

Modern Slavery Statement Financial Year 2022-2023

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 fourth reporting period 1 July 2022 – 30 June 2023.

RCH's first reporting period established modern slavery mitigation through the development of a program of work and a Modern Slavery Policy. Our second reporting period focused on implementing this program of work through the development of supplier codes of conduct, supplier risk assessment questionnaires and new clauses in our tenders and contracts. In our third reporting period we revised and worked in collaboration with HealthShare Victoria (HSV) to initiate risk assessments of suppliers within our supply chain. Our fourth reporting period has progressed and widened risk assessments throughout our supplier base and initiated the next phase of our program of work into the area of education and training.

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 2022 identified 178 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. 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 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 Downer (who are RCH's building management partner under a PPP arrangement). Downer employ their own direct labour (e.g., Security Guards), and as an entity are also required to be compliant with the Act.
- The COVID-19 pandemic created product shortages and logistics pressures still being felt today, which can require substitution of 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 greatest risk area for Modern Slavery in RCH's supply chain is in the sourcing and extraction of raw materials and the manufacture of components that go into the products we buy. There are multi-tiered complex global supply chains and it can be difficult to gain visibility several layers down into the mainly overseas sub-contractors that our suppliers use.
- At a global level, with less favourable economic conditions it is thought risks of Modern Slavery are increasing. For example, the Internal Labour Organisation has predicted between 20.1 million and 35 million more people globally will be in working poverty than in their pre COVID-19 estimate, which makes them more vulnerable to Modern Slavery practices.

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 fourth reporting period under the *Modern Slavery Act 2018* (Cth) include:

- Review
 - RCH conducted a review of our Modern Slavery Policy position, code of conduct agreements, and clauses utilised within tenders and contracts.
- Collaboration
 - RCH participated in the HSV 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.
 - RCH also sits on HSV's Modern Slavery Risk Mitigation Program (MSRMP) Working Group which is developing a program to provide a uniform approach to equip and enable the healthcare sector to respond more effectively to modern slavery. This program will develop and maintain responsible and transparent supply chains, as well as establish mandatory minimum standards and requirements that suppliers will need to commit to and demonstrate progressive realisation of.
- Assessment
 - HSV conducted risk assessments of 178 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, and to oversee any adverse Modern Slavery behaviours or trends in the supply chain. The risk assessments built on the previous assessments completed by suppliers and/or the information gathered over the past reporting periods.
 - The macro assessment considered 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.
 - The micro assessment facilitated a detailed analysis of geographic risks, sector/industry risks, entity risks and product/services risks.
 - It is also important to note that since the completion of the modern slavery risk assessment in 2022, suppliers may have already undertaken mitigation actions, and/or progressed items that previously allocated them a higher risk in the assessment undertaken.
 - RCH conducted risk assessments of 60 suppliers outside of those assessed by HSV, which represented the highest expenditure. Of the 60 suppliers 25 (42%) were other Health Services, Government Departments or Precinct Partners. Of the remaining suppliers, 16 (27%) responded within the scheduled time frame, and 29 (31%) either did not respond or due to the timing of their response an assessment will be carried out in the next reporting period.
- Education
 - As a foundational step in our education phase, RCH's Procurement & Supply team participated in Modern Slavery training provided by HSV. The topics covered included the Act, identification, indicators and prevalence of modern slavery globally and specific to the health sector, and the mechanisms for reporting suspicions or concerns.

Next steps

As a health service that values social responsibility, we are committed to eradicating modern slavery in all its forms. Our Modern Slavery Statement reflects our ongoing efforts towards this goal, and we are proud to enter our fifth reporting period with a renewed sense of purpose. During this period, we will focus on collaboration, education and training where we will prioritise educating our employees, suppliers, and stakeholders on modern slavery identification, assessment, reporting and mitigation.

RCH will continue our collaboration 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 Act, 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 the Act and 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 include directing suppliers to HSV education and training sessions, RCH guidelines and publicly available resources and tools to support them in their risk mitigation actions.

Working within HSV's MSRMP Working Group, RCH will continue to assist in the development of a modern slavery risk mitigation program for the health sector, suppliers and other relevant stakeholders.

Education is an important step in creating awareness among our employees and suppliers about the issue of modern slavery and its various forms. Training will be made available for all RCH employees and mandatory for all employees engaged within the Procurement and Supply team. This training will assist our employees recognise signs of modern slavery and how to report any suspicions or concerns.

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

Acknowledging the potential exposure to modern slavery risks within global supply chains is an important step towards addressing this issue effectively for RCH. In assessing the effectiveness of actions being taken to assess and address modern slavery risks we incorporate:

- Legal compliance
 - Staying informed about and complying with relevant laws and regulations, as well as in the regions where we source products.
 - 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.
- Supplier engagement
 - Engagement with suppliers to raise awareness about modern slavery risks and educate compliance with the Act's policies and practices.
 - RCH market approach documentation include assessable modern slavery risk components, including evaluated criteria, supplier conduct code agreements and key performance indicators.
- Ongoing monitoring
 - Regular monitoring of supplier compliance and progress in mitigating modern slavery risks.
 - RCH has established a clear and comprehensive code of conduct that all suppliers are required to adhere to, explicitly stating our commitment to preventing modern slavery within our supply chain.
- Due diligence
 - Robust due diligence procedures for all suppliers within high-risk regions, through supplier questionnaires, risk assessments and document verification.
 - RCH and HSV conduct more frequent risk assessments of suppliers providing goods and/or services where modern slavery risks are thought to be the highest.
- Collaboration
 - Working with other health organisations to collectively identify, address and combat modern slavery risks within our collective supply chains.
 - 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.
- Continuous improvement
 - Continuously reviewing and improving our supply chain risk management strategy based on evolving risks and industry standards.
 - RCH frequently reviews our policies, procedures and risk management strategies to measure progress and identify opportunities for improvement.

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

RCH are continuing to provide support and expertise to the RCH foundation on Modern Slavery, however they are a separate uncontrolled entity.

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 7 December 2023.

A handwritten signature in black ink, appearing to read 'Rowena Coutts', with a long horizontal stroke extending to the right.

Dr Rowena Coutts
Board Chair