



# MODERN SLAVERY STATEMENT

## MSS Group

Reporting Period FYE 2023

**Date of Statement: December 2023**

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# ABOUT THIS STATEMENT

This Modern Slavery Statement is made pursuant to section 16 of the *Modern Slavery Act 2018 (Cth)* ("the Act") jointly on behalf of SIS Australia Holdings Pty Ltd, ABN 65 132 211 459, and its below noted Australian subsidiaries (collectively, the "MSS Group"). It describes the actions taken by the "MSS Group" during the MSS Group 2022 to 2023 financial year ("2023 Reporting Period") to identify, mitigate and manage modern slavery risks in our business and supply chains. It is the fourth Modern Slavery Statement made by the MSS Group.

### Operating Subsidiaries:

- MSS Security Pty Ltd, ABN 29 100 573 966 ("MSS Security")
- MSS Strategic Medical and Rescue Pty Ltd, ABN 48 155 387 152 ("MSS Strategic Medical and Rescue")

### Joint Venture Subsidiary

- Habitat Security Pty Ltd, ABN 48 610 598 242 ("Habitat Security")

### Other Subsidiaries:

- SIS Australia Group Pty Ltd, ABN 58 132 211 806
- SIS Group International Holdings Pty Ltd, ABN 89 600 112 490
- SIS MSS Security Holdings Pty Ltd, ABN 62 132 211 824
- MSS AJG Pty Ltd, ABN 50 610 598 251 (Deregistered 5 March 2023)
- Australian Security Connections Pty Ltd, ABN 80 160 045 189

### Other Subsidiaries Not Covered

Although related bodies corporate of the MSS Group entities, this statement does not cover:

- Southern Cross Protection Pty Ltd, ABN 93 094 077 255 and its subsidiaries (collectively the "SXP Group"). The SXP Group supplies a separate statement
- Safety Direct Solutions Pty Ltd, ABN 19 110 817 117, which is an entity that was recently acquired by SIS Australia Holdings Pty Ltd.

# OUR OPERATIONS

The MSS Group, which operates commercially through MSS Security, MSS Strategic Medical & Rescue and Habitat Security, is Australia's leading security and emergency response service company with a national infrastructure and offices in the capital cities of all states and territories.



MSS Security provides a full range of security services across key market segments, including:



Our security officers provide a visible presence, using a broad range of skills, from general guarding to highly specialised roles. Our 6000+ strong workforce in Australia underpins a national service delivery footprint and provides the foundation for a comprehensive offering, which includes:

- Static guarding
- Roving and mobile patrols
- Aviation & maritime screening
- Emergency surge requirements
- Alarm response
- Events management
- Control room operations
- Access control
- Concierge services
- VIP protection
- First aid & medical support
- Traffic management
- Investigations
- CCTV and alarm monitoring
- Customer service security training
- Risk analysis & business continuity planning
- Security assessment, policy development & implementation
- Emergency response, planning, simulation & exercises



MSS Strategic Medical and Rescue is the specialist paramedical, emergency response and rescue division of the MSS Group. We provide qualified and trained paramedics, emergency response and rescue personnel to the heavy industrial, mining and resources sectors.

MSS Strategic Medical and Rescue also supplies specialised clinical emergency response advisory, clinical governance and medical consultation services for our various site-based occupational first aid responders, and emergency response and rescue and occupational first aid training. Key services offered include:

- **Emergency health services** – credentialed multi-disciplinary Paramedics, Registered Nurses/OHNs and Industrial Medics who hold competencies in emergency response and/or ERT support;
- **Site-based primary care practice** – on-site occupational health and hygiene, drug and alcohol testing, return to work and health promotion services;
- **Emergency response, fire and technical rescue services** – multi-disciplinary Emergency Response Officers (ERT Teams), including specialist ESO (fire and rescue) team leaders; and
- **Clinical/first aid, emergency response, fire and technical rescue training** – nationally accredited and non-accredited on-site instruction, and first aid supplies, paramedic and fire rescue equipment and logistics.



Habitat Security is a joint venture between an Indigenous entity, DMAC Workforce Consultancy, ABN 86 656 926 822, an indigenous minority individual shareholder and SIS MSS Security Holdings Pty Ltd, ABN 86 656 926 822. The joint venture emerged from our commitment to the Federal Government's Employment Parity Initiative (EPI) which:

- aims to increase Indigenous employment in large companies to reflect the proportion of the Indigenous population nationally;
- was created in response to the Government's drive to open opportunities for Indigenous-owned businesses as part of its Indigenous Procurement Policy; and
- supports the Government's commitment to real skills, sustainable employment, and economic growth to ensure prosperity for Indigenous Australians.

Operationally based in the ACT, Habitat Security specialises in providing security guarding and associated services, particularly to government departments and agencies.

## OUR SUPPLY CHAIN

In the 2023 Reporting Period, the MSS Group allocated approximately \$167 million towards supplies, engaging with 774 Tier 1, or direct, suppliers<sup>1</sup>. This expenditure covered a wide array of goods and services, reflecting the diverse needs of our operations. Given the labour-based nature of our operating business, however, our expenditures were predominantly on labour provider security subcontractors, making them the largest category of Tier 1 suppliers in terms of our spend. This is consistent with the trends in previous years.

The table below details our expenditure on security subcontracting, both in dollar terms and as a percentage of our total supply costs. It shows a noticeable increase in security subcontracting costs from 2020 to 2021, reflecting our expanded operational needs at that time. However, we began reducing these expenditures in the 2022 Reporting Period, with further reductions in 2023. This reduction is part of a strategic shift towards reducing subcontracting - a key component of our strategy to mitigate the risks of modern slavery within our business and supply chains. We elaborate on this strategy later in this statement (see page 15).

**Table 1: Annual Security Subcontracting Expenditure Overview**

Reporting Period	Total Supply Expenditure	Spend on Security Subcontracting	Percentage of Expenditure on Security Subcontracting
2020	\$ 150 million	\$ 117 million	78%
2021	\$ 185 million	\$ 152 million	82.2%
2022	\$ 241 million	\$ 188.4 million	78.2%
2023	\$ 167 million	\$ 123 million	73.6%

In our day-to-day operations, we also manage a relatively narrow and limited supply chain of goods and services to support our staff and service delivery. This includes essentials such as travel and accommodation, uniforms and personal protective equipment (PPE), information and communications technology (ICT), fleet (vehicles), equipment, property leasing, professional services, training, recruitment and other staff related expenses.

The vast majority of our primary (Tier 1) suppliers are Australian companies and individuals. However, we recognise that those who supply certain products like uniforms, PPE, ICT, vehicles and equipment, source from overseas - mainly from regions within Asia. Notably, the suppliers engaged in overseas procurement are predominantly large companies that are subject to Australian modern slavery laws.

At the other end of the Tier 1 supplier spectrum, we engage with small spend individual vendors who typically provide a one-off product or service for a spend of \$5,000 or less. During the 2023 Reporting Period, just under half our Tier 1 suppliers fell into this category. Notably, a significant portion of these smaller transactions involved our own employees, who, through our accounts payable system, are set up as vendors to process reimbursements for expenses such as consumables, parking, taxi fares, memberships or attending training courses or conferences.

## ASSESSING MODERN SLAVERY RISKS

To reduce the risk of modern slavery practices in our supply chain, in 2019 the MSS Group established a "Working Group" representing all operating entities and consisting of representatives from legal, operational, procurement, HR, IT and other relevant areas of our business. Amongst other responsibilities, the Working Group is responsible for undertaking due diligence and developing and maintaining a constructive strategy and action plan with respect to the identification, management, and mitigation of modern slavery risks.

At the beginning of the 2020 Reporting Period, members of the Working Group commenced an initial high-level risk

<sup>1</sup> This excludes inter group subcontracting – for example, where MSS Strategic Medical and Rescue supply services to MSS Security.

analysis of our Tier 1 suppliers and our own operations to assess modern slavery risks. In the 2021 Reporting Period, the Working Group completed this Tier 1 review and has since been reviewing selected Tier 2 Suppliers and beyond.

The assessment of modern slavery risks undertaken in the 2020 to 2023 Reporting Periods leveraged insights from authoritative sources and a detailed examination of risk factors. This included:

- drawing on insights from recognised human rights resources, particularly the *Global Slavery Index*<sup>2</sup> which provided a foundational and comprehensive understanding of the risks and specific vulnerabilities within various industries. This informed our analysis of potential vulnerabilities within the security industry;
- identifying 'at risk' or vulnerable groups within the security industry supply chain who may be at risk of exploitation, for example, low-skilled personnel, migrants and/or non-native English speaking workers<sup>3</sup>;
- analysing sector and industry risks, especially those in informal and unregulated industries like cleaning<sup>4</sup> which share similarities with the security sector in terms of some employment practices and worker vulnerabilities;
- evaluating risks associated with products and services used in connection with the delivery of security services such as ICT products, uniforms, PPE, vehicles, travel and staff recruitment and training services<sup>5</sup>; and
- conducting a geographical risk assessment<sup>6</sup> to identify areas with a vulnerability to modern slavery practices which could influence supply chains in the security industry.

Drawing on these insights, the Working Group made the below conclusions:

- our primary industry, the security industry is one with potential risks of modern slavery practices. This is partly attributed to the low skilled requirements of some security roles which make them more accessible to vulnerable groups. These groups include those with limited knowledge of their workplace and other legal rights, those lacking strong social networks and non-native English speakers;
- without suitable safeguards there are risks that unscrupulous and unethical businesses, including those in Australia, may be tempted to exploit these vulnerable workers; and
- whilst the MSS Group itself has implemented (and continues to implement) effective measures to mitigate against the potential risks of modern slavery within our own operations, there remains a concern that these protections may not extend fully to the entirety of our supply chain, particularly our security subcontractors. Consequently, this segment of our supply chain requires further and ongoing scrutiny and targeted action.

Beyond security subcontracting, in the 2023 Reporting Period, the Working Group extended its analysis to review other categories of suppliers within our supply chain. This review highlighted the variety and complexity of our supplier base, revealing insights into the expenditure percentages, geographical locations and, where relevant, the extended supply chain tiers of our direct suppliers. This expanded analysis demonstrated that even suppliers perceived as "low risk" are not immune to the dangers of modern slavery. The vulnerability often stems from their reliance on products and services within their own supply networks which may harbour modern slavery risks.

The table overleaf provides an extensive overview of the broad and diverse categories within our supply chain, highlighting the percentage of expenditure, the location of our suppliers, where applicable, the supply chain locations beyond our direct suppliers and potential modern slavery risks within the categories. This approach reinforces our commitment to identifying and addressing modern slavery risks.

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<sup>2</sup> Global Slavery Index 2023 <https://cdn.walkfree.org/content/uploads/2023/05/17114737/Global-Slavery-Index-2023.pdf>

<sup>3</sup> See, for example the Australian Council for Superannuation Investors Modern Slavery Risks, Rights and Responsibilities: A Guide for Companies and Investors (KPMG survey) <https://assets.kpmg/content/dam/kpmg/au/pdf/2019/modern-slavery-guide-for-companies-investors-feb-2019.pdf>

<sup>4</sup> For example see [https://www.cleaningaccountability.org.au/wp-content/uploads/2020/12/CAF\\_ModernSlaveryGuidance\\_Contractors\\_v1.0.pdf](https://www.cleaningaccountability.org.au/wp-content/uploads/2020/12/CAF_ModernSlaveryGuidance_Contractors_v1.0.pdf); and Australian Border Force *Addressing Modern Slavery in Government Supply Chains – A Toolkit of Resources for Government Procurement Officers* available at <https://modernslaveryregister.gov.au/resources/>

<sup>5</sup> We relied on the *Global Slavery Index* and the following resources: <https://informed365.com/modern-slavery-exposed-in-big-tech-supply-chains/> and <https://bhr-navigator.unglobalcompact.org/issues/forced-labour/industry-specific-risk-factors/>; <https://www.fieldfisher.com/en/insights/modern-slavery-in-the-travel-industry>; <https://www.value-match.co.uk/modern-slavery-in-the-car-manufacturing-industry-examining-forced-labour-and-human-trafficking-in-supply-chains/>;

<sup>6</sup> Based on the *Global Slavery Index*

**Table 2: Tier 1 Supplier Expenditure Analysis, Profile and Modern Slavery Risk Analysis**

Supplier Category	% of Expenditure	Location of the Supplier	Supply chain location (if known)	Potential modern slavery risks <sup>7</sup>
All	100%	Australia – for the vast majority	Products used by all suppliers, particularly, ICT products, office consumables and vehicles are sourced globally.	No supplier, even suppliers of professional services, are immune to modern slavery risks given that all our vendors rely on a variety of goods and services to operate. These range from office cleaning to office supplies/consumables, vehicles and ICT and electronic products where there are known risks of modern slavery.
Security Subcontractors	73.6%	Australia	Australia, however, the above also applies.	Subcontracting may exacerbate the modern slavery risks in the security industry (see page 6 above) owing to reduced oversight and a dilution of the direct employment accountability that is more robust in our direct operations.
Perimeter security services incorporating advanced detection and AI technology	5.6%	Australia	Australia, however, the above also applies.	Potential risks range from exploitation in complex supply chains and AI training labour abuses to ethical deployment concerns, worker displacement and regulatory gaps. These risks illustrate the intricate relationship between technological progress and human rights and highlight how components and labour from regions with weak employment protections and rapid tech deployment can challenge ethical standards.
Professional services including consultant, legal and accounting services, memberships and subscriptions, advertising and sponsorships	2.7%	Australia	Australia but some service providers may have offices or staff located overseas, including regions where there are known modern slavery risks. Also, many day-to-day products used are sourced globally.	Direct risks of modern slavery are low due to a generally highly skilled workforce.
ICT – IT, communications and electronic products, services and licences	2.3%	Mainly Australia but some vendors of software are from India and the USA	Various - including China, Malaysia, Vietnam, Philippines, India, the USA Europe and Australia	Communications, IT electronics and related industries rely on complex supply chains for sourcing electronic components. These components are often sourced from countries or regions with a relatively high risks of modern slavery practices. The complexity and risk are further compounded by demands for many components and products, rapid technological advancements, and the pressure to minimise costs and speed up production. In contrast, the risk of modern slavery in the licensing of software is considerably lower. This is because software licensing revolves around intellectual property and digital products which do not require the kind of physical labour associated with modern slavery practises.

<sup>7</sup> As informed by an analysis of the resources referenced in foot notes 2 to 5 on the prior page.

Property related costs including leasing, fit out, maintenance, cleaning, and outgoings	2.3%	Australia	Australia but many day-to-day products used are sourced globally.	While direct risks associated with leasing appear to be low, there are risks in related areas, for example: <ul style="list-style-type: none"> <li>• cleaning: labour exploitation in the cleaning industry is well-documented and cleaning services have been identified as a key area for modern slavery; and</li> <li>• building and maintenance: there are also documented risks in the property and construction section, particularly in building and maintenance work. The risks stem from the industry's complex chains and use of subcontractor and migrant labour which can obscure employment practices and oversight.</li> </ul>
Staff related costs (including training, recruitment, reimbursements, medicals, amenities) and memberships,	2.2%	Australia	Australia but many day-to-day products used are sourced globally.	The training sector has a lower risk of modern slavery due to its skilled workforce. The associated recruitment industry can be vulnerable to modern slavery risks through activities such as charging excessive fees leading to debt bondage, deceptive practices and document withholding, restricting worker mobility.
Travel - air fares, accommodation, vehicle rental and parking	2.2%	Australia	Australia but some costs relate to overseas travel and accommodation (India, Singapore and New Zealand). Also, many day-to-day products used are sourced globally.	The travel and accommodation sectors are susceptible to modern slavery risks due to the service-oriented nature of their operations, pressures to minimise costs and reliance on low skilled and migrant labour. These factors can lead to situations where some workers, especially those in housekeeping, maintenance, catering, or food service roles, may face unfair treatment, underpayment or coercion.
Fleet/vehicle	1.8%	Australia	Various - including Japan, South Korea, China, India, Thailand, Germany, Vietnam, the USA and Australia.	The car manufacturing industry presents a high risk of modern slavery. This is primarily due to its complex supply chains and reliance on raw materials and components sourced from regions where forced labour and human rights abuses occur. Well documented concerns include forced labour and human trafficking in the production of vehicles.
Credit Card payments	1.2%	Australia	Australia - but banks also operate globally and outsource operations to various countries including India and the Philippines and products used by banks come from overseas.	Whilst credit card transactions themselves may not appear to be associated with modern slavery, the broader financial sector faces modern slavery risks through global investments and business relationships, including lending and insuring businesses potentially involved in modern slavery practices. Risks arise from indirect connections to sectors known for such practices, reliance on complex supply chains and the outsourcing of services.
Uniforms and PPE	1.6%	Australia	Various including China, Indonesia, Bangladesh, India and Australia.	The garment industry is particularly vulnerable to modern slavery practices including forced labour, child labour and exploitative practices within supply chains. These risks are compounded by complex global supply chains where limited visibility and control over working conditions exacerbate vulnerabilities.
Consumables, medical consumables, office supplies & general expenses	0.9%	Australia	Various, including Australia, China, India, Malaysia, Thailand, USA, Germany, and Vietnam.	The risks referenced above that apply above the garment industry apply equally to the sourcing of many office supplies and other consumables.
Other	3.6%	Australia	This varies but as noted above, day-to day products used are sourced globally.	The risks vary – depending on the relevant products or services procured.



## ADDRESSING RISKS - AREAS OF FOCUS

Despite the thorough review and identification of modern slavery risks across our various suppliers, the Working Group recommended that we maintain our focus on the security subcontracting sector in the 2023 Reporting Period and even beyond, extending a strategy we've employed over the last 3-4 years. This recommendation stems from two principal considerations: first, the security subcontracting sector is still the most significant portion of our supply chain and second, we have a greater potential to have a positive influence here in terms of modern slavery mitigation than anywhere else. This approach not only reinforces our intent to address the most pressing issues within our operations but also emphasises our commitment to meaningful action.

The Working Group also recommended simultaneously adopting further strategies to improve our efforts within our broader direct operations. These supplementary measures are designed to enhance our overall capacity to mitigate modern slavery risks more comprehensively. Our dual-focused approach highlights our commitment to addressing modern slavery broadly, and in a targeted way thereby maximising the effectiveness of our efforts.

## ADDRESSING RISKS - OUR DIRECT OPERATIONS

The MSS Group maintains a zero-tolerance stance against any form of modern slavery, firmly rejecting its occurrence within any part of our business or supply chains. We are committed to identifying, assessing, and addressing risks associated with modern slavery and to implementing and enforcing reasonable, practical and effective systems and controls to minimise the possibility of modern slavery taking place anywhere in our own business or supply networks.

The material modern slavery risks present in our own operations are different to those in our supply chain. Our workforce is directly employed in compliance with Australian laws such as *the Fair Work Act 2009* (Cth) and the applicable industrial award or enterprise agreement. Amongst other things, these laws, awards and agreements place responsibility on us, as employer, to ensure fair treatment and the provision of minimum workplace employment rights and entitlements. This includes those relating to such things as minimum pay, allowances, superannuation, working hours, overtime, suitable breaks between shifts, leave entitlements, periods of notice and protection against unfair dismissal.

Furthermore, as an employer, we are also required to ensure employees are accorded protections of relevant rights, including the right:

- to be free from undue influence or pressure in negotiating individual agreements;
- to be protected from unlawful actions such as adverse action, coercion, misrepresentation and undue influence, in relation to such things as, individual flexibility arrangements under modern awards or enterprise agreements or to unlawful deductions from wages;
- to be free from unlawful discrimination, harassment and bullying;
- to a safe and healthy work environment; and
- to membership of a trade union and to engage in industrial activities.

Direct employment enables us to exercise comprehensive oversight over the contractual and other arrangements with our employees, including the recruitment and onboarding process, training, safety, well-being and related programs.

We take the responsibilities we have to our employees seriously. Our dedicated people and culture team plays a pivotal role in ensuring compliance with all workplace obligations. This includes recruiting specialised and suitable qualified personnel, conducting regular reviews and audits of our contracts and other employment documentation, updating systems, policies and processes, facilitating employee feedback through employee surveys and grievance mechanisms and promptly addressing and rectifying any identified issues.

Further safeguards with respect to our direct operations include those set out below.

### **Commitment to Corporate Social Responsibility and Sustainability**

Corporate social responsibility and sustainability are integrated into our operations. We conduct our business with high ethical standards to meet financial, community and environmental responsibilities. Above all else, our service delivery

is conducted in the interests of people safety, economic use of resources, environmental sustainability, and compliance with laws including modern slavery laws. We accept that our actions must accord with the interests of people and society. In 2022 we reinforced our commitment to this important responsibility through the expansion and elevation of a key management role to that of Executive General Manager, People, Culture and Corporate Social Responsibility and in the 2023 Reporting Period we issued our first Corporate Sustainability Report.

## Employee Code of Conduct

Our Employee Code of Conduct expresses a comprehensive statement of expectations covering standards, behaviour, and governance. It is an expression of fundamental values and represents the framework for decision-making for every employee.

The Code establishes the following ethical business practices:

- we will comply with the law;
- we will act in good faith;
- we will consider the impact of our decisions on our stakeholders (members, employees, customers, governments, and the broad community) and seek fair resolutions;
- we will communicate openly and effectively with our stakeholders; and
- we will seek always to build trust, show respect, and perform with integrity.

We implement the Code of Conduct through policies, procedures and processes which are used throughout our operations. Our integrity, reputation and profitability ultimately depend upon the individual actions of our directors, officers, employees, and representatives. Each is personally responsible and accountable for compliance; and we monitor compliance with our Code of Conduct and promptly act on any breaches.

## Policies, Procedures and Processes

Effective governance practices are embedded throughout our organisation via a comprehensive suite of policies and procedures which sustain corporate social responsibility. Mechanisms that are relevant for the purposes of identifying and minimising the risks of modern slavery include the following:

### Modern Slavery Policy

Our Modern Slavery Policy:

- provides awareness of what modern slavery encompasses;
- encourages individuals to be on the lookout for and report suspected acts of modern slavery;
- details the responsibilities of all stakeholders including directors, managers, employees and subcontractors;
- explains how concerns may be raised and how they will be dealt with; and
- sets out the consequences of non-compliance.

### Whistleblower Policy and Procedure and Other Disclosure Schemes

Under our Whistleblower Policy "Eligible Disclosers" who have reasonable grounds to suspect any misconduct or improper state of affairs or circumstances, are encouraged to report their concerns without fear of retaliation.

Eligible Disclosers include past and present employees, officers, associates, contractors or suppliers and their respective family members. Their concerns may include suspicions with respect to certain modern slavery practices.

Concerns may be raised with a number of identified personnel or bodies and may also be made through a confidential hotline managed by a third party; this helps to protect the anonymity of whistleblowers and also protects data privacy.

There have been no modern slavery issues disclosed or reported since the policy was introduced.

As a supplier of security services to the Commonwealth and to all State and Territory Governments in Australia, we also comply with and promote public interest disclosure schemes. These schemes were implemented by the Commonwealth, State and Territory Governments to encourage and facilitate disclosures of wrongdoing in the public sector, support and protect those who make disclosures, ensure disclosures are properly investigated and promote integrity and accountability.

## Grievance Policy

In August 2022 a stand-alone Grievance Policy and Procedure was implemented. Prior to this time a form of grievance procedure was set out in our employee handbook, known as the "Employee Standing Instructions".

The Grievance Policy explains how employees can voice their grievances in a constructive manner to ensure a supportive and harmonious culture and to reinforce the MSS Group's commitment to handle complaints and grievances with integrity and fairness and in a transparent and timely manner.

## Other Relevant Policies

Other relevant policies and protocols have been reviewed to ensure they are aligned on modern slavery and human rights including our:

- Anti-Fraud and Corruption Policy;
- Child Safe Environment Policy;
- EEO, Discrimination, Harassment and Bullying Policy;
- Fatigue Management Policy;
- Recruitment Policy; and
- Work Health and Safety Policy.

## Adherence to the Voluntary Principles on Security and Human Rights

Established in 2000, the *Voluntary Principles on Security and Human Rights* ("Voluntary Principles") are a set of principles designed to guide companies in maintaining the safety and security of their operations within a framework that encourages respect for human rights. Whilst not holding a formal subscription, the MSS Group adheres to the Voluntary Principles. To this end, to ensure that we comply with human rights ethics set out in the Voluntary Principles, we seek to:

- communicate effectively with our personnel;
- maintain high levels of technical and professional proficiency;
- act in a lawful manner and exercise restraint and caution;
- have, and observe, policies and procedures regarding appropriate conduct;
- record all allegations of human rights abuses; and
- conduct proper investigations, and report accordingly.

## Training

Our ability to understand and respond to modern slavery and other human rights issues depends on the identification and reporting of relevant concerns. It is thus imperative that employees, suppliers, subcontractors, and other relevant stakeholders develop an understanding of what modern slavery issues are, how to report them and how we will deal with them. To this end, sections on modern slavery were developed for incorporation into our compulsory e-learning induction training for direct employees in the 2020 Reporting Period and this training was rolled out in 2021.

All our employees are required to complete this training at the commencement of their employment and to also undertake refresher training every year. Employees also receive training with respect to our related whistleblower scheme and relevant personnel are trained in the public sector public interest disclosure regimes.

In the 2023 Reporting Period, we undertook a high-level review of the training materials and identified certain areas for improvement. Furthermore, we received anecdotal feedback that suggested employees may not adequately recall the parts of the training that addresses modern slavery. This mirrors broader issues regarding the retention of training content and implies a lack of engagement with the material.

In response, the Working Group is collaborating with our training personnel to update existing materials and explore potential enhancements to training methodologies. Our goal is to ensure that training not only educates but also engages employees effectively, thereby fostering a culture of awareness and responsiveness to modern slavery and human rights issues within our operations.

## New Initiatives

### Employment Entitlements Independent Review

In our pursuit of excellence and compliance, the MSS Group proactively engaged an independent auditor to undertake a comprehensive review of our practices regarding the payment of employee entitlements. This initiative underscores our commitment to ensuring adherence to applicable industrial instruments, the *Fair Work Act 2009* (Cth) and other employment related laws.

The audit was extensive and covered broad grounds including the following:

- an evaluation of employee compensation clauses, including those regarding base pay, penalties, allowances, overtime and superannuation contributions. The analysis included a rapid diagnostic analysis and sample testing;
- a series of risk-based data analytics tests over specific employee cohorts to identify areas where underpayments could be made;
- a desk top review of active wages codes in the payroll system, to assess how they have been configured with respect to the Superannuation Guarantee (SG). This involved analysing the MSS Group's internal payroll configurations for SG contributions;
- separate wage code completeness and accuracy reviews; and
- performance of targeted sample testing across four pay periods comparing the MSS Group's payroll data with the auditor's independent calculations.

The findings revealed some isolated incidents but no systematic or widespread issues. Nonetheless, some recommendations for improvement were made.

### New Rostering/Time and Attendance System - Workforce System

Despite the above-noted review revealing no widespread or systematic issues, the MSS Group decided to introduce additional measures to mitigate the risks of isolated incidents in the future. Among these measures is the implementation of a new Rostering/Time and Attendance System called "Workforce".

This new system is expected, amongst other things, to enhance the accuracy and transparency of our payroll and rostering processes. For example, it is expected to have built-in controls that automatically alert rostering personnel to certain irregularities allowing corrective action to be taken. Implementation of the Workforce system reinforces our commitment to safeguarding the rights and well-being of our employees.

The system is scheduled to be launched in about May 2024.

### New Human Resources Information Management System – The Workday System

The MSS Group also determined to implement a new Human Resources Information Management System (HRIMS) to support our goals of growth, sustainability and enhanced employee experience. This initiative will launch in about December 2023.

Workday is designed with efficiency, accuracy and reliability in mind. By improving data capture and facilitating effective and seamless reporting, Workday is expected to significantly enhance our operational capabilities. In addition, its user interface is expected to foster stronger, more direct connections with our workforce.

Whilst the key motivation behind the implementation of this new system was not specifically to address modern slavery concerns, we expect it will play crucial role in our ongoing efforts to mitigate modern slavery within our operations. As another new initiative, it demonstrates our commitment to ethical practices and the protection of employee rights within our operations.

## ADDRESSING RISKS - OUR SUPPLY CHAIN

The MSS Group considers that, due to potential gaps in suitable safeguards, certain segments of our supply chain, particularly our security subcontractor suppliers, may be more susceptible to modern slavery practices compared to our direct employees. Consequently, our primary focus during the 2023 Reporting Period, consistent with previous periods, focused on implementing, improving and maintaining measures to mitigate risks associated with security subcontractor suppliers, in line with recommendations of the Working Group.

## Addressing Risks with Key Suppliers - Security Subcontractors

Since the 2020 Reporting Period we have undertaken and enhanced several measures to address risks associated with our security subcontractors. In 2023 we initiated a strategic shift towards reducing our reliance on subcontractors. This initiative, does not, however overshadow our other efforts which are set out below, rather, it complements them.

### National Subcontractor Management Program

Historically, the MSS Group managed and mitigated risks associated with security subcontractors using a state or territory-based model which resulted in a lack of consistency across our business units. Recognising this issue, during the 2020 Reporting Period, the Working Group highlighted the necessity for a unified national approach.

By the 2021 Reporting Period, we had identified a suitable on-line platform and developed a comprehensive framework for a national strategy. This strategy encompasses the management of subcontractor authorisation, due diligence, contracting, governance, compliance, auditing, training and record keeping. A pilot version of this was tested in New South Wales that year.

In 2022 the system was significantly revised and enhanced, paving the way for a nationwide rollout. This rollout was successfully completed in 2023 marking a major development and improvement in our management and oversight of security subcontractors.

The subcontractor management program remains the cornerstone of our strategy to mitigate modern slavery risks.

### Authorised Subcontractors Only

Any entity that wishes to provide security subcontracting services to us is now required to be formally approved to become an "authorised subcontractor". To obtain authorisation status, the entity must satisfactorily complete our approval process to help ensure, amongst other things that: they run their business through a suitable and legitimate operating entity; they are financially sound; they are capable of providing the required services; they have all necessary licences, permits and insurances; they are able to satisfy our operational and training requirements; and they comply with the law, including the law in relation to modern slavery and the employment of their employees.

### Due Diligence and Vetting

During the 2020 and 2021 Reporting Periods, our state and territory businesses updated their security subcontractor due diligence and supplier vetting programs. This was improved further in 2022 through the implementation of our online national subcontractor management program and finalised in the 2023 Reporting Period.

Prior to authorising and engaging any subcontractor, the vetting undertaken nationally is a rigorous and multi-stage one that encompasses the below steps:

- **Compliance Check:** Verification that the subcontractor is a legitimate operating entity, is a member of a security industry association, has correct and up to date licences, and that its employees have suitable qualifications and licences and the right to work in Australia;
- **Financial Health Review:** Examination of the subcontractor's financial reports to ensure it is a viable operator;
- **Insurance Confirmation:** Verification that the subcontractor maintains appropriate, up to date and valid insurances;
- **Background and Policy Review:** Analysis of the subcontractor's historical performance, background, policies and operational processes;
- **Industrial Instrument Review:** in appropriate cases, evaluation of the employment agreements and or enterprise agreements used by the subcontractor with respect to the employment of its employees to check compliance with applicable laws;
- **Premises Visit:** Inspection of the subcontractor's base to assess suitability in appropriate cases; and
- **Interview:** Conducting discussions to outline our requirements and expectations and to assess the subcontractor's ability to meet these demands.

### Subcontract

In September 2019 we implemented a new standard subcontract which contained specific provisions regarding

modern slavery, places a strong focus on obligations under industrial and work health and safety laws, and guards against potentially problematic practices such as sham contracting. During the 2021 and 2022 Reporting Periods, this standard agreement was amended to include more specific modern slavery expectations. Implementation of the new Subcontract was finalised in the 2023 Reporting Period.

### **Policies, Procedures and Processes**

Our security subcontractors are required to comply with our relevant policies and procedures, in particular, our Modern Slavery Policy, our Whistleblower Policy and Procedure, our Grievance Policy and our Work Health and Safety Policy. This requirement has been included in updated security subcontract precedents since 2021. We also recommend that security subcontractors develop and implement their own policies and procedures.

### **Training**

Our subcontractor training program requires all employees of our security subcontractors to undertake an e-learning induction and to repeat this annually. The e-learning training outlines the rights and obligations of subcontractors and their employees and provides instruction on such things as our operational expectations and standards of conduct, work health and safety, EEO, discrimination, harassment and bullying and the MSS Employee Code of Conduct (which also applies to subcontractor employees). Modern slavery training was also incorporated into the subcontractor e-learning induction two years ago.

### **Regular Declarations**

Our security subcontractors are required to provide periodic statutory declarations confirming (amongst other things) that:

- all employees of the subcontractor have been paid all amounts due to them under law (including all remuneration and superannuation due);
- the subcontractor has paid all workers compensation premiums;
- the subcontractor has conducted its business in a manner that is compliant with modern slavery laws; and
- the subcontractor has done all things reasonably required to reduce modern slavery risks in its operations and supply chains.

### **Regular Audits**

To retain authorisation, Subcontractors are required to demonstrate that they continue to satisfy our expectations and must undergo an annual audit to confirm they have operated their business in accordance with their contractual obligations and the law. Historically, these audits were conducted by individual states and territories on an ad hoc basis, lacking any uniform methodology. During the 2022 Reporting Period, a standardised auditing process was developed and piloted with formal implementation of this process commencing in the 2023 Reporting Period to ensure a cohesive approach nationally.

All major security subcontractors are now obliged to undergo a form of audit which encompasses the following:

- a review of their financials;
- verification they have updated their insurances, licences and qualifications; and
- examination of the employment and pay records of a sample of their employees (some of whom may also be interviewed).

Smaller and regional subcontractors are also audited through a more streamlined and less complex process.

### **Annual Subcontractor Questionnaire**

Prospective security subcontractors who wish to gain authorised subcontractor status or authorised subcontractors who wish to maintain their authorisation status are required to complete an annual questionnaire. The key objective of this questionnaire is to confirm that the subcontractor has complied with modern slavery and other relevant laws such as labour hire laws, the *Fair Work Act 2009 (Cth)* and work health and safety laws and to obtain an overview of the status of such compliance. This questionnaire was implemented in 2019 but was updated to include more detailed and

specific questions with respect to modern slavery. It is now issued online and is part of our national subcontractor management program.

### **ASIAL Subcontracting Code of Practice**

During the 2021 Reporting Period, the Australian Security Industry Association (ASIAL) the peak body for security professionals, developed a Subcontracting Code of Practice. This Code, which took effect on 1 July 2021, aims to promote compliance with legislative requirements, eliminate sham contracting, protect vulnerable workers from exploitation and improve business practises.

The MSS Group embraced this initiative, was proactively involved in the drafting of this Code and is compliant with the provisions of the Code.

### **New Initiative - Increased Direct Employment**

In 2023 the MSS Group initiated a strategic shift in our operational approach, reevaluating our approach to workforce management to address the inherent challenges of subcontracting in the security industry. Recognising the fluctuating demands of our industry, we typically deploy up to an estimated 900 subcontractor employees on any given day, except we acknowledge that for significant international events, this number may increase significantly.

Recognising this, we initiated an adjustment aimed at gradually reducing reliance on subcontractor labour. This initiative reflects our acknowledgement of the inherent risks involved with subcontracting and reinforces our commitment to bolstering our current core team of approximately 6,000 directly personnel as the backbone of our operational strategy and service delivery model.

This initiative is informed by the challenging employment landscape which has, in the past, necessitated the use of subcontractor labour for specific, often unpredictable demands such as event related security, ad hoc assignments or surge requirements. However, with a clear vision going forward, we aim to gradually reduce this reliance and steer towards a model where direct employment is used wherever practical and feasible.

Key to the success of this initiative is close collaboration with relevant clients especially as moving towards more direct employment may result in increased costs. Our goal is to ensure that clients are fully supportive and understand the value of this change, not just in terms of compliance with modern slavery and related laws but also in the benefit of having a more secure and engaged workforce.

Increasing our already substantial directly employed workforce, we will not merely adhere to ethical standards; we expect to also enhance our operational resilience and provide a higher level of service. This investment in people is critical for sustaining excellence in service delivery and achieving long-term success supported by a workforce that is aligned to our own values.

### **Addressing Risks with Key Suppliers – Other Suppliers**

During the 2020 to 2023 Reporting Periods, our primary focus was on mitigating risks associated with our security subcontractors for the reasons outlines earlier in this statement. This focus remains a priority. Nonetheless, this has not precluded us from taking measures with other suppliers to address modern slavery risks. These measures, which are summarised below, underscore our commitment to ensuring responsible and ethical practices across our supply chain.

### **Standard Contract Precedent Updates**

We have systematically updated our contract precedents to incorporate clauses specifically to address modern slavery risks. These revised precedents have been gradually rolled out in our supply contracts through renewal or renegotiation processes.

### **Contract Management**

We continued to work in collaboration with some of our major suppliers, particularly our key uniform and some of our software suppliers, to incorporate measures safeguarding against modern slavery risks, monitor progress and implement plans to mitigate the risks identified. A particular focus of these measures is to decrease reliance on any

goods or services that are sourced from regions identified in the *Global Slavery Index*<sup>8</sup> as having a higher prevalence of modern slavery.

### Supplier Questionnaire

In the 2022 Reporting Period we finalised a supplier questionnaire covering modern slavery and related issues. This questionnaire was piloted in 2023 with some key suppliers leading to adjustments based on the outcome of the pilot. Suppliers who are regarded as higher risk in terms of modern slavery issues will be required to complete this questionnaire. The information gathered from their responses together with other due diligence tools and discussions with the relevant suppliers will inform the need for investigation or action.

### Supplier Code of Conduct

A Supplier Code of Conduct, applicable to all MSS Group suppliers, their agents and subcontractors was initially drafted in 2022 and updated in 2023. This Code, which outlines specific modern slavery related expectations is in the process of being implemented. It will serve as a foundational element of our commitment to ethical practices throughout our supply chain.

## ADDRESSING RISKS - WORKING WITH OUR CLIENTS

Beyond our internal efforts to mitigate modern slavery risks in our direct operations and supply chains, we have continued to work collaboratively with and support many of our clients in their own efforts to combat modern slavery. Some ways we do this include:

- responding to client inquiries through modern slavery related questionnaires and surveys;
- collaborating with clients on audits and reviews to ensure our compliance with modern slavery related matters, as undertaken by them;
- participating in sustainability and ethical sourcing evaluations through organisations such as Sedex and Ecovadis, as requested by our clients;
- engaging in discussions and meetings with clients about modern slavery, sustainability, ethical sourcing and related topics; and
- tailoring training and educational tools to meet the specific needs of our clients.

## ADDRESSING EFFECTIVENESS

The MSS Group is committed to ensuring continuous improvement to check that our efforts to identify and tackle modern slavery risks are effective. As we refine and update our methodology for assessing effectiveness, we employ a multifaceted approach to monitor our progress, including:

- regularly updating and evaluating our modern slavery strategy and action plan through our Working Group;
- conducting periodic and relevant independent reviews, such as the independent employment entitlements review undertaken (referred to on page 10), and assessing the findings to gauge whether additional measures are required to enhance our strategies against modern slavery;
- ensuring subcontractor authorisations by verifying approval statistics and confirming that all subcontractors have been authorised through our national system, leaving no gaps in compliance;
- tracking completion rates of modern slavery training of our direct employees;
- monitoring modern slavery training completion rates of security subcontractor employees;

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<sup>8</sup> [Global-Slavery-Index-2023.pdf \(walkfree.org\)](#)



- gathering and reviewing feedback on our modern slavery training;
- observing the adoption of modern slavery policies, along with awareness and training initiatives of our security subcontractors;
- performing annual audits of security subcontractors;
- reviewing feedback from our annual subcontractor questionnaire;
- investigating and analysing complaints, grievances and reports relating to modern slavery (including frequency and trends) via our whistleblower channels; and
- engaging with key clients to gather insights and feedback on our strategies against modern slavery.

## FUTURE PRIORITIES

The MSS Group will continue to build on our achievements and take further action to manage and mitigate modern slavery risks in our business and supply chains. Moving forward, at a high level we will continue to:

- periodically review our modern slavery framework, strategy and action plan to ensure its effectiveness and currency;
- develop and improve our policies, procedures, and processes;
- develop and improve our training to ensure its effectiveness;
- collaborate with our clients in their own efforts to combat modern slavery; and
- work to raise awareness of modern slavery issues with our employees, our security subcontractors and their employees and our other relevant suppliers.

More specifically, areas and actions we expect to focus on include those set out below.

### Our Direct Operations

We intend to:

- undertake further analysis of the independent employee entitlements review referenced on page 10 to determine if implementing additional safeguards beyond those currently in place (or being implemented) would be prudent;
- obtain further feedback on our modern slavery training to determine whether a broader training and awareness program to help stakeholders understand and respond to modern slavery risks, is required;
- continue to collaborate with our training personnel to updated existing training and to explore potential enhancements to training methodologies to ensure that training not only educates but also engages employees effectively;
- continually review and update relevant policies and procedures to ensure that they are current and sufficiently deal with modern slavery issues; and
- continue to broadly promote our Modern Slavery Policy and our Whistleblower Policy and Procedure to remind personnel of their relevant rights and obligations and to encourage reporting through our third party managed hotline in the event they have modern slavery related concerns.

### Our Supply Chain

#### Security Subcontractor Suppliers

We plan to:

- continue to refine our strategy to decrease our reliance on subcontracting to the extent practically and realistically possible having regard to the current employment landscape and the readiness of our clients to

support this approach; and

- concentrate on our annual security subcontractor auditing program to help ensure adherence to modern slavery, workplace and related laws and compare year to year results to identify developments, trends, issues or improvements.

### Other Suppliers

Some expected future activities include:

- continued engagement and collaboration with key suppliers across high-risk categories to bolster our response to modern slavery and where necessary develop a joint approach to the management and mitigation of identified risks;
- where possible, further mapping of key high risk non-direct (Tier 2 and Tier 3) suppliers to help identify potential modern slavery risks and consider whether relevant actions may be required to minimise any risks detected;
- the assessment of supplier responses to the modern slavery questionnaire; and
- the review and improvement of procurement processes and the potential introduction of formal procurement guidelines.

## CONSULTATION

The MSS Group takes a collective approach to addressing the risks of modern slavery and compliance with modern slavery laws. Our operating entities undertake business in the security and related sectors, have many of the same suppliers, a common philosophy and share the same executive management team. Policies, procedures and processes of the MSS Group, including this statement, are developed collaboratively, and authorised by the directors of the respective entities.

## APPROVAL

This statement was approved by the Board of SIS Australia Holdings Pty Ltd, ABN 65 132 211 459



Michael McKinnon

CEO