

Modern Slavery Statement 2022

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1 Introduction

This Modern Slavery Statement (“**Statement**”) for The Smith Family is submitted pursuant to the Modern Slavery Act 2018 (Cth) (“**Act**”). The Statement covers the reporting period from 1 July 2021 to 30 June 2022.

The term ‘Modern Slavery’ in this statement has the same meaning as defined under the Act.

The purpose of this Statement is to report on the steps The Smith Family has taken during the financial year ending 30 June 2022 to identify and assess the risk of Modern Slavery practices in our operations and supply chains and our actions to assess and address those risks.

The Smith Family’s values are:

- **Respect**
- **Integrity**
- **Collaboration**
- **Innovation**
- **Excellence**

The Smith Family is fully committed to acting ethically and operating responsibly. This commitment extends to enhancing our practices and processes to better identify and minimise the risk of Modern Slavery in our operations and supply chains and to seek to ensure that we are engaging with corporate partners, suppliers and other contractors to share that commitment.

In this reporting period, we continued to embed the practices and processes implemented in previous years as part of our Modern Slavery work program. We also took steps to promote and implement our Supplier Code of Conduct (effective 1 July 2021) when engaging with third party suppliers and other contractors, as an opportunity to highlight:

- our commitment to safeguarding children and young people from abuse and neglect; and
- our expectations about how our suppliers and other contractors behave with regard to the treatment of their employees and others who work on their behalf.

As identified in this statement, we are also examining ways to better identify and address modern slavery risks in our property management and investment management supply chains and operations. This work will continue during the next reporting period to June 2023.

We remain committed to continuously enhancing our procurement and oversight processes to minimise the risks of Modern Slavery in our operations and supply chains. It is pleasing that, as we embed and expand procedures to identify Modern Slavery risks, we have not identified any new or emerging risks during the period covered by this statement.

2 Our Structure

The Smith Family is an independent charity, registered with the Australian Charities and Not-for Profits Commission (**ACNC**), that helps disadvantaged Australian children and young people get the most out of their education so they can create better futures for themselves.

The Smith Family is a public company limited by guarantee incorporated under the *Corporations Act 2001* (Cth). It does not own or control any other entities.

The Board of Directors is the principal governing body of The Smith Family. It has responsibility for the overall governance of The Smith Family and is the ultimate decision-making authority. The Board delegates day-to-day operational management, governance, and decision-making to the Executive team, while retaining its oversight role.

The Finance, Audit and Risk Committee is the Board committee that has oversight of The Smith Family’s risk and compliance obligations, including Modern Slavery reporting.

3 Our Operations – an Overview

At The Smith Family, we believe that education is one of the world’s most powerful change agents. That is why we focus on helping young Australians to overcome educational inequality caused by poverty.

The Smith Family operates in every State and Territory of Australia. It has no operations outside Australia. The Smith Family has approximately 919 employees and 5,199 volunteers nationally and supports 159,753 children and young people living in disadvantage throughout Australia.

The Smith Family provides long-term educational support to disadvantaged students and young people in Australia. Our programs give young people and their families the tools to help them build a better future for themselves. We begin by providing educational support to families before children start school. This continues through primary and high school and on to tertiary education. At every stage, our aim is to give students access to a range of resources they need to improve their educational outcomes. Along the way, we work with parents and carers, helping them to play an active role in supporting their child’s education. For more information about our programs see: www.thesmithfamily.com.au.

Research and evidence-based practice underpins all our work. It helps us to measure the outcomes and assess the effectiveness of our support and programs. Evaluation and regular reporting also drive continual improvement across the organisation.

Our Annual and Financial Reports provide a comprehensive overview of our annual activities and a summary of key statistics and financial results. These Reports describe where we obtain our financial resources and how we apply those funds, including to deliver our programs to support young Australians in need. They are available at www.thesmithfamily.com.au.

4 Our Approach to identifying operations and supply chains

Operations

The Smith Family considers that ‘**operations**’ for the purpose of Modern Slavery reporting is not limited to the delivery of our programs and the support functions and research that underpins this important work. We have determined that ‘operations’ also includes the funding relationships that underpin the delivery of our programs.

The Smith Family enjoys strong and ongoing support from individuals who sponsor children and donate to our work, and from Australia’s corporate sector, trusts and foundations, universities and governments. We are grateful for the financial and pro bono support we receive from all who share our drive to create better futures for children and young people through education.

Approximately 13.5% of the funding for our programs is provided by the Commonwealth and State Governments. The balance of our funding comes from various sources including our individual sponsors, bequests, our major philanthropic donors and corporate partners.

Together, these supporters, enable us to improve the educational outcomes for young Australians across the country.

An ongoing focus of our Modern Slavery work program continues to be assessing and monitoring:

- our major philanthropic and corporate partnership relationships – because of the significant contribution that these partnerships make to our ability to deliver our programs and research; and
- our major marketing and campaigns supply chains – because the supporter donations and bequests generated from these campaigns and appeals are so vital in assisting us to fund our work.

For more information see Section 5 – Revenue Generation.

Supply chains

The concept of '**supply chains**' for our organisation is similar to other organisations delivering educational and support programs.

Our wonderful people (both employees and volunteers) are, of course, the primary 'supplier' of the support The Smith Family delivers to students and families each day.

Our supply chains also include all the products and services that contribute to the delivery of our educational programs and benevolent support to students and their families. These supply chains range from the tele-support companies and mail-house contractors that engage with our supporters through our campaigns, to the cleaners of our premises, to the technology platforms and services that support our core functions and those programs that The Smith Family delivers digitally.

Notwithstanding that our operations and activities are conducted wholly within Australia, and our suppliers are predominantly located in Australia, the task of mapping our operations and supply chains is, nonetheless, a significant exercise.

The Smith Family had a large number of suppliers: 1822 during the reporting period, 1589 of these were for small supplies of goods or services for which our annual contracted expenditure did not exceed \$25,000. The Smith Family does not have a centralised procurement function. Given the significant volume of our suppliers, our Modern Slavery work program continues to evolve incrementally, focusing on supply chains that we have identified as either material to our operations or that are identified as having the potential to carry a higher risk of Modern Slavery based on sector.

5 Revenue Generation – risks assessed and actions taken

In our previous Modern Slavery Statements, we identified that Modern Slavery risks in our revenue generation activities may be associated with:

- the supply chains of our corporate partners; and
- suppliers that support our campaigns.

In this reporting period, we have continued our efforts to assess and mitigate risks in our corporate partnerships and philanthropy, and our marketing and campaigns supply chains. We have also taken preliminary action to examine any risk associated with our investments, as detailed below.

Corporate Partners and Philanthropy

The Smith Family is fortunate to have the support of over 87 corporate partners that provide financial support, pro bono services and other in-kind support to underpin the delivery of our programs. For the reporting period we value the financial contribution by our corporate and business partnerships at approximately \$10.218m.

As detailed in our 2020 and 2021 Modern Slavery Statements, based on the processes our Corporate Partnerships team have implemented to assess and address Modern Slavery risk, we consider there is a low level of risk that we may contribute or be directly linked to Modern Slavery through the supply chains of our corporate partners.

The risk assessment and remediation processes outlined in our previous Modern Slavery Statements continue to underpin our engagement with our corporate partners. The Smith Family implements the following practices across our major corporate partnership funding arrangements:

- assess the risk of Modern Slavery in the operations and supply chains of our corporate partners through due diligence inquiry at the time of engagement or renewal (there were 14 new partnerships during the reporting period);
- monitor that risk assessment during the term of the corporate partnership, including by identifying whether the corporate partner has published a Modern Slavery Statement under the Act (where applicable);

- seek undertakings about Modern Slavery practices in formal ‘trader agreements’ executed with those corporate partners that fundraise for The Smith Family in the course of their business or trade; and
- ensure that our internal policies and procedures for engaging all corporate partners (not limited to trader arrangements) give due consideration as to whether a partner’s awareness of Modern Slavery risks and associated practices are aligned with The Smith Family’s values and commitments on Modern Slavery.

It is the responsibility of the team member managing that relationship to ensure that knowledge about that partner is maintained through periodic consultation with the partner and the relevant assessments are re-applied at renewal to ensure continued alignment with our expectations.

If a concern arises during on-boarding or during the life of a corporate partnership the matter will be escalated to the responsible Executive in the first instance, and ultimately to the broader Executive Group for consideration as to the appropriate action to take in the circumstances. Where it is considered appropriate, these matters may also be referred to the Board.

Training has been provided to team members and team resources are periodically reviewed and updated to ensure that the risk of Modern Slavery and steps to escalate and remediate that risk are well understood by all team members.

This practice framework ensures that Modern Slavery risk is closely scrutinised as part of the initial on-boarding assessment and at renewal. During the reporting period there was one instance where The Smith Family determined not to proceed with a new relationship with a multi-national group of companies (with headquarters in Australia) due to concerns identified through our risk assessment and due diligence processes. A key reason for not engaging with this corporate group, was the identification of a number of lawsuits alleging human rights abuses that remain unresolved against associated entities in overseas jurisdictions.

The Smith Family deeply appreciates the support of its corporate partners and works closely with these partners to ensure there is an understanding and acknowledgement of our values and core commitments. Except as identified above (where The Smith Family did not proceed with a new corporate partnership), the risk assessment processes that The Smith Family has in place have not identified any new or increased risks of Modern Slavery among our corporate partnership relationships during the reporting period.

Marketing and Campaigns

Our Marketing team leads the campaigns and marketing that underpins our fundraising initiatives with the public, including engagement with our regular *Learning for Life* sponsors, supporters considering making a bequest in their will and other supporters who donate to our annual appeals.

The Marketing team engaged over 70 suppliers during the reporting period across a range of fundraising campaign initiatives. These suppliers provide services that support digital campaigns on social media, electronic and direct mail services, and provide supporter care and other engagement with our supporters by phone.

Our campaigns are conducted in Australia by engaging supplier entities that are predominantly located and provide their services in Australia. We continue to assess and monitor ‘material’ suppliers engaged by the Marketing team by following processes developed during our first reporting period. Specifically, the Marketing team:

- identifies ‘material’ suppliers based on both quantitative and qualitative criteria;
- makes a preliminary assessment of those suppliers for Modern Slavery risk;
- at the time of appointment or renewal, provides our Supplier Code of Conduct to the supplier to ensure that it is aware of The Smith Family’s expectations regarding its compliance with Australian law and regulations, particularly in relation to Modern Slavery and the treatment of their workers; and
- if required, seeks more information from the supplier or other sources to ascertain whether the supplier has adopted practices for assessing and guarding against Modern Slavery.

Team members have received training about Modern Slavery and relevant team processes, including the application and use of the Supplier Code of Conduct, during the reporting period to assist them to better understand and identify Modern Slavery risk and take steps to respond to that risk, if required. No suppliers or vendors that have received a copy of the Supplier Code of Conduct have raised questions or concerns about meeting the expectations set out in our Code.

The Smith Family continues to embed these new practices including on-boarding due diligence and periodic assessment and review. Where appropriate based on these assessments, The Smith Family's policy is to seek contractual and warranty protections in new contracts or with existing suppliers upon renewal where Modern Slavery risk is identified.

If a material concern about risks of Modern Slavery in a supplier's practices arises during the life of a key supplier relationship the matter will be escalated to the responsible Executive in the first instance, and if necessary, to the broader Executive Group for consideration as to the appropriate action to take in the circumstances.

During the reporting period the Marketing team did not identify any new or emerging risks that The Smith Family may contribute or be directly linked to Modern Slavery in these marketing supply chains.

Investments

The Smith Family's assets include investments that are managed as part of the *Children's Future Education Endowment*. That fund was established to provide ongoing, long-term funding to support disadvantaged Australian children through education. It relies on generous philanthropic donations which build the corpus of the fund. The investment earnings from the management of that corpus are distributed to fund *Learning for Life* scholarships [on a perpetual basis].

The day-to-day administration of the investment portfolio is the responsibility of the Chief Financial Officer, subject to the oversight of a Board appointed committee. The investment portfolio is managed by a professional investment manager under an investment policy statement (**IPS**) approved by the Board.

Our investment manager is a reporting entity under the Act, has adopted a Modern Slavery framework and provides The Smith Family with an annual assurance statement. Our investment manager, through its own work program is taking steps to reduce the potential for harm caused by Modern Slavery as it relates to its own business and in investments made on behalf of its clients.

Our IPS articulates the ethical investment considerations for decision-making about the suitability of an investment, with particular attention focused on avoiding investments that may impact negatively on the treatment of children. This restriction would cover any investments that carry risks of child labour. As identified in our 2021 Modern Slavery Statement, The Smith Family keeps the IPS under review and is committed to working with our investment manager to ensure that Modern Slavery risk is considered in investment decisions. To that end, we are presently conducting a review of the 'responsible investing' investment process adopted by the investment manager to ensure that the process and our investments continue to align with The Smith Family's values and our commitment to act ethically and responsibly, and note that this may lead to further updates to our IPS. The review is ongoing at the date of this statement.

6 Support Services – risks assessed and actions taken

In prior reporting periods, we have identified that Modern Slavery risk in our support services may be associated with Information and Communications Technology (**ICT**) services provided from offshore suppliers in jurisdictions where workers have fewer rights and protections than those afforded to workers in Australia.

In this reporting period, we have continued our efforts to limit the risk that we could contribute to or be directly linked to Modern Slavery through our ICT service providers, as detailed below. We

have also continued to monitor and mitigate risks associated with our premises management, and cleaning services suppliers.

Business Information Systems – ICT suppliers

During this reporting period The Smith Family focused on the level of Modern Slavery awareness and protections adopted by the key suppliers of ICT that are engaged by our Business Information Systems (**BIS**) team. The BIS team was responsible for managing contractual arrangements with approximately 15 ICT suppliers during the reporting period. This functional team remains an area of priority, both because of The Smith Family's strategic focus on digital enablement and because ICT procurement may carry a higher level of Modern Slavery risk especially if services are provided offshore in jurisdictions where workers have fewer rights and protections than those afforded to workers in Australia.

In this reporting period, the BIS team did not engage any new material suppliers. It did not update its risk assessments for its existing suppliers as it reviewed the position and was satisfied with the assessments undertaken in previous reporting periods.

The BIS team received training about the Supplier Code of Conduct, how to use it as a tool when engaging with a new supplier, or at the point of renewal, to ascertain whether the supplier is a suitable contracting party based on The Smith Family's expectations around the supplier's engagement with its employees and other workers. The BIS team will continue to embed processes to ensure that Modern Slavery risks are identified and managed appropriately, and seek contractual protections (where appropriate) when entering into new ICT arrangements to ensure that relevant risks may be monitored and remediated.

If a material concern about an ICT supplier's Modern Slavery practices arises during the term of the relevant contract, the same escalation processes that apply to corporate partnerships and marketing (as set out in section 5 above), would apply.

Finance and Risk – ICT suppliers

Our Finance and Risk functions rely on various finance and risk management software tools to support their work. As identified above, The Smith Family acknowledges that ICT procurement may carry a higher level of Modern Slavery risk. In the case of 'off the shelf' software package procurement it is sometimes difficult to make an assessment of relevant direct and indirect supply chains for Modern Slavery risk.

In the previous reporting period, we assessed the risks of modern slavery practices in these ICT suppliers by consulting publicly available information on those suppliers (including Modern Slavery statements filed under the Act or in other jurisdictions by our suppliers). Where relevant information was not available, we used supplier questionnaires to assist us to better understand Modern Slavery risk in these supply chains.

Through this assessment we considered that there is a low risk that our suppliers may contribute or be directly linked to Modern Slavery. In this reporting period, the Finance and Risk team did not engage any new material suppliers. It did not update its risk assessments for its existing suppliers as it was satisfied with the assessments undertaken in previous reporting periods. The Smith Family will keep these risk assessments and the need for any relevant remediation steps under review.

Premises Management and Cleaning Services

The Smith Family operates from 73 locations across Australia. This includes our National and State offices, our regional program offices, and office space located in the 56 schools from which we directly support our *Learning for Life* students and families.

Cleaning and premises management services are recognised as industries with a relatively higher risk of Modern Slavery. There is therefore a risk that The Smith Family could contribute to, or be directly linked to, Modern Slavery through its direct or indirect suppliers of these services.

In the reporting period we again focused on two key channels (identified below), in addition, we are on a path of continuous improvement and looking to expand our risks assessments of other

suppliers where our systems and resourcing permits. The two channels of focus this reporting period were:

- Cleaning services engaged directly by The Smith Family – these suppliers typically service our smaller regional offices (**‘Direct Cleaner supply chain’**); and
- Provision of facilities management, cleaning, and other premises management services in the major premises we lease including our National and State office premises (**‘Major Landlord supply chain’**).

In the Direct Cleaner supply chain, we offer a standard cleaning services contract that incorporates terms that specifically address worker conditions (in alignment with our Supplier Code of Conduct). Engagement of cleaning contractors using our standard terms provides an important opportunity for The Smith Family to engage directly with our cleaners regarding our expectations about the working conditions of their staff and to provide clarity as to how any concerns should be raised. During the reporting period we have continued to offer our standard cleaning services contract to all our Direct Cleaner suppliers, which has provided reassurance that workers’ rights are contractually protected while not imposing unduly onerous obligations on small suppliers.

In the Major Landlord supply chain, we did not repeat assessments undertaken in the last reporting period and instead continued with our process of requiring new Major Landlords to respond to a questionnaire that identifies whether and how Modern Slavery risks are monitored and assessed in their property management services supply chains. We also consulted publicly available information about some of our Major Landlords (including their Modern Slavery Statements under the Act, where available) to compare against our previous risk assessments. The analysis undertaken during the reporting period did not raise any material concerns regarding Modern Slavery risk through our indirect acquisition of property services from our Major Landlords.

In this reporting period, The Smith Family implemented improvements to its monitoring and premises management processes by focusing on enhanced data accuracy and better real time reporting across its premises portfolio nationally. It is anticipated that these improvements will, over time, provide a platform for better segmentation of Modern Slavery risk categories and enable further examination and assessment of Modern Slavery risk in the indirect cleaner supply chains for our mid-sized premises (where the private sector landlord is responsible for premises management and cleaning services). The Smith Family is also considering how to better utilise its Supplier Code of Conduct when engaging building contractors to undertake fit-out works of new premises or updating existing premises, as we have a number of projects that are scheduled for the next 12 months.

Our premises monitoring and management systems (including due diligence processes associated with Modern Slavery risks) continue to evolve. Based on our investigations to date we have assessed the overall risk of Modern Slavery in our premises management supply chains as low at this time.

Human Resources and Volunteering

Our People and Culture Team manages the recruitment and ongoing engagement and development of our employees and volunteers.

Our wonderful people (both employees and volunteers) are the primary ‘supplier’ of the support The Smith Family provides to students and families each day. Our employees and volunteers are located in Australia as our operations are conducted wholly within Australia. Our paid employees are covered by individual employment contracts, relevant awards or enterprise agreements (as applicable to their role). We aim to create through our policies and practices a safe and supportive work environment that encourages high performance, innovation and teamwork.

As a ‘child safe’ organisation we operate in accordance with our Child Protection Framework (available at: <https://www.thesmithfamily.com.au/about-us/governance>) and undertake rigorous screening of our employees and volunteers before they join our organisation. These onboarding processes provide assurance that the risk of Modern Slavery amongst our employee and volunteer personnel is extremely low.

During the previous reporting period, the People and Culture team identified and assessed Modern Slavery risk in the supply chains of material suppliers that support the human resources function. These suppliers include, for example, providers of outsourced payroll services and learning and development systems. Our material suppliers that support the human resources function did not change during the reporting period. These suppliers were previously assessed as low risk and reconsideration was not prioritised during the reporting period as there were other demands on that team during the period (as it addressed ongoing work health and safety impacts arising from the COVID-19 pandemic).

7 Effectiveness

The processes we are implementing as part of our annual Modern Slavery work plan have provided The Smith Family with assurance that the risk of Modern Slavery practices in our operations and supply chains remains low at this time.

The Supplier Code of Conduct has proven a helpful tool to support our team members to engage early with new suppliers about our Values and, more specifically, our expectations regarding the treatment of their employees and others that work on their behalf, and how incidents or concerns about Modern Slavery or other relevant matters may be brought to our attention.

While the focus of our Modern Slavery work program remains on identifying risks associated with our material supply chains, our team members have used the Supplier Code more broadly including when engaging smaller suppliers of goods and services to raise awareness about Modern Slavery risks and the importance that The Smith Family places on operating ethically and acting responsibly.

In addition to publishing the Supplier Code on our website and promoting it internally (through our intranet and targeted training for key teams) we have also included compliance with the Code in updated versions of several of our standard form agreements, where The Smith Family engages third parties to assist in the delivery of key programs.

In assessing the effectiveness of our program during the reporting period we have taken into account:

- **No incidents:** we did not identify any incidents of Modern Slavery in our supply chains or operations during the reporting period and there were no reported breaches of our Supplier Code of Conduct.
- **Training:** we have increased awareness through training for those team members who, as part of their team processes, have an important role to play in assessing, monitoring and remediating Modern Slavery risk. The particular focus during the current reporting period has been around how team members may use the Supplier Code of Conduct as a tool when engaging a new supplier or renewing an existing arrangement.
- **New processes followed:** it is evident that within the Corporate Partnerships, Marketing, BIS and Property Management teams there has been a high degree of commitment to understanding and complying with our updated policies and procurement processes implemented to address Modern Slavery risks.
- **Ongoing and specific remediation action:** we are continuing to identify opportunities to enhance our standard contractual terms (where applicable) when engaging with our ongoing suppliers of goods and services or with other key partners to address Modern Slavery risk, particularly by including specific contractual obligations concerning compliance with our Supplier Code of Conduct. Further, if a Modern Slavery risk is identified when engaging with a new supplier that offers their standard terms as the basis for contracting, we seek to address this risk by incorporating specific contractual protections in relevant agreements.

8 Looking forward

The reporting framework under the Act continues to provide The Smith Family with an important opportunity to develop a deeper understanding about key funding partnerships and supply chains that underpin the delivery of our programs and other operations. The Smith Family remains committed to embedding enhanced frameworks and processes to minimise the risks of Modern Slavery in our operations and supply chains going forward.

During the next 12 months, The Smith Family is implementing a new contract management system. As this system is designed and implemented, we will explore ways to ensure that it supports our efforts to continuously improve our Modern Slavery work program. The 'workflows' in that system will be designed to assist team members to capture supplier information collected during the pre-contract phase, monitor the status of key actions such as the provision of the Supplier Code of Conduct, and ensure that appropriate remediation steps are taken if a Modern Slavery risk is identified (e.g. including relevant contractual obligations in contracts and any subsequent monitoring or reporting requirements).

In the year ahead the following actions will be taken to support compliance and monitor effectiveness:

- Our Supplier Code of Conduct will be further promoted internally to enhance awareness of our commitment to minimising Modern Slavery in our operations and supply chains.
- Our Modern Slavery work program identifying key priorities will be reviewed and updated for approval by the Executive Group.
- Progress on the implementation of the work program to address Modern Slavery risk will be reported to the Executive and Finance, Audit and Risk Committee to facilitate oversight and ensure implementation of the work program is properly resourced.

This statement was approved by the Board of The Smith Family on 29 November 2022.



Nicholas Moore
Chairman