



MODERN SLAVERY IMPACT STATEMENT

TYRE STEWARDSHIP AUSTRALIA

FEBRUARY 2021

What is modern slavery?

Modern slavery involves forms of serious exploitation. It is defined in the Australian Modern Slavery Act to include human trafficking, slavery, servitude, forced marriage, debt bondage, deceptive recruiting for labour or services and the worst forms of child labour (for example, where children are subject to slavery or servitude or are engaged in hazardous work).

In addition to modern slavery, there are a number of other human rights and related risks along the end-of-life tyres (EOLT) value chain. Examples include the displacement of Indigenous communities from traditional lands for rubber plantations, bribery and corruption risks which exacerbate human rights risks, and environmental impacts which can lead to adverse human rights impacts.

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TSA's purpose is to drive sustainable outcomes for end-of-life tyres (EOLT).

Our vision is a circular economy for EOLT which contributes to a sustainable society.

Our mission is to collaboratively ensure the sustainable management, recycling and productive use of EOLT.

Tyre Stewardship Australia (TSA) was established in 2014 to implement the national Tyre Product Stewardship Scheme (Scheme) which aims to promote the development of viable markets for end-of-life tyres (EOLT).

TSA accredits participants, including tyre retailers, collectors and recyclers, who are committed to supporting the objectives of the Scheme.

TSA also invests in market development initiatives including research and development, and commercialisation, of new productive uses for EOLT.

The Scheme has multiple benefits including transforming a waste product into a useful commodity, creating new industries and employment opportunities while also reducing the environmental harm caused by the illegal dumping, stockpiling and mismanagement of EOLT.

TSA also recognises the importance of addressing the social impacts, positive and negative, of EOLT. This includes ensuring that human rights are respected in the transportation, processing and use of EOLT. Human rights are the rights and freedoms we are all entitled to enjoy as human beings, without discrimination. There are a number of human rights issues that are relevant to EOLT but one of the most pertinent issues, where the industry could have the most severe impacts on people, is modern slavery.

Modern slavery is one of the most appalling human rights abuses and includes forced labour, the worst forms of child labour, debt bondage and human trafficking. In simple terms, it entails people not having the freedom to take or leave a job under the threat of harm. Modern slavery risks exist at all stages of the tyre lifecycle. The COVID-19 pandemic has further exacerbated workers' vulnerabilities to exploitation, including modern slavery, around the world.

Governments around the world are increasingly legislating to set clearer expectations of businesses to prevent and address their modern slavery risks at home and abroad. This includes the *Modern Slavery Act 2018* (MSA), which requires large Australian businesses to annually report on how they are identifying, assessing and addressing their modern slavery risks in their operations and supply chains¹. A range of stakeholders are also increasingly expecting businesses to demonstrate how they are managing their modern slavery and broader human rights risks.

TSA has prioritised two areas for action that build on existing Scheme guidelines, which include environment, health and safety, in order to help address modern slavery risks and support participants in their work in this area:

- **Workers' rights** in Australian tyre collection and recycling facilities; and
- **Labour risks** in foreign processing destinations for EOLT.

Addressing these issues is critical to the reputation of the Scheme and companies' in the EOLT supply chain, as well as the long term sustainability of the tyre industry. It also acknowledges recent legislative developments around modern slavery including the MSA.

¹ The Australian Government has published [guidance](#) for entities required to report under the MSA. Modern Slavery Statements are published in a public [register](#). Note, TSA is not required to report under the MSA.

Addressing workers' rights in Australian tyre collection and recycling facilities: Employee Entitlements Declaration

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In 2020, TSA introduced a requirement for accredited collectors and recyclers to complete an annual Employee Entitlements Declaration.

Collectors and recyclers are known to use casual labour on short-term arrangements. TSA recognises that this can pose a risk in terms of ensuring workers receive their full entitlements, and create vulnerabilities to labour exploitation, including modern slavery.

The Employee Entitlements Declaration requires collectors and recyclers to provide information on their workforce including payments made to workers and the use of labour hire agencies, an area of known labour exploitation risk for low paying roles². It also requires them to sign a declaration as to compliance with key workplace laws and standards.

The Employee Entitlements Declaration seeks to raise collectors' and recyclers' awareness of their responsibilities in relation to workers and strengthen the Scheme around a key area of social risk.

Addressing labour risks in foreign destinations: Foreign End Market Verification Program

3

A global-first, TSA has established the Foreign End Market (FEM) Verification Program aimed at ensuring that EOLT and products which leave Australia for further processing do not cause environmental or social harm.

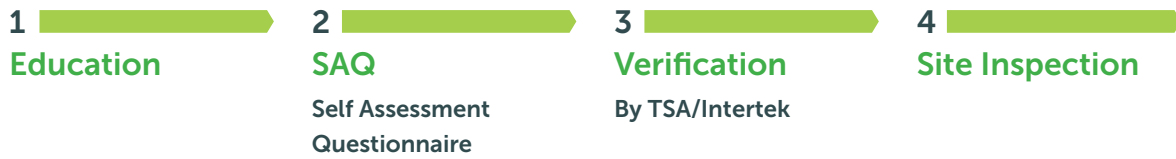
A significant volume of EOLT³ is exported from Australia to a number of destinations where it is used (for example as fuel replacement in various processing plants) or further processed. A number of these destinations are in countries that are high risk for modern slavery, and TSA recognises there is a risk of exploited labour being used in the foreign plants and factories that use and process Australian EOLT.

TSA requires the verification of foreign vendors to which TSA accredited collectors and recyclers send material through its FEM program. The program aims to mitigate environmental and social risks, including the risk of modern slavery, and to build foreign vendor's awareness of, and capacity to better manage these issues over time.

² Issues can include workers not being provided with accurate information about the nature or conditions of the work they are recruited for, not receiving their full entitlements, being charged recruitment fees, and being dependent on agents for visas.

³ In 2018/19, 259,000 tonnes was recovered for use in export markets. Refer to the [visual fact sheet](#) on TSA's website.

The Foreign End Market Verification Program involves the following steps:



Participating foreign vendors are required to complete an education session which includes an overview of TSA's key expectations in relation to modern slavery. To confirm their understanding of the training material, the vendor is requested to complete a brief questionnaire.

They are then required to complete a Self-Assessment Questionnaire (SAQ) which includes modern slavery related questions in relation to the use of child labour and trafficked, imprisoned, bonded or indentured labour, the retention of identification and other personal documentation, the charging of fees to workers, working hours and wages. Vendors whose SAQs receive a low score are audited by expert assurance and audit provider Intertek, which includes a site visit. Modern slavery is a key focus area for audits, which also include Environment, Health & Safety and Distribution⁴.

Future focus

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Whilst TSA is taking action to drive impact on modern slavery through the Scheme, we recognise there is more that can be done. Next steps include:

- Capacity building for Scheme participants in relation to modern slavery which will support implementation of the Employee Entitlements Declaration requirement and continuous improvement in Scheme participants' approaches to managing their labour related risks;
- Introducing due diligence, including around modern slavery, in relation to our applicants for accreditation and market development partners;
- Introducing assurance of Employee Entitlements Declarations;
- Undertaking a modern slavery risk assessment of TSA's own operations and supply chain;
- Publishing a statement on the TSA website in relation to TSA's commitment to assessing and addressing its own modern slavery risks; and
- Exploring the establishment of a working group for the Scheme's levy paying Contributors to support ongoing implementation and continuous improvement in relation to human rights risk management including modern slavery.

⁴ The Distribution focus area relates to safe transport of material and that product delivered to site is not sent offsite for use that may cause environmental or social harm.

Examples of modern slavery risks in the EOLT value chain

| TYRE LIFECYCLE | | MODERN SLAVERY RISK | |
|-----------------|---------------------------------|--|--|
| EXTERNAL TO TSA | Rubber Production | Risk of child labour on rubber plantations | |
| | Tyre Manufacture | Risk of sub-standard working conditions in tyre factories that make workers at risk of modern slavery, heightened where there is a higher incidence of migrant and other at risk or vulnerable workers | |
| | Tyre Distribution | Risk of forced labour on ships used to transport tyres, potentially exacerbated during the COVID-19 pandemic | |
| | Tyre Use | | |
| TSA SCHEME | Collection of End of Life Tyres | Risk of sub-standard conditions for workers in Australia creating vulnerabilities to modern slavery | TSA ACTION Employee Entitlements Declaration |
| | End of Life Processing | Risk of forced labour and other forms of modern slavery in offshore re-processing plants | Foreign End Market Program |
| | Tyre Derived Products | Risk of modern slavery in supply chains of innovation partners | Future Focus: Due diligence on partners |

TSA's Sustainable Development Goals

Sustainable Development Goals

TSA has mapped its [2020-2023 Strategic Plan](#) against the Sustainable Development Goals (SDGs) and identified the five priority Goals for the organisation, **including SDG 8:**

Promote sustained, inclusive and sustainable economic

growth, full and productive employment and decent work for all. In particular, Target 8.7 refers to the eradication of forced labour, ending modern slavery and human trafficking and securing the prohibition and eliminating child labour.



TSA's introduction of compliance with worker entitlements into collectors' and recyclers' accreditation through the Employee Entitlements Declaration, and its Foreign End Market Verification Program, promotes labour rights and helps to mitigate against the exploitation of workers, supporting SDG 8.

TSA's strategy also seeks to support SDGs 9, 12, 13 and 17 all of which reinforce SDG 8 to drive towards a sustainable future.

Partners against modern slavery

TSA is voluntarily funded by eight major tyre importers (Bridgestone, Continental, Goodyear/Dunlop, Kumho, Michelin, Pirelli, Toyo and Yokohama) and three autobrands (Volkswagen, Porsche and Mercedes-Benz).

Our levy paying contributors are committed to working towards sustainable, ethical practices in their operations and supply chains and to assessing and addressing their modern slavery risks.

They are responsible for reporting under applicable modern slavery legislation in countries where they operate.

TSA PARTNERS:



Additional Information

If you have any queries regarding TSA's Modern Slavery Impact Statement, please contact TSA:

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Disclaimer: Information in this document is current as of February 2021. Whilst all professional care has been taken in preparing this document, Tyre Stewardship Australia accepts no liability for loss or damages incurred as a result of reliance upon its content.