

Arcare

Modern Slavery Statement

2020 – 2021 Financial Year

1. Criteria 1 – Reporting Entity

1.1. This statement is made on behalf of the reporting entity, Arcare Pty Ltd ACN 005 259 361 as trustee for the ARC Unit Trust ABN 96 443 678 906 (**Arcare, We**)

1.2. Our Commitment

We have a zero-tolerance approach to modern slavery and are fully committed to preventing slavery, bribery and human trafficking within our operation and supply chain. We are actively taking steps to tackle modern slavery as outlined in this statement.

This statement sets out the actions we have taken to understand all potential modern slavery risks related to our business, and to implement steps to prevent slavery, bribery and human trafficking during the 2020-2021 financial year.

2. Criteria 2 - Our Business - Structure, Operations and Supply Chains

2.1. Structure

Arcare is a company incorporated in Australia and acts as corporate trustee for the ARC Unit Trust.

Our registered office is located at 346 South Road Hampton East Victoria. Arcare owns a number of business names, including the names of each of our Arcare residences and Bodewell Community Care.

Arcare employs approximately 5,500 employees and utilises various contractors and agency staff in its business. These employees are all domiciled in Australia, and 90% of the workforce are subject to a enterprise bargaining agreements which have been endorsed by Fair Work Australia.

Arcare is a member of the Knowles Group of Companies which includes builder J & G Knowles and Associates Pty Ltd, and retirement living operator Sencia Holdings Pty Ltd together with a number of other companies holding the Group's passive investment portfolio. Arcare controls K & M Healthcare Pty Ltd ACN 064 218 622 and Hope Island care Pty Ltd ACN 123 784 494 as part of the entire Arcare business. These companies have the same supply chain, operations, and employees as Arcare Pty Ltd.

2.2. Operations

Arcare is an approved provider of both residential and community aged care services. with 46 residences across Queensland, New South Wales and Victoria. Our head office is located in Victoria. We do not have any overseas operations.

Arcare is governed by a board that ensures the delivery of high quality, best practice aged care services to our clients in accordance with our responsibilities as an aged care provider.

Our executive team lead operations and are responsible for the overall management and strategic direction of the business, with the State Operations Managers overseeing the day-to-day management of the Residences.

Our residential aged care business provides dementia care in our secure Sensitive Care Units as well as, nursing services, palliative care and respite care.

We are committed to empowering Senior Australians to live their best lives at home, by providing community or “homecare” services via the Bodewell arm of the business. We assist them in their day-to-day routines, by providing such things as cooking, cleaning, personal care and transport assistance.

We also have a vast network of support team members that provide National Disability Insurance Scheme (NDIS) services for those living in the community with a permanent and significant disability.

2.3. Supply Chain

We establish a relationship of trust and integrity with all our suppliers, which is built upon mutually beneficial outcomes. Our supplier selection and procurement procedure includes due diligence of the supplier's reputation, respect for the law, compliance with health, safety and environmental standards and the aged care quality and safety standards.

We have a reasonably significant supply chain to enable the delivery of our own products and services. This supply chain includes products and services sourced in Australia and overseas and extends beyond our direct suppliers.

Some of the products that are provided by our suppliers include medical instruments and equipment and personal protective equipment, linen and uniforms, kitchen and office supplies, furniture, IT software and food supply.

Some of the services provided by our suppliers include labour support by nursing staff and personal support workers, cleaning services, building maintenance support, allied health and medical practitioners and catering services. We also engage accounting, marketing and legal professional services.

Some of the products and services used by indirect suppliers in our supply chain include, electronics and medical instrument manufacturers, raw material suppliers for building

materials, and food supply chains, IT Support, furniture manufacturers and manufacturers of textiles.

This supply chain is therefore a combination of Australian and overseas support, including the United States of America, Indonesia, Taiwan, Vietnam, China, Malaysia, Turkey, Russia and India.

We have not been made aware of any allegations of modern slavery practices against any of our suppliers, but would act immediately to remediate if it became apparent that any such suppliers were dealing in such practices.

3. Criteria 3 - Risks of Modern Slavery Practices in our operations and supply chain

The Act defines modern slavery as including eight types of serious exploitation: trafficking in persons, slavery, servitude, forced marriage, forced labour, debt bondage, the worst forms of child labour and deceptive recruiting for labour services.

The Act targets the “risk of modern slavery”. This means the potential for us to cause, contribute to, or be directly linked to modern slavery through our operations and supply chains.

Over the past year, we conducted an assessment of our supply chain which considered the risk profile of individual countries based on the Global Slavery Index, business services rendered by supplier and the presence of vulnerable demographic groups.

The Global Slavery Index collates worldwide and regional data on products at risk of being produced by forced labour. Its resources indicate that the high-risk products globally include cotton, bricks, rubber, apparel and clothing accessories, agricultural products, certain nut products, mining products and fish. It further indicates that high risk products in Australia include electronics, apparel, fish, rice and cocoa.

Generally speaking, the abovementioned products yield from industries that are not directly linked to our model of services.

However, our core business involves the engagement of multiple suppliers to assist in the provision of services to our clients. If any of these suppliers were associated or linked to modern slavery practices, we could inadvertently and unintentionally be linked to such practices.

This could potentially occur in relation to the suppliers of our medical equipment and personal protective equipment, our IT desk support, and catering\ food suppliers. The

greatest risk of this is where we have limited visibility of our supplier’s business model including our supplier’s own supply chains.

Similarly, we rely on labour hire for nursing and other workers like personal care worker support, cleaning, and catering. Whilst these are Australian suppliers, we do not have transparency or control over the supplier’s recruitment practices not the manner in which

the labour relationship is managed by those suppliers. This risk is heightened if workers come from vulnerable backgrounds. Further, the restriction on movement both domestically and internationally and a supply shortage of staff within the sector has meant that the business has had to rely on labour hire to a larger extent than it has in the past. This increases this particular modern slavery risk further.

We build, maintain and renovate our own aged care facilities, and our builder engages subcontractors as well as having its own labour force. The complexity of subcontracting arrangements leads to a degree of a lack of visibility for both Arcare and its builder in relation to recruitment and employment practices. There is therefore a risk in relation to migrant workers and poor working conditions such as underpayment or delay or non-payment of wages that may exist within the subcontractor's supply chains (construction is noted as high risk as it is a highly competitive and cost-driven sector).

Within the organisation itself, Arcare ensures that it pays its employees in accordance with Australian laws and regulations and applicable enterprise bargaining agreements. Arcare has an independent whistleblower and employee assistance framework to encourage employees to speak up.

The building of facilities also highlights a potential risk of being inadvertently linked to modern slavery practices through the procurement of raw materials, furniture, medical equipment, and furnishings.

Criteria 4 - Actions taken by us to assess and address modern slavery risks

3.1. General Commitment

Arcare has a zero-tolerance policy towards modern slavery practices within our supply chain. We set high ethical standards for our dealings with our clients, employees, suppliers and business partners. We are committed to ongoing monitoring and management to ensure there is no form of modern slavery in our operations and supply chain.

Our modern slavery response is informed by the United Nations Guiding Principles on Business and Human Rights. We are putting the risk of harm to people at the centre of our modern slavery response and are implementing appropriate systems and controls at both the procurement and corporate governance levels to assist us in identifying, assessing, preventing, and mitigating our potential modern slavery risks.

3.2. Human Rights Policy

Our approach includes the adoption of a Human Rights Policy which demonstrates our commitment to respecting human rights and basic right set out in the United Nations Universal declaration of Human Rights.

3.3. Complaint and Grievance Mechanism

We are also putting in place a complaints mechanism for reporting on modern slavery and updating the whistleblower policy to reflect this. This provides appropriate avenues for

individuals, organizations and employees to confidentially raise issues of concern to a member of the senior team without fear of retribution.

3.4. Modern Slavery Register

During the FY20/21 we developed a modern slavery register and undertook due diligence of all our current suppliers.

This involved the supplier answering a detailed questionnaire which provided us with information that allowed us to assess a supplier's policies and practices with respect to modern slavery and allowed us to identify any possible modern slavery risks in our supply chain.

Moving forward, the questionnaire has been incorporated into our procurement process with respect to tendering from new suppliers, allowing us to identify potential modern slavery risks prior to the supplier's engagement. We will also be sending the questionnaire out to suppliers on an annual basis to ensure our data is up to date.

We were also able to map out our supply chain to identify potential regions that could pose modern slavery risks.

Our procurement process ensures that we are prepared to efficiently respond if modern slavery is identified in our supply chain and actively engage with our supplier and key stakeholders as necessary.

3.5. Updates to Service Contracts

We recently updated our standard service contract to ensure all new suppliers contractually agree to comply with anti-bribery, anti-corruption and anti-slavery laws. This ensures that our suppliers are made aware of our expectations and our commitment towards eradicating any form of modern slavery from our supply chain and operations. It has been made clear to our suppliers that the exploitation of workers is not tolerated.

3.6. Recruitment Oversight

We are increasing our engagement with our recruitment firms and agencies to discuss their anti-modern slavery strategy and our expectations. We are hopeful that this will provide greater visibility of this part of our supply chain and assist us to actively manage any modern slavery risk.

4. Criteria 5 - Assessment of the effectiveness of the actions taken

4.1. Conducting Internal Audits

It is important that we ensure that the process we have put in place regarding supplier screening is being followed by our procurement team. Therefore, all questionnaires are retained and audited to identify any potential risks and ensure that the pre-engagement checks for suppliers are being conducted properly. In particular, that further information is sought from suppliers if their response raises concern.

4.2. Top Spend Audit

We quarterly review our “top spend” suppliers to better understand the extent of the risks by quantifying our spending on high-risk goods and services and prioritizing remediation accordingly.

5. Criteria 6 - Consultation Process

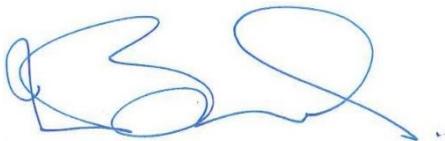
No Consultation was required for this entity

6. Criteria 7 - Relevant Information

There is no further information to report.

Board Approval

The Arcare Board has reviewed and approved this Modern Slavery Statement.



Director and Company Secretary.

Ian Ball