



Adventist HealthCare Limited

ABN 76 096 452 925

MODERN SLAVERY STATEMENT

UNDER THE *MODERN SLAVERY ACT 2018* (CTH)

REPORTING PERIOD 1 JULY 2021 – 30 JUNE 2022

This Modern Slavery Statement has been approved by the Board of Adventist HealthCare Limited, ABN 76 096 452 925 on **17 October** 2022, in its capacity as the principal governing body of Adventist HealthCare Limited.

This Statement is signed by Brett Goods in his capacity as Director and Chief Executive Officer of Adventist HealthCare Limited.

A handwritten signature in black ink, appearing to read 'Brett Goods', written over a horizontal line.

Brett Goods

Director and Chief Executive Officer, Adventist HealthCare Limited

18/10 2022.

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Part One: Addressing Mandatory Reporting Requirements: Our Structure, Operations and Supply Chains

1. This Modern Slavery Statement is made pursuant to the *Modern Slavery Act 2018* (Cth) (the **Act**). It is the Third Modern Slavery Statement prepared by Adventist HealthCare Limited and reports on our continued identification of modern slavery risks during the reporting period and the action we have undertaken to address these risks.
2. The mandatory reporting entity is Adventist HealthCare Limited (“**AHCL**”) – ABN 76 096 452 925.

Our Structure

3. Adventist HealthCare is a public company, limited by guarantee, and registered with the Australian Charities and Not for Profits Commission.
4. Adventist Healthcare also trades under several other business names, including:
 - Fox Valley Medical & Dental Centre;
 - San Day Surgery Hornsby;
 - San Radiology & Nuclear Medicine;
 - Sydney Adventist Hospital Pharmacy;
 - Sydney Adventist Hospital
5. As flagged in our FY21 Statement, AHCL Adventist HealthCare has previously been appointed as trustee for the ELIA Wellness Trust. The ELIA Wellness Trust’s mission is to promote improved wellness and lifestyle in the community. The operational status of the ELIA Wellness Trust remains unchanged from our FY21, meaning that AHCL has no operational control over the entity or its functions. Accordingly, the ELIA Wellness Trust remained a non-operational controlled entity during the reporting period.

Our Operations

6. First and foremost, Adventist Healthcare is a not-for-profit organisation that provides a variety of healthcare facilities and services. Our mission is “*Christianity in Action – Caring for the body, mind and spirit of our patients, colleagues, community and ourselves*”.
7. As a not-for-profit organisation our purpose is to benefit our community members – not shareholders, with all proceeds reinvested back into services and facilities ensuring we provide the best possible care.
8. Our operations are primarily centred around running our flagship entity, Sydney Adventist Hospital, which is located in Wahroonga, NSW. “The San”, as it is widely known, is both the largest private and not-for-profit hospital in NSW. Our major medical facility, San Day Surgery at Hornsby specialises in a variety of day surgical procedures including Ophthalmic, Plastic & Cosmetic, Hand, Oral & Dental, and Gynaecology.
9. The following is a snapshot of our operations during the reporting period:
 - 528 licenced overnight beds available;

- 169,900 total bed days occupied ;
 - 2,393 babies delivered;
 - 19,421 cases presented to Emergency Care;
 - 31,661 total surgeries.
10. The Sydney Adventist Hospital provides a range of medical services, including comprehensive acute surgical, medical and obstetric care. Further areas of specialist medical services include complex cardiac procedures, robotics, and minimally invasive surgery.
11. We operate a broad range of facilities to support our healthcare services, including operating theatres, endoscopy suites, cardiac catheterisation laboratories, intensive care and coronary care units, renal dialysis units, rehabilitation and sleep studies units, integrated cancer centre, diagnostic imaging, and a range of diagnostic allied health and support services.
12. The Sydney Adventist Hospital has various outpatient services including:
- Physiotherapy;
 - Radiology;
 - Ultrasound for women;
 - Nuclear medicine;
 - Wound care clinic; and
 - Medical and dental centre.
13. The Sydney Adventist Hospital is also a teaching facility with a purpose-built clinical educational centre.
14. In addition to our medical services, Adventist HealthCare also provides the following services through the Sydney Adventist Hospital:
- Meals and catering services for patients and visitors, through our brands ‘San catering’ and ‘San Snax’
 - Spiritual care services team
 - Onsite Gift shop
 - Low cost accommodation for outpatients and families at our Jacaranda lodge.
15. All of our services, businesses, and facilities are located in Sydney, New South Wales.
16. Adventist HealthCare employed over 2,509 staff during the reporting period. This included a broad range of employees, such as healthcare professionals, administrative staff, and corporate services.

Our Supply Chains

17. Adventist HealthCare engaged approximately [1,600] direct (first tier) suppliers, which continue to be almost exclusively Australian-based.
18. We have continued to engage with suppliers that support the daily operations of our medical facilities from a variety of industries including:

- Medical devices, equipment, and suppliers;
- Pharmaceutical products;
- Logistical and transport services;
- Laundry services;
- Facilities Maintenance;
- IT software and networking services;
- Cleaning services;
- Utilities.

19. In addition to our healthcare related suppliers, we also procure goods and services to support our corporate functions, including:

- Computer, Technological & Telecommunication services;
- Office supplies;
- Business services;
- Finance services;
- Insurance services; and
- Legal services.

Part Two: Modern Slavery Risk Assessment

20. AHCL has not identified or received any reports of actual or suspected instances of modern slavery within our supply chain or operations.
21. The UN Guiding Principles on Business and Human Rights underpin our approach to assessing our modern slavery risk profile, including a focus on whether we are ‘causing’, ‘contributing’ or ‘directly linked’ to potential modern slavery practices in our operations and supply chains.
22. We have identified the areas in which there is a heightened risk of modern slavery occurring in our supply chains and operations. This assessment has, again, been made on the basis of our overall spend in these categories, potential linkages to vulnerable workforces, connection to high-risk inputs and potential supply chain manufacturing in high risk geographies.
23. Aside from the wrapping up of the AS4187 project and its associated use of construction services, our procurement patterns and supply chains have remained almost entirely unchanged from previous reporting periods, and so we have identified the same following key areas as presenting the greatest source of risk to our operations and supply chains, including:
 - Procurement of medical and surgical devices / consumables;
 - Procurement of personal and protective equipment; and
 - Direct operational reliance upon services employing low skilled workers, such as cleaning and laundry

Supply Chain Risks

Procurement of Medical and Surgical related Goods

24. As a health and medical services provider, Adventist Healthcare remains heavily reliant upon a wide range of medical goods, ranging from medical consumables, such as pharmaceuticals, surgical instruments, and medical devices and electronics. These products are widely understood to be high risk for modern slavery because of certain intersecting risk factors. Firstly, a significant proportion of the medical goods that we purchase are produced in high-risk geographies in Asia, such as Malaysia, Pakistan, and Thailand. In these developing countries there are elevated incidences of forced labour, deceptive recruitment practices and debt bondage within the medical manufacturing sector arising from a heavy reliance upon low skilled workers from vulnerable groups, such as migrants or uneducated workers.
25. This risk arising is further compounded by the nature of the raw material used to manufacture these types of products, such as rubber, minerals, metals and alloys. The complexity of the supply chain of many of our medical goods is such that there are low levels of transparency over these more remote tiers at the initial extraction stage. However, we are aware that these inputs are often mined, extracted, or harvested in conditions of modern slavery. Indeed, certain conflict minerals such as tin, copper, gold, tantalum, and tungsten which are used in certain medical electronic components and devices are widely recognised to be extracted in locations such as the Democratic Republic of Congo using child and forced labour in hazardous conditions.
26. Therefore, we have assessed our supply chain as being **directly linked** to the potential risks associated with the supply chain of various medical and surgical devices and consumables from

manufacture to raw material extraction. We also are aware that a significant portion of our procurement spend relates to products in this category, which gives us greater potential leverage to meaningfully engage with our suppliers in this sector.

27. As part of our year-on-year identification of this category (and the below categories of *PPE* and *Cleaning and Laundry Services*) as a potential risk exposure, we have selected our key suppliers in this industry for further assessment as part of our supplier desktop audit detailed below at **Part Three**.

Procurement of Personal Protective Equipment

28. Similar to the above category of ‘medical and surgical goods’, Adventist Healthcare regularly purchases personal protective equipment (“PPE”) such as rubber gloves, face masks, uniforms etc. With the continued presence of the COVID-19 pandemic, the volume of PPE products that we procure has remained at an all-time high. The continued global demand for PPE supply is recognised to have placed unprecedented pressure upon the medical manufacturing industries, which has now been widely acknowledged to have exacerbated pre-existing risk factors for vulnerable workers and increased the use of labour sources such as prisons in Hong Kong and factories in Malaysia to meet supply demands. Aside from the pressures of COVID-19 on the PPE supply chain, we recognise that these products have an inherent risk, due to the location of their manufacture in high geographies such as China, and the use of high-risk raw materials such as rubber, cotton and synthetic textiles. This means that the PPE procurement category will continue to be a significant source of risk exposure for us throughout future reporting periods.
29. As part of our supplier desktop audit, detailed further below at Part Three, we have examined the specific supply chains of some of our major PPE suppliers, in light of allegations about the potential linkage to forced labour in overseas manufacturing facilities. These allegations confirm our assessment of this industry category as a major potential source of risk within our supply chains, which we may be **directly linked** to.

Operational Risks

30. While a majority of our staff are employed in professional and highly skilled roles, both within our healthcare facilities and head office, this does not eliminate the possibility of AHCL possibly being **directly linked** to instances of modern slavery within our direct operations due to our unavoidable use of lower skilled workers, such as for our cleaning and laundry requirements.

Cleaning and Laundry services

31. Adventist HealthCare engages the use of certain industries within our direct operations, such as cleaning and laundry services, or catering services that rely upon base skill workers who are recognised as having an elevated risk of vulnerability to modern slavery, such as debt bondage or deceptive recruitment practices. This is because such low skilled industries have a low barrier to entry for migrant workers who are often from low socio-economic backgrounds, with minimal levels of education or understanding of English. As an entity, we have continued to try and reduce the possible exposure to these issues within our operations and supply chain through employing a majority of these workers directly and cutting out the involvement of recruitment agents.

32. Of the cleaners that are engaged through contracts, we only obtain specialised medical cleaners who are responsible for technical cleaning of our medical facilitations such as operating theatres. During the reporting period, we reviewed our whistle-blower policy to ensure that it is fit-for-purpose for these employees and contracted staff.

33. We are also aware that our cleaning / laundry services has a direct nexus with the daily use of textiles and linen that are potentially sourced from modern slavery hot spots. Cotton is universally recognised as one of the highest global risk areas for modern slavery, including being virtually ubiquitous on the US Department of Labor's *List of Goods Produced by Child Labor or Forced Labor*.

Part Three: Addressing Modern Slavery Risks

35. AHCL has continued in its efforts to undertake action during the reporting period to address modern slavery in our operations and supply chain, detailed below.

Policy and Internal Governance

36. A major focus for us during the reporting period was to begin ‘actioning’ the commitments made in our Second Statement in relation to the pillar of ‘Internal policy and governance framework’. We recognise such a framework as foundational to ensuring our ongoing due diligence activities are targeted, co-ordinated and otherwise designed to maximise effectiveness.

37. We engaged our subject matter experts to undertake a formal policy review and gap analysis of our governance system, including key documents such as:

- Our contracts for Project Management;
- Our Contracts for our external providers of goods and or services
- Contract management policies, including key performance indicators to review our suppliers;
- Contract checklists;
- Code of Conduct.

38. The review disclosed key areas for improvement in our current framework, including new focus areas that have not previously been specifically addressed. We are currently considering the appropriate pathway for implementation of key recommendations for inclusion in our broader framework, to continuously improve our overall response.

39. This gap analysis also included a review of our current whistleblower policy. As part of AHCL’s recognition that modern slavery is occurring within the Australian context, we want to ensure that we are providing appropriate grievance mechanisms that work in a way that is accessible to the more vulnerable workers within our operations, as well as our supply chain. The review of our whistleblower policy has identified several areas for changes to our policy that can improve modern slavery compliance. AHCL is investigating approaches to most effectively communicating this policy to all staff including any vulnerable workers.

40. In tandem to the review of existing policies, our subject matter expert has also worked with us to develop the following modern slavery policies to bolster our governance framework, which we intend to finalise and operationalise in the next reporting period:

- **Modern slavery policy**, which formalises AHCL’s commitment to address modern slavery within our operations and business relationships in accordance with key principles contained in international instruments such as the International Labour Organisations (ILO) Declaration on Fundamental Principles and Rights at Work, United Nations Guiding Principles on Business and Human Rights and UN Sustainable Development Goals. Our commitment extends to avoiding any actions (or inactions) that cause or contribute to modern slavery, through mitigating our risks as part our approach to modern slavery due diligence.
- **Supplier Code of Conduct**, which sets out our standards for suppliers, including upholding the elimination of all forms of modern slavery and addressing key issues such as respect for the freedom of association, promoting safe working conditions

both within their operations, but also their supply chains. While we had drafted a version of this policy in the FY21 reporting period, the updated Supplier Code of Conduct as developed with our subject matter expert, has a more rigorous scope of operation.

- We are exploring the need to implement a standalone **Human Rights Grievance Policy** to complement our whistleblower policy, to more fully facilitate the reporting of grievances in an appropriate and expeditious manner that accounts for the needs of modern slavery victims and prioritises dialogue with suppliers to remediate issues.

41. As reported in our statement for the FY21 reporting period, AHCL is in the process of systematically incorporating modern slavery provisions into procurement contracts, including in new agreements and select ones that fall due for renewal. We have continued to improve these clauses, ensuring that they align with best practice standards. This prioritisation is reflective of the need to have a robust contract system, given our unavoidable exposure to a high risk supply chain, through our bulk procurement of medical PPE / consumables / surgical devices, as detailed above at **Part Two**.

42. Our new contract provisions include some of the following express supplier requirements:

- an absolute commitment to not engage in any modern slavery-related activity, including overseas
- warranting that no corporate officers or employees have been convicted of, or have pending criminal investigations, relating to modern slavery offences
- a commitment to carrying out reasonable due diligence to assess and mitigate their modern slavery risks exposure within their operations and supply chains, including with their subcontractors
- agreeing to notify us of any potential or suspected instances of modern slavery that they become aware of at any point in their own supply chains or operations
- agreeing to comply with the standards and expectations set out in our Supplier Code of Conduct

43. Some of these updated provisions have been incorporated, as part of the process of contract renewal, for several significant supplier agreements. We are also now using the process of contract renewal to engage with existing suppliers in relation to our expectations for addressing modern slavery and to collaboratively build deeper awareness levels regarding specific supply chain issues and risk factors. We are interested in building long-term partnerships that ensures our modern slavery transparency and corresponding response extends well beyond the first tier.

Modern Slavery Compliance Framework Update

44. We have not yet finalised our proposed modern slavery compliance framework, which has been re-prioritised for completion prior to the conclusion of the next reporting period (FY23).

45. Upon completion of our supplier desktop audit (detailed below), our modern slavery oversight committee initiated additional pre-approval review of the compliance framework. This to ensure the framework comprehensively addresses the risks identified by the audit report and incorporates the recommendations of our external consultants. Board approval of the finalised framework is anticipated to occur during the next reporting period (FY22/23).

Supplier Due Diligence

46. Another major pillar of AHCL's modern slavery response in this reporting period was to bolster our action in relation to direct suppliers, both in terms of engagement and deeper due diligence.

Supplier Engagement

47. AHCL has continue to actively request information relevant to modern slavery risk from our suppliers, key modern slavery policies and specific information in relation to implemented supply chain screening processes. We have adopted the approach of issuing these requests at the point of contract renewal, to form part of the broader procurement process.
48. As detailed above, we have also continued our use of modern slavery clauses in procurement contracts in the reporting period and will do so on an ongoing basis throughout future reporting periods. We will particularly focus on addressing high risk suppliers operating in the categories identified at **Part Two**.

Supplier Desktop Audit

49. We engaged our external subject matter experts to undertake a comprehensive desktop audit on 20 suppliers that were selected, in consultation with our experts, based on their operation in previously identified high risk industry categories including:

- Medical devices and Surgical device suppliers;
- PPE suppliers;
- Cleaning services; and
- Laundry and linen providers.

50. The audit evaluated each supplier's modern slavery risk profile, considering both their exposure to high risk geographies and industries and any applicable risk mitigation framework. Key products and high-risk inputs within relevant supply chains were also comprehensively evaluated, from raw inputs to final goods procured by AHCL. Where possible, the audit moved beyond our direct suppliers, to an examination of relevant Tier two suppliers in key supply chains.

51. The following is a brief summary of some of the key issues and findings from the audit:

- Out of the twenty suppliers analysed, five suppliers are deemed high risk considering the specific context of their direct manufacturing suppliers, and high risk supply chains. The remaining suppliers have been classified as having an elevated risk profile, requiring periodical monitoring.
- In particular, during the reporting period, we identified that some of our direct PPE suppliers had been linked with Malaysian based rubber glove manufacturers

that were subject to the operation of a withhold and release order pursuant to section 307 of the United States' *Tariff Act*, due to credible evidence of the use of forced labour in their manufacturing facilities. We continue to closely track this issue of identified elevated modern slavery risk (as with rubber glove products generally), and note that the relevant order was removed by the United States Customs and Border Patrol, on the basis that it was no longer necessary, on 9 October 2021.

- A number of our medical /surgical device suppliers are smaller, non-reporting entities that do not report to have operational modern slavery due diligence or risk identification frameworks. This apparent low level of engagement with modern slavery issues may present a risk, because there is a likely absence of modern slavery procurement processes which would otherwise monitor or vet the supply chain of goods directly procured by AHCL.
- Of the suppliers that are reporting entities, there is a spectrum of responses to modern slavery, from suppliers that appear have rudimentary risk mitigation frameworks that are not commensurate to their supply chain risk exposure, to suppliers that have robust systems including supply chain auditing in operation. This confirms that our ongoing approach with suppliers cannot be a 'one-size-fits all' method.
- As touched on above at Part Two, certain supply chain inputs for goods directly procured by AHCL have been identified as very high risk. The audit both confirmed the results of prior risk assessments in our Statements regarding the linkage of our medical devices to high risk extractive materials, but it also alerted us to the presence of additional high risk inputs such as the use of palm oil in the manufacture of sanitiser or the cotton used for our onsite linen, which has been potentially sourced from "hot spots" for forced labour.
- Some of our suppliers have supply chain manufacturing operations within higher risk countries, such as Malaysia or China.
- Out of our cleaning suppliers, no instances of modern slavery have been identified within their direct operations. However, we have identified one allegation of non-compliance with workplace health and safety regulations within its operations in another jurisdiction. The identification of this allegation, although legally unsubstantiated, indicates the continued risks with this industry, even within the Australian context.

52. In response to the findings, AHCL is exploring the most appropriate forms of additional supplier and determining what further due diligence response may be required to mitigate the risks identified.

Part Four: Measuring the Effectiveness of Our Approach

53. As we reported in our Statement for the FY21 Reporting period, Adventist HealthCare has established a modern slavery oversight committee, which is comprised of key members from corporate risk management, financial controls and material management.
54. As part of our broader commitment to our modern slavery response being communicated at an executive level, we have included modern slavery as a regular standing agenda item in our Corporate Governance Committee. We have also incorporated modern slavery updates within our annual legislative compliance report provided to our Board of Directors. AHCL will continue to ensure that regular updates are provided to key leadership members in future reporting periods, to ensure our executive team remains abreast of our progress.
55. We have benchmarked our progress over the reporting year against our previous framework set out in our FY21 Statement, as metric to evaluate whether our planned action areas are being properly implemented to enable effective operation. We have summarised this evaluation below:

Pillar	Action Area Indicator for FY22 & FY23	Progress Update and Next Steps
<i>Risk assessment</i>	Comprehensive supply chain mapping	Planned for completion in the next reporting period. Due to changes in key procurement and materials management personnel during reporting period, we have not yet fully implemented this initiative.
<i>Supplier engagement</i>	Undertaking deep dive on high-risk suppliers	Completed. Next steps include evaluating appropriate supplier engagement and further due diligence.
	Continued review of our supplier’s modern slavery related action	Completed and ongoing in future reporting periods, operating in tandem with our contract negotiation process.
	Expanding the use of modern slavery provisions for supplier contracts	Completed and ongoing in future reporting periods. We will seek to include these provisions at the stage of contract renewal, with a focus on high risk supplies.
<i>Internal governance & policy frameworks</i>	Implement our modern slavery compliance framework	In progress and planned for further action in next reporting period. As detailed above, during the next reporting period we will seek to refine our framework to better accommodate the risks profile of our key suppliers and seek board approval

		for the updated framework in June FY23.
	Finalise modern slavery clauses for supplier code of conduct	Completed. The FY23 reporting period will seek to operationalise our supplier code of conduct and continue the use of our modern slavery clauses.
	Undertake formal policy review and gap analysis	Completed. Next reporting period will focus on finalising the recommendations from our external experts to update our framework.
	Operation of the modern slavery oversight committee	In progress and ongoing throughout future reporting periods. Our members from corporate risk management, financial controls and material management have continued to meet during the reporting period to review our progress and evaluate the effectiveness of our approach over the reporting period.
<i>Modern slavery training</i>	Training of key internal stakeholders and oversight committee	Planned for next reporting period.
<i>Industry collaboration</i>	AHCL has consulted with other Adventist Entities in the Seventh-day Adventist church organisation who also have Modern Slavery obligations informing AHCL in its approach	In progress and ongoing throughout the next reporting period. Consultation with other Adventist entities has been organised after the end of reporting period, but prior to lodgement of this Statement.
<i>Grievance procedures & empower worker voices</i>	Review modern slavery provisions for Whistleblower policy	Completed. Next reporting period will focus on finalising and operationalising this policy, with a view to improve communication to our staff workers about the availability of this procedure.

56. As a further tool to assist AHCL in measuring the overall effectiveness of our approach, our modern slavery oversight committee is currently developing a project tracker to better facilitate our regular review systems, including to ensure appropriate resource allocation on an ongoing basis for maximum impact.

Part Five: Consultation with controlled entities & Other relevant information

57. All appropriate internal consultation between Adventist HealthCare's key departments and personnel has occurred in relation to the preparation of this Modern Slavery Statement and throughout the reporting period, as part of implementing our modern slavery response and continually evaluating our approach.
58. As detailed at **Part One**, although the ELIA Wellness Trust was established as a controlled entity of Adventist HealthCare during the FY21 reporting period, the operational control and business activities of ELIA Wellness are still yet to be transitioned from ownership of the previous controlling entity during the FY21 reporting period.