

Alfred Health Modern Slavery Statement

This is Alfred Health's second Modern Slavery Statement made pursuant to the Commonwealth *Modern Slavery Act 2018* (the Act) and relates to the financial year 1 July 2020 to 30 June 2021.

Reporting Criterion 1 and 2: Alfred Health's structure, operations and supply chains

Alfred Health is a health service established under section 181 of the *Health Services Act 1988* (Vic) and one of Victoria's largest healthcare providers, employing more than 10,000 people spread across three main campuses including The Alfred, Caulfield and Sandringham hospitals.

Alfred Health is a leader in health care delivery, improvement, research and education and strives to achieve the best possible health outcomes for its patients and the community by integrating clinical practice with research and education.

Alfred Health is the main provider of health services to people living in the inner southeast suburbs of Melbourne and a major provider of specialist state wide services to the people of Victoria. These are provided across the continuum of care from ambulatory, to inpatient, home and community-based services.

Alfred Health procures goods and services either directly from suppliers or through mandated collective agreements established by HealthShare Victoria (HSV), an independent public sector and commercially-oriented provider of supply chain, procurement and corporate services who partner with Victoria's public health services and suppliers to deliver best-value health-related goods and services.

Major categories of goods and services procured direct by Alfred Health include:

- Outsourced non-clinical support services (patient meals, cleaning, security, ward support);
- Telecommunications; ITS hardware, software and services;
- Professional services;
- Furniture, fittings and equipment;
- Facilities maintenance;
- Specialised clinical products; and
- Construction works and services*

*Alfred Health undertakes all Construction related works and services procurement in accordance with the Ministerial Directions and Instructions for Public Construction Procurement in Victoria (1 July 2018) issued under the *Project Development and Construction Management Act 1994* (Ministerial Directions). Suppliers are selected from a Construction Supplier Register (CSR) which is an open pre-qualification scheme managed by the Department of Treasury and Finance (DTF) for suppliers of construction works and services interested in Victorian Government construction projects.

HSV partners with Victoria's public health services to understand requirements, facilitate large-scale collective tenders and manage common-use contracts on behalf of the state. Alfred Health is mandated to purchase goods and services it needs from the suppliers who are party to HSV collective agreements and as such, recognises the significant role HSV has in health service supply chains. HSV works with approximately 500 suppliers with \$1.2 billion in total value under contract, covering a broad range of services, equipment and supplies across a number of categories. These include ventilators, infusion pumps, beds, mattresses, patient trolleys, treatment chairs, hypodermic needles and syringes, gloves, pharmaceutical products, IV fluids, agency labour, catering and office supplies, laundry and linen services and non-emergency patient transport.

Acknowledging the impacts of the COVID-19 pandemic on global supply chains and a significant increase in demand for personal protective equipment (PPE), the Victorian Government centralised the ordering (by HSV), warehousing and distribution of all tier 1 PPE and other items to ensure essential supplies were reaching areas with the greatest clinical need. Tier 1 PPE supplied through a State Supply Chain (SSC) includes N95 respirators, surgical masks, visors, hand hygiene, eye protection, isolation gowns, examination gloves, aprons and face shields. Other categories also

supplied through the SSC are swabs disinfectant wipes, caps/bouffants, overshoe covers and sterilisation wrap.

Reporting Criterion 3: Risks of modern slavery practices in the operations and supply chains of Alfred Health

Alfred Health has not caused or contributed to modern slavery practices, but rather is linked to risks which exist offshore and in high-risk geographies.

Growing evidence demonstrates high occurrences of modern slavery in the sourcing of raw materials and 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. Daily, 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 to health services.

Sourcing of raw materials and production of these health care goods often involves hazardous working conditions, labour exploitation, child labour and other abuses. There is a high-risk that Australian businesses are exposed to modern slavery risks and that Australian goods and services are tainted by modern slavery. This risk may be heightened for large companies and other entities with extensive and complex global supply chains.

The COVID-19 pandemic has heightened modern slavery risks in the health care sector. The International Labour Organisation has predicted that between 20 and 35 million more people will be in working poverty than in the pre COVID-19 estimates. The pandemic has posed unprecedented challenges, disrupting supply chains, causing many workers to lose their jobs and being forced to look for opportunities in informal economies, which are rife with exploitation. Businesses are contending with difficult human rights trade-offs to secure their financial viability. The COVID-19 pandemic has also provided employers with stronger incentives and greater latitude for exploitation as there is reduced scrutiny of labour standards. HSV will continue to assess and address additional risks within healthcare supply chains caused by the COVID-19 pandemic.

Increased life expectancy and an ageing population is also expected to increase demand for health care goods and services in Australia in the years ahead, further increasing the risk of modern slavery within complex global supply chains.

Further, current general sector understanding is that:

- Highest risk is in procurement of medical goods, surgical equipment, and medical supplies (raw materials and manufacturing)
- Often involves hazardous working conditions, labour exploitation, child labour and other abuses particularly at lower tiers of a supply chain and in countries with less human rights regulation:
- e.g. gloves manufacturing usually occurs in Malaysia, Thailand, and Sri Lanka where forced labour is high risk;
- e.g. manufacturing of surgical equipment such as scissors, scalpels and forceps mostly occurs in Pakistan where child labour is prevalent;
- e.g. manufacturing of garments such as linens, gowns and patient clothing mostly occurs in India and Pakistan where forced and child labour is high risk;
- e.g. healthcare equipment manufacturing mostly occurs in Asia.

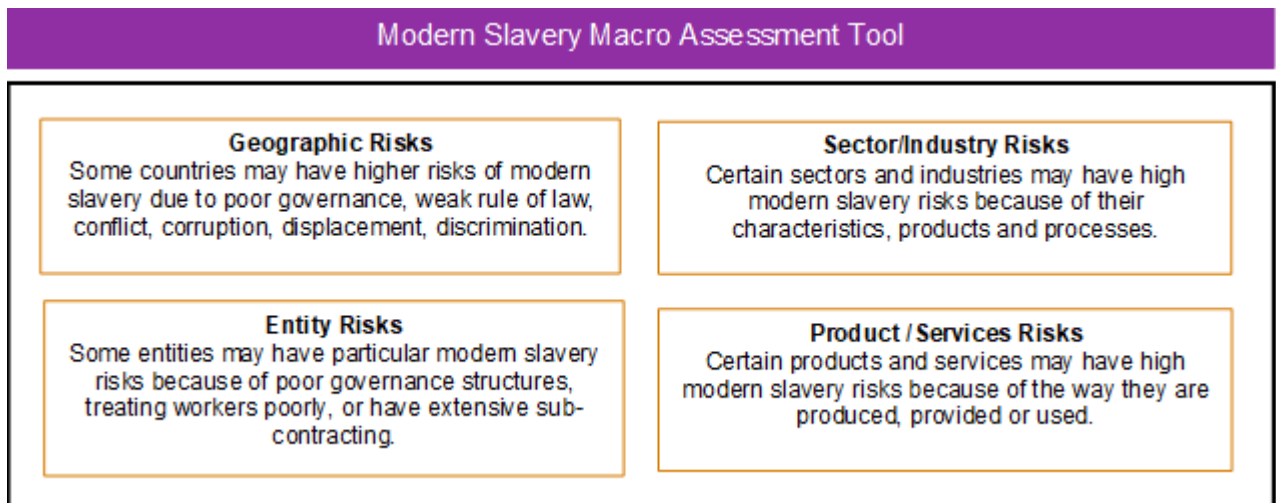
Modern Slavery supplier risk assessment

The HSV Procurement Policy outlines their commitment to assist mandated health services by assessing and addressing modern slavery risk in health service supply chains within Collective Purchasing Agreements, and meet their reporting requirement under the Act. HSV data and analytics identified 159 suppliers from supplier spend data for the period FY2021 (July-December) for Alfred Health.



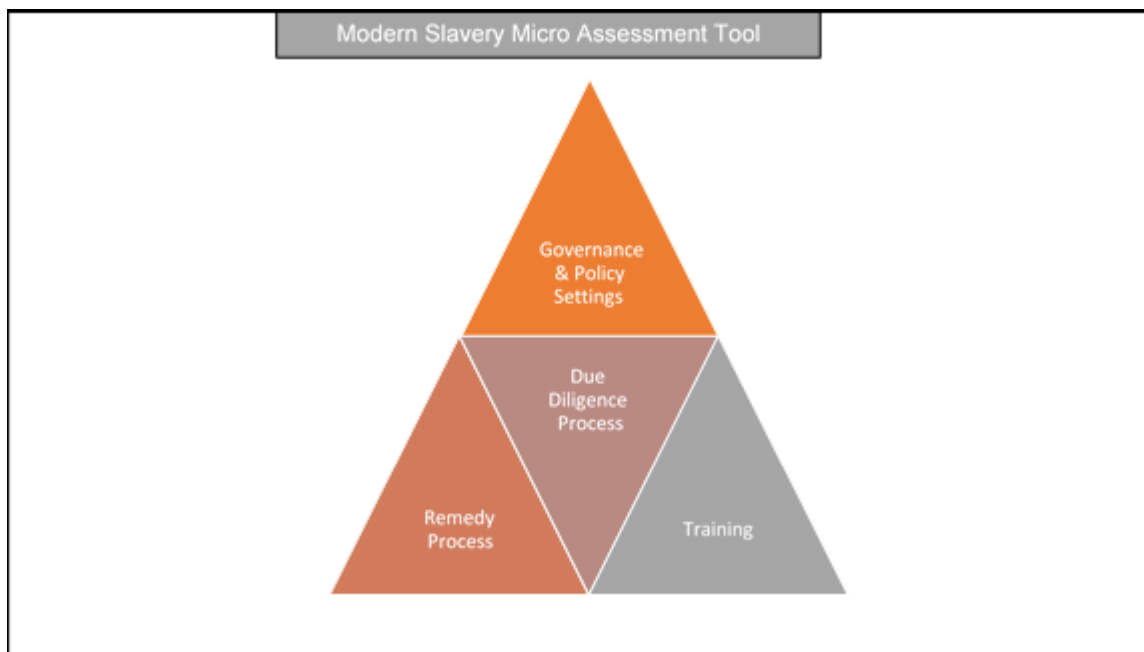
Methodology

In assessing suppliers, a modern slavery risk assessment tool comprising of macro and micro assessment components was utilised. The macro assessment identified modern slavery risks across four categories.

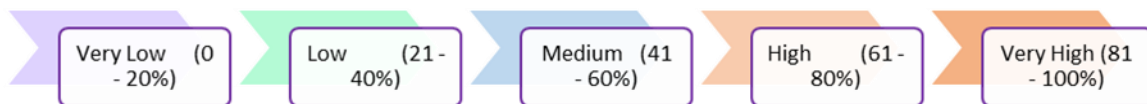


This involved considering whether there is a high prevalence of modern slavery in a particular sector or industry, or associated with a particular good or service, or in the location that the product or service is sourced or produced from. The macro assessment also considered whether the nature of the supply chain model carried a greater risk of modern slavery. This type of assessment provided a general understanding of the scope of modern slavery risks that suppliers may carry.

The micro assessment facilitated a detailed analysis by identifying and assessing possible modern slavery risk and in determining what risk mitigation strategies suppliers already had in place and what risks would need to be managed. Micro assessment involved risk identification across four categories.



Both the macro and micro components included assigned weighting, rating, and risk scales, designed to allocate a modern slavery risk rating to suppliers. Suppliers were allocated one of the following risk ratings: very low, low, medium, high, or very high.

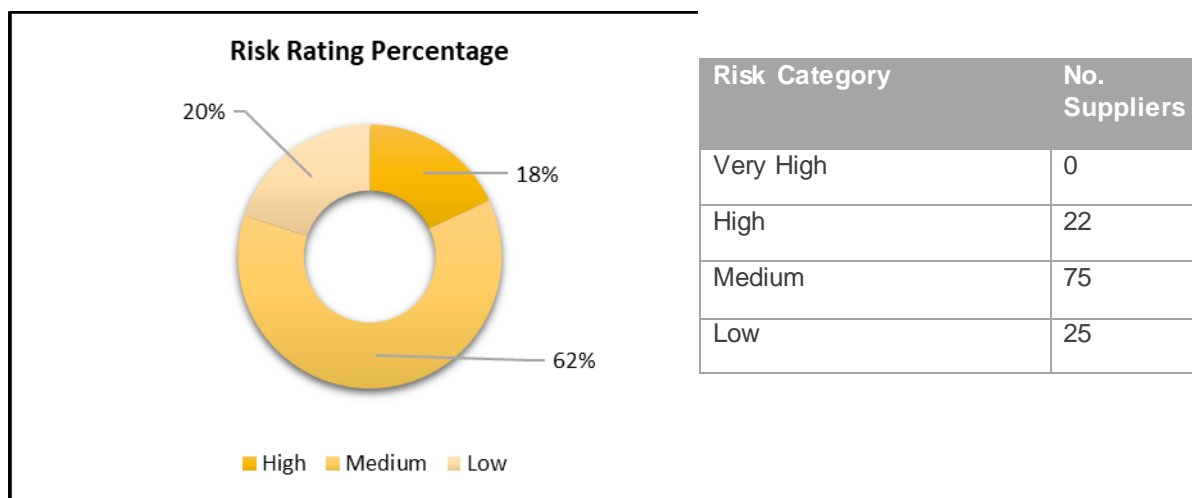


Operationalisation

The tool was operationalised in the form of a HSV Modern Slavery Supplier questionnaire on the Informed365 platform, HSV’s supply chain management platform. The questionnaire was issued to all 159 suppliers on 3 May 2021 with a completion request date of 30 June 2021 to coincide with the conclusion of the second reporting period under the Act. There were 122 respondents and 37 non-respondents, providing an overall response rate of 77% percent.

Modern slavery supplier risk ratings

This section illustrates the all-inclusive, combined macro and micro assessment outcomes for suppliers, outlining the risk categories in which the suppliers fall.



Reporting Criterion 4: actions taken by Alfred Health to assess and address these risks, including due diligence, remediation processes and contracts

Alfred Health has been significantly impacted by the COVID-19 pandemic for a period of 20 months, which has resulted in reduced capacity to fully undertake all necessary action to assess and address modern slavery risks within its operations and supply chains. During 2020-21, Alfred Health however continued working under HSV’s leadership and guidance to reduce risk in the supply chains, in line with HSV’s advisory and consultancy function under the Health Services Act.

HealthShare Victoria position

HSV upholds the Australian Government’s position on modern slavery – there is no place for modern slavery in the Australian community or in the global supply chains of Australian goods and services. HSV is committed to:

- Supporting health services assess their operations and supply chains for modern slavery risks;
- Implementing and enforcing effective systems and controls to reduce risk of modern slavery;
- Ensuring there is transparency in its operations and approach to addressing modern slavery;
- Fostering open and transparent supplier relationships which encourage modern slavery reporting and meaningful change through remediation;
- Applying a continuous improvement approach to how it supports health services to report on the risk of modern slavery practices within their operations and supply chains.

HSV recognises its significant role in health service supply chains and the benefit of its actions for the broader sector. HSV Procurement Policy outlines their commitment to assist mandated health services assess and address modern slavery risks in their supply chains within Collective Purchasing

Agreements, with a view to assisting mandated health services with meeting their Reporting Requirement under the Act.

The focus of Alfred Health's second reporting period under the Act was to undertake supplier risk assessments within HSV Collective Purchasing Agreements. HSV conducted this on Alfred Health's behalf, preparing a report to assist Alfred Health prepare this second Modern Slavery Statement. The information provided in this report was based on the activities undertaken by HSV in respect to HSV awarded suppliers during FY2020-21 which identified 159 suppliers from Supplier Spend Data for Alfred Health. The information provided in this report assisted Alfred Health identify modern slavery risk in their supply chains within those Collective Purchasing Agreements.

As part of its due diligence, HSV has incorporated a modern slavery clause into their supplier contracts. These clauses commit suppliers to taking all reasonable steps to identify, assess and address risks of modern slavery practices in the operations and supply chains used in the provision of goods and services. Alfred Health is in the process of reviewing its own go to market documents and all supply contracts for inclusion of the same.

As well as specific modern slavery provisions, suppliers wishing to conduct business with HSV, public hospitals or any other branch of the Victorian Government must aspire and commit to meet the Supplier Code of Conduct. Under the Supplier Code of Conduct, suppliers are expected to proactively identify, address and where required by legislation report on risks of modern slavery practices in their business operations and supply chains. Alfred Health has the supplier code of conduct commitment clause embedded in all of Request for Tender documentation to ensure prospective suppliers are aware of their obligations.

Alfred Health's Construction Procurement

The Ministerial Directions and Instructions for Public Construction Procurement require Alfred Health to use mandated go to market templates and standard forms of contracts (unamended) known as the Victorian Public Construction Contracts. These templates include standard clauses consistent with all relevant Victorian Government policies and legislation including Modern Slavery and the Supplier Code of Conduct.

Alfred Health selects suppliers off the CSR pre-qualification scheme managed by the DTF for construction works and services suppliers interested in Victorian Government construction projects. The CSR prequalification scheme lists prequalified suppliers that have demonstrated they possess the necessary expertise, management systems and financial capacity to undertake works or construction related services for government. To be eligible suppliers must also demonstrate minimum ethical standards including the expectation goods and services are provided in a manner consistent with any applicable human rights obligations and relevant modern slavery legislation. Suppliers are expected to proactively identify, address and – where required by legislation – report on risks of modern slavery practices (defined broadly to include all forms of human trafficking, forced labour and slavery-like practices) in their business operations and supply chains.

Actions to be taken by Alfred Health in 2020-21

Alfred Health intends dedicating the necessary resources to ensure significant progress is made towards meeting all requirements of the Act for the next reporting period. This will include engaging a specialist Modern Slavery advisor for the purpose of:

- Undertaking a gap analysis of Alfred Health's current documentation and internal practice and aligning that to comply with the requirements of the Act;
- Providing recommendations on amendments to existing procurement policy and related documentation;
- Developing a suitable training program to assist Alfred Health staff meet the continuous improvement expectations required under the Modern Slavery Act; and
- Working collaboratively with HSV to identify mitigation efforts to combat modern slavery risks, and foster collaboration between Alfred Health and suppliers to seek to address these risks.

Training

HSV has facilitated learning programs and training workshops for key health service stakeholders on modern slavery practices and the requirements of the Act. These workshops, attended by Alfred Health procurement leads provided guidance on how to address the seven mandatory reporting criteria under the Act and good reporting practice and opportunities for enhancement to assist health services meet their continuous improvement opportunities.

Reporting Criteria 5: How Alfred Health assesses the effectiveness of actions taken to assess and address modern slavery risks

The continued impacts of COVID-19 on Alfred Health has resulted in reduced capacity to implement mechanisms to assess the effectiveness of actions taken to address our modern slavery risks. Alfred Health recognises the importance of this activity and will endeavour to introduce assessment mechanisms and indicators when resources allow, planned for 2022.

During 2020-21 Alfred Health has relied on HSV's advice and consultation to understand and fulfil its modern slavery obligations. Recognising their significant role in preventing modern slavery in health service supply chains and the benefits of its actions to the broader sector, HSV has developed a comprehensive program of works to support them including:

- A modern slavery toolkit;
- A modern slavery statement guide;
- Supplier engagement template;
- Health Services 2019-20 statement review; and
- Modern slavery community of learning program.

In 2020-21, HSV also commenced assessing modern slavery risk in health services within Collective Purchasing Agreements. Their Modern Slavery Risk Assessment Tool was used to develop the Risk Assessment report for Alfred Health in August 2021. Alfred Health will expand on this over the next reporting period by collaborating with HSV to identify mitigation efforts to combat modern slavery risks, and foster collaboration between Alfred Health and suppliers to seek to address these risks.

Reporting Criterion 6: Alfred Health's consultation process with related entities it owns or controls

Alfred Health controls other minor entities which are subject to Alfred Health's procurement policy and rules. Alfred Health procurement department manages procurement activity on behalf of these entities.

Reporting Criterion 7: Other relevant information

Future Plans

During FY2021-22 in consultation with HSV, Alfred Health plans to focus on the following improvement initiatives in order to further meet the requirements of the Act:

- Expand our staff's knowledge base and awareness through continued learning and education programs;
- Formulate and implement a modern slavery policy and communicate to suppliers;
- Train all stakeholders on the application of the policy;
- Complete the update of all go to market documentation and supply agreements with appropriate modern slavery clauses for future engagements;
- Undertaking risk assessments of Alfred Health specific suppliers that are not subject to HSV state wide collective agreements; and

- Developing indicators (both quantitative and qualitative) to assess the effectiveness of our actions.

Closing statement

Alfred Health has continued to be severely impacted by the COVID-19 pandemic but is confident that the steps taken so far have built a strong foundation for a robust modern slavery framework. We recognise there is more to do to eradicate modern slavery and are committed to continually improving our approach by working collaboratively with HealthShare Victoria and our own key stakeholders.

This statement was approved by the Board of Alfred Health on 1 December 2021

Signed.....

Name: Mr Michael Gorton AM

Position: Board Chair