

# Modern Slavery Statement 2020

Estia Health Limited (Estia Health) (ACN 160 986 201) Year 1: July 2019 - 30 June 2020.

This Modern Slavery Statement is prepared and issued by Estia Health and is made pursuant to the *Modern Slavery Act 2018 (Cth)* in respect of Estia Health and its subsidiaries.

This document should be read in conjunction with Estia Health's other disclosure announcements lodged with the ASX, including the FY20 Annual Report and FY20 Corporate Governance Statement, available at [www.estiahealth.com.au](http://www.estiahealth.com.au)

Appendix A sets out the alignment of Estia Health's Modern Slavery Statement to the mandatory criteria of the *Modern Slavery Act 2018 (Cth)* Legislation.

**The Estia Health Board has approved this Modern Slavery Statement on 18 March 2021.**

# Message from the Chief Executive Officer and Managing Director

Dear stakeholders,

As one of Australia's leading residential aged care providers, we care for nearly 8,000 residents annually and their care and wellbeing is our highest priority. To ensure we continue to deliver the quality aged care services they require, we rely on the diverse range of suppliers in our supply chain to source essential goods, services and equipment. In caring for some of the most vulnerable members of our society, we are also conscious of the need to commit to protecting other vulnerable members of society and this includes those at risk of modern slavery.

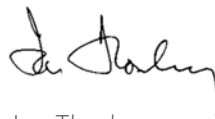
The introduction of the *Modern Slavery Act 2018 (Cth)* legislation is a watershed moment in Australia's action to end modern slavery and move towards further transparency and corporate accountability. As an ASX listed Company, we are acutely aware of the importance of providing clarity and transparency at all levels of our reporting and our Governance Framework ensures we deliver this across all aspects of our business.

The COVID-19 pandemic will amplify some of the major drivers of modern slavery, including poverty and financial crisis during a time when vulnerabilities in global governance and human rights protection are exacerbated. The impact of COVID-19 on residential aged care has been unprecedented, as nothing before has provided a frame of reference for the actions we have needed to implement given the nature of the virus.

The process we have taken to review our supply chain under the *Modern Slavery Act 2018 (Cth)* for this first year of reporting has established a strong foundation. We will continue future work to identify current and potential risks in our supply chain and if necessary, establish remediation plans if instances of modern slavery are identified.

This is Estia Health's first Modern Slavery Statement for the reporting period 1 July 2019 to 30 June 2020. It sets out the actions we have taken to understand the risk and prevent and mitigate modern slavery and human trafficking in our operations and supply chains and has been approved by Estia Health's Board of Directors.

I want to thank our suppliers for their ongoing service to Estia Health and for their cooperation and transparency in this year's process to work with us to protect the most vulnerable members of our supply chains.



Ian Thorley

Chief Executive Officer/Managing Director  
Estia Health

## 1. About Estia Health

Estia Health exists to deliver care and services to ageing Australians and we have a clear organisation-wide purpose 'to enrich and celebrate life together'. This is made possible by the highly skilled and inherently passionate and dedicated 7,500 employees that comprise the Estia Health family. Our expectations for behaviour and ethical standards are set out in our [Estia Health Code of Conduct](#). Key aspects of this Code are to act with honesty, fairness and integrity in all dealings, to respect all people and reflect this in our actions and to maintain a safe working environment to safeguard the health and safety of employees, consultants, contractors, customers, suppliers and visitors to an Estia Health home or office.

### 1.1 ORGANISATION STRUCTURE

Estia Health Ltd is an ASX listed Company, incorporated in Australia with its Registered Office in Sydney, New South Wales and has a number of subsidiary companies, as detailed in [Figure A](#) on [page 3](#). This Modern Slavery Statement is made as a group statement by Estia Health Ltd and its subsidiary companies and in this group statement is referred to as 'Estia Health', 'we', 'our', 'us'.

## 1.2 OPERATIONS

We are one of Australia's largest residential aged care providers, with 69 homes in four states: South Australia, Victoria, New South Wales and Queensland. The annual revenue for the financial year ending June 2020 was \$636.9 million.

We provide residential aged care services, including short-term respite and permanent care, delivered by our team of nurses, carers and hospitality employees. Each of our homes has a management team, a regional support team for each group of homes in a state and central services teams located in two offices in Sydney and Melbourne. We employ over 7,500 people across a breadth of roles with 8% defined as casual employees.

Further information about Estia Health including our operations can be found in the [2020 Annual Report](#).

## 1.3 GOVERNANCE FRAMEWORK

Estia Health recognises that modern slavery and human rights abuses are interconnected with the governance of an organisation and its ability to recognise and manage risk. As an ASX listed Company, we have a requirement to establish stringent governance processes.

Our [2020 Corporate Governance Statement](#) outlines the corporate governance practices currently in place and addresses the [ASX Corporate Governance Council's Corporate Governance Principles and Recommendations](#), including reference to Principle 3, which is to act lawfully, ethically and responsibly. Our Governance Framework is detailed on page 4 within our [2020 Corporate Governance Statement](#) and included as [Appendix B](#) within this Modern Slavery Statement.

Our approach to addressing modern slavery is embedded within this broader governance framework and will be reported and reviewed by the Risk Management Committee that oversees the effectiveness of Estia Health's system of risk management and internal controls.

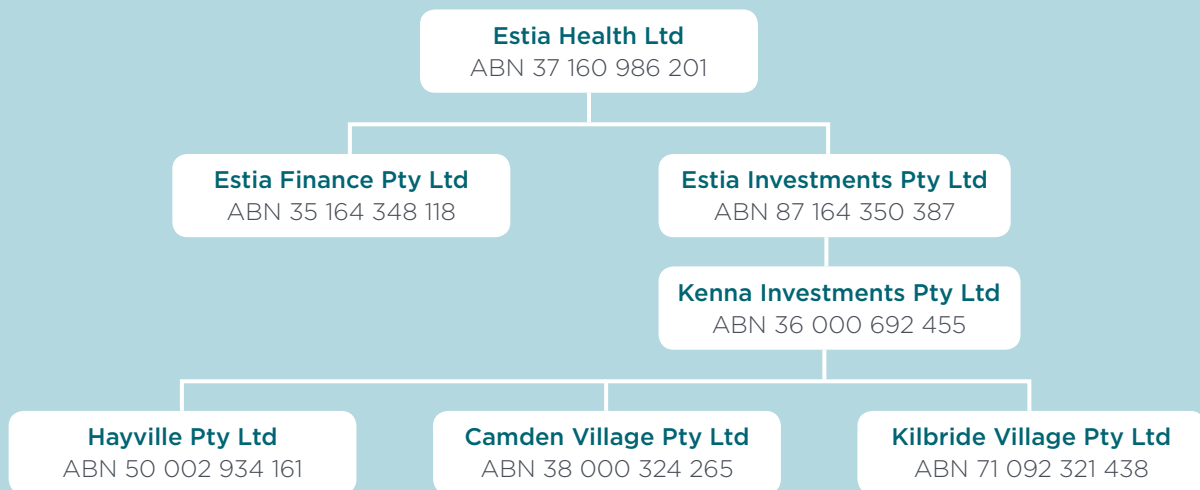
[Our Sustainability Charter](#) outlines our commitment to the communities in which we operate and the people we directly and indirectly interact with. This commitment extends to the protection of human rights and is evident throughout our core business and purpose 'to enrich and celebrate life'. We manage our operations and supply chains in line with the [UN Guiding Principles on Business and Human Rights](#), and the [Modern Slavery Act \(2018\) \(Cth\)](#).

## 1.4 SUPPLY CHAINS

Estia Health sources a diverse range of goods and services from many suppliers; the majority are engaged on a long-term, contractual basis from two core areas of business:

- **Corporate and operational procurement:** these goods and services are necessary to deliver residential aged care services to our residents in our homes and for our corporate team to support this delivery. Goods and services include catering and hospitality, medical equipment and consumables, allied health services, labour hire, uniforms and clothing, information technology and electrical equipment, professional services and office supplies.
- **Capital and property works:** include the goods and services required for refurbishment and upkeep of our existing residential aged care homes and properties, and the development and construction of new homes.

**Figure A: Structure of Estia Health reporting entities covered by this Statement**



## 2. Risks of modern slavery to people in our operations and supply chains

The labour market in Australia is highly regulated, with strict regulation of aged care and nursing sectors and unions to represent employees. We therefore believe the risk of modern slavery to our own direct workforce to be low.

During 2019 we undertook a Materiality Assessment with our key stakeholders and human rights was identified as a material issue within our organisation. In combination with the requirement for the *Modern Slavery Act 2018 (Cth)*, in 2020, we engaged the sustainability consultancy Edge Environment, experts in sustainable and ethical procurement to determine the best process to evaluate our supply chain for modern slavery risks.

We completed a social risk assessment which relied on market models tracing commodities and services across supply chains. This meant the modern slavery risk rating of our procurement reflects not only the generic risk of first tier suppliers, but also second and third tier suppliers that exist upstream of first tier suppliers. The assessment analysed our procurement categories for risk of child labour, forced labour, wage assessment, excessive working time, exploitation of migrant labour, freedom of association, gender equality, legal systems, and corruption. The level of risk allocated per category is proportional to both spend and to the inherent risk of transacting in the industries the suppliers belong to. Additionally, the economic and social impacts of COVID-19 were considered as a number of our supply chains, such as sourcing Personal Protective Equipment (PPE) were impacted, increasing the potential risk.

The external risk assessment highlighted the areas of highest risk to people in the Estia Health supply chain as:

- procurement of products and services that involve high-risk materials or low skilled labour;
- outsourced labour hire of construction workers, nurses, cleaning staff and other workers; and
- subcontracting and offshoring low-skill business services.

Key issues identified related to labour rights, decent work<sup>1</sup>, and health and safety. The categories of procurement with the highest latent risk for Estia Health include:

- Construction
- Clothing and uniforms
- Medical equipment such as wheelchairs
- Labour hire agencies including nursing agencies
- Medical supplies such as PPE and metal instruments
- Electrical products

Following the initial risk assessment, we prioritised the high social risk and high spend suppliers within those procurement spend categories to be engaged and an initial modern slavery specific due diligence process, outlined in section 3.2 on page 5.

<sup>1</sup> Sustainable Procurement Guidance ISO 20400:2017 decent work definition: work performed in conditions of freedom, equity, security and human dignity.

## 3. Actions taken to assess and address our risks

In addition to the risk assessment, we developed a Modern Slavery Roadmap to address modern slavery risks, with a number of actions completed, notwithstanding our need to respond and allocate resources to the COVID-19 pandemic.

### 3.1 MODERN SLAVERY WORKING GROUP ESTABLISHED

We established a Modern Slavery Working Group (Working Group) with the objective of designing, leading, and implementing our modern slavery prevention, mitigation and remediation efforts.

The Working Group consists of senior leaders from across the organisation (procurement, property and development, customer services, legal counsel) and aims to integrate and embed anti-modern slavery practices in a holistic and informed approach to maximise the effectiveness of Estia Health's actions. The Working Group's main responsibilities included prioritising high-risk suppliers and planning the due diligence response, engaging with internal and external stakeholders, developing the Modern Slavery Roadmap and tracking and reporting on its implementation.

### 3.2 SUPPLIER SCREENING AND DUE DILIGENCE PROCESS

We used an external compliance management platform's Modern Slavery Declaration process to survey suppliers, which the social risk assessment and Working Group had identified as potential high risk. In all, 67 suppliers were selected to receive the survey and included;

- Those with an annual spend over \$100,000 and identified in a high-risk category, and;
- Those suppliers that were under the \$100,000 spend included in a high-risk category.

These suppliers were asked to complete a survey to further evaluate the inherent risk based on the industry in which the suppliers operate and the country where they source or manufacture their products:

- 98% of the suppliers engaged in the screening survey are located in Australia,
- 2% which are located in China, India and New Zealand.

The suppliers were then assessed on their ability to demonstrate how they manage the risk of modern slavery to people in their operations and supply chains, and their performance based on the policies and process implemented.

Of the suppliers that responded to the survey, 12 were deemed to be of high risk based on three key criteria:

- suppliers operating in a sector publicly identified to have a high risk of modern slavery;
- suppliers that operate in high-risk regions such as China; and
- suppliers with no policy, contractual requirements, or due diligence procedures in place for their suppliers that address the issues of modern slavery.

Six suppliers that were requested to complete the survey did not respond in the time frame and will undergo corrective actions to complete the screening process and any following requirements.

Following the questionnaire, all suppliers that were included in this initial survey will be provided feedback on their responses and guidance via a unique action plan as to where improved performance is expected. Suppliers performance over time will be tracked and they will be required to complete the assessment again to demonstrate they have improved upon engagement with their suppliers and practices to prevent and mitigate modern slavery.

### 3.3 WHISTLEBLOWER POLICY

We have a whistleblower service that is independently operated to identify any suspected misconduct including human rights issues and is easily accessible to internal and external stakeholders through our website.

This includes a "Say Something Hotline" and website where disclosures can be made and is an independent service managed by Deloitte to raise concerns of suspected misconduct. Reports to the hotline and website can be made anonymously. The [Whistleblower Policy](#) and services are available to suppliers, contractors, and sub-contractors and can be used to raise concerns in relation to modern slavery.

### 3.4 MODERN SLAVERY ROADMAP

We have established a three-year Modern Slavery Roadmap of positive action for preventing, mitigating, and detecting modern slavery. The Roadmap outlines positive actions across governance, risk management and due diligence, training and education, supplier engagement, partnerships, evaluation, remediation and reporting. The implementation of the Estia Health Modern Slavery Roadmap will be overseen by the Working Group.

## 4. 2021 - 2023 Roadmap

Through our Modern Slavery Roadmap we plan to undertake the following actions:

GOVERNANCE AND DUE DILIGENCE	ENGAGEMENT AND TRAINING	REMEDICATION AND REPORTING	COLLABORATION
<ul style="list-style-type: none"> <li>Expand existing policies and Code of Conduct</li> <li>Continue due diligence process</li> <li>Incorporate modern slavery process into supplier contracts</li> </ul>	<ul style="list-style-type: none"> <li>Open communication channels with suppliers and employees</li> <li>Implement an internal modern slavery training program for key teams (e.g. procurement, property)</li> </ul>	<ul style="list-style-type: none"> <li>Design and implement a remediation process</li> <li>Develop and implement a reporting and evaluation framework</li> </ul>	<ul style="list-style-type: none"> <li>Investigate and pursue collaboration with relevant networks or organisations</li> </ul>

### 4.1 EXPAND EXISTING POLICIES

We are currently updating a number of policies to cover all types of modern slavery and broader human rights issues. By doing this, we will be able to communicate our commitment to modern slavery prevention and mitigation.

Our long-standing **Estia Health Code of Conduct** sets the minimum expectations for ethical behaviour. This will be expanded upon in a new Supplier Code of Conduct, to set expectations for modern slavery due diligence for both new and existing suppliers.

### 4.2 CONTINUE TO CONDUCT DUE DILIGENCE WITH NEW AND EXISTING SUPPLIERS

We will complete the following actions to strengthen our due diligence process:

- communicate the new Supplier Code of Conduct and relevant policies to all new suppliers, who must read and agree to the behaviours and actions outlined as part of their onboarding;
- implement modern slavery clauses into supplier contracts;
- incorporate modern slavery expectations and minimum requirements into the supplier engagement and selection processes;
- communicate modern slavery expectations through the Contractor Handbook, which is a practical document supplied to all suppliers and contractors when they enter one of our homes or offices; and
- we will continuously engage with high-risk suppliers to understand and keep assessing their risk levels in order to actively encourage improvement over time.

### 4.3 ENGAGEMENT AND TRAINING OF KEY DEPARTMENTS AND SUPPLIERS

As a priority, we will roll out modern slavery training to key departments within the organisation who centrally manage and procure goods and services and will also engage and run awareness training with key suppliers. We will then investigate online education and training for a broader cohort of Estia Health employees and suppliers. The objectives of the training will be as follows:

- have a clear understanding of the definition and relevant risks of modern slavery;
- understand the importance of addressing modern slavery; and
- be able to recognise the signs of modern slavery and escalate and report to appropriate levels.

### 4.4 ENGAGEMENT WITH SUPPLIERS

As part of our commitment towards the eradication of modern slavery in our supply chain and operations, we will proactively engage in communication and collaboration with suppliers and external stakeholders. These communication channels will be utilised to identify shared risk, convey new expectations for improved performance, educate on the issue of modern slavery and communicate Estia Health's Whistleblower Policy as one channel to securely and confidentially report suspected modern slavery issues.

### 4.5 DEVELOP A REMEDIATION PROCESS

We will establish a remediation process, which will outline a clear course of action should modern slavery cases be identified. The development of the remediation process will include a pilot to ensure it is fit for purpose. The key objective of the remediation process will be to ensure that any victim of modern slavery is protected, and to guide us on the best and most appropriate pathway for supporting a victim to return to their personal circumstances prior to modern slavery. We recognise that every case is unique and will tailor the approach accordingly.

## 4.6 DEVELOP A REPORTING FRAMEWORK TO MEASURE EFFECTIVENESS

As part of the Modern Slavery Roadmap, we will establish a Reporting Framework to review the effectiveness of the actions taken to mitigate modern slavery risk and Key Performance Indicators (KPIs) will be assigned to specific actions.

The Reporting Framework will establish a process to evaluate actions and communicate progress to directors and other relevant stakeholders. This will be completed annually to support the development of our Modern Slavery Statement.

## 5. Assessing effectiveness

The Modern Slavery Working Group will be responsible for overseeing that an annual review of the effectiveness of all actions takes place. This will be reported and reviewed by the Risk Management Committee that oversees the effectiveness of Estia Health's system of risk management and internal controls, which is part of our organisation's Governance Framework. The evaluation will be developed as part of the 'framework to measure effectiveness' (see above section 4.6) and will include an annual review of the following:

- response to the modern slavery supplier questionnaire and the due diligence steps taken to manage high risk suppliers;

## 6. The Impact of COVID-19

COVID-19 has dominated the way we all live as a community since early 2020. The impact on residential aged care has been unprecedented, as nothing before has provided a frame of reference for the actions that we, as one of Australia's largest residential aged care providers have been required to implement given the nature of the virus.

Early in the pandemic, when it was evident that the PPE national supply chain may not cope with the increase in demand, we proactively sought alternate suppliers to ensure that our homes had essential products such as PPE and medical supplies to mitigate any disruption to the care we provide to residents. We enacted Response Plans in the homes with confirmed COVID-19 cases and from local health department advice and state guidance, put in place staff management strategies and surge workforces to reduce the risk of transmitting the virus. In addition to the increased use of PPE, we also increased cleaning in homes.

## 4.7 INVESTIGATE PARTNERSHIPS OR COLLABORATION OPPORTUNITIES

Estia Health is currently a member of the 'Ethics Alliance', a collaborative community with a broad cross-section of industries that meet regularly to share insights, inspiration and core tools, to embed ethics at the centre of their organisations. We will investigate other collaboration opportunities and partnerships through this alliance and more broadly in the health sector to tackle modern slavery issues.

- any action plans or remediation that has taken place to ensure the learnings can be taken and used in the prevention of future cases; and
- the percentage of relevant employees that completed training in relation to modern slavery.

If no cases of modern slavery have been found, we acknowledge and understand that this does not necessarily mean that we do not have modern slavery in our operations or supply chains, but that we need to review the effectiveness of our actions.

As a result, two main areas of the supply chain are now at a higher risk of modern slavery due to the pandemic:

- cleaning services: Estia Health has engaged with more cleaning providers and labour hire services to cope with the required cleaning services, this increases the risk of modern slavery as cleaning is a low skill industry with high risk of modern slavery in Australia; and
- supply of single use PPE: due to the pandemic, Estia Health had to increase its PPE supplier base without the usual due diligence and acknowledge that this is an industry with high risk of modern slavery and increasing suppliers also increases Estia Health's modern slavery risk.

To mitigate the increased risks of modern slavery in these supply chains, we included these high-risk suppliers in the modern slavery assessment process. As this is an ongoing issue, we will continue to focus in these high risk supply chains and to communicate and engage these suppliers to identify, mitigate and prevent modern slavery.

# Appendix A

MODERN SLAVERY ACT REPORTING REQUIREMENT	ADDRESSED IN SECTION
1. Identify the reporting entity.	Page 1
2. Describe the reporting entity's structure, operations and supply chains.	Pages 1-5, 7
3. Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls. Parts of the organisation's business and supply chains where there is a risk of slavery and human trafficking taking place, and the steps it has taken to assess and manage that risk.	Pages 4-7
4. Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes.	Pages 5-7 Appendix B
5. Describe how the reporting entity assesses the effectiveness of such actions.	Page 7
6. Describe the process of consultation with (i) any entities the reporting entity owns or controls; and (ii) for a reporting entity covered by a joint statement, the entity giving the statement	NA
7. Include any other information that the reporting entity, or the entity giving the statement, considers relevant.	Page 7



# Appendix B

Estia Health's Governance Framework as detailed on page 4 of the [2020 Corporate Governance Statement](#).

## Board

Formally delegates certain functions to Board Committees and to management via the formal Board and Committee Charters.

**Directly retains responsibility for a number of matters, including:**

- Overall strategic guidance, instilling of the Company's values and approving the Code of Conduct
- Effective oversight of management, oversight of Estia Health's financial and capital management
- Management and review of Estia Health's compliance with its disclosure obligations and the Disclosure Policy
- Promotion of effective engagement with security holders
- Oversight of policies between Estia Health and other stakeholders
- Promoting ethical and responsible decision-making
- Oversight of financial and capital management
- Ensuring a robust risk management is in place, establishing the Company's risk appetite and
- Overseeing the Company's process for making timely and balanced disclosure of all material information.

