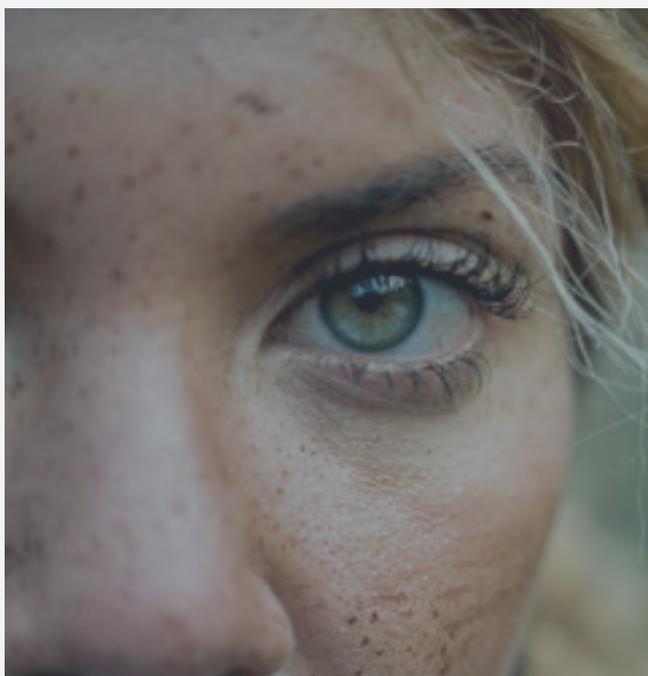


MODERN SLAVERY STATEMENT

Under the Modern Slavery
Act 2018 (CTH)



REPORTING PERIOD:
01 JULY 2020 – 30 JUNE 2021

Paul Ramsay Foundation Limited
ABN 32 623 132 472



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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’).

This Statement is the second one that the Foundation has lodged under the Act. Various key aspects of our inaugural modern slavery statement are discussed throughout, particularly in reporting on our progress where we have set out to achieve particular future aims as part of commitment to due diligence and remediation activities in the first period.

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

- Paul Ramsay Holdings Pty Limited
- Plantation Palms Properties Pty Limited (a property development company in far North Queensland)

As we noted in our first statement, one of the modern slavery due diligence focus areas that we earmarked for this reporting period was undertaking further detailed risk assessments and due diligence looking at the supply chains and operations of the Foundation’s subsidiaries, even though these entities are not mandatory reporting entities under the Act.

A detailed and targeted risk assessment of our subsidiaries has now been carried out, and the results are discussed in this Statement.

The operational effectiveness and significant ‘top-down’ priority of our Modern Slavery Working Group has been another major focus in the reporting period. It has prepared this Statement, in extensive consultation with external subject matter experts – consistent with the approach that we have adopted with all due diligence and remediation activities covered here.

No specific instances of modern slavery were identified over the reporting period in our operations 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 continues to have a modern slavery risk profile (including in our investment portfolio) that, in relative terms, remains 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.

For this reason, the Foundation has increased its modern slavery due diligence efforts over this reporting period.

This Statement has been approved by the Paul Ramsay Foundation Limited Board of Directors on 18 November 2021 which has authorised its signing and endorsement by Glyn Davis.

Signature 

1 December 2021

Date

Glyn Davis

Name
CEO

Indeed, we are working towards becoming a model corporate performer in the following key areas, as discussed throughout this Statement:

-  Leading the way with our Modern Slavery Working Group.
-  Ensuing that our investment committee understands its obligations under the Modern Slavery Act and ensuring that human rights issues are addressed as the responsible investment framework is developed.
-  Carrying out detailed 'product-based' modern slavery risk analysis, so that we can go beyond the foundational risk assessment activities that have been carried out, but without the generic characteristics of analysis that is limited to industry categories.
-  Practically implementing the good industry practice for modern slavery risk assessment and due diligence in a more traditional supply chain context, namely, the ongoing redevelopment of our Sydney headquarters and a continued focus on the sourcing of various fit out suppliers.

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, where relevant to disadvantage, 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 second reporting period.



An updated modern slavery risk assessment in our operations (including major investments) and supply chains in accordance with section 16(1)(c) of the Act including those of our wholly owned subsidiaries.



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:

-  Mobilised the Modern Slavery Working Group (formed during the first reporting period) into an active and continually developing internal governance body within our organisation
-  We have commenced a discussion with our investment manager about appropriate measures that might be achieved in respect of investment decisions being made on our behalf. We intend for this discussion to continue in the subsequent reporting period
-  Approval of a modern slavery policy and introduction of modern slavery provisions into our supply arrangements
-  Ongoing supplier engagement, including analysing the results of supplier questionnaires, performing desktop and onsite audits
-  Provided training and information about our new modern slavery policies and initiatives to all staff
-  Commenced discussion about an appropriate framework regarding how we will measure the effectiveness of our modern slavery actions in accordance with section 16(1)(c) of the Act
-  Undertaken appropriate modern slavery specific consultation with the Foundation's subsidiaries, as referred to above

Addressing the Mandatory Reporting Requirements

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 50 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.

In the inaugural reporting period, we had a total of 170 direct suppliers that were assessed. That figure has not changed significantly for the subject reporting period.

All new suppliers that we engaged during the subject reporting period and were not assessed for the last statement have been assessed and are addressed under this Statement.

Key features of our supply chains that remain unchanged from the first reporting period include:

- Our direct (first-tier) suppliers are primarily Australian based with a very small proportion located in Great Britain.
- Our procurement spending categories include non-residential building construction; market research and other business management services; legal services; ownership / rental of property; computer and technical services; and business services.

Our Investment Portfolio

As discussed below, our Modern Slavery Working Group decided during the reporting period that, given the relative variation in commercial value between our traditional supply chains (goods and products purchased for day to day operations) and our overall investment portfolio, effective leverage could be achieved during the next reporting period through focusing on the latter aspect of our operations.

During the reporting period, we have engaged with our external fund manager and internal investment committee to ensure that as we continue to develop our responsible investment framework, an appropriate standard of due diligence applies to our externally managed funds.



Modern Slavery Risks

The analysis in relation to potential areas of modern slavery risk that were set out in Part Three of our inaugural modern slavery statement remain applicable to our operations and supply chains for the subject reporting period.¹

Specifically, the industries with an elevated risk of modern slavery in our operations and supply chains are:



Non-Residential Building and Construction



Business management services including Facilities management



Investments into Healthcare



Construction relating to the supply chain of our subsidiary Plantation Palms

Rather than simply repeating information in our inaugural statement, we have instead included a summary of some of the further due diligence activities that we have undertaken, including product-based modern slavery risk assessment and 'desktop' auditing of direct suppliers and companies in which we have significant investments.

This analysis formed the basis for continual improvement in the identification and assessment of modern slavery risks in our operations and supply chains.

¹The risk assessment framework to identify modern slavery risks hidden deep within our supply chain took into account the complex interactions between the following factors:



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



Desktop Audit of Selected Suppliers and Invested Companies

During the reporting period we engaged our external subject matter experts to undertake a detailed modern slavery risk profile of selected suppliers or companies in which the Foundation has significant investments ('invested company'). These entities were primarily identified in the Risk Assessment process as potentially warranting further investigation in relation to an elevated modern slavery risk.

A core component of the process undertaken was a comprehensive 'desktop audit' based on a combination of publicly available information and commercial-in-confidence supplier data. It did not involve the actual testing, such as through onsite inspections or other interrogatory activities, of many of the key factual assertions that the suppliers / invested companies have made. It is also heavily dependant upon what information an entity chooses to make publicly available, including in relation to its supply chains.

The process examined a broad spectrum of invested companies and direct suppliers, ranging from major multi-national corporations that are also mandatory reporting entities and in which we have significant investment, to a local catering company for the provision of foods and beverages.

The desktop audit report examined the Foundation's investment strategy manager ('the Investment Manager'). The Investment Manager is openly encouraging its clients (new and existing) to consider making portfolio decisions based on the principles of responsible investing. However, based on the review, it appears that such principles are not yet part of the Investment Manager's core or mandatory investment paradigm. Rather, a responsible investment approach appears to be currently characterised as 'alternative' or 'add-on' investment considerations.

The other entities examined through the desktop audit process included:

- a major international brand engaged in the manufacture, distribution, and retail trade of automotive accessories
- an Australian company engaged in mining and raw material activities, although primarily within the country
- a major international brand engaged in the global wholesale and retail trade in household electrical products
- an Australian company engaged in domestic earthmoving, excavation and plant hire services
- the principal entity involved in the building and construction services in relation to the redevelopment of a building that, upon completion, will become the Foundation's new corporate headquarters in Sydney
- an international entity that is a provider of cloud-based artificial intelligence services, including the supply of virtual data rooms and platforms for document processes
- a small, Sydney-based food and beverage catering company

One particularly encouraging feature of the desktop audit process was the prevalence of other entities that were mandatory reporting entities under the Act and/or equivalent legislation in other jurisdictions. This has significantly improved transparency into key areas, including supply chain details, internal governance frameworks that have been established to address modern slavery risks, and areas of future focus and collaboration in anti-slavery efforts.

There were a number of geographical areas of concern with a potential nexus to the supply chains considered as part of the desktop audit, including Thailand, China, and the United Arab Emirates. However, as these risks were identified as being at very remote tiers (i.e. well removed from the operations of the direct suppliers / invested companies with which the Foundation is engaged in direct contractual relationships), the ability to confirm actual risk and effect meaningful change is, in practical terms, very limited.

A wide array of internal governance and supplier engagement measures that directly or indirectly address modern slavery issues were evident amongst the more sophisticated entities that were examined, including those that were heavily dependant on at-risk inputs such as electronic componentry and metal-based raw materials.

These published measures include:

- Detailed, and issue-specific modern slavery policies
- Membership in industry-wide modern slavery working groups
- Supply chain accountability standards and ethical sourcing policies
- Whistle blower policies and anonymous reporting mechanisms of various kinds.

As a result of the desktop audit process, the Foundation's Modern Slavery Working Group adopted the following key recommendations:

- ✓ That a Responsible Investment Policy be developed in respect of the investment of the Foundation's corpus.
- ✓ To develop a Responsible Sourcing Policy to ensure that adequate due diligence is performed prior to onboarding all new suppliers in identified industry categories that may have elevated modern slavery risks.
- ✓ To focus on due diligence, particularly on solar panels (and related products), prior to engaging suppliers for the finishing and fit out of our corporate headquarters in Sydney.
- ✓ That Plantation Palms Properties Pty Limited adopt the Foundation's holistic approach to addressing modern slavery issues.





Risk Assessment of Newly Onboarded Suppliers and the Foundation's Subsidiaries

Detailed risk assessment of the Foundation's subsidiaries

As per the commitment made in our inaugural modern slavery statement, we have subjected all of the supply chains and operations of the Foundation's subsidiary entities to the same modern slavery risk assessment that was undertaken for the Foundation itself during the first reporting period.

The three entities examined were:

- Paul Ramsay Holdings Pty Limited
- Adstream Holdings Pty Limited²
- Plantation Palms Properties Pty Limited

² Adstream Holdings was sold during the 20/21 reporting period and is no longer a controlled entity of the Paul Ramsay Foundation.

Detailed risk assessment of new suppliers that were engaged during the reporting period

Since the comprehensive initial risk assessment of the Foundation's suppliers during the first reporting period, the Foundation has engaged new suppliers primarily for the purpose of relocating the Sydney and Melbourne offices.

These suppliers cover the following industry categories:

- Office fit-out
- Office furniture
- Removalists

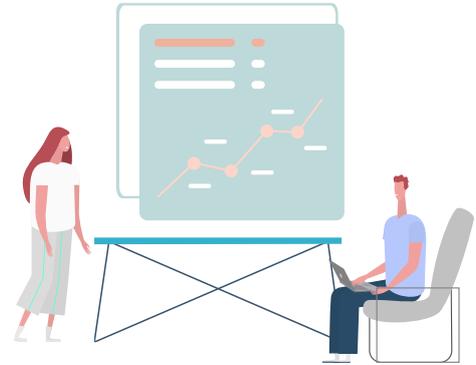
During the process of engaging those new suppliers, due diligence was undertaken by the Foundation to ensure that the suppliers met the standards expected by the Foundation in addressing modern slavery.



Further Due Diligence Measures - Our Modern Slavery Working Group

Since the formation of the Modern Slavery Working Group during the first reporting period, the Group has met quarterly to steer the Foundation's modern slavery response.

In addition to its members coming from the Foundation's Senior Leadership team with the representatives in the area of Operations, Risk, Finance, Legal, HR, and Grants Management, the Group has determined that it would be useful to have a Director join in the next reporting period.



Key actions that the Group took towards the end of the reporting period, were to advance the following issues in the next reporting period:

- ✓ Development of a responsible investment policy that addresses modern slavery.
- ✓ Development of an approach to be taken with grant partners about modern slavery issues.
- ✓ The incorporation of modern slavery issues into responsible or ethical procurement policy with respect of the Foundation.

Model provisions addressing modern slavery issues in select supplier contracts

The Working Group adopted model provisions in supplier contracts addressing modern slavery issues.

As foreshadowed, the model provisions for supplier contracts 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 their supply chains and operations. These obligations are set out in the Foundation's Modern Slavery Policy that is publicly available on the Foundation's website and referred to in those provisions.



Further Due Diligence Measures - Our Sydney Head Office Development

The redevelopment activities of a major commercial property in Darlinghurst that will, upon completion, be the Foundation's new headquarters has continued over this reporting period.

Further on-site auditing of that site has been carried out confirming no indicia of modern slavery activity of any kind. Despite this confirmation having already been achieved during the first reporting period (and disclosed in our first statement), such audit activities have been repeated in recognition of the relatively increased risk of modern slavery occurring in the building and construction industry in Australia, compared to other industry categories.

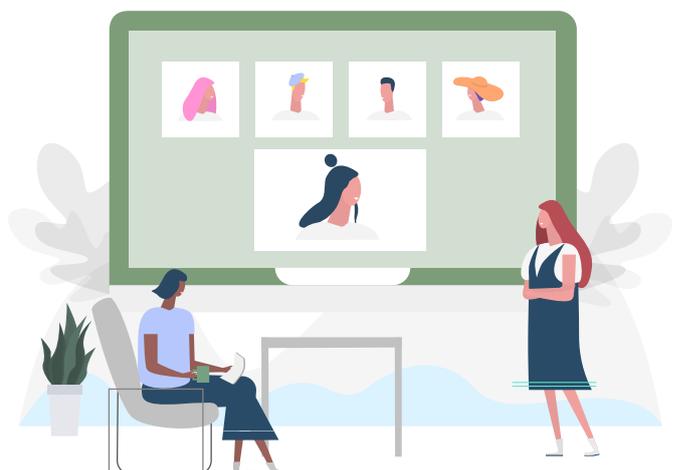
The subsequent site audit again confirmed the following positive indicators in relation to the working conditions at the site being observed:

- workers were able to move around freely
- no workers appeared to be under the coercive control of anyone else
- no reluctance in the interaction between workers
- no signs of apparent physical or psychological distress amongst any workers,
- all workers appeared to be well over the legal working age
- no indicators of forced labour were evident on the site

The ordering of fit-out and other completion materials has also reached a point such that the Foundation, through its developers, is procuring significant products that it would not ordinarily buy as part of its day-to-day operations.

One such product is solar panelling. The installation of significant solar panels plainly serves an important ESG objective through a reduction in fossil fuel usage and the supply of power from renewable energy sources. However, as has been increasingly documented in the mainstream media in recent times, such improvements in energy-based sustainability also have the potential to pose an unacceptably high modern slavery risk.

In a response to this concerning issue, and in wanting to ensure that environmental sustainability is not pursued at the cost of potential human rights abuses, the Foundation has engaged in further due diligence for the selection of solar products for its redevelopment. The Foundation will continue to monitor the issue as relevant to further purchases.



Measuring Effectiveness

Based on the KPI's developed in the first reporting period, the working group has measured the effectiveness of our modern slavery program during this reporting period, as follows:



Roll out of modern slavery provisions in supplier contracts

Modern Slavery Provisions have been approved for new supplier contracts and will be rolled out from 1 July 2021.



Development and roll out of Supplier Code of Conduct

Obligations of suppliers have been incorporated into our Modern Slavery Policy.



Development and roll out of an Ethical Procurement Policy

This is still under development.



Development and roll out of appropriate grievance mechanism for external stakeholders to report modern slavery risk

This is still under development.



Modern slavery-related internal education and training

Internal education and training has been undertaken for internal stakeholders.



Consultation with the Foundation's Subsidiaries

Throughout the reporting period, the Foundation has engaged with its subsidiaries to ensure that the risks of modern slavery have been identified, assessed and addressed appropriately. This has involved ensuring that the Foundation's subsidiaries' suppliers were included in our risk assessment and that the Foundation's approach to addressing modern slavery has been adopted by all entities within our corporate structure.

Incorporating company spend data throughout global markets, our external consultants utilised 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 suppliers 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.



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





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