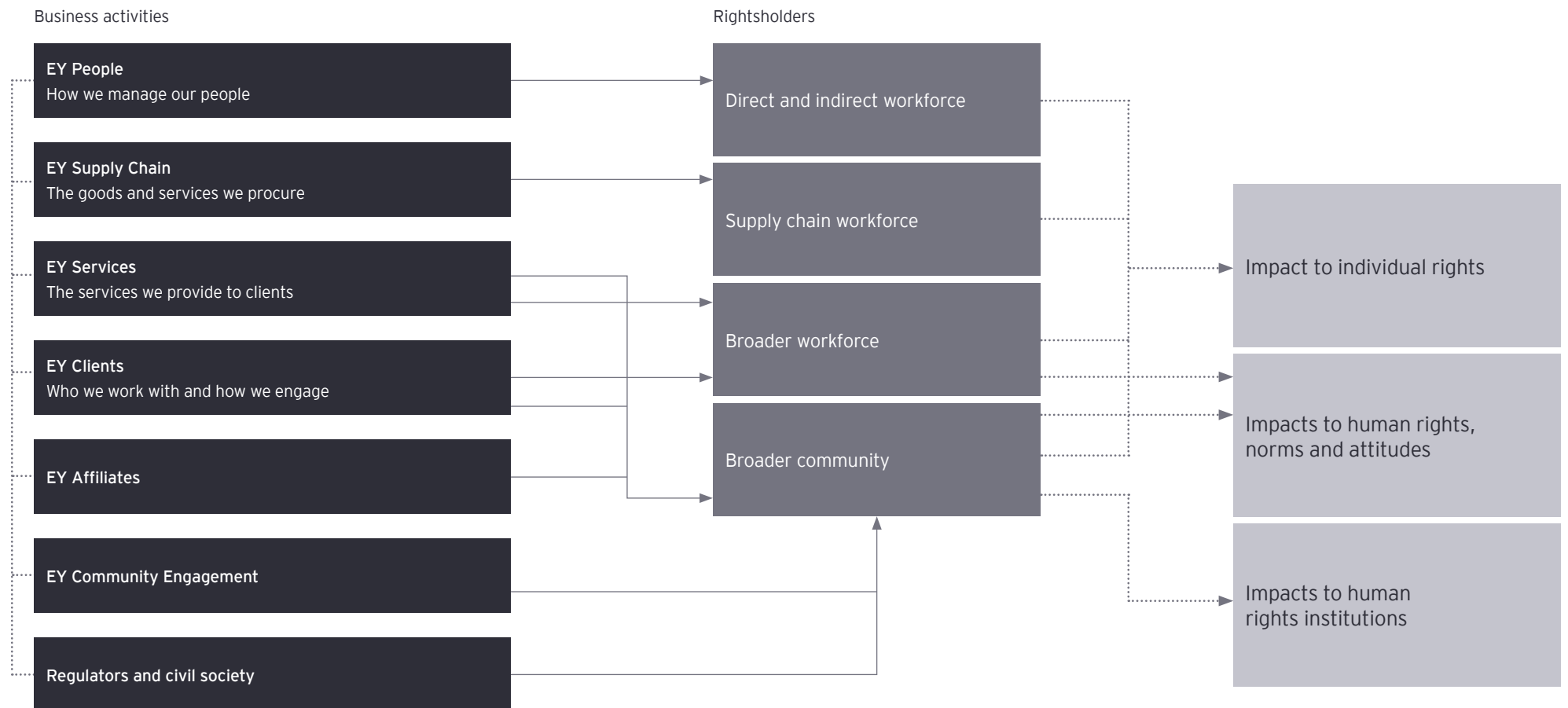
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## 04 Our structure, operations and supply chain

### EY value chain and rightsholder overview



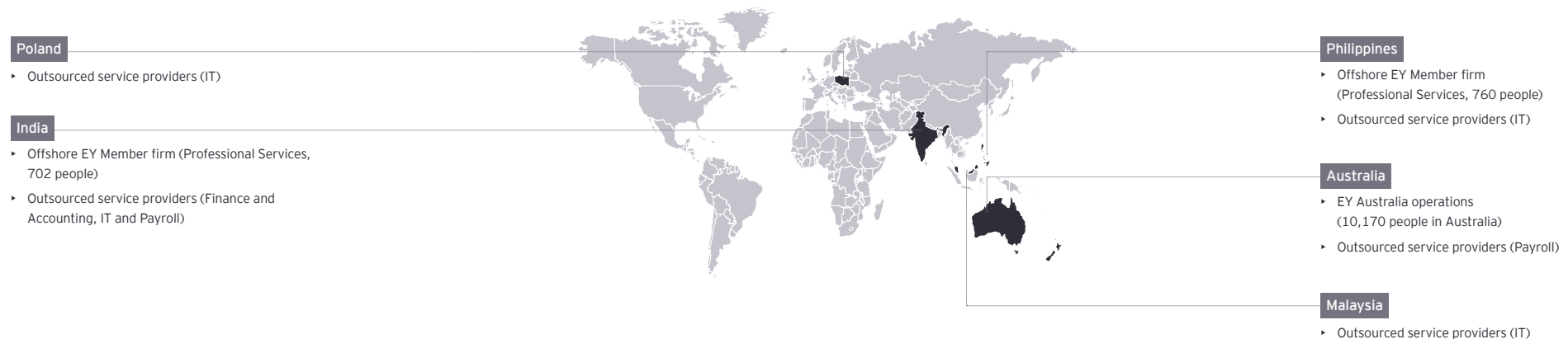
## Our operations

EY is committed to doing its part to build a better working world. We provide insights and services to create long-term value for our clients, people and society. Globally, the EY organisation has over 700 office locations in over 150 countries, providing local knowledge with global experience. EY continues to develop its knowledge of modern slavery and works with its clients to help them respond to modern slavery risks and impacts.

As at 30 June 2022, EY Australia employed approximately 10,170 people, working across our seven Australian offices. Our Australian workforce is supported by other EY member firms which provide business, compliance, and administrative support, with approximately 702 people based in India, and 760 people based in the Philippines that provide either client facing or enablement support to EY Australia.

We also engage third parties who provide outsourced support services, including finance and accounting services, IT help desk support, and payroll services. These services are performed by people based predominantly in India, Malaysia, Poland and the Philippines.

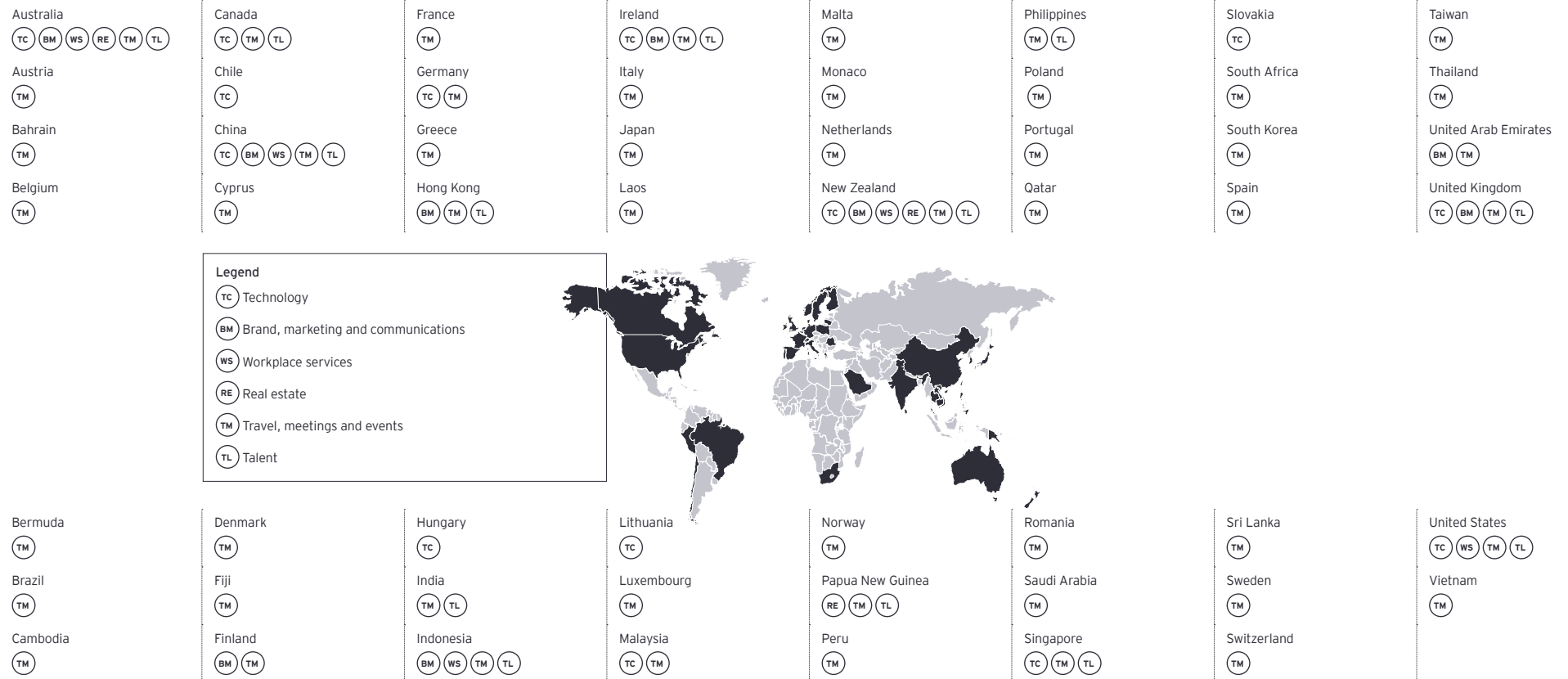
The map below illustrates the main countries where people from EY Australia, our offshore EY member firms, and our outsourced service providers are located.







The map below displays the locations of our direct and indirect suppliers, and which procurement categories were sourced from each country.

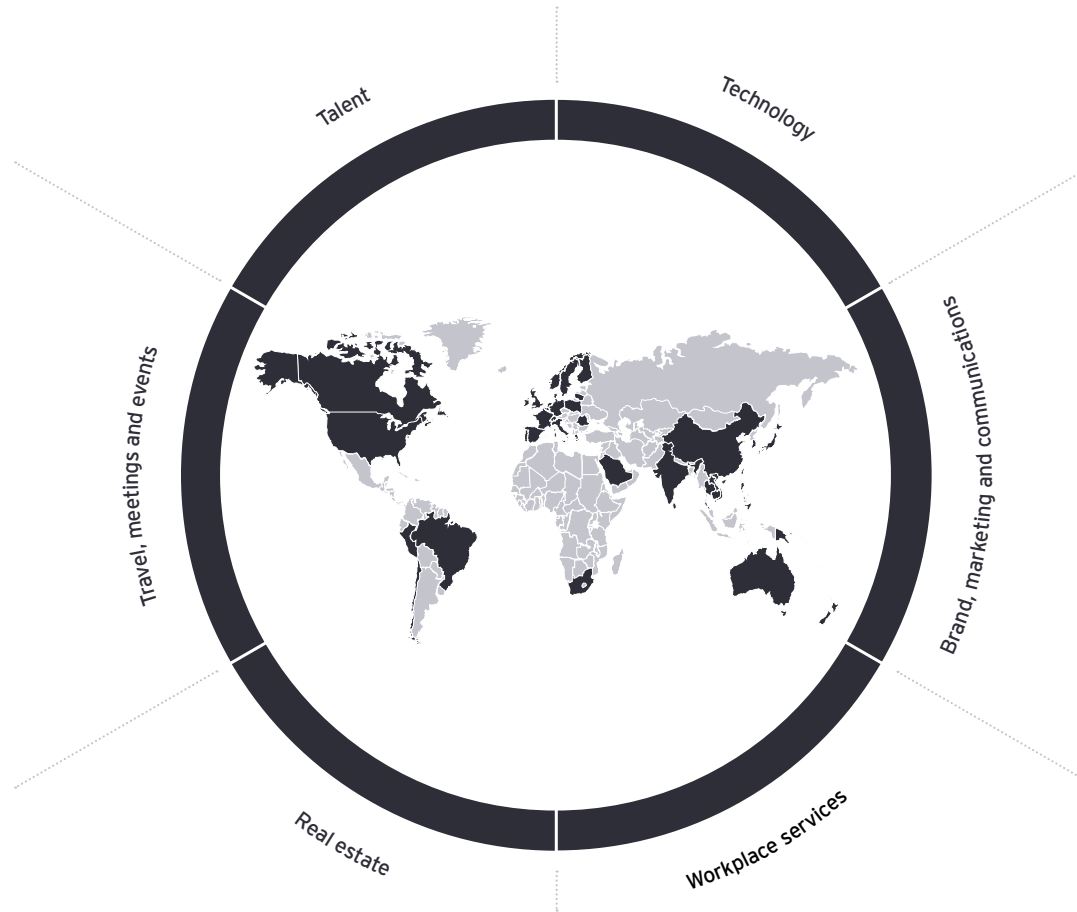


EY Australia procures a variety of products and services, with six main procurement categories. The types of products and services procured are outlined below.

We engage recruitment agencies to help us to continue to identify the best talent, as well as source learning and development goods and services to continue to build the capability and nurture the wellbeing of our people.

We continue to connect with our peers and clients through business travel, which includes air travel, hotels, meals, venues, and ground transportation.

Our office building leases, and construction products and services for office fit outs and refurbishments.



Our technology includes technology hardware (e.g., laptops, monitors and peripherals), software, telecommunication, and IT support services.

The goods and services we use to support our brand, marketing and communication activities, including publications, digital banners, sponsorships and promotional merchandise such as water bottles, t-shirts, notepads and stationery.

The goods and services we use in our offices such as office equipment and supplies, and onsite services such as cleaning, catering, and property maintenance.

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# Our approach to managing modern slavery risks

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## 05 Our approach to managing modern slavery risks

### Our position

At EY, we believe upholding human rights is fundamental to our purpose of building a better working world, and we are committed to respecting and promoting the human rights of all EY people, and those with whom we interact through our business activities and relationships.

Modern slavery is an abhorrent crime and a serious abuse of human rights. We have a responsibility to respect human rights and are committed to taking appropriate actions to prevent and remediate modern slavery occurrences which we may cause, contribute to or are linked to, through our business activities.

Our global and local policies, which are reviewed and updated periodically, outline our position and response to modern slavery and human rights more broadly. Our key documents are set out below.

### Our approach to managing modern slavery risks in our operations

Our Risk Management business function continued to hold the main responsibility for the overarching management of the EY Australia modern slavery response during FY22, with support from local and global business functions responsible for implementing day-to-day controls and activities to manage modern slavery risks. Key business functions include, Procurement, Operations, Talent, Legal, and Workplace Services.

Our approach to managing modern slavery in our operations is steered by our robust governance structure, zero-tolerance position regarding modern slavery within our operations, and our strong policy environment. Our employment agreements clearly communicate employees' working rights and the terms of their employment, including working hours, remuneration, and notice periods. We have recently made the decision to commission an independent

review of our workplace culture, work practices and psychological health and safety. We are committed to transparency with the findings of this review, and to implementing its recommendations. We will report on the outcomes in FY23.

As part of our onboarding process, we also confirm appropriate visa status for all our employees. We ensure that we comply with Australia's strong workplace relations laws and confirm working entitlements in line with Australian legislation, which is managed and monitored by our Talent team. Our Risk Management team also carefully manages health and safety risks. We have a zero-tolerance approach to modern slavery practices in our operations.

Our indirect workforce in offshore member firms are also governed by EY policies which are relevant to labour rights, health and safety, and entitlements. They are also subject to working rights in accordance with relevant local laws.

#### Global Code of Conduct

Our Global Code of Conduct is a clear set of standards for our business conduct. It provides the ethical and behavioural framework on which we base our decisions every day. The Code is anchored in our values and beliefs and underpins all that we do. All EY people are required to confirm that they will comply with the Code.

#### Global Human Rights Statement

The EY Global Human Rights Statement was endorsed by our Global Executive and establishes our commitment and approach to upholding and promoting fundamental human rights.

#### Global Supplier Code of Conduct

Our Global Supplier Code of Conduct establishes a shared understanding with suppliers of our minimum expectations and standards regarding modern slavery and broader human rights issues.

## Our approach to managing modern slavery risks in our supply chain

We manage our modern slavery risks in our supply chain through both local and global policies and procedures, including our Global Procurement and Supply Chain Policy, which establish supplier expectations and guide our procurement practices. Our supplier due diligence activities, modern slavery training, grievance mechanisms and remediation processes also form part of our approach to managing modern slavery risks in our supply chain. These are discussed in further detail below.

### Supplier due diligence

Our approach to supplier due diligence is risk-based. By prioritising our efforts within our supply chain, we ensure we are reducing harm to people where it is most likely and severe. We also consider the causal relationship between our actions and potential impacts, which helps us to determine whether our actions might cause, contribute to, or be directly linked to modern slavery practices within our supply chain.



Supplier due diligence risk-based approach

As part of our **FY23 Human Rights and Modern Slavery Strategy**, we will review our supplier due diligence approach to identify, design, and implement improvement opportunities. We will take a collaborative approach to design and implementation, both internally, and with our suppliers, to drive the development of an approach that seeks to effectively identify and meaningfully respond to indicators and instances of modern slavery within our supply chain, whilst minimising the administrative burden on our people and our suppliers.

Within the reporting period, our supplier due diligence activities included new supplier screening, distributing supplier self-assessment questionnaires, conducting a global supplier ESG pilot, continual integration of modern slavery clauses in our supplier agreements, reviewing our subcontractor controls, and conducting modern slavery training. These activities are outlined in further detail in the following sections.

### **New supplier screening**

In FY21, EY Australia introduced modern slavery screening into our supplier management software during the supplier selection and onboarding process for new suppliers. Through this process, the inherent modern slavery risk for all new suppliers is assessed using the EY ESG Risk Tool, which was developed by our Climate Change and Sustainability Services team. New suppliers identified with an inherent risk of medium or above are required to respond to a questionnaire to validate the initial assessment of inherent risk through gaining a deeper understanding of the supplier's risk profile and existing risk mitigation measures. EY reviews the responses received from suppliers as part of this process and follows up with suppliers where additional information is required or where a red flag for further enquiry is identified. A modern slavery risk rating is then assigned to the supplier, with a centralised record maintained by our Global Procurement function.

During the year, we identified improvement opportunities within this process which we will action as part of our FY23 Human Rights and Modern Slavery Strategy.

### **Due diligence activities of existing suppliers**

Selected existing suppliers identified with a high inherent risk of modern slavery were required to complete our Modern Slavery Supplier Diligence Questionnaire within the year. We received responses from 15 suppliers which was a response rate of 84%. We reviewed the suppliers' responses and determined whether any follow up actions were required. The responses provided us with a deepened understanding of our suppliers' approach to managing modern slavery risks. Generally, our suppliers demonstrated appropriate awareness of labour issues and modern slavery and provided assertions and supporting documentation regarding how they manage these risks. We were also involved in a global supplier due diligence pilot during the year which is discussed in the following section.

## Global supplier ESG due diligence pilot

EY completed a global ESG Assessment Pilot in FY22. Suppliers with higher ESG risks (and spend) were invited to participate, including 19 EY Australia suppliers. The ESG risks assessed included modern slavery considerations such as child labour, forced labour, and human trafficking, drawing on industry and country data.

Suppliers were invited to complete a survey which included a human rights and modern slavery section to understand existing measures to assess and address modern slavery risks and impacts, including the provision of grievance mechanisms and action plans issued. In addition to modern slavery risks, broader human rights responses were assessed in relation to diversity, equity and inclusion, harassment and discrimination.

Supplier responses and supporting documentation were analysed and followed up where required to clarify responses, understand information gaps, and

to identify best practices and improvement areas. No indicators or instances of modern slavery were identified during the pilot, however opportunities for improvement were identified and will be followed up accordingly in the next reporting period.

This ESG assessment gave us further insight into our supplier base. We will be working with selected suppliers to determine appropriate follow up actions based on the ESG Assessment Pilot and to monitor progress in the next 12 months as appropriate.

EY Australia will continue collaborating with the Global Procurement team to drive improvements in managing modern slavery risks and to drive greater consistency across regions, where practicable, to continue to work together in pursuit of addressing this global and complex issue.

## Supplier service agreements

We continued to require a modern slavery provision be included in all new supplier contracts, including when a contract is renewed with an existing supplier. Our standard modern slavery provisions set out our modern slavery expectations and establish our right to audit suppliers in relation to labour rights practices, including modern slavery.

## Training

Our annual modern slavery training seminar was held in September 2021 for our procurement team members. This training was delivered to heighten awareness of modern slavery risks and to communicate and build capability amongst our team members to drive the consistent implementation of our modern slavery related procurement policy and processes. This training is mandatory for procurement team members responsible for purchasing goods and services for EY Australia.

A modern slavery web-based learning module was also successfully rolled out in December 2021 to relevant team members who hold various responsibilities across our modern slavery response. The training module was assigned to all team members within Legal, Talent, Workplace Services, and Brand, Marketing and Communications. As at 30 June 2022, the completion rate was 100%.

Our modern slavery training program helps us embed modern slavery controls in our organisation by enhancing awareness of risks in our supply chain and to support the implementation of purchasing practices to manage modern slavery risks.

### **Subcontractors**

EY Australia engages contingent workforce management providers who connect us with talent on an as needed basis to support our client serving and internal business functions where we may be seeking niche technical expertise or temporary support. We have established policies and procedures which govern this process to manage business risks such as independence, health and safety, and workplace relations.

In FY22 we engaged our two primary contingent workforce management providers to further understand how modern slavery risks are managed throughout this process. While we have assessed the modern slavery risks associated with these business relationships to be low, we will continue to maintain an open dialogue with our providers to monitor and review the effectiveness of the existing controls.

### **Grievance mechanism and remediation**

The EY Ethics Hotline is our established whistleblower and grievance mechanism, which is available to EY people, clients, suppliers, and all other external stakeholders. This hotline is run by an external independent organisation, ensuring confidentiality, and allows for reports to be raised anonymously. Reports received are escalated to the EY Regional Risk Management and Independence Leader, Oceania, who is responsible for ensuring that all reports are investigated and responded to appropriately.

EY Australia also has other mechanisms which can be used by employees to report an issue or to make a complaint. Our workforce can seek support through our Talent Specialist Team or from our Welfare Contact Officer. We also have an Employee Assistance Program and a Manager Support Program which may be used to raise concerns.

No reports of modern slavery practices, such as forced, bonded or child labour, or any other forms of modern slavery, were received by EY Australia during the reporting period. We have identified an opportunity to

improve how we capture and characterise these issues so that we can better identify and analyse where there may be broader human rights issues and we will explore this further as part of our **FY23 Human Rights and Modern Slavery Strategy**.

The EY Australia process for responding to and remediating modern slavery incidents forms part of our complaint's investigation and escalation process. Our Risk Management team is responsible for investigating any reported modern slavery incidents and determining the escalation steps required. Further to this, our Whistleblowing Policy sets out the principles for making, receiving, investigating, and addressing reports.

As set out in the [EY Global Human Rights Statement](#), we are committed to ensuring that all reports are appropriately heard, investigated, and remediated as required. As part of our **FY23 Human Rights and Modern Slavery Strategy** we will review and improve our remediation approach to modern slavery incidents in our operation and supply chain. This will help us ensure any actual or alleged modern slavery reports are investigated and remediated appropriately.



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# Our modern slavery risks

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## 06 Our modern slavery risks

During the reporting period, EY Australia conducted a risk assessment and prioritisation assessment over our operations and Tier 1 suppliers to determine the inherent modern slavery risks. The assessment was conducted using the EY ESG Risk Tool, which considers country and industry risk factors to determine an inherent risk score for forced and bonded labour, child labour, human trafficking, servitude, and forced marriage. Due to minimal changes to the structure and nature of our business activities and supplier relationships, our priority areas for modern slavery were assessed to be largely consistent with prior years.

### Risk assessment and prioritisation methodology

EY completed a risk assessment to better understand the risks of modern slavery in its operations and supply chain, which considered both the inherent country and industry risks:

**Country risks** were assessed through an analysis of credible indexes and databases. For example, the statistics on forced labour and child labour published by the International Labour Organisation.

**Industry risks** were assessed by considering known industry risk factors such as, the use of unskilled, temporary, or seasonal labour, short-term contracts, outsourced labour, foreign workers, the presence of opaque intermediaries, as well as whether there are known labour rights controversies within the industry.

We undertook a prioritisation assessment taking into account the following factors:

- ▶ Level of inherent modern slavery risk present
- ▶ The causal link between the labour rights issues and EY, including the degree of influence over the business relationship
- ▶ Whether the product or service is core to our business operations

### Modern slavery risks in our operations

#### Direct workforce

EY Australia considers the risk of modern slavery occurrences within our direct employee workforce to be low. This is due to the low inherent risk of forced labour, child labour and other forms of modern slavery in both the professional services industry and in Australia. The office-based nature, the low proportion of vulnerable workers, and the higher level of skill required to perform work in the professional service industry support this low-risk rating. The modern slavery risks for our direct workforce in our operation is further mitigated by our strong policy environment and our zero-tolerance approach to modern slavery practices. We have not identified any occurrences of modern slavery in our operations.

#### Indirect workforce

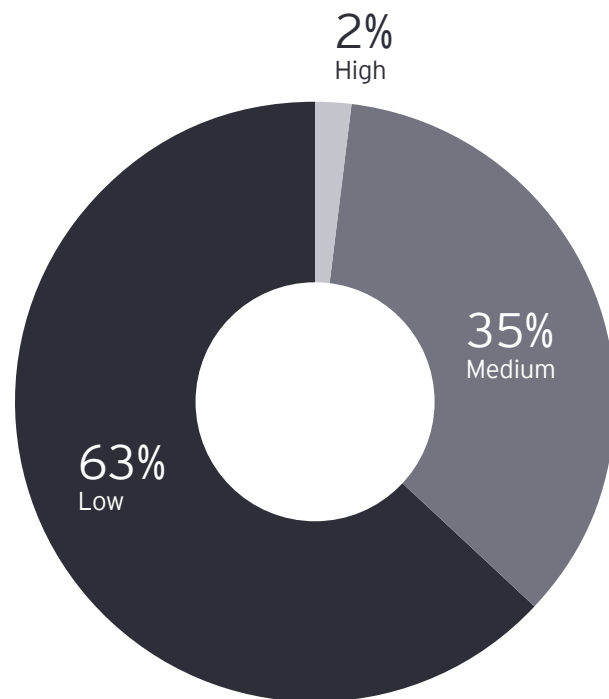
Offshore EY member firms and outsourced service providers support our Australian operations. EY member firms which support our operations are located in India and the Philippines. Our outsourced service providers perform work in offshore locations including, India, Malaysia, Poland and the Philippines. Due to the known labour rights issues linked with outsourcing business processes to offshore locations, such as excessive working hours, underpayment, and poor treatment of workers, and the relatively weaker workplace relations laws and protections within those countries, there is a higher inherent risk of modern slavery for our indirect workforce.

We recognise that we are yet to undertake activities to better understand if these inherent risks exist within our indirect workforce, and we are committed to engaging selected offshore member firms and outsourced service providers within FY23 to establish a view of the current state of risks, impacts and risk mitigation measures, and to co-design an action plan to actively address and monitor any identified improvement areas, as part of our **FY23 Human Rights and Modern Slavery Strategy**.

### Modern slavery risks within our supply chain

The figure below contains a breakdown of the inherent modern slavery risk level of our direct and indirect supplier base in FY22.

Direct and indirect suppliers - Inherent modern slavery risk level



Outlined below is the breakdown of procurement categories with suppliers assessed to have a high inherent risk of modern slavery.

Priority direct suppliers - procurement category breakdown





Based on the risk and prioritisation assessment completed for our suppliers, we identified our priority supplier categories to include, technology hardware, branded merchandise and stationery, onsite cleaning services, and real estate.

### **Technology hardware**

Technology hardware is considered our highest priority area due to the level of risk in the industry, the country risks relevant to where parts and products are manufactured and the importance of technology to our business.

The technology hardware industry has a higher inherent risk of modern slavery due to the systemic labour issues which have been found within the industry. These issues are attributed to the low-skilled nature of work and the low-cost model of the industry, resulting in a heightened vulnerability to exploitative labour practices. There is a high-risk of forced labour and debt bonded labour in the making of electronic parts and a high-risk of child labour in the mining of raw minerals (for example, conflict minerals) used to make electronic components.

We purchase a range of technology hardware products (including laptops, monitors and other peripherals) from large international technology companies. The products and parts are typically manufactured in countries with a high inherent risk of modern slavery such as China, Taiwan, India, Brazil, Mexico, Malaysia and Thailand.

While our suppliers generally have established controls to address labour rights issues, we consider that this area of our supply chain presents a high-risk of modern slavery. Recognising that we are yet to undertake activities to actively investigate and mitigate risks within our technology hardware supply chains, we have prioritised selected technology hardware suppliers to complete targeted supplier due diligence activities as part of our **FY23 Human Rights and Modern Slavery Strategy**.

### **Merchandise and stationery**

We purchase a variety of promotional merchandise such as water bottles, t-shirts, notepads and stationery. We have identified that there is a high inherent risk of modern slavery for these products due to high country risks, industry risks as well as known labour rights issues associated with these products. For example, there are known systemic labour rights issues associated with garment manufacturing, such as substandard working conditions and excessive working hours. These issues can be attributed to the low-skilled nature of the work, the low-cost model of the industry and tight timelines for orders. Merchandise and stationery products are also typically manufactured in China, Malaysia and Indonesia, which have a high inherent risk of modern slavery.

We consider this area a priority due to the high risks of modern slavery it presents, as outlined above. Recognising that we are yet to undertake activities to actively investigate and mitigate risks within our merchandise and stationary supply chains, we have selected priority suppliers from this category to complete targeted due diligence activities as part of our **FY23 Human Rights and Modern Slavery Strategy**.

## Cleaning services

Cleaning services present a moderate inherent modern slavery risk which we consider when selecting our priority suppliers. The risk factors for modern slavery in the cleaning industry include the nature of the work, known controversies including underpayment and poor treatment of workers and the prevalence of migrant labour. EY Australia is aware of these risks, which we consider when prioritising our suppliers for performing due diligence. We are conscious that while there are a number of cleaning-related initiatives driven by the real estate sector, and other civil society actors, to drive awareness and performance improvement into the treatment of contractors within commercial property management, we recognise that we still have a role to play. We are yet to undertake activities to actively investigate and mitigate risks within our cleaning service providers, and have selected priority suppliers from this industry to complete targeted supplier due diligence activities as part of our **FY23 Human Rights and Modern Slavery Strategy**.

## Real Estate

The construction industry presents a high inherent risk of modern slavery and broader labour rights abuses due to the presence of key risk factors such as low-skilled labour and a high proportion of migrant labour within the construction workforce, which is further supported by the reported incidents of exploitation within the industry, including within Australia. The property and construction sector has an elevated risk of modern slavery due to high demand for manual labour, poor supply chain visibility, and low-tier suppliers sometimes operating in high-risk countries, tight timelines for projects and seasonality of the work. EY Australia considers these risks in its prioritisation of suppliers, particularly within major capital expenditure. Recognising that we are yet to undertake activities to actively investigate and mitigate risks within our real estate sourcing activities, we will conduct targeted due diligence activities within FY23 over selected capital projects, such as office fits outs and refurbishments, as part of our **FY23 Human Rights and Modern Slavery Strategy**.

## Impact of COVID-19

We are committed to the health and safety of our workforce and to maintaining our supplier relationships to communicate COVID-19 risks. We continue to work to identify best practice approaches to support and protect vulnerable workers in our operations and supply chain. We acknowledge the increased risks of vulnerable workers becoming exposed to modern slavery due to the COVID-19 pandemic. We recognise our role in ensuring vulnerable workers are not taken advantage of.



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# Our approach to assessing the effectiveness of our program

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07

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## 07 Our approach to assessing the effectiveness of our program

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Modern slavery considerations have been incorporated into our Compliance Program. The purpose of this program is to understand and evidence how we comply with legislative and regulatory obligations; industry codes and guidelines; registration and licensing requirements; and internal policies and procedures. This is overseen by the EY Australia Compliance Officer and EY Regional Risk Management and Independence Leader, Oceania. Through the Compliance Program, we have assessed the implementation of specific modern slavery controls for procurement activities which facilitates the ongoing monitoring of our approach. Our Compliance Program is reviewed regularly to drive continuous improvement.

In reflecting on the Compliance Program and the different ways in which we, and many of our peers, approach modern slavery risks, we have identified gaps in the effectiveness of our approach and the reliance on self-assessment questionnaires to perform due diligence over our suppliers. To date, we have focused on assessing our front-end processes and our controls in place to identify modern slavery risks in our business operations and supply chains. We acknowledge that we need to continue to improve our due diligence activities to identify and address modern slavery. As part of our **FY23 Human Rights and Modern Slavery Strategy**, our due diligence activities in FY23 will include in-country in-person site visits which will allow us to hold discussions with management, observe working conditions, and speak with potentially impacted people directly through unmonitored discussions.

At EY, we are committed to refining our approach, to ensure that we are driving on the ground impact. As part of our **FY23 Human Rights and Modern Slavery Strategy**, we want to improve our practices and our understanding of whether our controls are having an impact in identifying and reducing modern slavery. To do so, we are looking to establish a mechanism to assess the design and implementation of our modern slavery approach which will include both internal assessments, as well as engaging external non-governmental organisations to review our approach.

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# Our actions for the future

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08



## 08 Our actions for the future

As part of our FY23 Human Rights and Modern Slavery Strategy, we have identified priority actions for FY23 to better understand the modern slavery risks and impacts within our value chain, and to improve the effectiveness of our program. We will report on our progress in our FY23 Modern Slavery Statement.

### Our priority actions for FY23

Offshore EY member firms	■	We will complete due diligence activities over offshore EY member firms by completing a risk assessment, engaging with relevant stakeholders, and conduct in-country assessments to observe the working environment and to conduct unmonitored interviews with personnel. We will make recommendations and assist with implementing uplift activities as appropriate.
Outsourced service providers	■	We will complete due diligence activities over selected outsourced service providers, including stakeholder engagement and in-country physical site visits. We will evaluate the existing practices to manage modern slavery risks and establish corrective action plans as required.
Targeted supplier due diligence activities	■	<p>We will review our supplier due diligence approach to identify, design, and implement improvement opportunities. We will conduct targeted due diligence activities over selected priority suppliers. This will include:</p> <ul style="list-style-type: none"> <li>▸ Engaging with our largest technological hardware supplier to better understand root causes driving the systemic labour exploitation across the industry and collaborate to explore opportunities which seek to prevent and address modern slavery practices within the industry</li> <li>▸ Completing pilot due diligence activities and incorporating modern slavery due diligence into future capital expenditure projects</li> <li>▸ Conducting preliminary due diligence activities over our primary merchandise and stationery supplier to inform future due diligence activities</li> </ul>
Governance	■	We will establish a cross-functional human rights and modern slavery working group who will meet periodically to drive and monitor the day-to-day management of modern slavery risks throughout the business.
Grievances	■	We will improve how we capture and characterise grievances raised through our grievance mechanisms to better identify and analyse where there may be broader human rights issues.
Remediation	■	We will review and enhance our escalation and remediation processes to ensure we are appropriately prepared to respond to any identified indicators or instances of modern slavery.
Assessing effectiveness	■	We will establish a framework to assess the effectiveness of our actions to drive continued improvements each year. This will include a mechanism to assess the design and implementation of our modern slavery approach. We will also look to engage external non-governmental organisations to review our approach.

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