

# Modern Slavery Statement

FOR REPORTING PERIOD 1 JULY 2019 – 30 JUNE 2020

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# Modern Slavery Statement

For the Reporting Period 1 July 2019 – 30 June 2020

## Introduction

The *Modern Slavery Act* 2018 (Cth) (MSA) outlines the requirement for reporting entities to produce an annual modern slavery statement describing the risks of modern slavery in the operations and supply chains of reporting entities and entities owned and controlled by those entities. The statements are required to meet the mandatory reporting criteria prescribed in the MSA.

The MSA defines modern slavery to include eight types of serious exploitation: trafficking in persons, slavery, servitude, forced marriage, forced labour, debt bondage, deceptive recruiting for labour or services, and the worst forms of child labour. Statistics suggest that approximately 15,000 individuals are held in modern slavery in Australia by way of migrant worker exploitation, debt bondage and deprivation of liberty.<sup>1</sup>

As one of Australia's leading pathology services provider, Australian Clinical Labs (ACL) is committed to understanding and identifying the extent to which such practices are embedded into the supply chains of Australian allied healthcare services, particularly pathology and what ACL can do to help eradicate any such practices both as a consumer of services and a service provider.

## 1. Reporting Entity

Having met the reporting threshold as outlined in the MSA, Clinical Laboratories Pty Ltd ACN 006 823 089 trading as Australian Clinical Labs (ACL) is a Reporting Entity for the Reporting Period ending 30 June 2020.

ACL has a number of related entities involved in the provision of pathology services including Clinical Laboratories (WA) Pty Ltd (ACN 612 976 691) and Perth Medical Laboratories Pty Ltd (ACN 121 517 459). These related entities are not reporting entities for the purposes of the MSA.

However, as ACL conducts and / or contributes to the sourcing, procurement and staffing activities of its related entities and is responsible for compliance with the MSA, this statement is jointly made on behalf of ACL and each entity wholly owned or controlled by ACL in the Reporting Period.

## 2. Structure, Operations, and Supply Chain of ACL

ACL's commitment to assess and appropriately address modern slavery risks in its operations and supply chains is overseen by ACL's Board of Directors as guided by its Board Governance and Risk Committee and supported by ACL's Executive Management Team.

**Figure 1: ACL's Corporate Governance Structure**



<sup>1</sup> Walk Free Foundation, *Global Slavery Index* (2018).

## ACL's Operations

ACL is a leading provider of pathology services in Australia. It has 995 Collections Centres and 82 NATA accredited laboratories across Australia, performing close to 8 million patient episodes each year for doctors, specialists, patients, hospitals, veterinarians and corporate clients. To support its operations, ACL engages approximately 3,750 staff comprising employed, contracted and casual workforce. ACL also operates an off-shore data entry facility in Malaysia through a wholly owned subsidiary registered in Malaysia.

ACL services more than 90 private and public hospitals and provides a comprehensive range of services including all routine pathology tests, first trimester screening & non-invasive pre-natal testing, chemical pathology, haematology, histopathology, immunology, serology, microbiology, functional pathology and commercial drug & alcohol testing. Detailed information about ACL's operations is available on its website at [www.clinicallabs.com.au](http://www.clinicallabs.com.au).

## ACL's Supply Chain

ACL's supply chain comprises more than 1100 suppliers, with approximately 30 being key, strategic or major suppliers of products and services. The majority of these suppliers are based in Australia however some have manufacturing sites based in the United States, Western Europe, North America and Asia.

Primarily, ACL's supply chain provides for highly technical and specialised laboratory equipment, together with high-volume laboratory consumables. In addition, ACL's supply chain includes suppliers for office equipment, information technology equipment, professional services including consultancy, legal and financial advisory, accreditation and certification programs, external quality assurance programs, travel, recruitment, transport, logistics, office cleaning, security, facility maintenance and catering services etc.

## 3. Risks of modern slavery practices in ACL's operations and supply chains

### ACL's Internal Risk Profile

Internally, ACL's operations have a low modern slavery risk profile. This assessment is based on ACL's policies, processes and controls, continuous engagement, improvement and education culture, availability of appropriate forums and avenues for discussion and raising areas of concern. ACL's operations are also subject to regular internal and external audits associated with running a pathology (allied healthcare) practice. This subjects ACL to regular scrutiny that makes internal incidence of modern slavery unlikely. Current internal measures that help ACL maintain a low internal risk profile include:

- Maintaining ethical recruitment and labour sourcing practices and not using seasonal or child labour within ACL's operations including Malaysia;
- Employing staff under relevant Awards, National Employment Standards, Enterprise Bargaining Agreements and / or Contracts of Employment;
- Using reputable recruitment agencies to meet personnel requirements;
- Providing appropriate training to staff employed by ACL to allow them to fulfil their job functions;
- Requiring all staff to abide by ACL's policies and procedures including ACL's Code of Conduct, Equality and Diversity Policy and Whistleblower Policy;
- Promoting transparent workplace engagement culture including providing open access to ACL's whistleblower reporting mechanisms and embedding social responsibility in business practices;
- Setting expectation on ACL suppliers for their recruitment strategies and those utilised by their agents or labour hire agencies not to target specific individuals and groups from marginalized or disadvantaged communities;
- Requiring suppliers to proactively identify, address and where required by legislation, report on risks of modern slavery practices in their business operations and supply chains.

### ACL's External Risk Profile

ACL sets expectations for its suppliers in the areas of integrity, ethical and legal standards, compliance, confidentiality, labour rights and employment law, health and safety, environment, anti-bribery and corruption, fair competition and product quality. Such expectations ensure compliance with all relevant legislation, regulations and governmental requirements and directions, including those regarding discrimination, equal opportunity and human rights.

The potential risks of modern slavery for ACL may arise through its supply chains for products and services sourced in Australia or overseas and extending beyond direct suppliers. The general risk areas for modern slavery assessment in ACL's operations and supply chains may be categorized as follows:

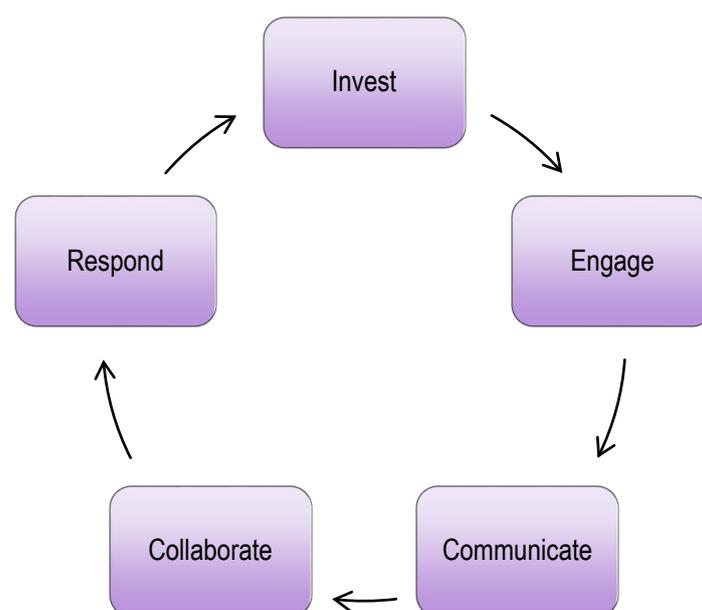
- **Sector and Industry risks:** ACL operates in the allied healthcare sector, which is not an industry that generally represents a high risk of modern slavery, such as labour exploitation or financial exploitation. However, it is noteworthy that most medical equipment / consumables sourced within the industry comes from overseas including some high risk countries that may pose potential risks.
- **Product and Services risks:** At this stage, no specific products or services risks in relation to modern slavery have been identified in ACL's operations, as no product, part or component thereof or service utilised within ACL's operations has been disclosed or reported to it as involving labour exploitation or manufactured in a country where there is a high risk of labour exploitation or other forms of modern slavery.
- **Geographical risks:** ACL generally does not operate in and/or have Tier 1 suppliers in one or more countries that may have higher risks of modern slavery due to, among other things, poor governance, weak rule of law, conflict, migration flows, and socio-economic risk factors, such as lack of educational and training opportunities and poverty. An area of modern slavery risk by geography for ACL is the products or product components manufactured overseas.

As part of ACL's supplier due diligence, ACL is in the process of undertaking detailed risk assessment of its supply chains to understand its suppliers' approaches to identifying and addressing potential modern slavery risks within their operations and supply chains. These assessments will provide useful information for ACL to identify risks and consider relative appropriate de-risking measures including supplier engagement, training, coordinating remediation strategies and reconsidering relationships with particular suppliers that do not meet ACL's required standards.

#### 4. Actions taken by ACL to assess and address risks

ACL has adopted a targeted and risk-based approach in assessing and appropriately managing or addressing modern slavery risks in its business operations and supply chains. This approach is consistent with the *UN Guiding Principles on Business and Human Rights* and ACL's vision, mission and values. During the FY 2019-20 reporting period, ACL implemented a modern slavery governance program that includes the following key risk management components:

**Figure 2: Modern Slavery Governance Program**



- **Invest:** sourcing an effective risk management and compliance software system to help drive the process of investigating the potential risks of modern slavery within ACL's operations and supply chains and to establish an automated transparent reporting channel / system to facilitate timely information and appropriate response;
- **Engage:** positively and openly engaging with employees, suppliers and other relevant stakeholders to encourage identification of potential modern slavery risks. As part of engagement, reviewing existing policies and procedures and developing new policies and procedures to incorporate modern slavery considerations;
- **Communicate:** developing appropriate communication strategy and disseminating modern slavery information through various channels to raise awareness including company newsletters, monthly employee updates, employee induction program; developing education material and delivering training to key staff and suppliers (where requested); developing supplier modern slavery assessment questionnaires and communicating with suppliers to gather insight and relevant information about modern slavery risks in supplier operations and supply chains.
- **Collaborate:** setting expectations for ACL's suppliers about management of any identified modern slavery risks including in their procurement and recruitment practices and those of their agents and / or suppliers. As part of taking a collaborative approach, recognizing that modern slavery risks can only be appropriately addressed or managed by working together with suppliers and others to drive change.
- **Respond:** developing and implementing an effective staged response strategy, where potential risks of modern slavery are identified and appropriate remediation or management steps are taken towards compliance, recognising the ultimate need to act in the best interests of any affected workers.

## 5. Assessment of effectiveness of actions taken

In an endeavor to implement the above program in stages, ACL has taken the following specific actions to date:

Actions	Effectiveness Parameters Achieved
<b>Invest</b>	<ul style="list-style-type: none"> <li>• ACL has invested in and acquired a risk management software, CENTRAL MSA360 to conduct risk assessments relating to modern slavery in ACL's operations or supply chains. The software provides ACL the capability to:               <ul style="list-style-type: none"> <li>○ Identify and escalate issues from each assessment;</li> <li>○ Collaborate with suppliers and request for updates on any identified issue remediation;</li> <li>○ Capture details of importance about specific issue severity, resolution recommendations and issue status; and</li> <li>○ Develop action plans and manage progress from initiation to completion.</li> </ul> </li> </ul>
<b>Engage</b>	<ul style="list-style-type: none"> <li>• ACL has engaged internally to review existing policies and procedures and / or develop new policies and procedures incorporating modern slavery considerations. As a result, ACL has revised, where appropriate, its Legislative Compliance Policy, Code of Conduct, Supplier Relationship Management Policy, Corporate Social Responsibility Policy, Equality and Diversity Policy, Whistleblower Policy and developed a new Supplier Evaluation, Approval and Periodic Review Procedure.</li> </ul>
<b>Communicate</b>	<ul style="list-style-type: none"> <li>• As part of awareness initiatives, ACL has incorporated modern slavery risks awareness in its employee induction program, developed and circulated modern slavery and human trafficking information internally including through intranet, newsletters, employee</li> </ul>

	<p>communications and posters in key workplace areas. ACL has also promoted a modern slavery risks reporting mechanism through its whistleblower hotline.</p> <ul style="list-style-type: none"> <li>• ACL has developed and delivered modern slavery training to key staff including the Executive Management Team, Procurement Team, Quality and Risk Team, Human Resources Team, Operations Team, Supplier Contract Administration, Purchasing, Stores and Accounts Payable Team.</li> <li>• Training has been imparted to 133 key personnel within ACL, with average 93% attendance achieved for all sessions.</li> </ul>
<b>Collaborate</b>	<ul style="list-style-type: none"> <li>• ACL has developed a detailed modern slavery assessment questionnaire to be provided to its existing and prospective suppliers to help understand which parts of the local, national, and global supply chains may present modern slavery risks for ACL.</li> <li>• The questionnaire includes questions designed to gauge the extent of ACL's suppliers' MSA compliance programs, such as publication of MSA statements (where applicable), development of training materials for employees, policy commitments, contract clauses, supplier engagement activities and procedures to respond to and remediate risks of modern slavery in their supply chains.</li> </ul>
<b>Respond</b>	<ul style="list-style-type: none"> <li>• ACL remains committed to continue to monitor the effectiveness of its actions that will inform its future actions and initiatives, including developing an effective staged response strategy to appropriately address or manage any modern slavery risks identified as part of supplier assessment.</li> </ul>

As part of staged implementation of ACL's modern slavery governance program, investment in effective risk management software, positive internal engagement, open participation, policy development, awareness, communication strategy and training targets were successfully achieved. Having achieved these significant milestones, ACL considers its modern slavery governance program establishes a strong foundation for effective compliance. However ACL recognises that a more meaningful assessment of effectiveness of its actions can be made, once collaborative supplier engagement takes place and ACL's appropriate response strategy is developed in the future to eliminate or mitigate risks.

## 6. Consultation

In accordance with section 14 of the *Modern Slavery Act 2018* (Cth), this statement has been prepared by ACL as the Reporting Entity, in consultation with each entity owned or controlled by ACL. The consultation process involved engaging with state CEOs and key managers and teams in areas including procurement, finance, and human resources. Each team also participated in zoom training sessions on modern slavery, policy review and internal risk assessment.

This statement has been approved by ACL's Board of Directors, being its principal governing body and is signed by its Group Chief Executive Officer and Managing Director, being a responsible member of the Reporting Entity.

## 7. Other Relevant Information

### Future Initiatives

ACL aims to continually improve its MSA corporate governance program in subsequent years to build on and enhance ACL's ability to address this important issue and to reflect changes in ACL's business operations, suppliers, and market position.

With a view to progressing its modern slavery initiatives, ACL aims to engage in the following activities in subsequent reporting periods:

- Using the CENTRAL MSA360 platform, ACL will engage with its relevant suppliers and invite them to:

- complete the specifically developed modern slavery assessment questionnaire using a link to the secure online portal;
  - read ACL's Supplier Relationship Management Policy and understand ACL's expectations and requirements from its suppliers with respect to governance, legal compliance, confidentiality, labour and human rights, health and safety, anti-bribery and corruption, fair completion, environment, supplied materials and product quality; and
  - confirm compliance with ACL's Supplier Relationship Management Policy.
- Upon receipt of supplier responses to the questionnaire, ACL will be able to collate, consider and analyse the data to assess its suppliers, identify presence of any modern slavery risks in its supply chains and create ACL's external risk profile.
  - Post assessment, ACL can prioritise identified areas of the supply chain that present modern slavery risks and consider suitable approaches to engage and work with the impacted suppliers to appropriately address identified risks, recognizing the need to act in the best interests of any affected individuals.
  - Depending on the outcomes of the first round of supplier engagement, ACL will consider requiring relevant suppliers to complete a modern slavery assessment questionnaire on a periodic basis, as appropriate. ACL acknowledges that in subsequent years, these assessments may be modified to reflect the risk rating assigned to each supplier following their assessment responses in the prior year.
  - ACL will also consider making a training program available to relevant suppliers, as appropriate, that may be completed as part of any new or periodic assessment process.
  - Further, ACL will consider sending periodic news alerts to its suppliers reminding them of their ongoing obligations to address modern slavery risks and of any changes in ACL's expectations or requirements in this regard.
  - Where appropriate, ACL will also consider incorporating a modern slavery clause in relevant contracts with its suppliers.

## COVID-19

ACL recognises that the impacts of the ongoing COVID-19 pandemic may increase the vulnerability of workers in global supply chains to modern slavery, including workers in Australia. The ongoing disruptions caused by the pandemic, including required business shut-downs and travel limitations, may also limit ACL's capacity and the capacity of certain entities in its supply chain, to assess modern slavery risks by preventing key activities such as on-site third party independent supplier audits and face-to-face training and engagement. As part of supplier questionnaire, ACL will endeavor to assess and consider any new or increased modern slavery risks resulting from the pandemic.



**Melinda McGrath**  
Group Chief Executive Officer and Managing Directors

Date: 9<sup>th</sup> March 2021

