

Estia Health

Modern Slavery Statement 2021

This Modern Slavery Statement (**Statement**) has been aligned to the mandatory criteria of the *Modern Slavery Act 2018* (Cth) legislation.

This is Estia Health's second Modern Slavery Statement (**Statement**) and is for the financial year ended 30 June 2021. It represents **Estia Health** and its subsidiaries and has been approved by the Estia Health Board on 16 December 2021.

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1 Message from the CEO and Managing Director

Dear stakeholders,

Estia Health is pleased to present its second Modern Slavery Statement, which has been prepared and delivered in accordance with the *Modern Slavery Act 2018* (Cth).

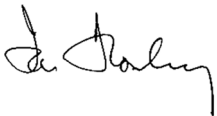
As one of Australia's leading residential aged care providers, we care for nearly 8,000 residents annually and their care and wellbeing is our highest priority. To deliver the quality aged care services they require, we rely on a diverse range of suppliers to source essential goods, services and equipment. 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, in Australia and worldwide.

We are aware of the ongoing pressure on global supply chains, including medical supplies, and that the COVID-19 pandemic has amplified 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 can be exacerbated. This means we must remain diligent with our approach to identifying any potential modern slavery risks in our supply chains.

In FY20 we developed a Modern Slavery Roadmap (2021-2023) (**Roadmap**) to define a clear plan and actions to undertake, which included strengthening our governance and due diligence processes, engaging and training our employees and suppliers on modern slavery risk, as well as developing a reporting and evaluation framework, including a remediation process, if required. This was approved by Estia Health's Board of Directors and they continue to be involved in our progress to increase transparency within our supply chains and monitor the actions we have taken, and will continue to take, to mitigate modern slavery risks.

Thank you to our valued suppliers for their support, transparency and collaboration as we look to address modern slavery risk.

I hope that you find this statement informative and welcome any feedback from our stakeholders.



Ian Thorley
Chief Executive Officer/Managing Director
Estia Health

2 Reporting entity

Estia Health is an ASX-listed company, incorporated in Australia with its Registered Office in Sydney, New South Wales and has a number of wholly owned subsidiary companies, as detailed below.

This Modern Slavery Statement (**Statement**) is made by Estia Health Limited (**Estia Health**) (ACN 160 986 201) on behalf of itself and the following group entities:

Ultimate Holding Company

- Estia Health Ltd (ABN 37 160 986 201)

Wholly Owned Subsidiaries

- Active
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 - Camden Village Pty Ltd (ABN 38 000 324 265)
 - Kilbride Village Pty Ltd (ABN 71 092 321 438)

Consultation

A consultation process was undertaken with the shared board, executive and operational functions responsible for the governance, risk management and oversight across all active Group entities. More information on the consultation process to develop this Statement can be found in [Section 7 Consultation](#).

3 About Estia Health – our structure, operations and supply chains

3.1 About Estia Health

Estia Health exists to deliver care and services to ageing Australians and we have a clear organisational purpose ‘to enrich and celebrate life together’, caring for over 8,000 residents annually. Our expectations for behaviour and ethical standards are set out in our Estia Health [Code of Conduct](#) (Code). 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 anyone that lives, works or visits an Estia Health home or office.

3.2 Operations

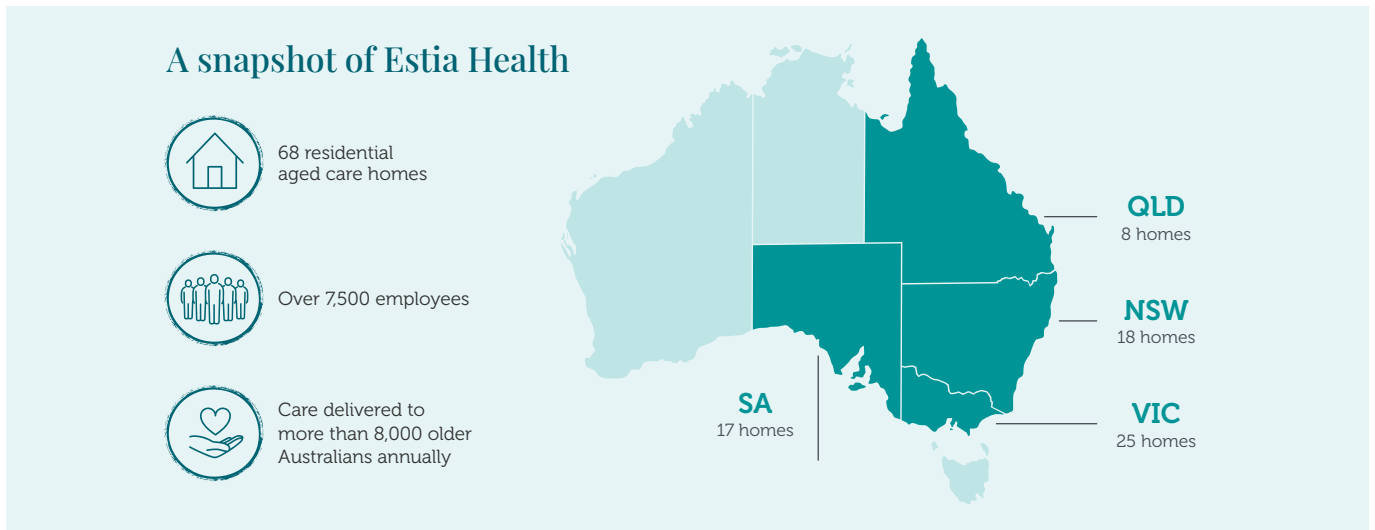
We have a diverse portfolio of 68 homes¹ in four states: South Australia, Victoria, New South Wales and Queensland. We provide residential aged care services on a permanent or short-term respite basis, as well as providing dementia care and palliative care, delivered by our team of nurses, carers and hospitality employees. Each of our homes has a management team, a regional support team for each group of homes per 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 7.5% of total hours worked by casual employees. Annual revenue for the financial year ending June 2021 was \$665.4 million.

See [Figure 1](#) for a snapshot of Estia Health.

Further information about Estia Health including our operations can be found in our [2021 Annual Report](#).

¹ As at 22 November 2021 – after closure of Estia Health Keilor and Estia Health Prahran.

Figure 1: A snapshot of Estia Health as at 22 November 2021



3.3 Governance

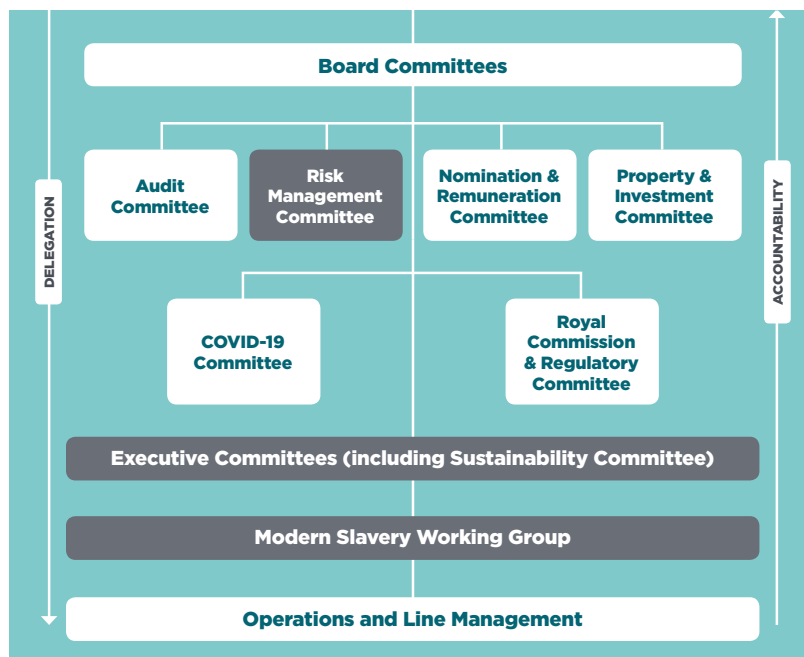
Estia Health recognises that modern slavery and human rights abuses are interconnected with the governance of our organisation and its ability to recognise and manage risk. As an ASX listed company, we have a requirement to establish stringent governance processes.

Our [2021 Corporate Governance Statement](#) outlines Estia Health’s corporate governance practices currently in place and addresses the [ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations \(4th Edition\)](#) including reference to Principle 3, which is to act lawfully, ethically and responsibly.

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 \(2018\) \(Cth\)](#).

Our approach to addressing modern slavery is embedded in Estia Health’s broader governance framework, with the Modern Slavery Working Group (Working Group) reporting into the Executive Sustainability Committee before actions and results are reported and reviewed by the Board Risk Management Committee that oversees the effectiveness of Estia Health’s system of risk management and internal controls. This governance framework is outlined in [Figure 2](#) and our detailed Estia Health governance framework is in [Appendix A](#).

Figure 2: Overview of Estia Health’s modern slavery governance framework



3.4 Our 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 in areas across the key spend categories of:

- **Corporate and operational procurement:** these goods and services are necessary to deliver residential aged care services to residents in our homes and for our corporate teams 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 and office supplies
- **Capital and property works:** includes 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
- **Professional services:** includes services to ensure compliance with the Aged Care Act 1997², accounting and auditing services, consultants, recruitment services and legal services

4 Areas of modern slavery risk in operations and supply chains

4.1 Operational risks

The labour market in Australia is highly regulated, with strict regulation of the aged care and nursing sectors and unions to represent employees. As a result, our operational risk rating of modern slavery and exploitative practices to our direct workforce is low. However, our supply chains have inherent human rights risks due to the complexity of global health supply chains, known human rights violations of forced and child labour in the production of medical instruments and consumables and other key spend categories.^{3 4 5}

4.2 Caused, contributed, directly-linked

When assessing the potential impacts of Estia Health's operations and supply chains, utilising the United Nations Guiding Principles on Business and Human Rights, there are three ways Estia Health could be linked to modern slavery.

UN Guiding Principles:

- **Caused: we created direct harm to a person**

This is the least probable way for modern slavery to be linked to Estia Health due to the level of control and oversight we have over our own operations, effective governance and risk management practices, a workplace culture of safety and care and national modern slavery, human rights and labour laws in place.

- **Contributed: our actions enabled a third party to harm a person**

While Estia Health would not knowingly contribute to modern slavery, it is possible that procurement practices may contribute to modern slavery issues and as such, we consider this the highest modern slavery risk to Estia Health. An example of this might be procurement of urgent and critical Personal Protective Equipment that was in short supply at the onset of the COVID-19 pandemic, a shared risk across the industry and one we continue to monitor closely through our procurement practices. If a potential issue is raised through our Whistleblower hotline, we will immediately cease any contributing actions, take appropriate action and remediate according to the context of the situation.

² The Aged Care Act 1997 is the overarching legislation that outlines the obligations and responsibilities that aged care providers must follow to receive subsidies from the Australian Government. The Aged Care Quality and Safety Commission (the Commission) works under the Aged Care Quality and Safety Commission Act 2018 and the Aged Care Quality and Safety Commission Rules 2018 (Rules). The Commission's functions are set out in the Aged Care Quality and Safety Commission Act 2018.

³ Surgical instruments - <https://www.dol.gov/sites/dolgov/files/ILAB/ListofGoodsExcel.xlsx>

⁴ Gloves - <https://www.dol.gov/sites/dolgov/files/ILAB/ListofGoodsExcel.xlsx>

⁵ Medical electronics and stainless-steel instruments - <https://assets.kpmg/content/dam/kpmg/au/pdf/2019/modern-slavery-guide-for-companies-investors-feb-2019.pdf>

- **Directly-linked: third-party with a business relationship with Estia Health has enacted modern slavery practices**

Subcontracting our work without our knowledge presents a risk to Estia Health. As a result, we continue to strengthen our due diligence process in order to reduce the risk of being directly linked to modern slavery. In our operations, the key risk for Estia Health is to be 'directly-linked' to exploitative practices of migrant labour, deceiving recruitment practices and underpayment or poor working conditions, mainly for cleaning services and workers, with known cases here in Australia. We have mitigated this risk across operations in our homes as cleaning and catering services are delivered by direct Estia Health employees, with the exception of one home which had contract cleaning services, since brought in-house in mid-July 2021.

4.3 Building on our category risk allocation

In FY19 we undertook a materiality assessment with our key stakeholders and protecting human rights was an identified material issue for suppliers to our organisation. In that same year we also completed a social risk screening and assessment which relied on market models, tracing commodities and services across supply chains. This social risk 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 our annual spend and to the inherent risk of transacting in the industries the suppliers belong to.

The 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
- Subcontracting and offshoring low-skill business services

Key issues identified related to labour rights, decent work⁶ and health and safety. The categories of procurement with the highest latent risk for Estia Health include:

- Construction
- Clothing and uniforms
- Medical equipment and consumables
- Labour hire agencies including nursing agencies
- Electrical products

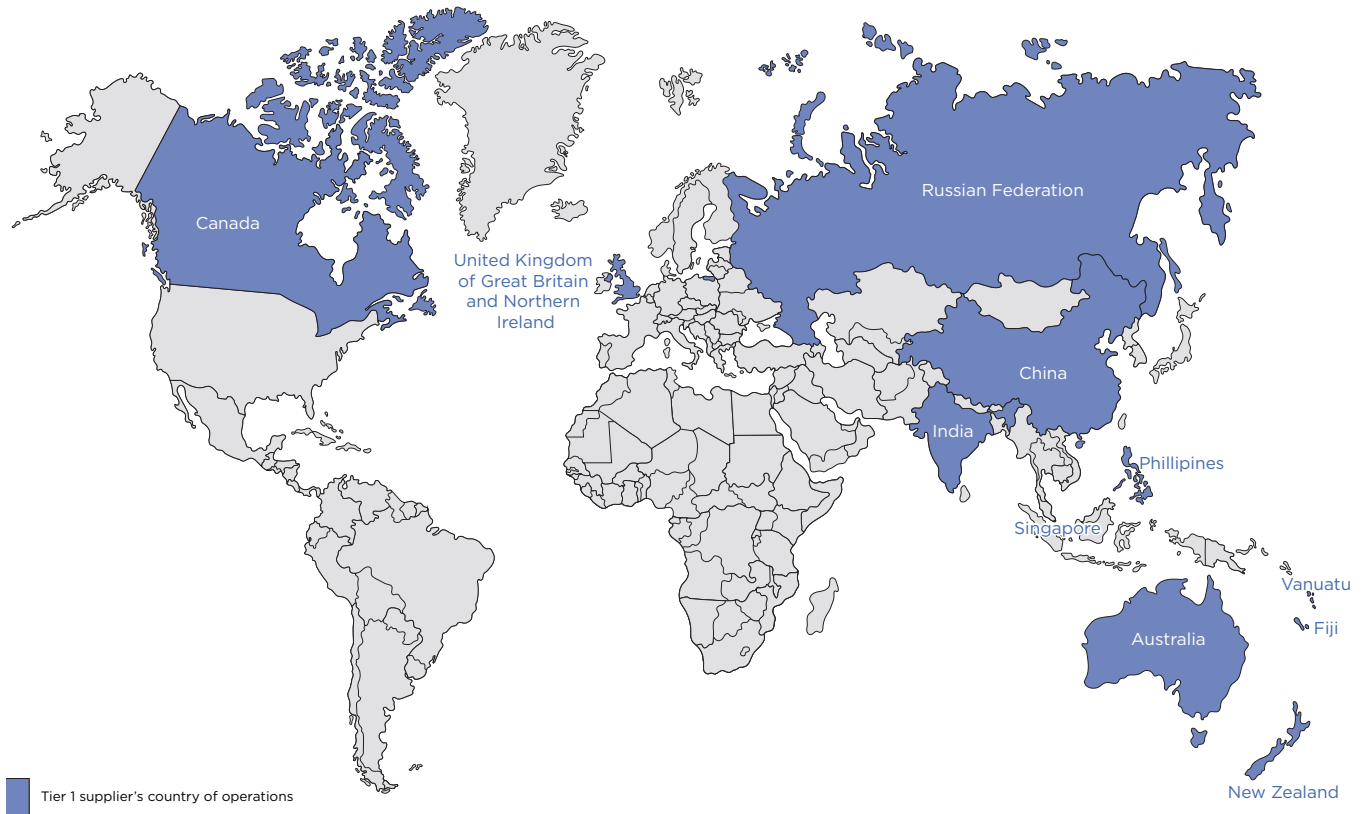
As a continuation of the category-specific enhanced due diligence process, we have maintained our focus on the above categories. These categories are those we have allocated the highest potential risk to people in the Estia Health supply chain and where we have the highest degree of influence.

Building on the FY19 baseline, in FY20 and FY21 we have gathered consistent data, including suppliers' country of operations. [Figure 3](#) details Estia Health's tier-one suppliers' global locations.

In FY21 we have continued our efforts to understand and increase supply chain transparency in our high-risk categories, again engaging the sustainability consultancy **Edge Environment**, experts in sustainable and ethical procurement. They support our evaluation of supplier governance practices and the commencement of targeted supplier engagement; and help implement the Modern Slavery Roadmap (**Roadmap**) and deliver modern slavery training and awareness.

⁶ Sustainable Procurement Guidance ISO 20400:2017 decent work definition: work performed in conditions of freedom, equity, security and human dignity.

Figure 3: global map of Estia Health's tier-one suppliers.



5 Actions taken to assess and address modern slavery risks

5.1 Progress against 2021 – 2023 modern slavery roadmap

Our first Modern Slavery Statement (FY20) outlined our planned approach to tackling modern slavery risk in our business and supply chain with the following roadmap, identifying four key areas of focus and associated actions:

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

5.2 Snapshot of modern slavery roadmap progress

ROADMAP ACTIONS COMPLETED IN FY21	ROADMAP ACTIONS UNDERWAY
GOVERNANCE AND DUE DILIGENCE	
<ul style="list-style-type: none"> Finalised the screening process of all FY20 suppliers who completed the modern slavery supplier questionnaire Conducted initial screening of additional FY21 suppliers via modern slavery questionnaire, with 100% response rate 	<ul style="list-style-type: none"> Expanding existing policies including finalising the Supplier Code of Conduct to include modern slavery Implementing modern slavery clauses across all contracts Including modern slavery minimum requirements into supplier engagement and selection for tenders >\$250,000 Updating the contractor handbook to communicate modern slavery and starting its rollout
ENGAGEMENT AND TRAINING	
<ul style="list-style-type: none"> Engaged and ran modern slavery awareness training in June 2021 with key Estia Health teams Engaged and ran modern slavery awareness training in June 2021 with six suppliers identified as high or medium risk 	<ul style="list-style-type: none"> Providing feedback and guidance to all FY20 suppliers who completed the questionnaire via a targeted action plan Commenced the promotion of Estia Health's Whistleblower Policy Implementing annual modern slavery awareness education for key internal teams and high-risk suppliers <p>Reviewing annually:</p> <ul style="list-style-type: none"> The response to the modern slavery supplier questionnaire and the due diligence steps taken to manage high-risk suppliers Remediation and/or action plans developed to ensure the learnings can be taken and used in the prevention of future cases Percentage of relevant Estia Health key employees that completed modern slavery training
REMEDIATION AND REPORTING	
<ul style="list-style-type: none"> Integrated modern slavery risk reporting into Annual Report to communicate progress Undertook corrective action with six suppliers that did not respond to the supplier survey during FY20, leading to all six completing the survey as part of FY21 screening 	<ul style="list-style-type: none"> Continue to evaluate the efficacy of high and medium risk supplier governance and supply chain policies, processes and actions Developing a remediation process and integrating into internal modern slavery training
COLLABORATION	
<ul style="list-style-type: none"> Continued participation with Ethics Alliance 	<ul style="list-style-type: none"> Ongoing participation in webinars to deepen understanding of sustainable procurement

Further information on actions and progress in our Modern Slavery Roadmap is detailed below.

5.3 Governance and due diligence

In FY20 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 FY20, 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
- Those suppliers that were under the \$100,000 spend included in a high-risk category

These suppliers were asked to complete a questionnaire 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.

In the FY21 reporting period, after reviewing submissions from the FY20 modern slavery supplier questionnaires, we wrote to those suppliers who we rated as having no or low inherent modern slavery risk in their supply chain based on their responses, indicating no further follow up was required. We also wrote to 50 suppliers from these FY20 submissions requesting further information to clarify and verify the information provided, so that we could finalise the risk allocation and if required, implement a targeted supplier action plan. Engagement with these 50 suppliers will continue in FY22, including those yet to respond, so that we can apply a final risk rating and undertake any required further action.

This process has highlighted that some suppliers may not understand the due diligence process and requirement to demonstrate evidence of claims made in survey responses relating to existing governance policies and processes. We will continue to collaborate and engage with these suppliers on this issue.

In FY21 reporting period we continued to use the external compliance management platform to issue and collate responses to our supplier modern slavery screening questionnaire.

With a stable supplier base and minimal new suppliers engaged, using the FY20 definition of modern slavery risk, a further 10 suppliers from high-risk categories were requested to complete the modern slavery screening questionnaire. In addition, six existing suppliers who did not complete the FY20 screening in the previous reporting period, completed the screening questionnaire in the FY21 reporting period. Of the 16 suppliers screened in FY21:

- One supplier was deemed high-risk due to the geographic location of operations
- Nine suppliers were rated medium-risk due to their industry
- Six suppliers were allocated low-risk as the supplier was not located in a high-risk geographic location and had appropriate governance policies in place

Of these suppliers, three had operations in Australia and overseas, with operations in New Zealand, Russia, Singapore, the United Kingdom, Canada, Philippines and Vanuatu.

In FY21 the Working Group also developed a Supplier Code of Conduct (**Code**) with input from Working Group representatives as well as from the people and culture, legal and risk teams. This Code will be progressively rolled out as a part of our supplier engagement initiatives, beginning as a pilot for property contractors in FY22 (a high-risk category). Additional key internal policies, processes and contracts continue to be updated with reference to human rights and protection from modern slavery practices and these will be included in tenders and contract renewals.

As part of our policy and process review, for tenders above \$250,000, our procurement team has implemented the supplier modern slavery self-assessment questionnaire as a part of standard practice, to enhance our existing due diligence processes.

5.4 Engagement and training

We have taken a collaborative approach to addressing modern slavery risk and in FY21 invited 12 high and medium risk suppliers that were screened in FY20 to attend a modern slavery awareness workshop.

Six suppliers attended the workshop alongside members of our procurement, property and development and customer teams, with training provided by Edge Environment. The agenda for the session included: understanding what modern slavery is, requirements of the legislation, ways to identify modern slavery risk and external resources and support for both organisations and victims. Suppliers also shared their own learnings on identifying and taking action against modern slavery in their own supply chain, which impacts Estia Health as our tier-two and tier-three suppliers.

We asked for feedback on training content to improve our annual education program for suppliers and our employees.

5.5 Remediation and reporting

Grievance mechanism

The key grievance mechanism for Estia Health remains our independently operated 'Say Something Hotline' and website where disclosures of suspected misconduct, including modern slavery related concerns and issues, can be made anonymously. The [Whistleblower Policy](#) and services are available to suppliers, contractors and subcontractors and can be used to raise concerns in relation to modern slavery. Promotion of the Whistleblower Policy and Say Something Hotline to suppliers is a key element of our supplier engagement program.

Reporting and remediation framework

Once suppliers have completed the screening questionnaire, an initial risk allocation is given to each supplier. Following a review of supplied documentation, we then identify any required action. This may result in a revised risk allocation of some suppliers. In instances where suppliers do not respond or provide appropriate information, corrective action planning will commence. (see *Figure 4 - Reporting and Remediation framework approach*)

In this FY21 reporting period, as per our reporting and remediation framework below, those suppliers who completed their first modern slavery screening questionnaire have been assessed for their initial risk allocation whereas those suppliers that were screened in FY20 have progressed to step one and two actions.

This process is the initial step in creating a reporting and evaluation framework for our supply chain. Information obtained throughout this process may feed into a remediation plan if an incidence of modern slavery is found.

RISK ALLOCATION (following initial screening)	STEP ONE ACTIONS (by response type)	STEP TWO ACTIONS (to complete the process)
High-risk suppliers	Review responses: if required, clarify and verify information provided to determine step two	Assess documentation for efficacy, finalise supplier risk allocation and record in supplier master report and records Agree and implement required actions, assess outcomes at end of agreed timeframe, update risk allocation Implement awareness and training program (<i>one workshop in FY21, six suppliers attended</i>)
	Review responses: for those that supplied their own Modern Slavery Statement, review Statements to determine step two	
	Suppliers that did not respond to survey: continue to follow up before determining next steps	
Medium-risk suppliers	Review of responses: if required, clarify and verify information provided to determine step two	If no response/insufficient information: commence corrective action planning
Low risk	No perceived risk, record results	

Figure 4: Reporting and remediation framework approach

6 Assessing the effectiveness of our actions

We recognise we are early in our implementation of supply chain transparency and modern slavery mitigation, with limited visibility beyond the first tier of suppliers. During FY22 we will develop an evaluation framework to measure effectiveness of the actions taken and establish key performance indicators (KPIs) to assess our progress.

The Modern Slavery Working Group is committed to eradicating modern slavery from our supply chains, our three-step approach to measure the effectiveness of our actions includes:

- **Self-evaluation:** based on reported information and recorded data, Estia Health will conduct a yearly internal evaluation to assess the progress of the planned activities in the road map and the established KPIs
- **Progress survey:** every year Estia Health will survey the suppliers engaged in modern slavery training to understand the impact of the training on awareness and understanding of the issues to identify if our suppliers have taken additional action as a result of our approach and to proactively seek feedback on how we can improve our approach
- **External support:** Estia Health will continue to partner with external consultants such as Edge Environment to independently assess the progress of the Roadmap and actions to determine and improve our impact. The partnership with specialist third parties provides assurance that we are consistent with good practice and ongoing continuous improvement

We have achieved 100% supplier responses to our FY21 modern slavery questionnaire indicating that the survey approach is working as an initial supplier engagement initiative.

7 Consultation

The Modern Slavery Working Group, established in 2020, is comprised of senior management members from Property, Corporate Affairs, Legal and Procurement. The Modern Slavery Working Group is accountable for the development, implementation and monitoring of the agreed actions to address the Modern Slavery Act requirements and report progress to the Executive Sustainability Committee and ultimately to the Board Risk Management Committee.

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A consultation process lead by the Working Group, was undertaken with the shared board, executive and operational functions responsible for the governance, risk management and oversight across all active Group entities.

Appendix A

Estia Health's Corporate Governance Framework. Read our [2021 Corporate Governance Statement](#).

Estia Health 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
- Oversight of management
- Oversight of financial and capital management
- Promotion of effective engagement with shareholders
- Promoting ethical and responsible decision-making
- Ensuring a robust risk management framework is in place
- Establishing the Company's risk appetite
- Monitoring the systems of compliance, risk management and control
- Overseeing the Company's process for making timely and balanced disclosure of all material information
- Oversight of policies governing the Company's relationship with other stakeholders and those related to ESG, WHS and other regulatory and statutory requirements

