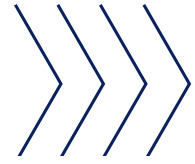


Modern Slavery Statement



MELBOURNE HEALTH - ABN 73 802 706 972

trading as the Royal Melbourne Hospital

Financial Year 2020 – 2021

Introduction

This Modern Slavery Statement (Statement) is made pursuant to the *Commonwealth Modern Slavery Act 2018* (the Act) by Melbourne Health ABN 73 802 706 972 operating as the Royal Melbourne Hospital (RMH).

The RMH is a health service registered under the *Health Services Act 1988* (Victoria) and does not own or control any other entities.

This Statement relates to the financial year period from 1st July 2020 to 30th June 2021. Annual reports can be accessed via this link:

<https://www.thermh.org.au/about/policy-and-publications/annual-reports>

In making this Statement, the RMH recognises that modern slavery practices are major violations of human rights and serious crimes, where coercion, threats, or deception are used to exploit victims and undermine or deprive them of their freedom and must be stamped out in all its various forms.

The RMH commits to its ongoing responsibility to use its best endeavours to identify and take action against modern slavery risks to maintain a responsible and transparent supply chain.

The Royal Melbourne Hospital

The RMH began in 1848 as Victoria's first public hospital. And while we only had 10 beds to our name, we had the community of Melbourne

behind us, and we were ready to provide the best possible care for those in need.

Since those early years, we've moved forward with purpose. Always at the forefront, leading the way on improving the quality of life for all.

Today the RMH is one of the largest health providers in the state, providing a comprehensive range of specialist medical, surgical, and mental health services; as well as rehabilitation, aged care, outpatient and community programs.

Our care extends from the City through Royal Park and 32 mental health services across the north-western suburbs of Melbourne. We are a designated state-wide provider for services including trauma, and we lead centres of excellence for tertiary services in several key specialties including neurosciences, nephrology, cardiology and virtual health.

Our people of more than 11,000 strong, embody who we are and what we stand for. Our reputation for caring for all Melburnians is as essential to who we are as any scientific breakthrough we make. We're here when it matters most, and we'll continue to be the first to speak out for our diverse community's wellbeing.

For further information about the history, operations and services of the RMH visit www.thermh.org.au

Structure, operations and supply chain

The RMH is a registered public entity situated at 300 Grattan Street, Parkville, Victoria, Australia and is one of Australia's leading public healthcare providers.

Today we provide care through two key services:

- The Royal Melbourne Hospital – this includes mental health services provided by the RMH's NorthWestern Mental Health
- The Doherty Institute for Infection and Immunity, a joint venture with the University of Melbourne.

To provide care, the RMH relies on suppliers of various specialised goods and services; from personal protective equipment to state of the art medical equipment.

The RMH, as a public health service in Victoria, is mandated to purchase a large portion of its goods and services through collective purchasing agreements established by HealthShare Victoria (HSV). This means that RMH and other public health services in Victoria are heavily dependent on the processes and policies HSV has established to identify and manage modern slavery risks in its supply chains.

See the attached link for further information on HSV's role in identifying and managing modern slavery risks across its collective agreements:

<https://healthsharevic.org.au/supply-chain/supply-chain-initiatives/modern-slavery/>

Key risks of modern slavery practices

United Nations estimates there are more than 40 million victims of modern slavery worldwide. 16 million of these victims are exploited in the private economy. Most of these

victims are exploited in the Asia-Pacific region, in which the supply chains of a significant number of large businesses operating in Australia are based. Modern slavery can occur in any sector or industry, and at any point in a supply chain, including those parts of a supply chain located within Australia.

There is a growing body of evidence to show a higher prevalence and incidence of modern slavery in the sourcing of raw materials and in production of health care goods, including: gloves; surgical instruments; patient clothing; uniforms and footwear of health care professionals; sheets, towels, and other textiles; and electronic health care equipment. Australia is reliant on these imports from global supply chains for the supply of these essential products to health services.

The COVID-19 pandemic has heightened the risk of modern slavery in the health care sector, with the International Labour Organisation predicting between 20 million and 35 million more people will be in working poverty versus its pre COVID-19 estimate.

While COVID-19 has posed unprecedented challenges across the global economy and society as a whole, it has had a profound and negative impact on the labour market.

At the peak of COVID-19, many employees were forced out of their normal work and forced to look for employment in informal economies which are rife with exploitation. Much of this exploitation has been concentrated in regions and countries where the labour standards are relaxed with a lack of government support. Unfortunately, many of these countries are also considered manufacturing hubs for the global supply chain, including the health sector.

In May 2021, HSV noted that 48 per cent of its personal protective equipment (PPE) suppliers were new and it was able to order only about 11 per cent of PPE from Australian manufacturers. This highlights the extreme challenges that HSV and health services faced in securing PPEs during the initial phase of the COVID-19

pandemic as well as the challenges in accessing critical PPE from suppliers that had a higher risk of deficiencies around the identification and management of modern slavery risks in their supply chain. This example also highlights a unique challenge that health services face in balancing staff and patient needs with the need to source from supply chains that have a lower risk of modern slavery.

Key actions taken to assess and address risks

Over the FY2020/21 reporting period, the RMH has taken the following actions to identify and address modern slavery risks in its supply chain:

People and training

- Established a modern slavery program of work and allocated responsibility to address modern slavery risks in our operations and supply chains. The program encompasses education and business support, supplier engagement, due diligence and remediation, amongst other activities.
- Increased RMH staff awareness of the Act and modern slavery risks through training workshops, consultation and ongoing attendance at relevant conferences/presentations.

Tools and policies

- Developed a modern slavery framework and policy which includes a statement on combatting modern slavery in supply chains and capturing allegations of modern slavery practice(s) in its remit of complaints management, enabling the development of remediation processes. This policy is an important internal document that outlines the RMH's position on procurement governance and activities, including its response to government policy.
- Developed an environmental, social and governance (ESG) risk assessment tool,

which incorporates assessment of modern slavery risks.

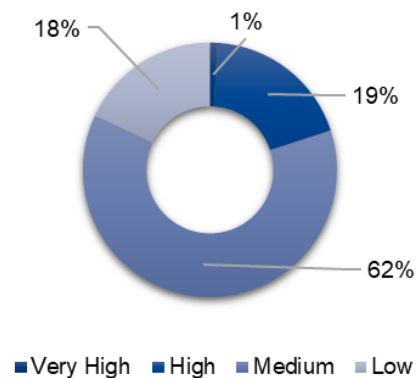
Supplier due diligence

- Included modern slavery questions in our market engagement documentation as part of due diligence and to gain a greater understanding of our supply chains.
- Obtained ongoing commitment from Suppliers to the Victorian Government four categories; Supplier Code of Conduct, which requires suppliers to proactively identify, address and report on modern slavery risks in their business operations and supply chains (<https://www.buyingfor.vic.gov.au/supplier-code-conduct>).
- Included explicit modern slavery clauses into our contracts, which requires suppliers to meet its obligations under the Act with the option to audit and investigate non-compliance.

Identifying inherent risks of modern slavery

- Conducted a macro assessment of modern slavery risks of collective purchasing agreements across four areas;
 1. geographic risks
 2. sector/Industry risks
 3. entity risks and
 4. product and services risks.
- In May 2021, a micro assessment of modern slavery risks was conducted via a questionnaire to 188 collective purchasing agreement suppliers (153 responding) across
 1. governance and policy settings,
 2. due diligence process,
 3. remedy process and
 4. training.
- The combined macro and micro assessment outcomes for suppliers established the inherent risk rating across the 153 responding suppliers as follows:

Inherent risk rating as % of suppliers



While a number of suppliers have been assessed as having ‘very high’ or ‘high’ modern slavery risk ratings, it is important to note that these ratings only establish the inherent risks of modern slavery that may exist within their supply chains. A greater understanding of supplier maturity, control environments which they operate under and a more granular detail of each supply chain is required to establish the actual or residual risks.

The mix of risk ratings highlighted above reflects the wide range of suppliers and industries that the RMH and other health services regularly transact with. Some industries are inherently more exposed to modern slavery risks than others and will therefore be attributed a higher risk rating. Supplier maturity, size and control environments which they operate under will also play a significant part in establishing its risk rating.

Given the points above, it is important for us to take a considered and collaborative approach when trying to address modern slavery risks with the highest risk rated suppliers.

Effectiveness of our actions

The RMH’s first Statement acknowledged that the RMH was taking its first step in acknowledging that modern slavery risks exist in

our supply chain and that we must do more to identify and address these risks.

This Statement builds on the first, by identifying and detailing the modern slavery risks across 153 suppliers that the RMH regularly transacts with.

During the FY2020/21 reporting period, we have also introduced additional layers of control to ensure that modern slavery risks are addressed during key decision making processes and through our contractual arrangements.

Next steps

Our third Statement for FY2021/22 will focus on the work we expect to undertake with our highest risk suppliers, with a view to consult, collaborate and develop solutions to reduce the risk of modern slavery in their supply chains wherever possible.

The implementation of the modern slavery framework is an iterative process. Over the next 12 months, the RMH will embed the modern slavery framework further by:

- Undertaking further modern slavery assessments beyond our collective purchasing agreements.
- Collaborating with HSV and our highest risk suppliers, to explore options that create longer-term solutions to reduce the modern slavery risks in their supply chain.
- Continue to work closely with HSV to develop tools, processes and policies to promote awareness of and address modern slavery risks in the health sector.

Closing statement

The assessment we have undertaken across our collective agreements show that modern slavery risks exists in our supply chain and that it has the potential to impact the simplest medical consumable to the more complex medical equipment used in our health service.

We recognise that there is no single panacea to address these modern slavery risks and that disengaging with higher risk suppliers is not the answer. We believe that a long term solution requires consistent and collaborative effort across the health sector, in consultation and collaboration with suppliers to develop longer-term solutions to address these modern slavery risks.

This Statement was approved by the Board of Melbourne Health on 22 December 2021.



Linda Bardo Nicholls AO
Chair