

Modern Slavery Statement

January 2023

Introduction

Palladium International Limited¹ supports the Modern Slavery Act 2015 in all parts of its business services. We are committed to preventing the existence or prospect of modern slavery within our organisation and our supply chains, through the continuous improvement of our own policies and improved engagement with our suppliers.

Our annual statements seek to illustrate that Palladium understands its responsibility to go beyond legal compliance and how we are committed to proactively tackling modern slavery in our supply chains. In 2019 and 2020 we consulted with UK Government's Modern Slavery Unit in order to obtain feedback on our approach to reducing modern slavery in our supply chains and reflect this commitment in the comprehensiveness of our annual statement. Palladium's annual statement for 2019 was recognised as being within the top 60% of the UK government's 100 largest suppliers.² We have scored highly in the UK Government's annual Modern Slavery Assessments, increasing from 81% in 2021 to 84% in the December 2022 assessment.

We are committed to continuous improvement and this year's statement provides a clear roadmap for what we aim to achieve in 2023.

This statement is made pursuant to section 54(1) of the UK's Modern Slavery Act 2015 and is Palladium's updated modern slavery and human trafficking statement for the calendar year starting 1st January 2023.

¹ Throughout this statement Palladium International Limited is referred to as 'Palladium', reference to Palladium Group Holdings Pty Ltd or the wider group will be to 'the Group'.

² Sancroft Tussell, *Eliminating Modern Slavery in Public Procurement* (2019) <https://sancroft.com/wp-content/uploads/2017/11/The-Sancroft-Tussell-Report-1.pdf>

Our structure, business and supply chains

Palladium International Limited is a private limited company registered in England and is part of the Palladium group of companies owned by Palladium Group Holdings Inc (referred to in this Statement as the Group). The Group operates with a global corporate leadership and functional team supporting regional business units in Asia Pacific (APAC), Europe Middle East Africa (EMEA) and the Americas. It has established regional business offices in, among other places, Australia, India, Indonesia, Netherlands, Spain, United Kingdom, United States, and United Arab Emirates.

The Group includes global impact firms, working to link social progress and commercial growth. Since 1968 the Group has worked with corporations, governments, foundations, investors and communities to formulate strategies, build partnerships, and implement solutions that generate lasting social, environmental and financial benefits.

The Group's core business services include business strategy consulting, programme and project management, impact investing and capacity building, as follows:

- 🕒 **Strategy:** As the Group we were the original creators of the Balanced Scorecard and Strategy Map methodology, and we have helped over 700 organisations, primarily corporate and government, to design and execute their strategy. Our Sustainable Development Goal-aligned evolution of these powerful tools can empower companies to drive towards positive business and societal outcomes.
- 🕒 **Impact Investing:** The Group deploys capital to address social issues while generating a financial return through innovative finance mechanisms, asset management, our capital advisory services, and impact funds.
- 🕒 **Procurement & Logistics:** The Group helps governments and businesses reach people and markets with supplies, garrison building, and on-ground logistics support in seemingly impossible environments, including post-disaster, post-conflict, and remote locations.
- 🕒 **Programme Management:** The Group implements large-scale, global social and economic change initiatives, bringing local knowledge, technical expertise, and time, scope, and cost management to our clients' most complex projects.

The Group's global practice areas in health; education; environment and natural resources; governance; growth and livelihoods; gender and social inclusion; informatics; and monitoring, evaluation and learning; form a solid technical in-house capacity to support our service delivery.

The Group's extensive project management experience also provides access to a wider network of experts and tools utilised in supporting the projects that we manage.

As the Group we deliver evidence-based solutions with large-scale impact through more than 160 current projects with more than 2,500 employees operating in over 90 countries, and working with more than 10,000 organisations. Our supply chain consists of external businesses, self-employed consultants and Business Partner³ organisations.

Currently Palladium works with more than 600 organisations across 90 countries. Our supply chain consists of external businesses, self-employed consultants and business partner organisations located within the UK and overseas.

³ Palladium's governance framework defines "Business Partner" as including any organisation providing goods or services to the Group, such as contractors, subcontractors, grantees, awardees, vendors, and landlords.

Assessing and Addressing Risks of Modern Slavery

The Group is committed to the principle that all humans have the right to be free from violence, abuse, and exploitation of any kind. Further, we embrace and respect the cultural and social diversity of the countries in which we work and place great importance on operating with honesty and integrity. As such, we do not tolerate, condone or accept human rights abuses within our business operations or supply chains.

The nature of our work, particularly in developing, and post-conflict countries means we recognise that some of our supply chains operate in high-risk environments for modern slavery including countries with high levels of poverty, a lack of awareness and understanding of human trafficking and modern slavery, and weak national systems to monitor and respond to human rights abuses including incidences of modern slavery.

Across our operations, we are working to build a supply chain that is free of modern slavery through diligently and regularly updated policies, guidelines, business processes, training and other mechanisms to detect and prevent modern slavery.

Governance Framework

Overseen by our Chief Diversity Officer and Corporate Leadership Team, all of the Group's activities operate under a Sustainable Business Framework with policies, guidelines, standard operating procedures, business processes and tools that cover Diversity and Inclusion, Safeguarding⁴, and the Environment which, although distinct fields, have shared goals and commitments.

Within this framework, the Group's Code of Conduct expressly prohibit the transportation, sale or otherwise trafficking of human beings for profit or otherwise. Regardless of the jurisdiction in which the organisation is registered or doing business, these activities are prohibited. In addition, the Group's representatives and Business Partners must not: 1) allow transactions with, and the provision of resources and support to, individuals and organisations associated with human trafficking; 2) procure any sex act on account of which anything of value is given or received (commercial sex act); and 3) use forced labour in the performance of any work.

Our overarching governance structure also includes the following policies and guidelines relevant to the Group's commitment to mitigate, and where possible, eradicate circumstances conducive to modern slavery:

Policies	Guidelines
<ul style="list-style-type: none">▪ Prevention of Sexual Exploitation Abuse and Harassment▪ Safeguarding▪ Whistleblower Protection▪ Success at Work▪ Due Diligence▪ Transactions▪ Ethical Contracting▪ Family Sexual and Gender Based Violence▪ Procurement Integrity▪ Occupational Health and Safety	<ul style="list-style-type: none">▪ Modern Slavery▪ Child Protection▪ Grants Management Programme▪ Workplace Grievances▪ Human Resources Management for Projects▪ Procurement of Goods and Services▪ Risk Management Framework▪ Whistleblower Allegations▪ Occupational Health and Safety▪ Business Partner Duty of Care Management

⁴ Safeguarding is a term that means different things in different contexts in various parts of the world. At Palladium we define it as action taken by Palladium to protect the beneficiaries and communities we work with, our representatives and clients from harm.

The requirements of these policies and procedures are passed down to our Business Partners (suppliers, subcontractors, consultants) through a Business Partner Code of Conduct which must be acknowledged with every Group contracting agreement.

These governance documents are regularly reviewed and updated for currency and compliance.

Reporting against our KPIs

In 2020 we committed to report against corporate KPIs in our annual slavery statement. These KPIs include ambitions to train staff and raise corporate awareness of modern slavery, improve internal reporting mechanisms of incidents of modern slavery, and build the capacity in our supply chain to improve their modern slavery policies. In 2022 we sought to increase the ambition of these KPIs:

KPI 1: Training and capacity building of staff about modern slavery issues and increasing awareness

Target: 80% of UK employed permanent staff attend online training, completing a test before and afterwards to record whether their understanding of the issues and awareness has increased.⁵

Achievement to Date: In May 2022 we designed and published training for corporate and project staff. The training has been published on our Learning Hub, and it is part of the annual requirements that corporate and project staff and consultants complete the training.

The training modules were piloted and tested in 2021 and 2022 with programme teams and 26 grantee organisations in Columbia, Mexico, South Africa, Malaysia, Indonesia, and Kenya under Palladium's UK Partnering for Accelerated Climate Transitions (UK PACT) programme funded by the UK Department for Business, Energy, and Industrial Strategy (BEIS). The training was modified in response to feedback, with the main revision being the inclusion of the reading list for further research.

The training includes an overview of the global situation of modern slavery and how to identify those at risk; it emphasises the responsibility to report and provides instructions on how to report. The training also provides resources that trainees can use to find data on the prevalence of modern slavery in specific countries, as well as the national legislation and context-specific vulnerabilities.

KPI 2: Whistle-blowing hotline and reporting mechanisms monitored for cases involving modern slavery, and cases dealt with appropriately and efficiently.

Target: 100% of cases recorded through reporting procedures handled appropriately and efficiently.

Achievement to Date: No incidents were reported. We will monitor the data and report on this KPI in our 2024 statement.

KPI 3: Capacity building our major suppliers to develop modern slavery policies.

Target: 80% of Tier 1 suppliers⁶ without a modern slavery policy or guidelines develop these documents within the first year of being contracted by Palladium.

Achievement to Date: All suppliers and contractors are required to pass our due diligence assessment before being contracted. Suppliers submit their due diligence through our online tool which allows for the instant monitoring of supplier due diligence for the entirety of their contracts. Through 2022 we continued to support grantees and subcontractors to develop and refine modern slavery policies and guidelines. As part of the due diligence assessment at the beginning of the supplier/contractor contracting process and during the contract term, we ask suppliers/contractors to confirm their compliance with the Act. We share a link to

⁵ As of December 2021 this stands at 85 staff employed as permanent UK staff.

⁶ Tier 1 Suppliers are those organisations who are direct supply partners for Palladium for the UK Government's Foreign, Commonwealth and Development Office (FCDO) contracts.

our policies as standard during the contracting process when suppliers are asked to accept compliance with our Business Partner Code of Conduct.

Ambition for 2023

In 2023, we will continue to take a risk-based approach when reviewing all the points in our supply chain where it possibly intersects with modern slavery. In 2022, we set up a new risk and issue registry (IRR) to standardise the way that risks and issues are managed across the Group. In 2023, we will increase the functionality and allow for the anonymous reporting of safeguarding incidents including modern slavery, adding an additional reporting pathway for staff.

We know that employees are better able to protect themselves against abuses such as poor working conditions and low pay when they are aware of their rights. Through our work in the field of international development, Palladium delivers job creation programming to educate communities about fair wages and employment rights internationally and in the UK. As part of our contracting with Tier 1 suppliers we confirm each organisation's commitment to our Business Partner Code of Conduct. This includes our expectations for upholding and protecting the rights of employees. In 2023 will continue to carry out spot checks and gather further information about Tier 1 suppliers and their supply chains.

We are confident that our employment practices protect staff against poor working conditions. We know that precarious work in low-paid, unregulated labour sectors can create conditions for labour abuses to develop, sometimes leading to extreme exploitation and forced labour. We know that these vulnerabilities were exacerbated by the impact of COVID-19 and the surrounding restrictions, and again with impending recession in many of our countries of operation.

In 2022, we aimed to ask providers to disclose their hiring practices. In 2023, we will aim to make this part of the online due diligence questionnaire and we will ensure that final procurement decisions consider these responses, whilst ensuring that staff security remains central to all decision making.

We will continue to collect data and report against the KPIs we set in 2020.

Key achievements to date

In 2018, we developed and published our Modern Slavery Guidelines. These Guidelines provide further information and guidance on the implementation of our Code of Conduct Policy with regards to the prevention of all forms of Modern Slavery and Human Trafficking. The Guidelines are applicable globally to all of Palladium's operations, staff and all representatives of the company.

We strengthened our risk assessment policy to ensure that we assess the potential risk of modern slavery and human trafficking in our business development pipeline. Risk assessment is widely based – assessing country risk, industry or product risk as well as supply chain risk.

Palladium became a participant of the UN Global Compact on the 22nd January 2018. Palladium is committed to the UNGC initiative and its universal principles, and we are building on this to embed these principles in our day-to-day operations and strategy for future growth.

We established reporting mechanisms outlined in Palladium's Investigation SOPs and included the need to immediately report any suspected or alleged instances of Modern Slavery, Human Trafficking or Code of Conduct non-compliance using the Company Whistle-blower Hotline: Email: tellus@thepalladiumgroup.com. The whistle-blower hotline is advertised in all offices from which Palladium does business.

In our 2018 statement we committed to improving our due diligence practices to help us gather greater information about our supply chain and to build the capacity of our supply chain in this area.

In 2019, we strengthened our due diligence process by moving to an online system for all of our UK government funded work (which forms the largest part of our business). This allows us to track data from

suppliers, ensures that all due diligence for every supplier is updated on a six to 12 monthly basis and that suppliers cannot slip through the cracks. We are also committed to carrying out spot-checks and 'deep dives' to gather further information about a supplier and their supply chains. We committed to working with suppliers to develop modern slavery policies where none exist or to strengthen these policies where necessary. Where suppliers are not fully compliant, they are required to provide an action plan highlighting gaps in their process and corrective action they are taking. Gaps identified during the due diligence process are revisited after an agreed period of time (up to six months) and, where a supplier fails to fulfil an action plan, we consider further measures including the termination of our relationship.

Palladium started implementing its first anti-slavery programme and was the implementing partner for the Foreign, Commonwealth and Development Office (FCDO) Stamping out Trafficking in Nigeria (SoTiN) programme. SoTiN closed after 15 months due to the UK government's overseas development assistance (ODA) spending review. However, learning from SoTiN has and will continue to be shared across the organisation to strengthen and contextualise the understanding of modern slavery.

We strengthened our Code of Conduct policy and launched our Sustainable Business Approach. This approach shows how Palladium brings together Diversity and Inclusion, Safeguarding and Environmental policies which, although distinct fields, have shared goals and commitments.

In 2020, we set corporate KPIs to train staff and raise corporate awareness of modern slavery, improve internal reporting mechanisms of incidents of modern slavery and capacity build our supply chain to improve their modern slavery policies. We continue to monitor the data against these KPIs.

In 2021, we piloted our training with staff and project grantees and received feedback that the training was useful and increased staff awareness of the issues. We set up a Modern Slavery Working Group formed by 10 staff from across the EMEA region who have specialisations in modern slavery programming, due diligence and corporate initiatives. This group will work to test and pilot initiatives that will help strengthen our response to minimising modern slavery within our supply chains.

This statement under the Modern Slavery Act 2015 was approved by the Board of Directors of Palladium International Limited on 1st February 2023.



Rhys Morris,

Regional Business Partner for EMEA
Palladium International Limited