

Balmoral Pastoral Pty Ltd

2021 Modern Slavery Statement

Introduction and Reporting Entity

This is the Modern Slavery Statement of Balmoral Pastoral Pty Ltd (ACN 001 202 606) ATF the Oatley Trust (“**Balmoral**”) under the Modern Slavery Act 2018 (“**the Act**”) in relation to the reporting period ended on 30 June 2021 (“**the Reporting Period**”).

This statement has been prepared as a joint statement¹ submitted by Balmoral on behalf of Balmoral and the following related entities (all reporting entities under the Act):

- Balmoral Pastoral Investments Pty Ltd (ACN 002 238 995) (“**BPI**”)
- 21st Century Resorts Holdings Pty Limited (ACN 104 201 014) incorporating Hamilton Island Enterprises Limited (ACN 009 946 909) (“**Hamilton Island**” or “**HIE**”)
- Robert Oatley Vineyards Pty Ltd. (ACN 118 584 928) (“**Robert Oatley Vineyards**” or “**ROV**”)

Balmoral has approved the joint statement on behalf of each of these related entities, their subsidiaries and other associated companies and entities (together the “**Joint Reporting Entities**”) and the Chairman of directors of Balmoral has signed the statement.

Structure, Operations and Supply Chains

Structure

Balmoral, as trustee for the Oatley Trust, beneficially owns 100% of BPI. BPI in turn owns and controls a number of subsidiaries including:

- Hamilton Island;
- Robert Oatley Vineyards; and
- Subsidiaries involved in other investment activities.

The board of Directors of BPI oversees the operations of the Joint Reporting Entities. All the directors of Balmoral are also directors of BPI.

Balmoral employs approximately 1,500 people 25 in the United States of America and the balance in Australia.

Operations

Hamilton Island

The main operating subsidiary of Hamilton Island is Hamilton Island Enterprises Limited (ACN 009 946 909) (“**HIE**”) which holds or controls perpetual and long leases over Hamilton and Dent Islands in the Whitsunday region of North Queensland and operates an integrated tourist resort community comprising:

- Various standards of hotel accommodation, a convention centre, food & beverage, resort activities and retail outlets;
- Management of various letting pool properties;

¹ As defined in the Act.

Balmoral Pastoral Pty Ltd

2021 Modern Slavery Statement

- Operation of a marina and boat harbour;
- Provision of essential services (power, water & sewerage) to Island guests and residents;
- Operation of Hamilton Island Airport;
- Development and sale of leasehold land; and
- Operation of the Hamilton Island Golf Course and associated facilities on neighbouring Dent Island

Robert Oatley Vineyards

ROV's operates vineyards and a winery in Mudgee NSW, Australia, and bottles and packages the wine it produces from that region and secures from other regions in Australia, for sale in Australia and overseas under the Robert Oatley, Wild Oats and various other brands.

Own brand sales and third party sales via distribution and agency agreements are undertaken in Australia by Oatley Fine Wine Merchants (a division of ROV) and in the USA by a 50% owned related party, Pacific Highway Wines & Spirits LLC.

ROV sells own brands to other overseas jurisdictions either directly or through arrangements with third party distributors.

Other Investment Activities

Balmoral Financial Investments Pty Ltd (ACN 609 482 117) ("**BFI**") holds the majority of the direct and indirect investments owned and managed by Balmoral. Such investments comprise listed and unlisted investments in debt and equity products and interests in managed funds.

Other subsidiaries of Balmoral hold specific investments, for example the head office located at 100 Pacific Highway St Leonards.

Supply Chain

Products and services are provided by third parties for use in the products and services provided by Balmoral to its customers.

The operations of Hamilton Island described above involve the procurement of a wide variety of products and services used in the operation of any hotel, including:

- The purchase of furniture, fittings, linen and consumables;
- The procurement of food & beverages for sale to guests;
- The purchase of merchandise for sale in retail and other activities undertaken by the Island, including those offered by the IGA Supermarket on the Island;
- The provision of essential services, laundry, ferry and tour activities, operated by Hamilton Island and a number of third party suppliers, some via concession arrangements;

In addition, the construction, refurbishment and maintenance of property, plant and equipment on Island involves suppliers of a wide range of construction materials, plant & equipment, including machinery and motor vehicles, and third party contractors providing construction and other services to Hamilton Island.

ROV undertakes primary production (viticulture) on its own account and contracts with third parties for the supply of grapes, juice and bulk wine. Bottling activities undertaken by ROV

Balmoral Pastoral Pty Ltd

2021 Modern Slavery Statement

from its Mudgee facilities involve the purchase of glass, labels and packaging materials from third party Australian suppliers and spares and equipment from the Italian supplier of the company's bottling line.

The supply chains of both Hamilton Island and ROV also include significant transport and warehousing activities, either operated by the entity concerned or supplied by third parties.

Risks of Modern Slavery Practices in Operations and Supply Chains of the Joint Reporting Entities

Definition of risk

For the purposes of this statement, the risks of modern slavery practices “*means the potential for the reporting entity to **cause, contribute to or be directly linked to modern slavery through its operations and supply chains***”².

Cause: for example operate a factory that exploits labour;

Contribute to: operations and or actions in its supply chain contribute to modern slavery;

Directly linked to: the entity's operations, products and services may be connected to modern slavery through the activities of another entity it has a business relationship with.

Limitation in Scope

Under the Act, the Joint Reporting Entities are not required:

- to report on modern slavery risks associated with how their customers use the products or services they purchase³; or
- monitor or report on the operations and supply chains of individual investees that engage in investment activities where the Joint Reporting Entity does not have control over the actions of the investee⁴.

Accordingly, in providing a description of the risks of modern slavery practices in the operations and supply chains of the Joint Reporting Entities these risks have not been considered.

Description of Risks

The Joint Reporting Entities **do not cause** modern slavery. Other than ROV's US wine distribution joint venture, all operations for the manufacturing and supply of the Joint Reporting Entities products and services are undertaken in Australia.

The risks that the Joint Reporting Entities **contribute to** modern slavery include the risks that their operations, actions or omissions in their supply chains may facilitate or incentivise modern slavery. These risks are heightened where a Joint Reporting Entity is dealing directly with an overseas supplier based in a jurisdiction with known modern slavery concerns, the products involved are linked to modern slavery and the amount involved in the dealing is material.

² Page 40 of 96 Commonwealth Modern Slavery Act 2018 “*Guidance for Reporting Entities*”

³ Page 34 of 96 Commonwealth Modern Slavery Act 2018 “*Guidance for Reporting Entities*”

⁴ Page 34 of 96 Commonwealth Modern Slavery Act 2018 “*Guidance for Reporting Entities*”

Balmoral Pastoral Pty Ltd

2021 Modern Slavery Statement

The most significant risk to the Joint Reporting Entities is the potential that they *are directly linked* to modern slavery through the activities of a third party entity that a Joint Reporting Entity has a relationship with, specifically through the purchase of goods from those other entities.

Actions Taken by the Joint Reporting Entities to Assess and Address these Risks

Overview

Balmoral has developed Ethical Dealing Principles and a Code of Conduct which have been adopted by the Joint Reporting Entities.

The Ethical Dealings Principles form the basis of the education of employees, suppliers, contractors and other stakeholders into the way Balmoral conducts its business and what it expects of its business partners.

The Code of Conduct outlines how the Joint Reporting Entities should conduct themselves and applies to all officers, employees and contractors of the Joint Reporting Entities. Through appropriate contractual arrangements and procurement principles, consultants, agents, suppliers and other partners of the Joint Reporting Entities are expected to comply with this Code of Conduct in all of their dealings with or on behalf of the Joint Reporting Entities.

The Ethical Dealing Principles form part of the Code of Conduct

With respect to modern slavery, the Ethical Dealings Principles state:

Human Rights

We respect rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status including the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression and the right to work and education.

We do not tolerate any form of modern slavery including slavery and slavery-like practices and conditions.

With respect to modern slavery, our Code of Conduct states:

Human Rights

We uphold and respect human rights for all people. We respect rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status including the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression and the right to work and education.

We do not tolerate any form of modern slavery including slavery and slavery-like practices and conditions inclusive of child labour, forced labour, human trafficking or servitude.

We expect our suppliers and other partners to adhere to the same human rights standards as we do.

Balmoral Pastoral Pty Ltd

2021 Modern Slavery Statement

We comply with all relevant modern slavery legislation.

Balmoral adopts a risk based approach to determine the actions taken to address the risk that a Joint Reporting Entity contributes to or is directly linked to modern slavery. This means that it focuses on those activities in the supply chain where the risk of contributing to or being directly linked to modern slavery is highest.

A risk based approach is adopted as Balmoral does not have unlimited resources and wishes to focus its activities to those which are most effective in dealing with the issue of modern slavery.

Balmoral uses the Global Slavery Index⁵ to identify those products and countries where the prevalence of modern slavery is high and therefore that the risk that a Joint Reporting Entity is contributing to or being directly linked to modern slavery is also high.

Contributing to Modern Slavery

As noted previously, the risks that the Joint Reporting Entities contribute to modern slavery are heightened where a Joint Reporting Entity is dealing directly with an overseas supplier based in a jurisdiction with known modern slavery concerns, the products involved are linked to modern slavery and the amount involved in the dealing is material.

Accordingly, prior to any contract being issued for the supply of a product with a value in excess of \$100,000 to an overseas supplier based in a jurisdiction with known modern slavery concerns and/or the products involved are linked to modern slavery, the Joint Reporting Entity will undertake sufficient due diligence to provide comfort that the supplier does not cause or contribute to modern slavery. Initially, this due diligence will involve the completion of a declaration by the supplier with respect to the procedures and controls in force to ensure that the supplier does not cause or contribute to modern slavery. Further due diligence may be undertaken dependent on the assessment of the initial material provided by the supplier.

This same process will be followed by BFI for any proposed direct investment in or loan to an overseas entity based in a jurisdiction with known modern slavery concerns and/or the products or services provided by that entity are linked to modern slavery.

During the Reporting Period, no current or proposed supply contracts, direct investments or loans with a value in excess of \$100,000 were identified which met the above criteria.

Direct Links to Modern Slavery

⁵ The Global Slavery Index is a tool for citizens, non-government organisations (NGOs), businesses, and governments to understand the size of the problem, existing responses, and contributing factors so that they can advocate for and build sound policies that will eradicate modern slavery. All supporting data tables and methodology are available to download from the Global Slavery Index website: www.globalslaveryindex.org. The Global Slavery Index a product of the Walk Free Foundation, a project funded by The Minderoo Foundation.

Balmoral Pastoral Pty Ltd

2021 Modern Slavery Statement

The Joint Reporting Entities consider that the highest risk that their operations, products and services may be connected to modern slavery is through the activities of another entity the Joint Reporting Entity has business relationships with. For example, whilst Hamilton Island secures its lap tops, mobile phones and computers and ROV secures its packaging supplies from Australian suppliers, those suppliers may contribute to or be directly linked to modern slavery, without Hamilton Island's or ROV's knowledge.

The Joint Reporting Entities adopt the following actions to reduce such risk.

1. All existing and new suppliers of goods and services to the Joint Reporting Entities have been sent a copy of the Ethical Dealing Principles and have been requested to contact the respective Joint Reporting Entity if they do not adhere to such principles (“**Negative Assurance**”);
2. The Joint Reporting Entities have adopted a risk based approach to identify and undertake due diligence with respect to suppliers where the risk of a direct link to modern slavery is highest. The criteria:
 - Are applied to all suppliers with an annual spend of \$100,000 or more on the basis that a Joint Reporting Entity has the ability to influence change, if required, from the supplier where the annual spend exceeds this amount;
 - Assume that Australian suppliers and suppliers from jurisdictions with laws dealing with modern slavery are lower risk;
 - Identify products and countries considered to be at greater risk of modern slavery⁶ and, initially, request suppliers where such criteria apply to complete a risk assessment questionnaire (“**Positive Assurance**”). The results of such questionnaire are used by a Joint Reporting Entity to determining whether remediation action is necessary (or indeed possible) or whether the relationship with the supplier should be terminated.

In relation to the Reporting Period the following actions were taken for new suppliers⁷:

- the Joint Reporting Entities emailed the Ethical Dealing Principles to 172 new suppliers (2504 were emailed in relation to the prior Reporting Period) and received no queries or concerns from suppliers in relation to the Ethical Dealing Principles which were not satisfactorily resolved; and
- the Joint Reporting Entities assessed 200 suppliers (284 were assessed in the prior Reporting Period) with an annual spend of \$100,000 or more. As a result of these assessments, the Joint Reporting Entities issued 46 questionnaires for completion by suppliers. At the date of this statement:
 - 37 questionnaires had been returned. Of these:
 - The responses of 36 questionnaires and any related due diligence resulted in the Joint Reporting Entities concluding that the risk of modern slavery was low and the relationship with the respective supplier continues;
 - Further due diligence is in progress on 1 questionnaire; and
 - No relationships with suppliers have been terminated or suppliers required to undertake remediation actions.

⁶ Using respected tools to assist in such assessment including, for example The Global Slavery Index

⁷ Negative Assurance and Positive Assurance received from existing suppliers will be renewed every 3 years.

Balmoral Pastoral Pty Ltd

2021 Modern Slavery Statement

- further due diligence on a 5 suppliers who did return questionnaires resulted in in the Joint Reporting Entities concluding that the risk of modern slavery was low and the relationship with the respective supplier continues.
- the follow up of outstanding questionnaires and any further due diligence is in progress. Subject to responses and any further required due diligence, the Joint Reporting Entities will determine appropriate actions, including the need to terminate suppliers for failure to complete the questionnaire or undertake agreed remediation actions.
- At the date of this statement, the Joint Reporting Entities were not aware of any direct links to modern slavery through the activities of a supplier that a Joint Reporting Entity has a relationship with.

Remediation

Instances of modern slavery identified by the due diligence activities of the Joint Reporting Entities, if any, are brought to the attention of the BPI Board and a decision is made as to any additional steps (other than the termination of the business dealings with the entity concerned) to be taken to ensure the harm cannot recur, formal apologies are received, compensation is paid or the entity concerned ceases certain activities. Illegal acts, if any, are reported to the relevant authorities (“**Remediation**”).

During the Reporting Period no additional steps were approved by the BPI Board as a result of the due diligence activities of the Joint Reporting Entities.

How the Joint Reporting Entities Assesses the Effectiveness of these Actions

The BPI Board and representatives from Hamilton Island, ROV and BFI:

- approve:
 - the description of the risks of modern slavery practices in the operations and supply chains of each of the Joint Reporting Entities; and
 - the actions proposed to be taken by each Joint Reporting Entities to assess and address these risks, including due diligence and remediation processes; and
- assess the effectiveness of these actions.

Following such assessment, the BPI Board and the representatives from Hamilton Island, ROV and BFI will determine what changes are required for subsequent reporting periods to ensure the procedures and controls in force remain effective.

Process of Consultation with Joint Reporting Entities

As noted above, the board of Directors of BPI oversees the operations of the Joint Reporting Entities through regular meetings. During the Reporting Period, the BPI Board met seven times.

Balmoral Pastoral Pty Ltd

2021 Modern Slavery Statement

The chief executives of Hamilton Island and ROV and directors of BFI report on their respective operations to the BPI Board. This will include any issues arising with respect to the Balmoral's Ethical Dealing Principles or Code of Conduct, including modern slavery.

Following:

- the assessment of the effectiveness of the execution of the modern slavery plan; and
- the preparation and review of the statement by the Joint Reporting Entities

the BPI Board and representatives from Hamilton Island, ROV and BFI resolve to recommend approval of the annual statement to the directors of Balmoral and its signature by the Chairman of Balmoral.

This statement was approved by the Board of Directors of Balmoral Pastoral Pty Ltd.

A handwritten signature in black ink, appearing to read 'A.G. Oatley'. The signature is written in a cursive style with a horizontal line underneath the name.

A.G. Oatley

Chairman