

MODERN SLAVERY STATEMENT

**DOWNWARD SPIRAL
ENTERPRISES (TAS) PTY LTD**

ABN 30 163 277 718

1 July 2022 – 30 June 2023

MODERN SLAVERY STATEMENT

Downward Spiral Enterprises (Tas) Pty Ltd

This Modern Slavery Statement sets out the actions taken to assess and address the risks of modern slavery practices in Downward Spiral Enterprises (Tas) Pty Ltd and its subsidiaries, known collectively as DSE, being an entity based and operating in Australia.

This is our annual statement in accordance with the reporting requirements of the Modern Slavery Act 2018 (Cth) for the period 1 July 2022 to 30 June 2023.

We recognise that modern slavery can occur in many forms, including the most serious types of exploitation being trafficking in persons; slavery; servitude; forced marriage; forced labour; debt bondage; deceptive recruiting for labour or services; and the worst forms of child labour, where children are subjected to slavery or similar practices, or engaged in hazardous work. Modern slavery occurs when coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom.

We are committed to operating responsibly. We are supportive of the intention to eliminate modern slavery in all its forms. We are committed to improving the ethical standards of our supply chain and ensuring we have addressed the risks of modern slavery in our operations.

DSE's reporting entities, operations and supply chain

DSE is the ultimate holding company for a group of operating subsidiaries and is an Australian-owned private company, incorporated and domiciled in Australia. The principal activities of DSE are delivered by the wholly owned subsidiary companies and include a museum, hospitality and winery operations, event and exhibition production and technology services.

Reporting entities

The following wholly owned subsidiaries are covered by this statement:

- Moorilla Estate Pty Ltd ABN 34 120 281 656
- Moorilla Unit Trust ABN 83 812 406 611
- Family Art Group Pty Ltd ABN 22 134 319 798
- Darklab Pty Ltd ABN 51 615 687 566
- Darklab Developments Pty Ltd ABN 22 665 297 021
- Aegres Art Group Pty Ltd ABN 60 143 379 819

Operations

Moorilla Estate operates the Museum of Old and New Art located in Berriedale, Tasmania, delivers an annual summer festival known as Mona Foma, provides onsite hospitality offerings and produces wine from the operation of three vineyards within Tasmania.

For the 2023 reporting year the number of employees engaged by Moorilla Estate averaged 503 people, with an increase to 656 people for the festival delivery requirements in February. Nearly all staff are based in Tasmania, Australia, with a few employees in Victoria, Australia and one employee based in Geneva, Switzerland.

Outside of Australia the Moorilla Estate operations include Material Institute, located in New Orleans, USA. Material Institute is a not-for-profit arts centre providing resources to a new generation of New Orleans artists. Material Institute is a learning environment that serves as a space for community, creative experimentation and expression in the fields of music, fashion and textiles and community gardening and directly employs 20 people.

Moorilla Unit Trust is the asset and property owner for all Moorilla Estate operations. The Family Art Group is the acquirer of artworks for the Museum of Old and New Art. These two entities do not have any direct employees.

Darklab is a creative organisation focussed on delivering major events and on the design and operation of creative precincts. It is responsible for the delivery of Hobart's annual winter festival known as Dark Mofo. It is a part-owner and operator of the hospitality venue In The Hanging Gardens as well as operating the Odeon Theatre, both located in Hobart, Tasmania. The number of Darklab employees during the reporting period averaged 77 people with an increase to 552 people for the winter festival. Darklab Developments is the property development arm of Darklab focused on redeveloping the Hanging Gardens hospitality and entertainment precinct. It does not have any direct employees.

Aegres Art Group is a technology services company that delivers project services to the DSE subsidiary companies and other local clients in Hobart, Tasmania. Aegres directly employs 8 people in Tasmania.

All DSE businesses are supported by head office functions located in Tasmania. All entities that comprise DSE follow the same procurement practices.

Supply chain

Our operations involve over 2000 suppliers from a wide variety of categories. The majority of goods and services are procured locally for the operations involved. Over 60% of our direct suppliers have an office in Tasmania and over 90% of our suppliers are located within Australia and New Zealand.

Direct suppliers from outside Australia are mostly located in European Union countries, the USA and Canada which operate under similar or equivalent modern slavery legislation and so represent a low risk of unethical procurement practices. These suppliers are primarily related to Art and Artist related costs.

Our major supplier spend category is that of Art and Artist related costs, which makes up over 25% of our total procurement spend. The other main categories of goods and services that we directly purchase include:

- Event and exhibition costs
- Food and beverages
- Building maintenance services
- Professional services including architects and engineering consultants
- Security services
- Cleaning, laundry services and waste removal
- IT related hardware, software, equipment and services
- Consumables such as packaging, cleaning and hospitality products, office supplies
- Utilities
- Advertising and marketing, media and design services
- Transport and travel services
- Construction and building services
- Accounting and legal advice
- Insurance and rent
- Apparel, books and retail merchandise

Risks of modern slavery practices in our operations and supply chain

Risk in our operations

The majority of our operations and employees are based in Australia with all employment arrangements regulated by the Fair Work Act (Cth) and relevant modern awards. Our employees working in New Orleans, USA are co-employed with a licensed professional employer organisation to assist with all employment arrangements. This coverage reduces the risk of DSE causing, contributing or being directly linked to modern slavery practices in our operations.

While it is understood that modern slavery is a term used to describe serious exploitation and it does not include practices like substandard working conditions or underpayment of workers, it is recognised that modern slavery risks are more likely to exist in industries or sectors where these practices are prevalent. Within Australia the industries and sectors understood to be most at risk of modern slavery include hospitality, horticulture, sex work, domestic work, and cleaning. Within DSE we have employees directly engaged in hospitality, horticulture and cleaning activities.

For our direct employees engaged in local operations we rely on payroll processes and regular audit checks to ensure all employees are paid in accordance with or above their relevant modern award or contract. Moorilla Estate reports annually to the Workplace Gender Equality Agency as required by law which provides an additional checkpoint for ensuring that all employees are being paid correctly.

The highest risk areas in our operations are our cleaning and vineyard employees and labour hire workers, and migrant workers who are employed under visa conditions in our hospitality and horticulture teams. We mitigate the risks that can arise in these operational areas by ensuring our employee onboarding process and employment policies include checks and balances relating to visa conditions and undertaking ongoing checks to ensure the right of employees to work in Australia. Our contracting process for labour hire operators includes licence due diligence, regular reporting and key performance indicator checks.

Our employment policies reinforce a work environment that respects human rights and is free from unlawful discrimination and harassment:

- Remuneration policy confirming the Modern Award safety net of minimum pay rates
- Behaviour Code
- Complaint and Conduct Management
- Performance Management Policy
- Respectful Interactions and Equal Opportunity policy
- Whistleblower Reporting Policy

This policy suite includes a focus on the standard of conduct that encourages ethical behaviour and values the human rights of all individuals. The Whistleblower Reporting Policy is publicly available via the Mona website in accordance with legislated requirements and is considered an important option for any reporting of modern slavery concerns that may arise amongst our operations and stakeholders.

Risk in our supply chain

Our supply chain includes hundreds of small to medium sized diverse enterprises. We recognise that our exposure to modern slavery risk arises from the global supply chain that our operations receive a benefit from, including geographic risks from where we indirectly source materials, the products and services that we source, the sectors that we operate in and the entities that are ultimately involved.

It is acknowledged that our indirect supply chain and the source materials used in and by our directly purchased goods and services carry a potential exposure to modern slavery, given many of these may be from overseas markets. Extended supply chain mapping is an ongoing activity.

Areas of our supply chain recognised as exposed to higher risks of modern slavery in production practices include:

- Textiles including clothing and cotton products
- Food suppliers such as the fishing industry
- Labour hire resources including cleaning and vineyard labour
- IT hardware and software products, particularly electronic devices
- Timber products supplied from outside Australia
- Equipment, tools, and consumables including personal protection equipment and materials manufactured outside Australia.

Our food and beverage sourcing strategy is to champion Tasmanian produce, avoiding heavily farmed meat in favour of wild and feral meat and using lower impact seafood such as local bay fish caught with small lines and nets. We consider this a mitigation of the risk of procuring food from overseas industries where modern slavery could be prevalent.

We have procurement policies in place to assist with managing the risk of modern slavery practices in our supply chain including:

- Contractor Engagement Policy
- Procurement Expenditure Guidelines
- Declaration of Interests Policy

Our procurement processes and contract documents include modern slavery risk considerations and assessments. These are completed prior to contract decisions being implemented. The procurement function provides management and oversight of external supplier relationships, review of supplier entities, revising policies and procedures and delivering training to improve identification, remediation and annual reporting of outcomes and providing expert assistance to our operations with best practice procurement.

Our supplier management includes payment terms within 10 days after the end of month of invoice to maintain steady cash flows for our suppliers and increase their resilience to the risk of modern slavery practices.

Actions taken to assess and address these risks, including due diligence and remediation processes

Managing the program of work to identify modern slavery risks in our operations and supply chain is undertaken by the procurement function with oversight from the Governance group reporting to the sole Director of DSE.

Actions taken in our operations and supply chain

During the reporting period for this statement, we undertook the following actions to address the risk of modern slavery practices in our operations and supply chain:

- As we consider employees with irregular pay or inconsistent rosters could be more vulnerable than permanent employees, we provided an annual wage increase for all employees which included a higher percentage increase for staff with the lowest annualised salaries, implemented in July 2022. A wage increase was also applied to award-based staff to provide them with a pay rate at a fixed percentage higher than the Modern Award safety net of minimum pay rate. This fixed percentage increase has been maintained as the award rate has continued to be adjusted by the national regulators. We continue to offer special leave to casual employees impacted by COVID-19 to provide income security to our most vulnerable employees.
- An ongoing project from the previous reporting period involved a change to our approach to purchasing textiles including clothing for the purpose of staff uniforms. During the reporting period an operational team investigated sourcing and manufacturing uniforms using sustainable material from Portugal, Japan or Australia with a primary objective to source and purchase ethically produced and sustainable textiles and clothing and reduce the risk of purchasing items produced in sweatshops or by labour at risk of modern slavery.
- Cleaning services for museum operations via a labour hire agreement were tendered during the reporting period. The tender evaluation considered the risks of modern slavery and the contract was awarded to a new provider. The new provider is not obligated to report under the legislation but has taken the initiative to prepare a Modern Slavery Statement to prevent slavery and human trafficking in all its corporate activities.
- A decision to initiate manufacturing of a ceramic suite and bespoke cutlery for the business considered options in China, India or Thailand. Thailand was selected on the basis of having better pay equity and working conditions. We assigned a resource to attend the supplier's location and review the documentation of pay rates and workplace conditions at the chosen facility whilst undertaking quality control and providing a liaison with Tasmania.

- A risk review of the contract engagement and employment conditions for vineyard workers provided by a Victorian labour hire company determined that improvements could be made. The agreement for pay rates and accommodation was renegotiated to ensure the workers were being provided with legislated entitlements for their services.
- The ongoing review of our supplier engagement processes and payment terms to support the migration of our existing supplier database to a new financial system during the next reporting period. This is intended to provide efficiencies that will enable us to conduct more thorough due diligence of suppliers and supply chains.

Due diligence and remediation process

Our procurement representatives collaborate with other local supply chain managers to better identify, measure and respond to modern slavery supply chain risks in our region and industry.

We are committed to expanding our modern slavery awareness training for our day-to-day operations to enable improved due diligence in the organisation and extend our supplier review process to enable risk identification, review and improvement. This work has commenced during the reporting period with a focus on our winter festival operations.

We have made our Governance committee aware of our organisation's Modern Slavery obligations. The Governance committee includes the CEO, CFO, COO, CIO and senior managers and representatives from Facilities, People & Culture, Safety, Procurement & Compliance, Public Affairs and Sustainability.

We continue to develop a remediation process that could extend beyond our current process. This involves an initial collaborative approach with a supplier identified as high risk with consideration of stopping further engagement with the supplier if it appears the risk of modern slavery cannot be resolved. This approach was undertaken during the reporting period with our labour hire providers.

Assessing the effectiveness of our actions

We are committed to identifying and responding to modern slavery risks by way of continuous improvement activities in our policies, practices and supplier relationships.

We are focussed on building awareness of the risks in our operations and supply chain and strengthening the capability of our organisation to identify, manage and report on the risks to enable remediation actions. We have implemented a whistle-blower reporting process to assist with these activities.

No instances of modern slavery in our operations or supply chain were identified in the reporting period.

At this stage, our efforts are directed towards developing our approach and understanding of how modern slavery risks may be present in our operations and supply chain. We are not yet able to fully assess the effectiveness of measures we have undertaken, however as our processes improve we intend to agree on the key metrics required to ensure we can more comprehensively review and evaluate the effectiveness of our actions.

Process of consultation

This statement has been produced on behalf of DSE and its wholly owned subsidiaries. It has been produced by the Moorilla Estate procurement team who perform an enterprise-wide function in consultation with representatives from all reporting entities listed.

This Modern Slavery Statement is approved and signed by David Walsh as the Sole Director of Downward Spiral Enterprises (Tas) Pty Ltd as the parent entity on 22 March 2024.



David Walsh
Sole Director

Reporting entities

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