

MODERN SLAVERY STATEMENT • 2021

INTRODUCTION

The Commonwealth *Modern Slavery Act 2018* came into effect on 1 January 2019. The Act established a national modern slavery reporting requirement for large businesses and other entities with annual consolidated revenue of at least AUD\$100 million. The reporting requirement supports the Australian business community to identify and address their modern slavery risks and maintain responsible and transparent supply chains. Entities required to comply with the reporting requirement must prepare annual Modern Slavery Statements. This is the Telethon Kids Institute's first Modern Slavery Statement issued under the *Modern Slavery Act 2018* and it has been prepared by the Procurement team in consultation with external subject matter specialists and internal stakeholders.

Modern slavery is defined in the *Modern Slavery Act (Cth) 2018* as including eight forms of serious exploitation: trafficking in persons; slavery; servitude; forced marriage; forced labour; debt bondage; deceptive recruiting for labour services; and the worst forms of child labour.

The issue of modern slavery goes to the heart of the Telethon Kids Institute's vision of "Happy Healthy Kids." The issue of modern slavery is a children's human rights issue because globally one in four victims of modern slavery are children.

Modern slavery is a hidden crime that affects many industries in every country in the world. It is everyone's responsibility to address and eliminate modern slavery as it is evident that modern slavery risk can only be mitigated through a persistent and collaborative approach. The Telethon Kids Institute recognises this responsibility and is determined to minimise its footprint in the entrenched global network that is modern slavery.



ABOUT TELETHON KIDS INSTITUTE

OUR ORGANISATION

The Telethon Kids Institute was officially opened in 1990 and has grown into one of the largest and most successful medical research institutes in Australia. The Institute is comprised of a dedicated and diverse team of over 1,000 staff, students and honoraries.

In 2019, our 2019 – 2023 Strategic Plan 'Up for the Challenge' was launched. This Plan sets out the blueprint for how we will work to achieve our vision of happy, healthy kids. Our work is focussed on our four strategic pillars of impact, partnerships, people and sustainability and our values of courage, collaboration, evidence and respect underpin all that we do.

Our research focuses on four key areas in relation to child health:



Early
Environment



Brain and
Behaviour



Chronic and
Severe Diseases



Aboriginal
Health

The Telethon Kids Institute is an independent Australian not-for-profit public organisation and is a charity registered with the Australian Charities and Not-for-Profits-Commission (ACNC) (ABN 86 009 278 755). The Telethon Kids Institute does not own or control any other entities and is not part of a larger group, so no related consultation was required to produce this Statement. Our financial year runs from 1st January to 31st December and for the 2021 financial year our total operating revenue was over AUD\$100 million.

OUR STRUCTURE

The Telethon Kids institute is governed by our Board of Directors. The Institute's Leadership Team is responsible for the overall management and strategic direction of the Institute to enable it to achieve its strategic vision, goals and priorities.

The Institute's Executive Director is leading paediatrician and infectious diseases expert Professor Jonathan Carapetis AM, with Founding Director Professor Fiona Stanley AC now Patron.

The Telethon Kids Institute is broadly structured into research areas and professional services to support the research.

OUR OPERATIONS

The Telethon Kids Institute's head office is based within the Perth Children's Hospital (PCH) on the QEII Medical Centre campus in Nedlands, Western Australia. The Institute also has research teams based at other locations including Subiaco, Joondalup, the Kimberley (Broome), the Pilbara (South Hedland), Cockburn and Adelaide, South Australia.

The impact of our research makes a real difference to children, young people, families and communities, including:

- Our Autism Research Team found the first evidence worldwide that a pre-emptive intervention (iBASIS-VIPP) during infancy could lead to such a significant improvement in children's social development that they then fell below the threshold for a clinical diagnosis of autism at age three.
- Our Neonatal researchers began an international clinical trial in preterm babies looking at tiny sleep masks and ear plugs to help kickstart their circadian rhythms and improve outcomes.
- Our Youth Mental Health team has developed Suicide prevention guidelines for LGBTQA+ young people.



- Our Child Physical Activity, Health and Development team completed a successful pilot with 79 WA Early Childhood Education and Care centres of the Play Active policy to increase healthy movement behaviours in young children, this is now being scaled-up nationally.
- Our Respiratory researchers showed that giving babies OM-85 in the first winter of their life prevented severe respiratory infections which could help prevent asthma development in later life.
- Our Diabetes researchers led a study which investigated the benefits of the hybrid closed-loop system over the conventional management of T1D in children and adolescents which has helped change the treatment approach and improve quality of life.

Furthermore, we have been helping WA families navigate the global pandemic by keeping the community informed through our advocacy and our innovation by helping in the global research fight.

We have been building medical research capacity by joining with others in large national and international collaborative networks to improve the lives of children in key areas, training the next generation of child health researchers with 178 Honours, Masters, PhD and MD students, and through sharing our state-of-the-art facilities, equipment, technology and expertise. Our knowledge benefits child health and development research worldwide including over 600 publications, over 400 peer-reviewed journal article and more than 200 other publications, with our publications overall being cited more than 94,352 times.

IDENTIFYING MODERN SLAVERY RISKS

OUR OPERATIONS AND PEOPLE

The Institute maintains a robust recruitment process in accordance with all relevant legislation and our policy and procedure framework. In addition to compliance with all applicable employment laws, the Institute supports its staff's mental and physical wellbeing through a variety of initiatives, including training programs, wellbeing workshops, walks, yoga, social events, mentoring services and the provision of an employee assistance program. The Institute offers a supportive and flexible workplace for those balancing families and other responsibilities with their careers, and strives to ensure our work environment is safe, family-friendly, environmentally friendly, and culturally sensitive with equal opportunity for all. The Institute embraces modern ways of working, with a focus on flexibility, adaptability and teamwork.

The Telethon Kids Institute is committed to being champions of gender equity, diversity and inclusivity and is proud to be part of the Athena SWAN Science in Australia Gender Equity (SAGE) program having been awarded a bronze award in 2020.

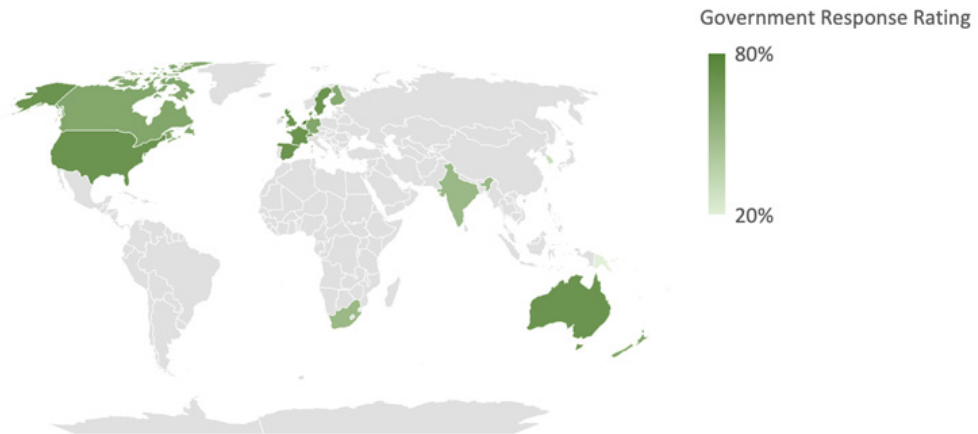
OUR SUPPLY CHAIN

During the 2021 financial year, the Institute directly engaged 954 contractors with a total spend of over AUD\$30 million. Our supply chain consists primarily of research and consultancy service providers and contractors who supply products and services that support the research and our facilities and operations. Key products purchased include laboratory equipment and consumables, ICT infrastructure, facilities and office consumables. Services purchased include consulting services for professional services and research projects, equipment servicing, facilities management services (including cleaning, waste disposal, repairs and maintenance, etc.), ICT services and software plus delivery services.

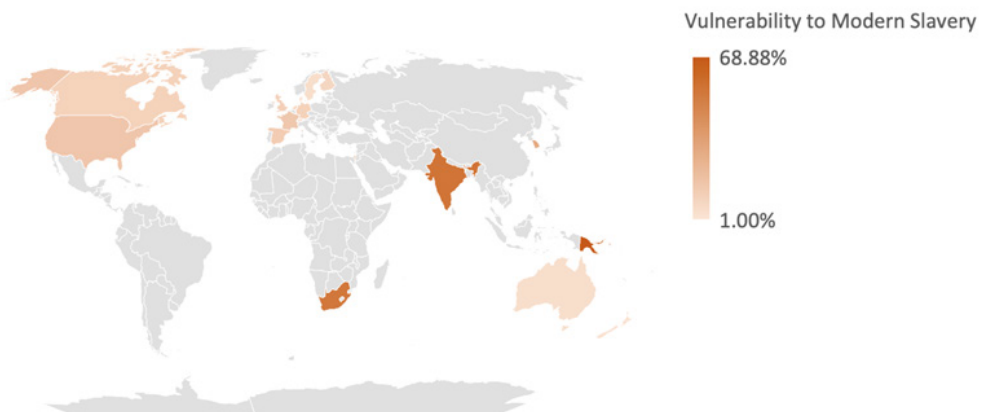
94% of our suppliers are Australian based suppliers (up from 92% last year), which as assessed by the Global Slavery Index, has a low prevalence of modern slavery, together with active government responses to dealing with issues. However, such indications must not lead to complaisance since Australia still has an estimated 15,000 victims of modern slavery¹.

¹ Walk Free 2018, The Global Slavery Index 2018. Minderoo Foundation, pp 88. Available from: <https://www.walkfree.org/projects/the-global-slavery-index/> [29 January 2021].

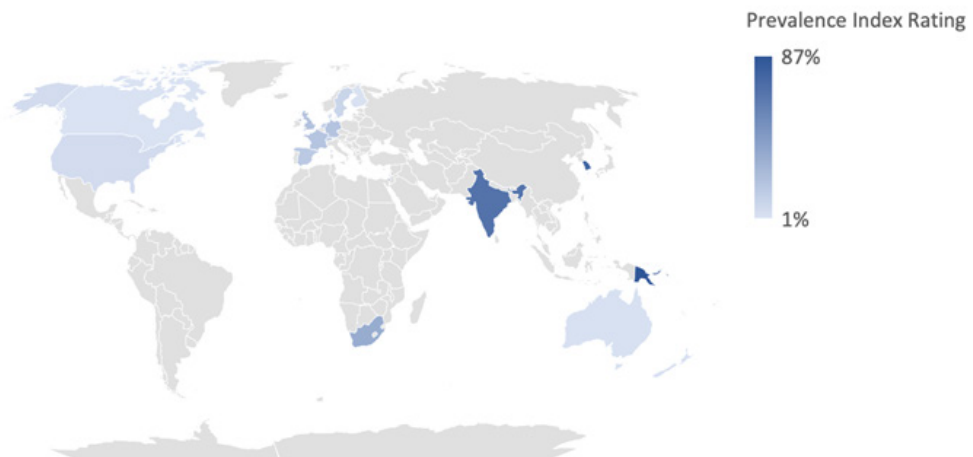
Government Response Ratings of the Countries Where our Suppliers are Located



Vulnerability to Modern Slavery of the Countries Where our Suppliers are Located



Prevalence of Modern Slavery in the Countries Where our Suppliers are Located



ASSESSMENT OF MODERN SLAVERY RISKS

OUR OPERATIONS AND PEOPLE

The Institute's operational activities pose a low risk for modern slavery as the risk of modern slavery in Australia is 4.3/100 (Global Slavery Index 2018), indicating an extremely low risk. The Telethon Kids Institute directly employs its staff in Australia who are covered by Australian legal and ethical obligations including the Fair Work Act 2009 and further protected by our policy framework.

Within our investment policy statement, we have stipulated the requirement for a mission based / socially responsible investment strategy wherever direct investments are made, including requirements around human rights, child labour, anti-competitive practices and environmental responsibility that need to be upheld.

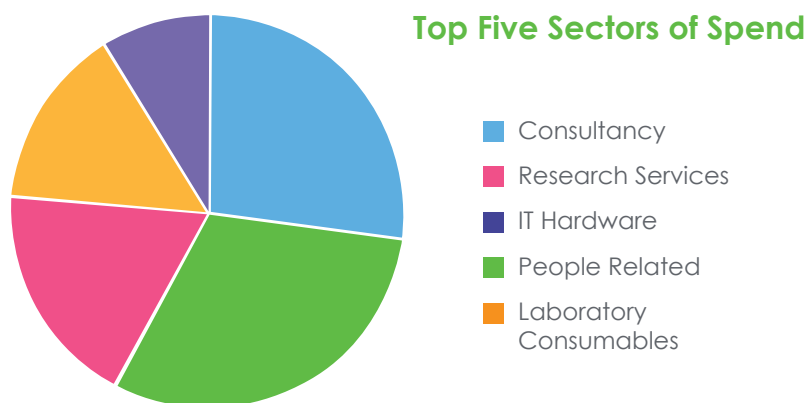
The Institute requested and received responses to modern slavery questionnaires from all of the organisations we have significant investments in via our investment advisers, detailing their understanding of modern slavery, their related approaches and mitigations.

OUR SUPPLY CHAINS

The Institute's risk-based approach to its contractor diligence process considers the risk of modern slavery based on two key criteria: the category of the product or service, and the country from where the product or service is sourced. Although it is crucial to recognise modern slavery hidden within a supply chain beyond an organisation's key contractors, as this report is the Institute's first mandatory report, focus has largely been on understanding the modern slavery mechanisms that our key contractors have in place.

Category of product or service:


From a product and services perspective, the Institute's greatest areas of expenditure fall into five broad categories, including: (1) Consultancy; (2) People Related Spend; (3) Research Services; (4) Laboratory Consumables; and (5) IT Hardware. The first three categories sit in lower modern slavery risk categories, however for laboratory consumables and IT hardware the same cannot be said. Exploitation in the production of laboratory consumables is well documented². Product categories, including gloves, laboratory instruments and garments are associated with a high risk³. It is common for health and safety standards to be compromised to ensure competitive demands are met for cheap products⁴. On a positive note, over the past few years a strong global commitment has been seen to improve labour conditions in factories, as social media has allowed such movements to gain momentum. Such initiatives however have often focused on well-known fashion brands and have mostly ignored manufacturers producing work wear and tools⁴. IT hardware is also a high-risk product due to the exploitative methods used to extract the required minerals to construct the hardware in the first place.



² <https://assets.kpmg/content/dam/kpmg/au/pdf/2019/modern-slavery-guide-for-companies-investors-feb-2019.pdf>

³ Mahmood Bhutta, 'Time for a Global Response to Labour Rights Violations in the Manufacture of Health-Care Goods', Bulletin World Health Organization (2017) 314.

⁴ <https://assets.kpmg/content/dam/kpmg/au/pdf/2019/modern-slavery-guide-for-companies-investors-feb-2019.pdf>



2021 continued to be a challenging year across the globe due to the global pandemic which impacted supply chains considerably, particularly in relation to the Institute's ICT and laboratory and facilities consumables. In addition to the impact on product availability and delivery timeframes, this may also have had a potentially detrimental impact on the working conditions of those involved in production. The Institute has sought to collaborate with other medical research institutes and continues to work closely with our key suppliers and adopts a reasonable and collaborative approach to negotiations, mindful of potential impacts on the downstream workforce.

Country from where the product or service is sourced: The Institute generally operates in countries that have been identified by the Global Slavery Index, as having an active government response to dealing with modern slavery and a lower prevalence of modern slavery, indeed 94% of our contractors are based in Australia. Other significant countries that our contractors are based in include the United States (3.5%), United Kingdom (1%) and Singapore (0.8%). Our assessment of supplier risk in terms of geography enabled us to identify our highest risk suppliers, which are organisations based in Papua New Guinea and India as the risk of modern slavery is compounded in high-risk geographies⁵. However, it should be noted that the contractors we engaged with in India and Papua New Guinea are research organisations. Therefore, the risk of modern slavery in this regard to the Institute is considered minimal, although standards within such organisations may still not be upheld so must still be considered.

ACTIONS TAKEN TO ADDRESS MODERN SLAVERY RISKS

To date the Institute has taken the following actions in relation to mitigating its exposure to modern slavery risk:

- The implementation of a robust procurement framework with extensive spend analysis capability.
- The inclusion of a modern slavery clause across all high value contracts.
- Each member of the Procurement team maintains a current Chartered Institute of Procurement & Supply ethical procurement training certificate.
- A focus on learning, improving and supporting modern slavery avoidance practices is encouraged.
- Modern slavery is consistently considered in relevant evaluation processes by the Procurement team.
- A review of best practice resources is undertaken on an ongoing basis.
- The development and communication of FAQs and useful resources to educate staff.
- The development and communication of a Contractor Code of Conduct.
- Supplier mapping analysis was completed to identify the Institute's highest-risk suppliers in terms of location and category of spend.
- Developed a corporate social responsibility questionnaire that includes modern slavery questions and distributed it to our highest-risk suppliers.
- Created a training course that is accessible to all staff, students and honoraries.
- Modern slavery obligations have been outlined within the Institute's Regulatory Compliance Obligations Register, which includes a breakdown of the mitigation strategies in place to ensure compliance is met and maintained. The register and a breakdown of compliance activities is provided to the Risk and Compliance Committee on a six-monthly basis to ensure adequate monitoring and oversight.
- Modern slavery risk is also considered as part of our broader supply chain risk, included within our organisation's corporate risk register which is reported quarterly to our Risk and Compliance Committee.

⁵ <https://assets.kpmg/content/dam/kpmg/au/pdf/2019/modern-slavery-guide-for-companies-investors-feb-2019.pdf>

- Attendance at relevant forums and engagement with other organisations to follow best practice and collaborate with other organisations.
- Updated our corporate social responsibility qualitative criterion in request for proposal procurement processes to specifically require modern slavery mitigation responses.
- Annual self-assessment of compliance against ACNC External Conduct Standards which evaluates the extent to which the Institute complies with the ACNC'S standards regarding operations outside of Australia.
- Robust decision-making framework to support decisions regarding overseas activities.
- Robust recruitment processes for staff, volunteers and third-party contractors.
- Oversight and record-keeping of activities and expenditure occurring outside of Australia.
- Implementing a Safeguarding Policy and Safeguarding Incident Response Procedure.
- Established Institute-wide processes for identifying, reviewing and responding to complaints or feedback, including a confidential Whistleblower Policy.

CASE STUDY: LAUNCHING OUR CORPORATE SOCIAL RESPONSIBILITY QUESTIONNAIRE

During 2021, the Institute developed a corporate social responsibility questionnaire to assist us to assess our contractors in relation to human rights risks and further allows us to determine where additional mitigation, monitoring, support and investigation is required to be conducted in relation to modern slavery. The questionnaire was developed by the Procurement team over several weeks to ensure the best response was received from contractors. The questionnaire enables the Institute to identify modern slavery risks in our supply chain; foster a deeper collaboration with our highest-risk contractors to address such risks; improve contractor-Institute transparency; and identify areas for further due diligence. The questionnaire was sent to our highest-risk contractors, and it has been effective in helping us to understand our contractors' understanding and approach to modern slavery in their supply chains.

Survey insights: The survey generally reflected quite a low maturity in relation to modern slavery understanding and mitigations and only 80% of responses were received, which leaves much scope for improvement over the next financial year.

MEASURING THE EFFECTIVENESS OF ACTIONS TAKEN

Modern slavery occurs in every country in the world and almost every supply chain, therefore the Institute takes the issue seriously and has implemented several initiatives designed to manage this risk exposure. An assessment of the effectiveness of our approach to modern slavery includes assessing whether we find instances of such extreme forms of exploitation within our supply chains. During this reporting period, we did not identify any potential issues of concern. Clearly, we still have a significant amount of work to do relating to mitigating modern slavery risk. 2021 was an unprecedented year due to the ongoing COVID-19 pandemic. We recognise that the process of developing a robust, effective, and sustainable modern slavery monitoring program requires both time and resources. The Institute's focus this year has been to build a strong foundation to monitor the effectiveness of our actions. This highlights the Institute's approach as an organisation that takes responsibility of its contribution to the 40.3 million people living in modern slavery around the globe⁶ and we remain committed to increasing our focus into the future to not only avoid any incidents but to continue to collaborate, educate and work on mitigations with internal and external stakeholders.

⁶ <https://antislavery.org.au/modern-slavery/>

FUTURE COMMITMENTS AND THE WAY FORWARD

To continue to progress our approach to modern slavery mitigation and due diligence, over the next financial year the Institute intends to:

- Establish a working group with representatives from across the organisation to drive staff training and awareness initiatives and lead the Institute's modern slavery risk mitigation and due diligence efforts into future reporting periods.
- Reach out to our geographically highest-risk contractors post COVID-19 to ensure that their modern slavery practices have not been impacted due to the pandemic.
- Broaden, streamline and extend the reach of our contractor questionnaire by adopting an online collaborative supplier engagement tool.
- Collaborate more broadly with other not-for-profit organisations to extend the impact of our modern slavery mitigations.
- Continue to work with our contractors to make them more aware of the risks of modern slavery and encourage risk mitigation.
- Extend communications around modern slavery across the organisation to assist all staff to identify and mitigate modern slavery.
- Explore extending our governance framework in relation to modern slavery, for example through the development of a specific modern slavery procedure to provide a standard mitigating process.
- Include modern slavery clauses in all the Institute's contract templates.
- Establish Key Performance Indicators (KPIs) including:
 - 100% of staff having completed the online training session
 - 100% of all Request for Quote and Request for Proposal processes to refer to the Contractor Code of Conduct
 - 100% of all new contractor contracts to include the Contractor Code of Conduct
 - 100% of all new contractor contracts to include a modern slavery clause
 - 100% of all highest-risk contractors surveyed to respond and understand their approach to modern slavery

Beyond these practical improvements planned for the next few months, the Institute is committed to constant adaptation, improvement and review of the processes by which we manage and meet our obligations with respect to modern slavery. This will include extending our collaboration efforts to ensure the mechanisms by which we mitigate our exposure to modern slavery risk are sustainable and effective.

STATEMENT APPROVAL

This statement was reviewed and approved by the Board of Directors of the Telethon Kids Institute on 5th May 2022 and signed on its behalf by:



Hon Julie Bishop
Chair