



MODERN SLAVERY STATEMENT

Under the Modern Slavery Act 2018 (CTH)

REPORTING PERIOD: 01 JULY 2019 – 30 JUNE 2020

Paul Ramsay Foundation Limited
ABN 32 623 132 472

This Report Outlines:

SECTION 1:

Executive Summary

SECTION 2:

Structure, Operations and Supply Chain

SECTION 3:

Modern Slavery Risks in the Foundation's
Operations and Supply Chains

SECTION 4:

Actions to Assess and Address Modern Slavery Risks

SECTION 5:

Measuring the Effectiveness of our ongoing Modern
Slavery Response

SECTION 6:

Any other Relevant Information

SECTION 7:

Appendix

Executive Summary

This Modern Slavery Statement is made pursuant to the requirements of the *Modern Slavery Act 2018* (Cth) (the Act).

The mandatory reporting entity under the Act is the **Paul Ramsay Foundation Limited** – ABN 32 623 132 472 (‘the Foundation’).

The Foundation owns or controls the following corporate entities, that are not, individually, mandatory reporting entities under the Act:

- Paul Ramsay Holdings Pty Limited
- Adstream Holdings Pty Limited (an ad delivery and digital asset management software company)
- Plantation Palms Properties Pty Limited (a property development company in far North Queensland)

For the purpose of this Statement, a reference to ‘the Foundation’ is to be taken to include these separate legal entities.¹

Our Working Group has prepared this Statement, in consultation with external subject matter experts. This Statement has been approved by the Foundation’s Board of Directors and has authorised its signing and endorsement by our CEO.

Our understanding of modern slavery is situations where offenders use coercion, threats of deception to exploit victims to undermine their freedom.

This can include:

- Human trafficking
- Slavery
- Servitude
- Forced labour
- Debt bondage
- Forced marriage
- The worst forms of child labour

No specific instances of modern slavery were identified over the reporting period in our operations, investments or supply chains.

The nature of our core operations, and the supply chains that allow us to function are such that, in relative terms, the Foundation has a modern slavery risk profile (including our investment portfolio) that has been assessed, in relative terms, as being very low.

However, the notion that our operations or supply chains could be contributing, in any way, to the occurrence of modern slavery is repugnant to what the Foundation stands for and we intend to increase our focus in the future.

This Modern Slavery Statement has been approved by the Board of the Paul Ramsay Foundation Limited on 30 March 2021.



31 March 2021

Signature

Date

Michael Traill

Name
Director

¹ Further risk assessments and due diligence (as and where appropriate) is proposed to be undertaken during the second reporting period for the subsidiaries of the Paul Ramsay Foundation Limited.

Who We Are

The Foundation was established by the late Mr Paul Ramsay AO in 2006. It received a substantial bequest upon his passing in 2014. The Foundation is one of the largest operating foundations in Australia.



Mission

Our mission is to break cycles of disadvantage in Australia. We seek to do this by partnering with other organisations that are working to create solutions to problems in the areas of education, health, public and social welfare and the environment.



Partnership

Our work with partner organisations typically involves working with them to identify particular disadvantages faced by Australians that might be alleviated through a particular course of action then providing funds to that partner to undertake that program, and also assisting with an analysis of the effectiveness of the program.

More information about who we are and what we do can be found at our website at:



paulramsayfoundation.org.au



The following is a brief summary of the activities that we have undertaken in respect of this inaugural reporting period.



Identified and assessed our modern slavery risks in our operations (including major investments) and supply chains in accordance with section 16(1)(c) of the Act.



Undertaken due diligence activities to assess and address our risks, including the preparation of remediation processes in accordance with section 16(1)(d) of the Act.

We have:

-  Established a Modern Slavery Working Group.
-  Performed a risk assessment of our supply chain, investments and partners.
-  Engaged in the process of identifying and scoping appropriate internal governance framework updates to address modern slavery.
-  Developed, supplier questionnaires, performed desktop and onsite audits of suppliers that have been identified with a relatively elevated risk profile.
-  Rolled out modern slavery training for staff of our organisation.



Commenced the development of a framework of key performance indicators and an appropriate, organisation-specific approach to measuring the effectiveness of our anti-slavery actions in accordance with section 16(1)(e) of the Act.



Commenced appropriate modern slavery specific consultation with the controlled entities referred to above.²



Identified the impacts and disruptions relating to the COVID-19 pandemic on our operations, supply chain and modern slavery related efforts over the reporting period in accordance section 16(1)(g) of the Act and the official guidance provided by the Australian Border Force.

² Further risk assessments and due diligence (as and where appropriate) is proposed to be undertaken during the second reporting period for the subsidiaries of the Paul Ramsay Foundation Limited.

Structure, Operations and Supply Chain

The Reporting Entity

Paul Ramsay Foundation Limited
– ABN 32 623 132 472

The Reporting Entity's Structure, Operations and Supply Chain

The Foundation is an Australian company limited by guarantee. We operate by investing assets that were bequeathed by the late Mr Ramsay (our corpus) to earn income that we use to fund our operations.

We do not raise funds from the public. We are headquartered in Sydney and employ approximately 40 employees across our offices in Sydney and Melbourne.

Our Supply Chains

Like all companies, in order to achieve our purpose with maximum effectiveness in our operations, we are engaged in contractual relationships with third parties for a wide range of goods and services.

A total of 170 direct suppliers were assessed over the subject reporting period in relation to modern slavery risk.

Our direct (first-tier) suppliers are primarily Australian based with a very small proportion located in Great Britain.

Our procurement spending has been classified into the following seven general categories, listed below.

Our Investment Portfolio

We are committed to ensuring that our investments are entirely consistent with the Foundation's core values and purpose, and this includes ensuring that modern slavery risks are addressed and alleviated to the fullest extent practicable.

We have assessed all of our investments for modern slavery risks. These investees are primarily headquartered in Australia.

Procurement Spending Categories



Non-Residential
Building Construction



Market Research
and other Business
Management Services



Legal Services



Ownership / Rental
of Property



Computer and
Technical Services



Business Services



Other

Modern Slavery Risks

Initial Risk Assessment

We recognise that having a very low relative risk assessment of modern slavery does not, of itself, alter or alleviate the importance of vigorous due diligence practices, both in relation to internal and external factors.

As a charitable entity, we are subject to the Australian Charities and Not-for-profit Commission (ACNC) Governance Standards. Standard 3 requires that we operate in compliance with all Australian laws, including laws relating to labour conditions and employment of our direct workforce and our obligations to report on our modern slavery risks, processes and activities under the Act.

External subject matter experts have undertaken a risk assessment of the entirety of our supply chains over the reporting period on our behalf.



Modern Slavery Risks

Modern slavery risks that were identified through the risk assessment can arise from a complex interaction of factors including:



Total supplier spend amounts (i.e. the value of our direct supplier contracts).



Geographical area of operation.



Industry category, including industries that, in turn, feed into particular categories further down the supply chain.



Depth of tiering within the supply chain(s) - e.g, 3rd tier supplier, 5th tier supplier, etc.

Further details on the Initial Risk Assessment Methodology are set out in the Appendix to this Statement.

The following priority areas were identified in the Initial Risk Assessment of our Supply Chain:

- ✓ Non-residential building construction in Australia.
- ✓ Market research and other business management services.



Non-Residential Building Construction in Australia

Non-residential building construction in Australia represented the highest relative risk for modern slavery in our supply chain during the reporting period.

We have four major suppliers in this industry category. We are currently undertaking a project to purchase and redevelop a building to be used as our head office in Sydney. This project which will be completed in 2021, is the primary reason for the relatively high expenditure.

This industry category covers suppliers in Australia for items such as construction and development, office fit-out and services, repairs, and installations.

We are aware that the construction industry faces a number of inherent vulnerabilities including, low barriers of entry to employment, low wage work, disproportionate representation of migrant workers, and potentially hazardous working conditions.³

The construction industry in Australia is characterised by a complex array of supply chains and contractual arrangements. Some of these arrangements may incentivise suppliers to provide goods at a high turnover with shorter delivery times and diminish the capacity for an adequate level of due diligence on the working conditions of suppliers and subcontractors.

Subcontracting arrangements can also potentially decrease visibility of upstream suppliers and contractual parties elevating the risks of modern slavery.

The seasonal nature of construction work and the high prevalence of migrant workers on construction sites in Australia can also potentially increase modern slavery risks.

Products used in construction projects may also have elevated modern slavery risks at lower tiers. Although our direct suppliers are in Australia, the products that they use may rely on the importation of commonly used construction materials such as ready-mix concrete, cement and lime products.

These products have an elevated risk because of the conditions under which they may have been extracted. The countries that are known to have high exports of such products are also relatively higher in their modern slavery risks.⁴

The complex nature of commercial construction projects is a focus of our ongoing due diligence efforts, as set out in Part Four of this Statement.

³ The Australian Institute of Criminology (2017), 'Labour Exploitation in the Australian Construction Industry: risks and protections for temporary migrant workers', iv. <https://www.aic.gov.au/sites/default/files/2020-05/rr002.pdf>

⁴ Verite (2017), 'Strengthening Protections Against Trafficking in Persons in Federal and Corporate Supply Chains: Research on Risk in 43 Commodities Worldwide', 98. <https://www.verite.org/wp-content/uploads/2017/04/EO-and-Commodity-Reports-Combined-FINAL-2017.pdf>



Market Research and other Business Management Services

The other priority area identified in our initial risk assessment is market research and other business management services. This industry category includes business consulting services, media advisory, marketing, public relations and communications.

As an indication of the importance of analysing beyond the first-tier and setting aside stereotypical perceptions as to the industries and localities where modern slavery can occur, it is to be noted that a very high proportion of these services requires, at the 'end-product' stage, the input of highly skilled professionals such as consultants and advisors, all of whom are based in Australia.

Risks in this industry category are most likely to be prevalent at much more remote tiers of the supply chain. These realities have significant implications for effective due diligence, leverage and collaboration with our direct suppliers, and overall supply chain visibility.

As an indication of the complexity of supply chains (and in turn, potential modern slavery risk) that can be manifest in an industry category that is so heavily dominated by highly educated professionals at the 'end-point', the initial assessment analysis demonstrates that inputs required into this industry category are far more diverse, including (just, for example, at the immediately following tiers 2 and 3) banking, hotels, clubs, restaurants and cafes, wholesale trade, and retail trade.



Modern Slavery Risks in our Investments



Australian Health Care Facilities

We undertook a risk assessment of our investments, to identify where in our investment portfolio our greatest risk of modern slavery lies. The investment category of Australian Health Care Facilities represented the highest potential risk for modern slavery. This is because our largest investment is in shares with an ASX listed company Ramsay Healthcare Limited which operates in this industry risk category.

The elevated risk of modern slavery risks that we have identified in this general industry category are far more likely to exist deep within the supply chains of products and equipment that is used in the course of providing health care services, rather than its direct operations (i.e actual incidences of modern slavery at Australian health care facilities).

The products present in these supply chains are diverse in both their nature and source components, ranging from:

- Medical Consumables
- Implants
- Pharmaceuticals
- Uniforms
- IT/Telecommunications
- Facilities services and management (including utilities, food & catering, security, waste, laundry and cleaning)
- Building and construction

Medical consumables, equipment, implants and pharmaceuticals are characterised by complex supply chains. Many of these products are produced by multinational corporations with manufacturing of componentry and the like occurring all over the world.

Whilst a large proportion of these devices are from Australian based suppliers, this is not necessarily indicative of the supply chain vulnerabilities that may exist, for example, at the raw material extraction and/or basic componentry manufacturing stages.

We note that Ramsay Health Care Limited has lodged and published its own Modern Slavery Statement under the Act as a mandatory reporting entity.⁵ We have reviewed and considered the contents of their statement and consider they are taking appropriate measures to address modern slavery.

The Foundation considers that the actual modern slavery risk posed by our primary investment should be less than the results returned for the general industry category of "Australian Health Care Facilities" on the basis of our investment being concentrated in a single entity that is, itself, a mandatory reporting entity under the Act.

⁵ <https://www.ramsayhealth.com/~media/documents/rhc/performance-report/Modern-Slavery-Statement-2020.pdf>



Australian Asset Management & Custody

Australian Asset Management & Custody was the other identified area of potential modern slavery risks within our investment portfolio. This category includes industries such as services to finance and investment, and life insurance providers.

This industry category (and its associated sub-industry categories) rely on a number of other related professional services at Tiers 2 and Tiers 3 of the supply chain including market research and other business management services; computer and technical services and surveying services, hotels, clubs and restaurants, banking and services to insurance.

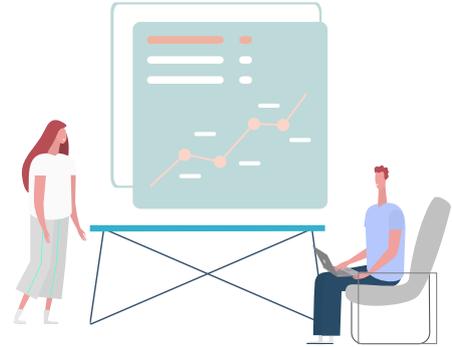
Significant inputs from computer and technical services also elevate modern slavery risks because many of these products are produced offshore in higher risk countries such as China and/or Malaysia.



Addressing Modern Slavery Risks

The Foundation recognises that lodgement of this, our inaugural Modern Slavery Statement is not an end itself. Rather, it is the first formal regulatory step in a journey of continuous improvement that we are committed to embarking upon for subsequent reporting periods.

We believe that we have created (and are still creating) solid foundations to ensure that our modern slavery response is one of practical effectiveness.



Due Diligence Activities

We have engaged in a range of due diligence activities to address the risks of modern slavery within our operations, investments and supply chains, including:



Establishment of a Modern Slavery Working Group (“Working Group”)



Distributed and assessed Supplier Self-Assessment Questionnaires



Undertook an Initial Risk Assessment



Performed gap Analysis of our Policies and Frameworks



Commencing a comprehensive Desktop Audit on several elevated Risk Suppliers, Investees and Grantees



Undertook Internal Education and Training with our staff

These actions are described in further detail below.





Establishment of a Modern Slavery Working Group

A cross-functional Working Group has been established to lead our modern slavery risk mitigation and due diligence efforts into subsequent reporting periods. The Working Group comprises of members of the Senior Leadership team with the following functions, Operations, Risk, Finance, Legal, HR, Grants Management.

The Working Group has participated in internal sessions and has consulted with external subject matter experts on our key actions over the reporting period.

The Working Group is accountable to the Chief Executive Officer. The Slavery Working Group has established an overarching modern slavery roadmap to guide its efforts and due diligence activities during the second and third reporting period so as to continue to direct the Foundation's future activities in this important area of corporate social responsibility.



Comprehensive Desktop Auditing on Suppliers and Investee Companies with potentially elevated Modern Slavery Risks

At the time of lodgement, a comprehensive desktop audit was being undertaken to assess and update the risk rating of actual suppliers initially identified as having a potentially elevated risk profile in the initial risk assessment.

The desktop audit is providing us with targeted areas for further due diligence that we anticipate will be undertaken in the subsequent reporting period.

Some of the organisations that we have direct supplier relationships with are themselves reporting entities under the Act. We recognise that this creates important opportunities for collaboration and results sharing, particularly in the area of measuring the effectiveness of our modern slavery response.



Initial Risk Assessment

As discussed, an initial risk assessment of our entire supply chain and investments has been undertaken to identify and address the modern slavery risks within our organisation.

Further details on our risk assessment are set out in the Appendix to this Statement.

Our ongoing due diligence activities, such as our audits and supplier questionnaires, have been influenced significantly by the results of this risk assessment.



Supplier Self-Assessment Questionnaire

We have prepared and issued supplier self-assessment questionnaires to selected suppliers. These parties were selected taking into account the results of initial risk assessment. The industries represented by these suppliers were those suppliers relating to our major construction development project (described above).

We acknowledge that supplier-self assessment questionnaires have inherent limitations due to the reliance on self-disclosure. Nonetheless, we believe the exercise to be a worthwhile one, as it presents a further tool in assessing and addressing modern slavery risks. The detailed analysis of these key supplier responses will form part of our ongoing due diligence activities over the next reporting period.

Onsite Audit of Building and Construction Site

An undisclosed and unscheduled onsite audit of our building and construction project for the Foundation's new Sydney-based Headquarters has been undertaken in relation to modern slavery risks.

With the assistance of external advisors, the following positive indicators in relation to the working conditions at the site were observed:

- Workers were able to move around freely
- No workers appeared to be under the coercive control of anyone else
- No reluctance in the interaction of workers was observed
- There were no signs of apparent physical or psychological distress amongst any workers
- All workers appeared to be well over the legal working age
- None of the indicia of forced labour was evident on the site

The onsite audit did not reveal any of these risk factors.



Pre-Existing Sustainability Considerations

Our procurement of goods and services are selected in a way that prioritises their positive social impact. Whilst we do not presently have a formal policy in place for our procurement activities, we do our best to select suppliers and service providers after careful consideration in three key areas:

- Assessing their environmental and sustainability policies.
- Corporate and social responsibility and social enterprise policy.
- Whether they are an Equal Opportunity Employer with proven and accountable ethical and safe work practices.

We select goods that where possible are manufactured, grown and produced using environmentally sustainable practices, ethically sourced and socially responsible.

Products including consumables are chosen, where possible on the following basis: certified organic, Australian owned/made/grown, ethically sourced, Fair Trade certified environmentally sustainable, recyclable and traceable supply chain.

Services are sourced when possible using the following social value objectives:

- Employment and training
- Social inclusion
- Diversity and Equality
- Local Suppliers: where possible
- Social and service innovation
- Fair Trade

Draft Policies Specifically Addressing Modern Slavery

Up to the conclusion of the first reporting period, the Foundation's internal governance framework did not include formal policies in relation to modern slavery.

We have commenced a gap analysis of our existing policies to explore the practical implications of modern slavery risks being specifically addressed alongside our pre-existing sustainability practices. In conjunction with external legal advisors, we have prepared draft policies to that effect.

The Working Group is yet to operationalise these policies, which, if assessed as practically viable and otherwise appropriate to our existing internal governance framework, are anticipated to commence over the next two reporting periods.

These potential draft policies include:

- Supplier Code of Conduct
- A Human Rights Policy containing express anti-slavery provisions
- Human Rights Grievance Policy and Procedure

Whilst the Working Group intends to comprehensively evaluate the practical value of such potential additions to our internal governance framework, the Foundation does not consider the present lack of express policies to mean, in practical terms, that there is a greater risk of modern slavery in our supply chains and operations.

Rather, as a charity with a mission to break cycles of disadvantage, staffed with highly motivated, empathetic and experienced employees, we have relied (and intend to continue to rely) on our positive culture to ensure that our senior leadership team with sensible and ethical decision-making, including when making day-to-day purchasing decisions.

Further Measures under Consideration by the Working Group

The potential incorporation of express provisions addressing modern slavery clauses in supply agreements is also under consideration by the Working Group. The Working Group intends to implement these provisions by the end of the next reporting period.

While the work is not yet completed, the proposed clauses are likely to place obligations on suppliers to take those steps that are reasonably practicable and proportional to assess and evaluate whether the proscribed modern slavery activities are occurring in the supply chains and operations.

Modern Slavery Training

External subject matter experts have provided modern slavery training to key representatives most staff at the foundation and specifically the Working Group.

The training addressed the following matters:

- The types and examples of modern slavery
- Statistics on modern slavery globally and in Australia
- The legislative requirements under the *Modern Slavery Act 2018* (Cth)
- The key risks presented by our higher risk suppliers
- Guidance on our ongoing due diligence activities in relation to these risks

Measuring Effectiveness

The Working Group has prepared key performance indicators (KPIs) to assess the effectiveness of our modern slavery program across our organisation and continuing over consecutive reporting periods under the Act.

These KPI's include:

- ✓ Roll out of modern slavery provisions in supplier contracts.
- ✓ Further development and roll out of Supplier Code of Conduct.
- ✓ Development and roll out of an Ethical Procurement Policy.
- ✓ Further development and roll out of appropriate grievance mechanism for external stakeholders to report modern slavery risk.
- ✓ Deeper education and training on modern slavery to inform our continual improvement approach to addressing modern slavery over the second and third reporting period.

These reviews will be undertaken quarterly and progress will be reported to the Chief Executive Officer.

We will further refine our KPIs as appropriate over subsequent reporting periods as further information becomes available. This will be done to ensure continual improvement and effective tracking of our progress in addressing modern slavery issues.



Impacts of COVID-19

Impacts of COVID-19 Pandemic on Modern Slavery Risks and Responses

As an organisation that partners extensively with the not-for-profit and charities sector, COVID-19 has impacted the efforts of our partner organisations in delivering services and support to Australians, particularly those directly impacted by the pandemic.

Our primary investee within the Australian Health Care Facilities industry category has seen heightened demand for medical equipment and devices as a direct result of the COVID-19 pandemic. It has managed these risks and pressure on global supply chains through its regional networks and facilities.

Our total response to addressing modern slavery was delayed during the reporting period. Accordingly, the majority of those activities described in this statement were undertaken between the end of the reporting period and the time that this statement was approved.



Methodology Summary

Initial Risk Assessment Methodology Summary

An initial risk assessment was carried out to identify the elevated areas of modern slavery risk in our supply chains and investments. This baseline exercise provides the basis for our subsequent focus for ongoing due diligence and remediation activities across not only the present reporting period but for upcoming years.

Incorporating company spend data throughout global markets, we have utilised external consultants with proprietary technology to trace the economic inputs required to produce products and services sourced from Tier 1 suppliers to Tier 2 suppliers, Tier 2 suppliers to Tier 3 suppliers, and so on, all the way to Tier 10 suppliers of the supply chain of the Foundation's top suppliers and investments by spend.

This supply chain mapping was performed using a balanced, global Multi-Regional Input-Output (MRIO) table which links supply chain data from 190 countries, and in relation to 15,909 industry sectors.



This MRIO table is assembled using the following sources:

-  • The United Nations' (UN) System of National Accounts
-  • UN COMTRADE databases
-  • Eurostat databases
-  • The Institute of Developing Economies, Japan External Trade Organisation (IDE/JETRO)
-  • Numerous National Agencies including the Australian Bureau of Statistics

The MRIO is then examined against the following international standards:

- The UN Guiding Principles for Business and Human Rights
- The Global Slavery Index
- International Labour Organisation (ILO) Global Estimates of Modern Slavery
- The United States' Reports on International Child Labour and Forced Labour

A proprietary algorithm has then been applied to synthesise publicly available risk data against the exclusively licensed MRIO table.

The result of this process is the creation of a modern slavery risk profile to Tier 10 for each supplier and investment of the Foundation.

This analysis was performed for the purposes of risk identification under Section 16(1)(c) of the Act. No information confirms the actual existence of non-existence of slavery in The Foundation's supply chains, operations or investments.

Analysis was undertaken at the industry and country level. It does not account for variances at the entity, region or product level.

The multi-faceted approach to modern slavery risk assessment that we have undertaken has included examination and analysis of the following:

- ✔ The individual suppliers, investments and industries with the most elevated risk of modern slavery.
- ✔ Supply chain and investment plots to provide a visual representation of the supply chain and investment supply chains for the Foundation's top 3 first tier industries.
- ✔ Plotting the relative slavery risk in the supply chain and investment by tier, up to tier 10.
- ✔ Geographical depiction of the cumulative risk of modern slavery across the supply chain and investments around the world.
- ✔ An overview of the classification of the first tier of our supply chain and investments by country and industry, including relative modern slavery risk.

Suppliers and investments in our supply chains and operations that posed any calculated risks in relation to modern slavery were identified.





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