

GRS Resource:

Integrating modern slavery risk assessments into procurement processes

April 2025

Integrating modern slavery risk assessments into procurement processes

This GRS resource provides guidance for procurement officers on how to effectively integrate modern slavery risk assessments into procurement processes, in line with the Guidance on Reasonable Steps (GRS). It includes good practice examples of:

- A Modern Slavery Procurement Checklist
- Tender Evaluation of modern slavery responses to the Model Tender Clauses
- Adjustments to sourcing strategies to address modern slavery considerations in procurement processes, particularly for SMEs and Aboriginal and Torres Strait Islanders entities

This GRS resource will assist you to implement your entity's obligations under the *Modern Slavery Act 2018* (NSW) and related legislation to take reasonable steps to ensure that the goods and services you procure are not the product of modern slavery.

The steps that are reasonable to address modern slavery risks in any given procurement process depend on your entity's **GRS Due Diligence Level**. You should therefore determine your entity's GRS Due Diligence Level *before* you commence any procurement or activity.

What is my GRS Due Diligence Level for a particular procurement or activity?

Under the GRS, an entity's GRS Due Diligence Level is determined by the:

1. Inherent modern slavery risk level of a particular procurement or activity (per the Inherent Risk Identification Tool (IRIT))
2. Capability of your entity (the buyer) (per the GRS Capability Levels). Refer to Appendix G *What GRS Capability Level is your entity?* to identify your entity's GRS Capability Level.

Once you have identified these two factors, use the matrix below to determine your entity's GRS Due Diligence Level.

GRS Inherent Modern Slavery Risk Level	High	Heightened	Heightened	Heightened
	Moderate	Light	Standard	Standard
	Low	Minimal	Light	Standard
	Minor	Minimal	Minimal	Light
		Low	Moderate	High
Entity's GRS Capability Level (for this kind of procurement or activity)				

Why is my GRS Due Diligence Level important?

Your GRS Due Diligence Level tells you what level of modern slavery due diligence (MSDD) you are expected to undertake in a particular procurement.

The GRS classifies MSDD into four different levels:

- Minimal: requires limited continuous engagement, monitoring and data collection.
- Light: requires some engagement with suppliers, and collection of some data for monitoring and reporting.
- Standard: requires active engagement with suppliers, ongoing monitoring and collaboration with suppliers to identify and collect relevant data.
- Heightened: involves more extensive and intensive engagement with suppliers and other stakeholders, active monitoring of modern slavery risks during contract performance, and greater attention to governance of risks.

For Minimal, Light and Standard MSDD procurements, you should consider using the Streamlined Model Tender Clause and Streamlined Model Contract Clause.

For Heightened MSDD procurements, you should use the Heightened Model Tender Clause and Heightened Model Contract Clause. You should also consider *Appendix F Hallmarks of best practice due diligence* in the GRS.

SMEs and Aboriginal and Torres Strait Islander businesses

You should be cautious not to over-burden suppliers, especially SMEs and Aboriginal and Torres Strait Islander entities, with complex or lengthy modern slavery due diligence requirements.

You should also be mindful that First Nations communities in New South Wales have survived practices that today we call modern slavery. The legacies of that treatment continue to affect Aboriginal and Torres Strait Islander people today. You may therefore need to adjust your sourcing strategy, tender process and/or due diligence questions, to ensure the process is culturally sensitive and straightforward for SMEs and/or Aboriginal and Torres Strait Islander tenderers.

If you think your procurement may involve SMEs and/or Aboriginal and Torres Strait Islander tenderers, you may need to:

- Engage early and collaboratively with stakeholders, including people or communities affected by modern slavery, to understand any specific requirements or modern slavery considerations so you can adjust your procurement process
- Adjust your sourcing strategy or procurement process, for example by:
 - Running an 'Expression of Interest' (EOI) process before a 'Request for Tender' (RFT) that allows you to market-sound and verify whether any SMEs and/or Aboriginal and Torres Strait Islander tenderers intend on submitting a tender
 - Engaging with affected stakeholders to co-design or collaborate on any aspects of the procurement process that raise culturally sensitive issues
 - Providing training or upskilling for suppliers on modern slavery requirements
 - Including a tender briefing or information session in your tender process to allow tenderers to seek clarification on the tender documents including the Model Tender Clauses (MTCs) and Model Contract Clauses (MCCs)
- Amend the MTCs and/or the MCCs to simplify requirements for SMEs and/or Aboriginal and Torres Strait Islander entities or allow for negotiation of the MCCs with the successful tenderer.

You can contact the GRS team at the OASC at GRS@dcj.nsw.gov.au for further advice.

Good Practice Example: Modern slavery procurement checklist

The Good Practice Example below is suggested as one possible way for you to ensure that modern slavery is effectively integrated into procurement processes.

If your entity adopts a modern slavery procurement checklist, it should align with your entity's existing procurement policy frameworks and tender documentation.

Action	Good Practice Example	Guidance
Preliminary actions before commencing procurement or activity		
1.1 Confirm knowledge of modern slavery and GRS	<input type="checkbox"/> Procurement officer understands entity's modern slavery obligations and requirements under the <i>Modern Slavery Act 2018</i> (NSW), related legislation and the GRS (e.g. by completing modern slavery training via Comperio).	Before commencing a procurement activity, you should be trained not just on modern slavery in general, but on the GRS specifically.
1.2 Determine GRS Due Diligence Level	<input type="checkbox"/> Procurement officer has determined the GRS Due Diligence Level before the procurement or activity commences.	See above guidance.
Reasonable Step 2: Plan		
2.1 Identify and map your supply-chain risks for this procurement	<input type="checkbox"/> Procurement officer identified the inherent modern slavery risk associated with the procurement category, by reference to: <ul style="list-style-type: none"> the <u>Inherent Risk Identification Tool</u> (IRIT) any relevant Codes of Practice any relevant sector-specific guidance, notably from the OECD 	<p>Reasonable Step 2: Plan deals with the inherent risk associated with product categories your entity is procuring.</p> <p>To understand and manage the modern slavery risks inherent in any procurement, you should refer to:</p> <ul style="list-style-type: none"> The <u>Inherent Risk Identification Tool</u> (IRIT) which identifies the inherent modern slavery risk associated with particular product categories

	<input type="checkbox"/> [If the product requires Heightened MSDD] Procurement officer mapped supply chains associated with product category to help identify salient modern slavery risks and your entity's leverage.	<ul style="list-style-type: none"> Any relevant Codes of Practice adopted under section 27 of the <i>Modern Slavery Act 2018</i> (NSW) (and contained in the GRS Public Register, adopted under section 26 of the <i>Modern Slavery Act 2018</i> (NSW)) Other relevant sector-specific guidance, notably from the Organisation for Economic Co-operation and Development ('OECD') – see Figure 20: OECD sectoral guidance on P.51 of the GRS. <p>Note: you will have already determined the inherent modern slavery risk for your procurement using the IRIT under Action 1.1 when determining your GRS Due Diligence Level.</p>
2.2 Develop a Risk-Reducing Sourcing Strategy	<input type="checkbox"/> Procurement officer used a sourcing strategy that addresses modern slavery risks and considerations. <input type="checkbox"/> [If the product requires Heightened MSDD] Procurement officer conducted due diligence into the market with a view to determining and fostering good market practice for mitigating these risks. <input type="checkbox"/> Procurement officer obtained authorisation of the sourcing strategy by the entity's senior governing body and senior management, as relevant.	<p>Further information on sourcing strategies and early market engagement, including good practice examples, is set out in Section 2.2 of the GRS.</p> <p>Your sourcing strategy will need to be developed and/or adjusted to consider a number of factors, for example:</p> <ul style="list-style-type: none"> your entity's existing procurement policy framework (e.g. if the sourcing strategy is determined by a whole of government scheme or contract) the inherent / salient modern slavery risks of the procurement your entity's capability and leverage engagement with affected stakeholders whether there are potential SMEs and Aboriginal and Torres Strait Islander tenderers. If Aboriginal and Torres Strait Islander entities are tendering, the sourcing strategy may need to be adjusted or co-designed with affected communities to be culturally sensitive <p>Sourcing strategies are choices that should be understood by the entity's senior governing body and senior management. Seeking relevant authorisation may already be required under your entity's procurement policy framework or delegations.</p>
Reasonable Step 3: Source		
3.1 Select Appropriate Suppliers	<input type="checkbox"/> Procurement officer included the appropriate Model Tender Clauses ('MTCs') in the tender documentation	<p>There are <u>Heightened</u> and <u>Streamlined</u> versions of the MTCs. For Heightened Modern Slavery Due Diligence (high risk) procurements, covered entities must use the Heightened version. For other procurements, consider incorporating the Streamlined version.</p>

	<p><input type="checkbox"/> If the tender documentation contains a draft contract, procurement officer included the appropriate MCCs in the contract that is part of the tender documentation</p> <p><input type="checkbox"/> Procurement officer assessed responses to the MTCs with reference to the GRS and entity's procurement policy framework and procurement documents. In particular, the procurement officer:</p> <p><input type="checkbox"/> considered any abnormally low tenders</p> <p><input type="checkbox"/> ensured that tenderers' proposed price ensures all workers will receive their full wages and entitlements, including overtime and other allowances</p> <p><input type="checkbox"/> investigated further if a tender response gives rise to concerns about modern slavery (you may need to seek advice from your legal team and or the OASC before you conduct any investigations)</p> <p><input type="checkbox"/> Procurement officer conducted modern slavery due diligence on all tenderers in Moderate or High-Risk product categories</p>	<p>There are also <u>Heightened</u> and <u>Streamlined</u> versions of the Model Contract Clauses (MCCs). Entities should adopt a shared responsibility approach to contracting in Reasonable Step 3.2 below. However, if the tender documentation contains a draft contract, the appropriate MCCs should also be included in the tender documentation that goes to market. This will allow tenderers to review the MCCs before submitting a tender.</p> <p>The shared responsibility approach to contracting may be new to some tenderers. You may need to adjust your tender process to allow for training and upskilling of suppliers. For example, you could hold a tender briefing or information session following the release of the tender documents to the market where you present the MCCs to potential tenderers and allow them to ask any questions. You may also need to adjust your tender documentation to allow for negotiation of the MCCs with the successful tenderer. For example, you could provide tenderers with the option of completing a 'departures schedule' to the MCCs where they can identify particular clauses they would seek to negotiate if they are the successful tenderer and propose alternative drafting to those clauses.</p> <p>Appendix I of the GRS provides guidance on the use of the MTCs and how to assess responses to the Heightened and Streamlined versions of the MTCs. See also good practice examples below.</p> <p>If a tenderer's response gives rise to concerns (e.g. if they quote an abnormally low price, have no modern slavery policies or safeguards despite operating in a high-risk sector, or report previous modern slavery incidents in their operations / supply chain), you should ask for further details, and / or do some desktop research before evaluating a tender. For example, a supplier may have identified an incident in their supply chain because of a strong organisational commitment and excellent risk management procedures, rather than because of poor practices.</p>
3.2 Adopt a Shared Responsibility Approach in Contracting	<p><input type="checkbox"/> Procurement officer included the appropriate MCCs in the contract with the successful tenderer</p>	<p>There are <u>Heightened</u> and <u>Streamlined</u> versions of the MCCs in Appendix J the GRS. For Heightened Modern Slavery Due Diligence (high risk) procurements, covered entities must use the Heightened version. For other procurements, consider incorporating the Streamlined version.</p>
All actions completed?	<p><input type="checkbox"/> Yes</p> <p><i>Tick yes if all actions have been completed. If not, tick no and provide comments why</i></p>	<p><input type="checkbox"/> No</p> <p>Comments:</p>

Good Practice Examples: Case Studies

Case study 1: Adjusting your sourcing strategy and tender process for SMEs

Context

Department ABC is conducting a procurement for catering services for a once-off event with a budget of \$50,000.

The Department used the IRIT to identify “Food Catering and Consumables” is **high risk**.

The Department’s procurement team previously considered catering services as lower risk due to the domestic location of the services and the relatively low value of the contracts. Since implementation of the GRS, the Department now understands that it must prioritise ‘salient risks’ and allocate its resources to focus on those operational and procurement activities that represent the most significant (i.e., salient) modern slavery risks to people – not for example based on spend.

The Department’s GRS Capability Level for this procurement is High. Therefore, the Department’s GRS Due Diligence Level¹ for this procurement is “Heightened” and the Heightened versions of both the MTCs and MCCs are required for this procurement under the GRS.

However, also in line with the GRS, the Department is conscious not to over-burden suppliers, especially SMEs and Aboriginal and Torres Strait Islander entities, with complex or lengthy due diligence requirements.

Due to the nature of the services and the contract value, the Department believe several SMEs would be interested in the contract.

In accordance with its Financial Delegations, the Department decided to conduct a ‘limited tender’ and issue the tender documents to a select number of tenderers, targeting SMEs.

The Department therefore needs to take the following into consideration in developing its risk-reducing sourcing strategy for this procurement under Reasonable Step 2: Plan:

- The high inherent modern slavery risk associated with the services (as determined by reference to the IRIT) and the Department’s Heightened GRS Due Diligence Level for this procurement
- The likelihood that SMEs would be interested in the contract and not over-burdening them with complex or lengthy due diligence requirements or creating barriers for SMEs to contract with the Department.

¹Under the Guidance on Reasonable Steps, an entity’s GRS Due Diligence Level is determined by the: (1) inherent modern slavery risk level of a particular procurement or activity (per the Inherent Risk Identification Tool (IRIT) and (2) capability of your entity (the buyer) (per the GRS Capability Levels). Refer to Appendix G *What GRS Capability Level is your entity?* of the GRS to identify your entity’s GRS Capability Level.

How the Department adjusted its sourcing strategy to better develop a 'risk-reducing' sourcing strategy

The Department made the following changes to its sourcing strategy to develop an appropriate risk reducing sourcing strategy for this procurement.

Tender information session

One week after the release of the tender documents, the Department held a virtual tender information session. It was optional for tenderers to participate.

At this information session, the Department:

- provided training and upskilling for suppliers on modern slavery in catering services and the modern slavery requirements under the GRS, addressing issues such as: reducing modern slavery risks through selection of products; addressing risks in labour hire
- provided an overview on the requirements of the tender documents, including the Model Tender Clauses (MTCs) and Model Contract Clauses (MCCs)
- emphasised the importance of tenderers submitting a price that ensured all workers will receive their full wages and entitlements, including overtime and other allowances, and highlighted the following MTCs and MCCs in relation to price:
 - *MTC 1.3 By submitting a Tender, the Tenderer acknowledges and agrees that if it is awarded the Tender based on the pricing or compensation information it has submitted in its tender documents, this submitted pricing or compensation will support it to comply with its Core Obligations as defined in the modern slavery contract clause of the draft Contract in the Tender documents.*
 - *MCC 1.3 concerns Price. Each party agrees that the contracted price supports each party to comply with its Core Obligations – that is, not to engage in modern slavery, and to take reasonable steps to prevent, mitigate and remedy modern slavery.*
- provided links to additional guidance on modern slavery due diligence, specifically aimed at SMEs, including:
 - the [UNGCNA SME Playbook](#) (UN Global Compact Network Australia (2023). Modern Slavery Risk Management: A playbook for Australian SMEs to identify, manage and mitigate modern slavery risks), and
 - the NSW Small Business Commissioner's factsheet, '[Modern Slavery: Information for small business](#)'
- provided an opportunity for tenderers to ask questions or seek clarification about the procurement, including the MTCs and MCCs.

Tender 'Request for Information' period

- The Department also provided tenderers with a 2-week period where they could submit questions in writing to the Department about the tender documents and requirements, including the MTCs and MCCs
- All responses were shared (on a de-identified basis) with all tenderers to ensure equality of information
- This provided the opportunity for tenderers to ask questions if they were not comfortable raising them in person in the virtual briefing session
- During this period, the Department also sought rapid response advice from the Office of the NSW Anti-slavery Commissioner in preparing answers to some of the more difficult questions posed by tenderers

Adjustment to MTCs

- In line with the GRS, the Department included the Heightened version of the MTCs from Appendix I of the GRS in the tender documents

- Clause 1.2 of the Heightened version of the MTCs requires that:
 - *By lodging a Tender, the Tenderer agrees that, if it is the successful Tenderer, it will comply with the modern slavery contract clauses of the draft Contract in the Tender documents.*
- The Department received feedback from tenderers during the Tender information session and Tender 'Request for Information' period that this clause may prevent tenderers from submitting a tender, as they may not be able to agree to the MCCs without variation.
- Therefore, the Department made the following amendment to clause 1.2 of the MTCs:
 - *By lodging a Tender, the Tenderer agrees that, if it is the successful Tenderer, it will:*
 - *comply with the modern slavery contract clauses of the draft Contract in the Tender documents unless otherwise identified in the Departures Schedule submitted with its Tender;*
 - *negotiate any modern slavery contract clauses identified in the Departures Schedule with the Department in good faith; and*
 - *participate in training provided by the Department on the modern slavery contract clauses if required.*
- The Department also communicated to Tenderers that:
 - They may provide a 'departures schedule' to the MCCs where they can identify particular clauses they would seek to negotiate if they are the preferred tenderer
 - The Department will negotiate the MCCs with the preferred tenderer in good faith and allow amendments to the MCCs subject to the intent of the MCCs being retained
 - The Department will provide further training and upskilling of the MCCs if required to ensure the preferred tenderer has the knowledge and capability to comply with the MCCs
 - The Department may seek confidential advice from the Office of the NSW Anti-slavery Commissioner on proposed variations to the MCCs

Adjustment to price schedule in the tender documents

- The Department ensured that the price schedule in the tender documents required all tenderers to provide a detailed price breakdown and a requirement to show that their price ensured all workers will receive their full wages and entitlements, including overtime and other allowances.

Outcome

The Department's adjustment to its sourcing strategy and tender process in this case:

- Allowed an interactive process of ongoing engagement with the tenderers throughout the tender process that gave the Department confidence that tenderers understood the modern slavery risks and requirements of the contract
- Allowed the Department to ensure that the modern slavery tender clauses and schedules are proportionate with the procurement and do not impose any unnecessary burdens that would deter a wide diversity of suppliers, including small and medium sized enterprises and Aboriginal and Torres Strait Islander entities from bidding for the contract
- Promoted continuous improvement in capabilities and performance for both the Department and suppliers, including through allocation of resources for training and capability development

This case study shows covered entities how to effectively engage with stakeholders and tenderers during a procurement process and adjust MTCs and other tender processes to develop an appropriate risk reducing sourcing strategy.

Case study 2: Adjusting your sourcing strategy to engage the market early to understand supplier capability and other market considerations

Context

Department XYZ are undertaking an infrastructure project with complex design features. The Department will engage a Head Contractor for the project, who will then engage multiple subcontractors to deliver different packages of work.

The Department used the IRIT to identify multiple construction categories within this infrastructure project as having **high inherent modern slavery risk**.

The Department's GRS Capability Level for this procurement is High. Therefore, the Department's GRS Due Diligence Level for this procurement is "Heightened" and the Heightened versions of both the MTCs and MCCs are required for this procurement under the GRS.

Typically, the Department would prepare the design with a design consultant and then run a traditional 'Request for Tender' procurement process to engage a Head Contractor under a 'Construct only' contract.

However, in this scenario, the Department will benefit from early engagement with the market to:

- develop and refine the design in collaboration with industry experts, before the final contract is awarded
- better understand the modern slavery risks associated with the project, noting multiple construction categories are high risk in the IRIT
- understand supplier capability around modern slavery including familiarity with the MTCs and MCCs, noting they will be included in both the Head Contract and multiple subcontracts – and that this may require active contract management by the Head Contractor to address modern slavery risks encountered by subcontractors

Accordingly, due to both the high modern slavery risks and the complex design features of the project, the Department's senior governing body approved an 'Early Contractor Involvement' (ECI) procurement process.

What is an ECI process?

ECI is a procurement method that encourages collaborative contracting in the design and development stage of a project.

Typically, ECI involves a two-stage procurement process – first, an Expression of Interest and second, a direct negotiation with the preferred tenderer. Prior to contract award, there are typically several workshops between the principal and the contractor aimed to refine the design or scope of the project prior to the final contract award.

ECI has been typically implemented in the construction industry where the contractor's expertise is required to develop the design of the project or where the project has complex or unknown risks.

It allows the principal to engage the market early to understand supplier capability and other market considerations, including in this example in relation to modern slavery risks.

How the Department adjusted its sourcing strategy to better develop a 'risk-reducing' sourcing strategy

The Department adjusted its sourcing strategy by conducting an ECI process instead of a traditional Request for Tender process. It made the following changes to its sourcing strategy to develop an appropriate risk reducing sourcing strategy for this procurement.

Expression of Interest

The Department first issued an 'Expression of Interest' (EOI) and selected its preferred tenderer. An EOI is the process of seeking an indication of interest from potential contractors who can undertake specific work.

As an EOI is designed to be quick and easy for tenderers to respond to, the Department used the 'Streamlined' MTCs in the EOI. Although the Department's GRS Due Diligence Level for this procurement is "Heightened" and the Heightened version of the MTCs is required for this procurement, the Department's leadership approved the use of the Streamlined MTCs because the Department will undertake detailed due diligence in collaboration with the preferred tenderer during the ECI workshop period, prior to conclusion of the final contract.

ECI workshop period

Once the preferred tenderer was selected, the Department held a series of workshops with the preferred tenderer where the parties refined the design and interrogated the project risks prior to contract award.

During this workshop period, the Department held specific workshops on:

- modern slavery risks in the construction industry including in relation to labour and specific materials and supply chains for the project
 - the Department engaged industry experts (Property Council of Australia) to help the parties better understand the issues 'on the ground', including parts of the supply-chain where the parties had lower visibility or access
 - the Department sought expert advice and guidance from the Office of the NSW Anti-slavery Commissioner
 - this workshop allowed the Department to understand the preferred contractor's current capability in relation to modern slavery e.g. whether it had operated under the MCCs or another form of 'shared responsibility' modern slavery contracting arrangements before and what steps it was currently taking to assess and mitigate modern slavery risks in its supply chain
- the MTCs and MCCs, including in relation to all subcontracting arrangements between the head contractor and their subcontractors
 - this allowed the Department to ensure the contractor understood the MTCs and MCCs and the requirement to include them in all subcontracts (noting there are several subcontracts required for this project)
 - importantly, the Department emphasised that the 'shared responsibility' approach of the MCCs meant that the contractor could not just push all modern slavery obligations onto its subcontractors, but that it would need to actively work with all subcontractors and the Department (under the MCCs in the head contract with the Department) to jointly manage modern slavery risks of the project. The workshop also allowed the Department to identify whether the contractor would need to increase its capabilities in this area in order effectively to discharge its MCC obligations
- interrogating the risks and costs of the project, including estimated costs of subcontracts
 - this increased the transparency of the project costs and estimated subcontractor pricing
 - this allowed the contractor to ensure that its price, and the estimated prices of its subcontracting packages, ensured all workers will receive their full wages and entitlements, including overtime and other allowances.
 - this also ensured that the Department was not placing unrealistic timeframes or delivery expectations on the contractor that would increase the modern slavery risks of the project

Direct negotiation

Following the ECI workshop period, the parties engaged in a direct negotiation of the head contract between the Contractor and Department, which included the Heightened version of the MCCs.

As the parties had already held workshops on the MCCs, the parties could quickly move to finalise the MCCs during the negotiation of the contract without substantial amendments.

Outcome

From a modern slavery perspective, the Department's adjustment to its sourcing strategy and tender process in this case:

- allowed early engagement of the head contractor to better understand its current capabilities and risk management processes in place to manage modern slavery risks
- early alignment on the importance of managing modern slavery risks in the high risk environment
- increased transparency of the project costs and subcontractor pricing which ensured the project sum allowed all workers to receive their full wages and entitlements, including overtime and other allowances. This also ensured the Department was not placing unrealistic timeframes or delivery expectations on the contractor that would increase the modern slavery risks of the project
- the collaborative approach to contracting under the ECI model set the stage for the ongoing execution of the shared responsibility approach under the MCCs, during the execution of the contract
- the opportunity for the Department to conduct targeted modern slavery training to the head contractor and subcontractors and agree with the head contractor to place modern slavery materials / posters on site

This case study shows that effective early-market engagement will help procurement officers to ascertain how mature the market is in dealing with modern slavery risks, what types of measures and actions suppliers have already put in place, and where the entity may need to focus on capability uplift.

Case study 3: Evaluating modern slavery responses to MTCs

Context

Department LMN is undertaking a procurement for telecommunication services.

It issued a Request for Tender and included a Modern Slavery Tender Schedule that required tenderers to respond to the following:

The Tenderer is to provide details of the reasonable steps it takes to identify, assess and address Modern Slavery in its operations and supply chain and ensure compliance with Modern Slavery Laws.

Note: reasonable steps means those steps that are reasonable in the circumstances to prevent, identify, mitigate and remedy modern slavery. In answering the tender schedule, the Tenderer may refer to the NSW Anti-slavery Commissioner's Guidance on Reasonable Steps and related information and resources published by the Anti-slavery Commissioner.

It received the following two responses. Following the responses are good practice examples of assessment of these responses, using both the Streamlined and Heightened versions of the MTCs.

Tender response 1 from DEF Telco

DEF Telco's Modern Slavery Statement for FY22-23 under the *Modern Slavery Act 2018* (Cth)

Identity of the Reporting Entity

The reporting entity is DEF Telco, an ASX listed Australian company, with a consolidated revenue over \$100 million with reporting obligations under the *Modern Slavery Act 2018* (Cth).

Structure, operations and supply chains of the reporting entity

DEF Telco is a facilities-based operator supplying mobile and fixed line telecommunications services to consumers and businesses in Australia.

DEF Telco's parent company – S Telco - is based in Singapore, which makes the operating decisions of S Telco.

Equipment for the mobile network is provided primarily by a well-known manufacturer, which supplies equipment to telecommunications operators worldwide.

S Telco engages Singapore based sub-contractors for the purposes of building and maintaining mobile cell sites from time to time.

Modern slavery risks in operations and supply chains

DEF Telco has a very limited number of direct suppliers. Its main suppliers are large international reputable organisations.

DEF Telco issues these suppliers with a standardised modern slavery due diligence questionnaire. The suppliers themselves, in many cases, have obligations to make their own modern slavery statements under the *Modern Slavery Act 2018* (Cth).

As the majority of DEF Telco's direct suppliers are large international reputable organisations with modern slavery reporting obligations of their own, DEF Telco considers the modern slavery risks of dealing with these suppliers as low.

S Telco's parent company contracts with sub-contractors in Singapore for engineering services. Those subcontractors may themselves be employing temporary foreign workers through labour hire recruitment firms. However, these represent low risk of modern slavery given the robust employment rules in place in Singapore.

DEF Telco procures core network equipment and consumer products such as modems and routers from a large well-known manufacturer. There may be upstream risks with this manufacturer's supply chain as they manufacture some items in Asian jurisdictions with known modern slavery concerns in ICT manufacturing, or they may be using products and raw materials that are sourced in countries with lower protections for workers. This may mean that their supply chains have some risk of modern slavery. However, as DEF Telco's main equipment manufacturer also has reporting obligations under the *Modern Slavery Act 2018* (Cth), DEF Telco understands it can rely on that statement and does not need to do any further due diligence further down these supply chains. In any case, DEF Telco has limited leverage with this equipment manufacturer and would not be able to influence its modern slavery processes.

Actions taken to assess and address risks

DEF Telco has an Audit and Risk Committee that assesses the risks of modern slavery in its supply chain.

The steps it takes to assess and address modern slavery risks include:

- Issuing standardised modern slavery due diligence questionnaires to suppliers
- Reviewing those statements, which gives DEF Telco confidence that all of its suppliers have taken steps to consider and address risks of modern slavery in its supply chain
- Providing staff with links to free modern slavery training they found online which is optional for staff to watch

Assessment of the effectiveness of such actions

DEF Telco is confident that all its direct suppliers have taken steps to consider and address modern slavery risks in its supply chain.

DEF Telco acknowledges that modern slavery risks may be higher in the supply chains of its equipment manufacturers. However, given the nature of its supply chain and its limited ability to see through that supply chain to places where the risk of modern slavery might be considered higher, DEF Telco must accept that it has low capability to take steps that would have a meaningful impact, even if modern slavery exists in those supply chains.

Tender response 2 from Telco GHI

Telco GHI is an Australian leading telecommunications company supplying telecommunications infrastructure and devices to businesses and customers in Australia.

We have established policies aligned to the United Nations Guiding Principles on Business and Human Rights (UNGPs), and processes to help us to prevent, identify and address instances of modern slavery in our operations and supply chain.

Set out below are the reasonable steps we have taken in FY23-24 to ensure we do not procure goods or services made with modern slavery and to manage modern slavery risks in our own operations.

Governance of modern slavery risks

Our governance structure in relation to modern slavery is:

1. Telco GHI Board, our senior governing body
2. C-suite (comprised of the Chief Executive Officer, Chief Financial Officer and Chief Operating Officer), our senior management who have managerial responsibility for direction and control of the organization
3. Group managers, who are accountable for ensuring staff within their group comply with staff obligations in relation to modern slavery, management of contracts and external stakeholder management
4. Modern Slavery Committee, a cross-functional working group / committee comprising representatives from the legal, workplace relations, supplier services and compliance and risk teams which meets monthly to consider and address modern slavery issues and areas of focus and supports the development of our Modern Slavery Policy, Modern Slavery Risk Management Plan and training program.

Telco GHI's commitment to combatting modern slavery is evidenced by our Modern Slavery Policy and Modern Slavery Risk Management Plan (detailed below), as well as our Supplier Code of Conduct.

Modern Slavery Policy

Our Modern Slavery Policy (Policy) ensures accountability and effective governance of our modern slavery risks, including how risks will be assessed, prevented, mitigated, remedied and reported. It was adopted by our Board on 1 January 2023 and is reviewed on an annual basis in line with regulatory changes, stakeholder feedback and our assessment of our salient modern slavery risks (detailed below).

At a high level, our Policy:

- identifies our salient modern slavery risks and sets out our commitments to addressing these risks
- was prepared through stakeholder engagement, including people with lived experience
- identifies high-level targets for addressing our salient modern slavery risks, including metrics for evaluating progress towards these targets,

A copy of the Policy can be found on our website.

Modern Slavery Risk Management Plan

Telco GHI adopted a Modern Slavery Risk Management Plan (Plan) to operationalise the commitments made in our Policy. The Plan assigns responsibility for implementing aspects of the Policy across relevant business units or functions and the General managers are responsible for ensuring overall achievement of the Plan.

The Plan was adopted by our C-suite on 1 January 2024 and is reviewed on an annual basis in line with regulatory changes, stakeholder feedback and our assessment of our salient modern slavery risks.

A copy of the Plan can be found on our website.

Code of Conduct

Our Code of Conduct (Code) outlines our values and how we do business – it includes the ethical standards and behaviours we expect from ourselves and our suppliers. It helps us take a consistent global approach to preventing modern slavery and communicate our expectation of suppliers clearly. Our Code applies globally to all directors, employees and contractors in Telco GHI. It is communicated to these individuals as part of the onboarding process, it is available on our intranet and website and forms the basis of our annual Code of Conduct training. A copy of the Code can be found on our website.

Salient modern slavery risk identification

We conduct a Salient Modern Slavery Risk Assessment to identify the salient modern slavery risks in our operations and supply chains. We first conduct an initial scoping or mapping of our procurement portfolio and operations. We use the Inherent Risk Identification Tool (IRIT) to identify the inherent modern slavery risk associated with product categories. We understand that some product categories in our industry are High risk such as network hardware.

We then conduct a more in-depth assessment of areas identified as higher risk, such as network hardware. This process involves engaging relevant stakeholders to properly identify modern slavery risks. We engaged Electronics Watch, an independent monitoring organisation that uses worker-driven monitoring to address labour issues in the electronics sector, to better understand the modern slavery risks of network hardware.

We review the inherent modern slavery risks in our procurement portfolio annually. The C-suite presents this information to the Board at the AGM.

Mitigating risk with our suppliers

We use two main controls for addressing our modern slavery risks with our direct suppliers to minimise the residual risk in our supply chain:

1. Supplier self assessment questionnaires as part of our tender processes
2. Modern slavery contract clauses

We issue supplier self assessment questionnaires to suppliers as part of tender processes. We combine the information from supplier self assessment questionnaires with an inherent risk evaluation to produce an overall evaluation of supplier risk. This evaluation helps us to select suppliers that are more capable of effectively managing modern slavery risks. In FY23-24, 75% of our procurement processes included supplier self assessment questionnaires, a 10% increase from FY22-23.

In some cases, like network hardware, the preferred suppliers still have a high modern slavery risk due to the inherent modern slavery risks in those particular products. For these high risk suppliers, we engage Electronics Watch to help us conduct targeted training and capability uplift so we can collectively better understand where we can reduce the risks with our suppliers in this high risk supply chain.

We have also developed our own comprehensive modern slavery contract clauses with assistance from our internal legal team. These clauses adopt a 'shared responsibility approach' to contracting, that recognises the buyer and supplier's shared responsibility for managing modern slavery risks, through ongoing due diligence and remediation.

We have two versions of clauses for high risk and lower risk procurements / suppliers. Our contract clauses also require suppliers to comply with our Code of Conduct.

In FY23-24, 85% of our contracts include modern slavery contract clauses, a 20% increase from FY22-23.

Monitoring and evaluating supplier performance

We understand that ongoing active performance monitoring is essential for the duration of the contract to ensure our suppliers continue to deliver in accordance with our modern slavery expectations. For our high risk suppliers, we implement a management plan (required under the modern slavery contract clauses) where we

work co-operatively with those suppliers throughout the life of the contract to identify and assess modern slavery risks.

We engage Electronics Watch to help us conduct audits of suppliers of network hardware and we work with Electronics Watch to determine when this is appropriate. In FY23-24, 15% of our suppliers were audited.

We also used the 'Labour Link' digital tool to conduct worker surveys to our work force. In FY23-24, 50% of our workforce was surveyed, which we will work to improve next year through more targeted education. From this survey, we understand that 10% of our Tier 1 supplier's workforce are temporary migrant workers, who are at increased risk of modern slavery. This survey also revealed that 5% of workers engaged by our Tier 1 suppliers in the last reporting period paid or incurred a fee to secure their engagement. We supplied these workers with additional information and education about their working rights.

Upskilling our suppliers

As we are a large supplier in the Australian market, we recognise our responsibility to develop our supplier capabilities and ensure that SMEs and other smaller suppliers do not find modern slavery self-assessment questionnaires or other requirements a barrier for doing business with us.

We conduct supplier capability development activities, as appropriate, to improve supplier modern slavery risk management performance.

In FY23-24, we offered free online modern slavery training to all of our suppliers and had an uptake from 60% of suppliers, which we hope to improve next year through targeted outreach.

Remedy

Where modern slavery is identified in our supply chain, we recognise that we need to provide remedy through a legitimate remediation mechanism.

We provide access to an effective grievance mechanism to affected stakeholders in accordance with the UNGPs via an accessible whistle-blower hotline. In FY23-24, we received 1 complaint in relation to modern slavery. This was in relation to underpayment of wages of workers of a Tier 1 ICT services contractor, which is detailed further below in the 'Withdrawing responsibly' section.

Our whistle-blower hotline is supported by our Whistleblower Policy – this policy outlines the processes we have in place to receive and manage reports regarding potential misconduct, which includes suspected or actual unethical, illegal, corrupt, fraudulent or undesirable conduct, as well as concerns that represent a potential breach of the Code. This can include complaints relating to modern slavery.

We are committed to providing remedy where specific instances of modern slavery are identified in our supply chain. We have developed a Blueprint Remediation Plan which sets out the process for dealing with instances of modern slavery, as well as roles and responsibilities. It sets out what action will be taken, when and by whom including deadline dates, milestones and targets, and what preventative measures the supplier will put in place to stop recurrence. It was developed in consultation with impacted and potentially impacted stakeholders.

Withdrawing responsibly

We understand that terminating a contract with a supplier where modern slavery risk is present is a last resort.

During FY23-24, we identified one ongoing contract in which modern slavery risks were present.

In the first, we were alerted by a third party to the underpayment of wages of workers of a Tier 1 ICT services contractor, in a foreign jurisdiction. Our Group Manager undertook a series of stakeholder workshops with the contractor to better understand the issues. Through the workshops, the contractor identified that requested variations to the contract by Telco GHI had placed significant time and financial pressure on the contractor and the contractor could no longer deliver the services under the current pay structure. We worked with the contractor to vary the terms of the contract to ensure a suitable pay structure was in place going forward. While the underpayment represented a modern slavery risk, we concluded that no actual modern slavery had occurred and did not take further steps to report this matter to local authorities.

Report

We report on our modern slavery risk management efforts in our Annual Report.

Training

We are committed to developing and rolling out targeted modern slavery training to our staff, including senior personnel and procurement professionals. To ensure the training is fit for purpose, we have identified affected stakeholders in our supply chains and sought their input and perspectives.

Industry and future actions

We are committed to continuously reviewing and improving our processes. This year we have focused on maturing and improving these policies and processes and seeking ways to more deeply embed them in how we operate. We also strongly believe in collaboration to bring about meaningful change, and we continue to collaborate with industry groups on best practices to prevent modern slavery in our supply chains.

We also attended the NSW Anti-slavery Commissioner's virtual forum in 2024 and are happy to cooperate with the NSW Anti-slavery Commissioner in the future (for example, by participating in the next forum if there is a specific ICT session).

The Department's assessment of the tender responses

Streamlined version of the MTCs Evaluation Guidance (for Light, Minimal and Standard modern slavery due diligence procurements)

Requirement	
The Tender will be evaluated with reference to whether it has completed the modern slavery tender schedule to the Buyer's satisfaction. The Tender schedule requires the Tenderer to provide details of the reasonable steps it takes to identify, assess and address Modern Slavery in its operations and supply chain and ensure compliance with Modern Slavery Laws.	
Has the Tenderer completed the modern slavery tender schedule to the Buyer's satisfaction?	
Assessment against the evaluation criteria	Outcome
If YES, to the Buyer's satisfaction	Pass If the Tenderer is the successful Tenderer, consider inclusion of the 'Streamlined version' of the Modern Contract Clauses and undertake modern slavery contract management processes per those Model Contract Clauses
If NO, to the Buyer's satisfaction For example: <ul style="list-style-type: none">- Tenderer has not provided any details or failed to complete the tender schedule at all- Tenderer has completed the tenderer schedule but provided poor, incomplete or vague answers	Fail It will be in the Buyer's discretion to determine the outcome where a satisfactory response is not achieved. For example, the Buyer may: <ul style="list-style-type: none">- Request additional information in relation to the tender schedule- Engage with the Tenderer to undertake modern slavery training or awareness raising or otherwise institute modern slavery risk controls

The Department's assessment of the Tenders using the Streamlined MTC

Tenderer	Assessment against the evaluation criteria	Outcome
	If YES , to the Buyer's satisfaction	Pass If the Tenderer is the successful Tenderer, consider inclusion of the 'Streamlined version' of the Modern Contract Clauses and undertake modern slavery contract management processes per those Model Contract Clauses
DEF Telco	NO - the Tenderer did not complete the modern slavery tender schedule to the Buyer's satisfaction. The Tenderer completed the tenderer schedule but provided poor, incomplete or vague answers.	Combined with other tender evaluation criteria, ABC Telco is not the preferred tenderer. The Department will invite this SME to participate in optional modern slavery training to improve their capabilities for tender processes.
Telco GHI	YES - the Tenderer did complete the modern slavery tender schedule to the Buyer's satisfaction.	Combined with other tender evaluation criteria, Telco GHI is the preferred Tenderer. As this Tenderer is the successful Tenderer, the Department will include the 'Streamlined version' of the Model Contract Clauses in the Contract and undertake modern slavery contract management processes per those Model Contract Clauses.

Heightened version of the MTCs Evaluation Guidance (for Heightened modern slavery due diligence procurements)

Requirement	
<p>The Tender will be evaluated with reference to whether it has demonstrated that it is capable of taking reasonable steps to identify, assess and address Modern Slavery in its operations and supply chain and ensure compliance with Modern Slavery Laws.</p> <p>Has the Tenderer demonstrated that it is capable of taking reasonable steps to identify, assess and address Modern Slavery in its operations and supply chain and ensure compliance with Modern Slavery Laws?</p>	
Assessment against the evaluation criteria	Score
<p>Excellent: the response exceeds what is expected for the modern slavery criteria.</p> <p>The response therefore shows:</p> <ul style="list-style-type: none"> • Excellent understanding of the reasonable steps required to identify, assess and address Modern Slavery in its operations and supply chain and ensure compliance with Modern Slavery Laws. • Demonstrated through relevant and thorough evidence. • The response also proposes additional value above that expected. 	5
<p>Very good: meets the modern slavery criteria to a high standard.</p> <p>The response therefore shows:</p> <ul style="list-style-type: none"> • Very good understanding of the reasonable steps required to identify, assess and address Modern Slavery in its operations and supply chain and ensure compliance with Modern Slavery Laws. • Demonstrated through relevant evidence. 	4
<p>Good: meets the modern slavery criteria to a good standard.</p> <p>The response therefore shows:</p> <ul style="list-style-type: none"> • Good understanding of the reasonable steps required to identify, assess and address Modern Slavery in its operations and supply chain and ensure compliance with Modern Slavery Laws. • Demonstrated through some evidence, but evidence lacking in some areas. 	3
<p>Fair: meets the modern slavery criteria to a fair standard.</p> <p>The response therefore shows:</p> <ul style="list-style-type: none"> • Fair understanding of the reasonable steps required to identify, assess and address Modern Slavery in its operations and supply chain and ensure compliance with Modern Slavery Laws. • Demonstrated through minimal evidence, with evidence lacking in some areas. 	2
<p>Poor: partially addresses the modern slavery criteria, with obvious deficiencies</p> <p>The response therefore shows:</p> <ul style="list-style-type: none"> • Minimal or low understanding of the reasonable steps required to identify, assess and address Modern Slavery in its operations and supply chain and ensure compliance with Modern Slavery Laws. • Minimal or low relevant evidence. 	1
<p>Fail: non response or complete failure to address the modern slavery criteria.</p>	0

The Department's assessment of Tenders using the Heightened MTC

Reasonable Steps taken	Tenderer 1 (DEF Telco)	Tenderer 2 (Telco GHI)
1 Commit		
1.1 Stakeholder Engagement		
What steps did the entity take to engage with stakeholders during this reporting period in relation to modern slavery?	Not stated	Some steps taken e.g. MS Policy development and engagement with Electronics Watch
Did the entity engage with external stakeholders on modern slavery risks in this reporting period?	Not stated	Yes, Electronics Watch
1.2 Identify salient risks at the organisational level		
What steps did the entity take to identify salient modern slavery risks at the organisational level (i.e. across all operational and procurement activities) during this reporting period?	Not stated	Salient Modern Slavery Risk Assessment
Did the entity conduct or update a Salient Modern Slavery Risk Assessment in this reporting period?	No	Yes
1.3 Modern Slavery Policy		
What steps did the entity take to adopt a Modern Slavery Policy during this reporting period?	Not stated	Policy already adopted
Does the entity have a modern slavery policy, approved by its senior governing body (e.g. Agency Head / Secretary), in place?	No	Yes, approved by Board and link to Policy provided in response
Does the modern slavery policy include high-level targets?	No	Yes
1.4 Modern Slavery Risk Management Plan		
What steps did the entity take to adopt a Modern Slavery Risk Management Plan during this reporting period?	Not stated	Plan already adopted

Does the entity have a modern slavery risk management plan, approved by your senior management, in place?	No	Yes, link to Plan provided in response
Does the plan assign accountability for performance against high-level targets to specific roles?	No	Yes
2 Plan		
2.1 Identify and map your supply-chain risks for each procurement		
What steps did the entity take to identify and map its modern slavery risks at the supply-chain level during this reporting period?	Not stated	Salient Modern Slavery Risk Assessment, which included scoping of supply-chain
2.2 Develop a risk-reducing sourcing strategy		
What steps did the entity take to develop a modern slavery risk-reducing sourcing strategy during this reporting period?	Not stated	Not stated
In what percentage of procurement processes was modern slavery factored into your entity's sourcing strategy or other procurement planning activities during this reporting period?	Not stated	Not stated
3 Source		
3.1 Select appropriate suppliers		
What steps did the entity take to address modern slavery risks when selecting suppliers during this reporting period?	Issued standard SAQs	Issued SAQs; two versions depending on modern slavery risk
In what percentage of competitive procurement processes were the Model Tender Clauses or a Supplier Self Assessment Questionnaire used during this reporting period?	Not stated	75%
3.2 Adopt a shared responsibility approach to contracting		

What steps did the entity take to adopt a shared responsibility approach to modern slavery risks, in contracting during this reporting period?	Not stated	Adopted two versions of contract clauses based on shared responsibility approach
In what percentage of competitive procurement processes were the Model Contract Clauses or another Shared Responsibility Approach to contracting used during this reporting period?	Not stated	85%
4 Manage		
4.1 Monitor and evaluate supplier performance		
What steps did the entity take to monitor and evaluate supplier performance relating to modern slavery, during this reporting period?	Not stated	Audits and worker surveys
Has the entity required any of your Tier 1 suppliers to undergo an audit addressing modern slavery risks in this reporting period?	Not stated	Yes
What percentage of the entity's Tier 1 suppliers underwent an audit addressing modern slavery in this reporting period?	Not stated	5%
During the reporting period, what percentage of the entity's Tier 1 suppliers' workforce were surveyed about their working conditions?	Not stated	50%
What percentage of the entity's Tier 1 suppliers' workforce are temporary migrant workers?	Reference to foreign workers employed by parent company in Singapore but not % given	10%
What percentage of workers engaged by the entity's Tier 1 suppliers in the last reporting period paid or incurred a fee to secure their engagement?	Not stated	5%
4.2 Develop supplier capabilities		
What steps did your entity take to develop supplier capabilities relating to modern slavery risks during this reporting period?	Not stated	Provided online training to suppliers
What percentage of your entity's Tier 1 suppliers reported that they had participated in modern slavery training during this reporting period?	Not stated	60%
5 Remedy		

5.1 Provide or enable access to effective grievance mechanisms		
What steps did the entity take to provide or enable access to effective modern slavery grievance mechanisms during this reporting period?	Not stated	Whistle-blower hotline in accordance with UNGPs and whistle-blower policy
How many complaints relating to modern slavery associated with the entity's operations or the goods or services it procures were lodged during the reporting period, whether with the organisation's grievance mechanism(s) or with others?	Not stated	1
5.2 Take safe immediate steps to remedy harm		
What steps did your entity take to safely and immediately remedy modern slavery harms to which you were connected during this reporting period?	Not stated	Example given of correcting underpayment of workers
5.3 Use leverage to remediate deficient practices		
What steps did your entity take to use leverage to remediate deficient modern slavery risk management practices during this reporting period?	Not stated	Not stated
In how many procurement contracts or arrangements was a material breach related to modern slavery formally notified during this reporting period?	Not stated	Not stated
5.4 Withdraw responsibly		
What steps did the entity take to withdraw responsibly during this reporting period, in connection to modern slavery risks?	Not stated	Example given demonstrated an understanding of when is appropriate to terminate responsibly
How many procurement contracts or arrangements were terminated on modern slavery grounds during the reporting period?	Not stated	Not stated, but see above example
6 Report		
6.1 Establish a victim-centred reporting protocol		

What steps did the entity take to establish a victim-centred modern slavery reporting protocol during this reporting period?	Not stated	Not stated
Does the entity have a modern slavery reporting protocol in place that prioritises the interests of the victim/survivor?	Not stated	Not stated
6.2 Report on your modern slavery risk management efforts		
What steps did the entity take to report on its modern slavery risk management efforts during this reporting period?	Statement under <i>Modern Slavery Act 2018</i> (Cth), but from previous reporting period	Reported in Annual Report
Did the entity report on modern slavery in its prior Annual Report?	Not stated	Yes
7 Improve		
7.1 Learn lessons from your performance and others'		
What steps did the entity take to learn lessons from its modern slavery performance and others' during this reporting period?	Not stated	Entity committed to improving actions for future reporting periods
Has the entity updated its modern slavery policies or procedures based on stakeholder feedback or lessons from a grievance mechanism during this period?	Not stated	Annual review processes of Modern Slavery Policy and Plan
7.2 Train your workforce		
What steps did the entity take to train your workforce during this reporting period?	Not stated	Online training provided to suppliers
What percentage of the entity's workforce received modern slavery training in the period?	Not stated	60%
7.3 Cooperate with the Anti-slavery Commissioner		
What steps did the entity take to cooperate with the Anti-slavery Commissioner during this reporting period?	Not stated	Attended virtual Anti-slavery forum
Overall Score		
	1	4

	<p>Poor: partially addresses the modern slavery criteria, with obvious deficiencies</p> <p>The response therefore shows:</p> <ul style="list-style-type: none"> • Minimal or low understanding of the reasonable steps required to identify, assess and address Modern Slavery in its operations and supply chain and ensure compliance with Modern Slavery Laws. • Minimal or low relevant evidence. 	<p>Very good: meets the modern slavery criteria to a high standard.</p> <p>The response therefore shows:</p> <ul style="list-style-type: none"> • Very good understanding of the reasonable steps required to identify, assess and address Modern Slavery in its operations and supply chain and ensure compliance with Modern Slavery Laws. • Demonstrated through relevant evidence.
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