

Modern Slavery Statement Financial Year 2021-2022

Introduction

This Modern Slavery Statement is made pursuant to the *Modern Slavery Act 2018* (Cth) (the Act) by The Royal Children's Hospital (RCH) and relates to our third reporting period 1 July 2021 – 30 June 2022.

Mandatory Criterion One & Two: Identify the reporting entity and describe its structure, operations and supply chains.

RCH is a health service established under section 181 of the *Health Services Act 1988* (Vic). RCH is the major specialist paediatric hospital in Victoria with care extending to children from Tasmania, southern New South Wales and other states around Australia and overseas. RCH provides a full range of clinical services, tertiary care and health promotion and prevention programs for children and young people.

HealthShare Victoria (HSV) works in partnership with public health services to facilitate large-scale collective tenders and manage common-use contracts on behalf of the state. The majority of the goods and services that RCH purchase come from suppliers who are party to HSV collective agreements. HSV data and analytics from supplier spend data for the period July-December 2021 identified 151 suppliers as utilised by RCH.

The majority of RCH's expenditure relates to its workforce, the residual RCH supply chain tends to be focused on local services, and niche products.

Mandatory Criterion Three: Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities the reporting entity owns or controls.

RCH recognises that the nature of global supply chains may expose the organisation to modern slavery risks. Given HSV's significant role in RCH's supply chains, HSV as the sector lead has conducted risk assessments of RCH suppliers. Analysis of the HSV risk assessment report and other international and domestic reports yield the following observations:

- Medical equipment and consumables continue to make up RCH's most significant expenditure (after salaries), and these purchases are predominantly with large reputable multinational suppliers that have also implemented the requirements of the Act. The majority of these suppliers fall under an HSV contract.
- The following are the types of goods where the risk is thought to be highest: gloves; surgical instruments; patient clothing; staff uniforms and footwear; sheets, towels, and other textiles; and electronic health care equipment. Daily, health services use these goods to ensure the overall health and well-being of Australians. Australia is reliant on these imports from global supply chains for the supply of these essential products. Most of these suppliers fall under HSV collective agreements and have been assessed, reported upon and are being managed by HSV at a state level to minimise these risks.
- The critical need for Personal Protective Equipment (PPE) throughout the COVID-19 pandemic required the healthcare sector to diversify suppliers to secure appropriate resources, and this may have increased modern slavery risks as surety of supply was the driving factor for decision making. The Victorian state has managed these sourcing requirements centrally.
- The pandemic has also created product shortages and logistics pressures across the board, which requires substitute products to be sourced often at short notice. The direct risk is still thought to be low with these products, but it is higher than with the long established suppliers (where there is greater confidence they are managing modern slavery risks within their own supply chains). RCH and HSV continue to monitor, assess and manage these challenges through open communication with stakeholders.
- The major risk of domestic modern slavery is in low value, basic services, that are currently either provided in house (such as cleaning and food services) or have been outsourced to Spotless (who are RCH's building management partner under a PPP arrangement). Spotless employ their own direct labour (e.g. Security Guards), and as an entity are also required to be compliant with the Act.
- The greatest risk area for Modern Slavery in RCH's supply chain is in the extraction of raw materials and manufacture of components that go into the products we buy. There are multi-tiered complex global supply chains and it is difficult to gain visibility several layers down into the mainly overseas sub-contractors that our suppliers use.
- Increased life expectancy and an ageing population is expected to increase demand for health care goods and services in Australia in the years ahead, further increasing the risk of modern slavery within complex global supply chains. RCH and HSV continue to engage with suppliers to better understand emerging risks.

Mandatory Criterion Four: Describe the actions taken by the reporting entity and any entities that the reporting entity owns or controls to assess and address these risks, including due diligence and remediation processes.

Actions undertaken by RCH during the third reporting period under the *Modern Slavery Act 2018* (Cth) include a review of our Modern Slavery Policy position, code of conduct agreements, and clauses utilised within tenders and contracts. Collaboration with HSV and participation in the Modern Slavery Community of Learning group which meets monthly to discuss developments and findings, as well as actions being taken within the Health sector pertaining to identified risks within the supply chain.

HSV conducted further risk assessments of the 151 identified suppliers utilised by RCH within HSV Collective Purchasing Agreements. To this end HSV contacted the suppliers to seek information to understand whether there is a high prevalence of modern slavery in a particular sector or industry, or associated with a particular good or service, or in the location that the product or service is sourced or produced from. The macro assessment also considered whether the nature of the supply chain model carried a greater risk of modern slavery. This type of assessment provided a general understanding of the scope of modern slavery risks that suppliers may carry.

The micro assessment facilitated a detailed analysis of risk mitigation strategies suppliers already had in place or intended to implement across four categories: governance and policy settings; due diligence systems and processes; remedial processes; and training.

It is also important to note that since the completion of the modern slavery risk assessment in 2021, suppliers may have already undertaken mitigation actions, and/or progressed items that previously allocated them a higher risk in the assessment undertaken.

Next steps

In the fourth reporting period, RCH intends to work collaboratively with HSV to identify follow-up actions to address the management of reported risks. HSV and RCH will adopt an approach that aligns with the expectations of the MSA, by prioritising the engagement with suppliers within the 'very high' and 'high' risk categorisations. HSV and RCH will remind these suppliers of their obligation under both the Victorian Government Supplier Code of Conduct and RCH's Supplier Code of Conduct to proactively identify and address risks of modern slavery practices in their business operations and supply chains. The engagement will focus on directing these suppliers to publicly available resources and tools to support them in their risk mitigation actions.

HSV is also considering requesting suppliers to undertake another modern slavery risk assessment to understand the extent of any progress made, however, this is subject to alignment with the development of a sector-based strategic response to modern slavery and enhancements to the assessment platform to where appropriate create greater visibility and functionality for health services.

Mandatory Criterion Five: Describe how the reporting entity assesses the effectiveness of actions being taken to assess and address modern slavery risks.

RCH continues to engage with HSV to understand the effectiveness of the assessments they have conducted, while also directly liaising with suppliers to strengthen the assessments, controls and reporting of modern slavery risks.

RCH market approach documentation include assessable modern slavery risk components, including evaluated criteria, supplier conduct code agreements and key performance indicators. RCH contracts include modern slavery risk clauses and RCH representatives attend monthly training sessions conducted by HSV on the requirements of the Act and emerging guidance and best practice standards.

Mandatory Criterion Six: Describe the process of consultation with any entities the reporting entity owns or controls.

Consultation with RCH Foundation continues in relation to its supplier base and while Modern Slavery risks are still considered low, the sharing of information and resources is ongoing.

Mandatory Criterion Seven: Any other relevant information.

Nil

Closing statement.

RCH is committed to continually improving our approach through the exploration of initiatives and new opportunities to raise awareness and measure effectiveness of our strategies. RCH's Modern Slavery Framework recognises continuous improvement as foundational to a robust and consistent focus on the eradication of modern slavery.

This statement was approved by the Board of The Royal Children's Hospital on 28/11/2022.



Dr Rowena Coutts
Board Chair