

Opal HealthCare

**Modern
Slavery
Statement
2020**



1. Introduction

This is the first Modern Slavery Statement issued by DAC Finance Pty Limited (ACN 129 420 444) trading as Opal HealthCare (Opal HealthCare) pursuant to the *Modern Slavery Act 2018* (Cth). This statement, which relates to the financial year ending 31 December 2020, was approved by the Board of Opal HealthCare on 28 April 2021 and covers all entities controlled by it.

Opal HealthCare is one of the largest private residential aged care providers in Australia, operating aged care communities in New South Wales (NSW), Victoria (VIC), Queensland (QLD) and Western Australia (WA). Our purpose is to bring joy to those we care for, and the relationships with our residents and their families are at the heart of our model of care, as we believe that meaningful human connection is the key to wellbeing. Our core values of Compassion, Accountability, Respect and Excellence are more than just words, they underpin everything that we do.

As a residential aged care provider focused on caring for others and their wellbeing, we are committed to and recognise our responsibility to help eliminate and mitigate modern slavery risks in our operations and supply chain. We welcome the opportunity afforded by the *Modern Slavery Act 2018* (Cth) to contribute to the global effort to eradicate modern slavery, and this statement outlines what we have done for this purpose during 2020¹.



Prof. Peter Shergold,
Chair DAC Finance Pty Limited

¹ The statement is based on information available at the time of preparation, including information provided by third parties. Opal does not warrant the accuracy and completeness of any third party information.

2. Structure, operations and supply chain

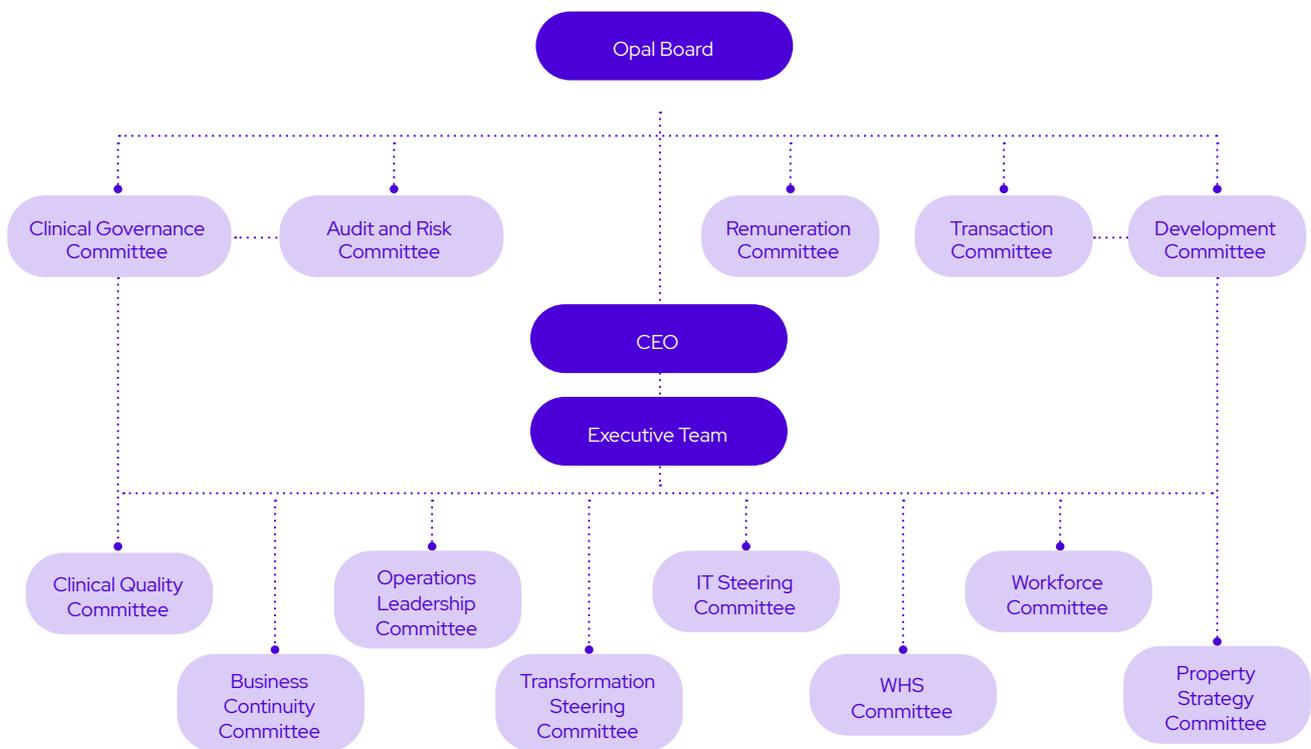
2.1 Structure

Opal HealthCare is an Australian proprietary company with its head office in Sydney, New South Wales.

Opal HealthCare heads the Opal Group (Opal Group, Opal, we, us) which includes Opal HealthCare, its four subsidiaries², their subsidiaries and the companies held by them³. All Group companies are Australian proprietary companies that operate in Australia only.

The main operating Group company is Opal HealthCare’s subsidiary DPG Services Pty Limited (ACN 090 007 999), the approved provider which operates Opal’s aged care communities and employs their team members. Other Group companies hold

Opal care communities properties, act as trustee companies or employ team members. A few have no operating activities. Opal HealthCare’s board oversees the performance and operations of the Opal group. Its roles and responsibilities are set out in a Board charter, and it is assisted by its sub-committees, which include members of the Board and the executive team. The Audit and Risk Committee is responsible for modern slavery risk management oversight. The Group’s governance structure is set out below:



² DPG Services Pty Limited ACN 090 007 999, Aquarius Group Pty Limited ACN 152 767 747, DAC Finance (Vic) Pty Limited ACN 129 420 506, DAC Finance (NSW/Qld) Pty Limited ACN 129 420 499

³ Domain Group Holdings Pty Limited ACN 123 178 496, Domain Group Investments Pty Limited ACN 123 179 251, Domain Aged Care Management Pty Limited ACN 113 753 834, Domain Aged Care (Services) Pty Limited ACN 114 145 578, Domain Aged Care No. 2 Pty Limited ACN 104 429 183, Domain Aged Care No. 3 Pty Limited ACN 128 348 569, Domain Aged Care (Qld) Pty Limited ACN 104 420 671, Domain Aged Care (Victoria) Pty Limited ACN 118 771 485, Domain Aged Care (Kirra Beach) Pty Limited ACN 115 506 444, Domain Aged Care (Ashmore) Pty Limited ACN 108 106 832, Domain Annex Pty Limited ACN 060 719 557, Aquarius Aged Care Pty Limited ACN 152 767 710, Aquarius Group Aged Care Pty Limited ACN 152 767 756, Aquarius AV Pty Limited ACN 152 767 738, Aquarius Health Pty Limited ACN 123 031 587 and Principal Healthcare Apartments Pty Ltd ACN 121 246 928

2.2 Operations

Opal provides residential aged care services (permanent and respite) to more than 7,000 residents across 80 care communities in New South Wales, Victoria, Queensland and Western Australia.

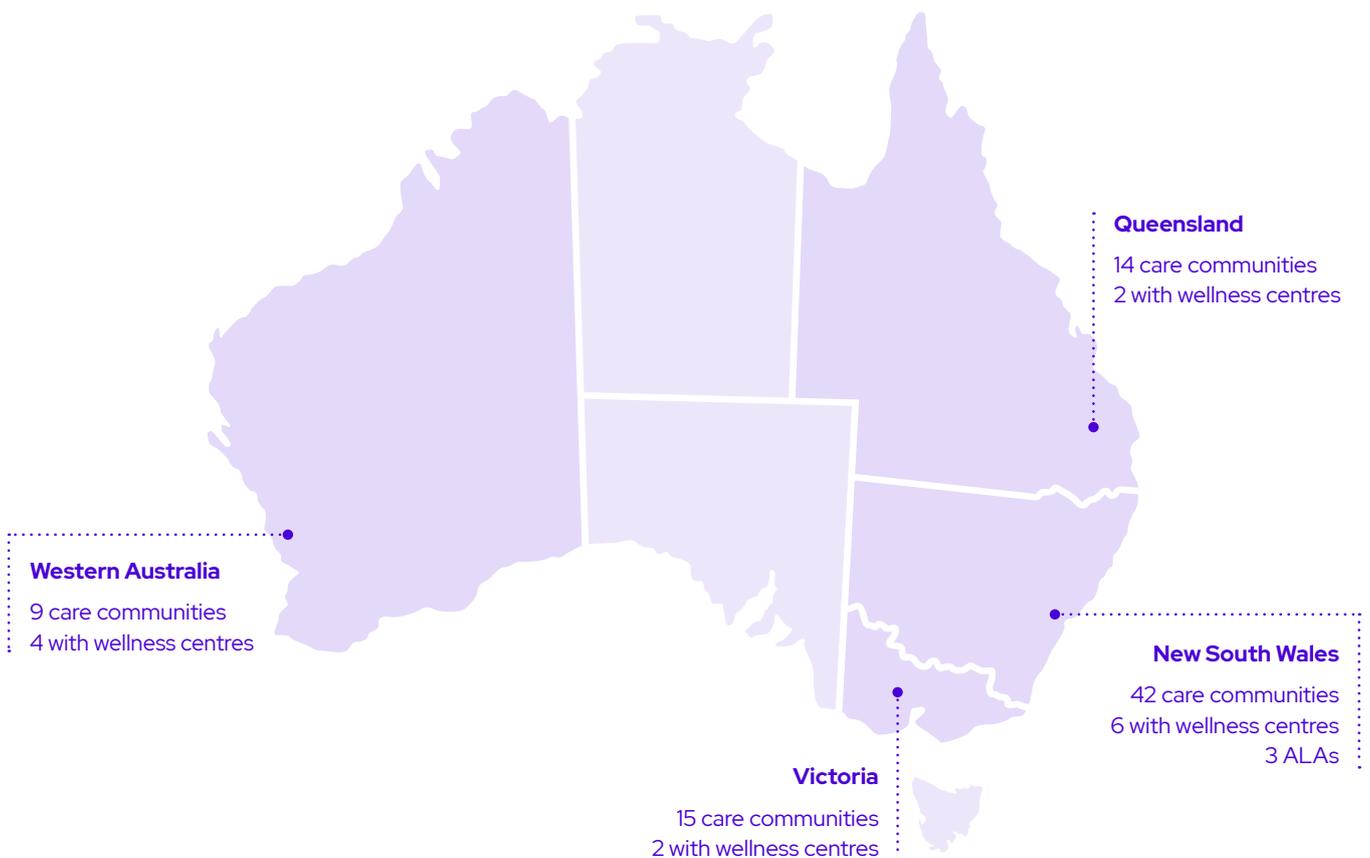
There are currently 14 wellness centres operating within our care communities, offering reablement and rehabilitation services to improve residents’ physical and emotional wellbeing. These services are delivered with the assistance of third party allied health professionals, and some are available to the public.

Opal also operates three Assisted Living Apartment (ALA) villages in NSW, adjacent to its aged care communities in Springwood, Killarney Vale and Mount Hutton, offering retirement village accommodation to approximately 63 residents.

Opal employs approximately 9,226 team members⁴, the vast majority of them (approximately 70%) in clinical, nursing and resident facing care roles. Approximately 15% are employed in catering roles, and 5% in cleaning roles. Our team members work across all of Opal homes in NSW, QLD, VIC and WA, with approximately 130 based in our Home Office in Sydney.

Temporary labour is hired when needed through local agencies, mostly for nursing roles (less than 0.1% of total FTE hours in 2020). We also have approximately 500 volunteers. Opal operates and provides its services in Australia only. The location of Opal’s care communities, wellness centres and ALAs is set out below:

Total 80 care communities (including 14 with wellness centres), 3 ALAs



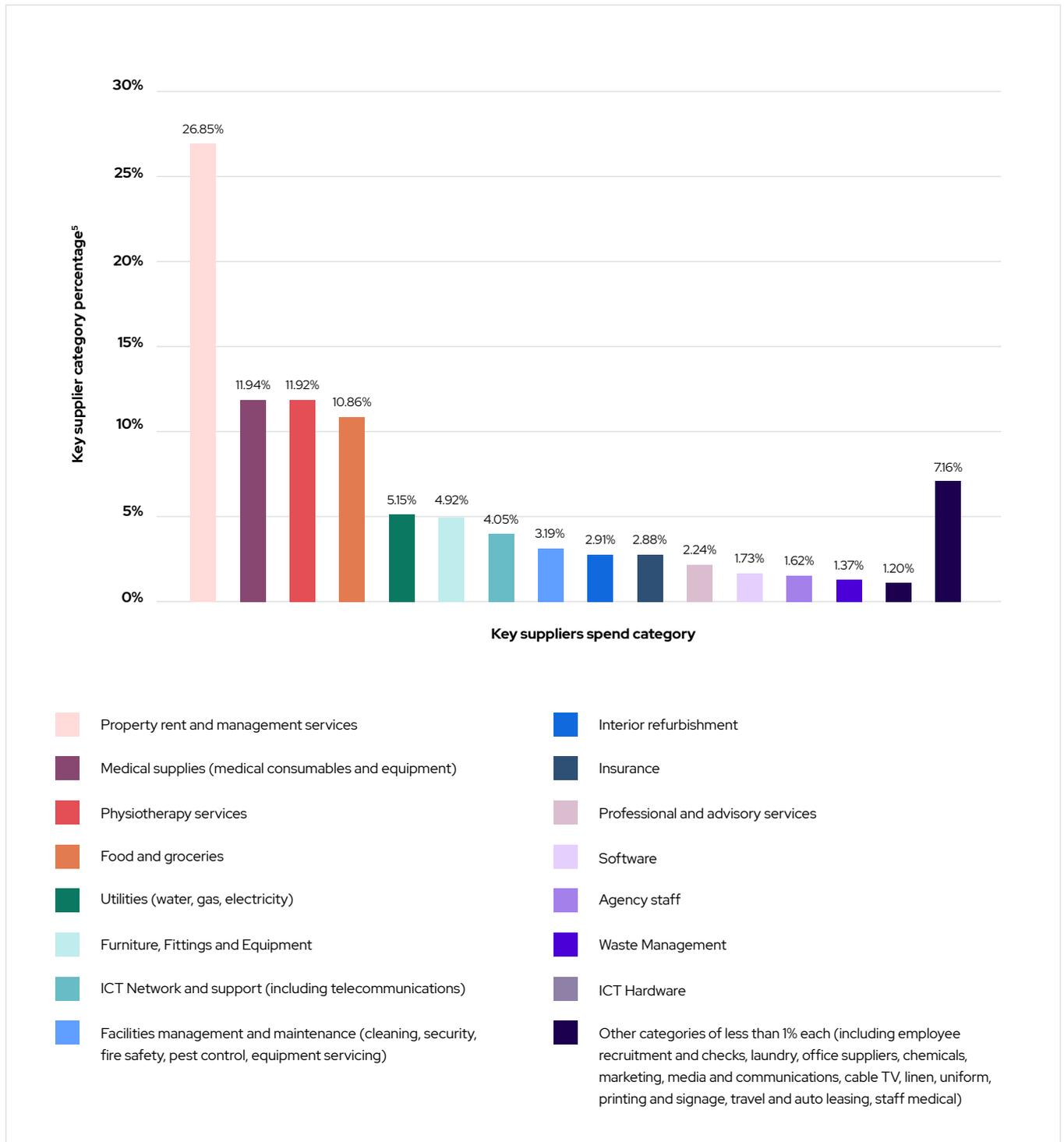
Further information about us can be found on our website opalhealthcare.com.au

⁴ At the end of January 2021

2.3 Supply chain

Opal procures a broad range of products and services from a large number of suppliers, ranging from small local traders used for one off nominal value purchases to large listed vendors with long term supply agreements. In 2020, Opal procured products and services from nearly 2,400 direct (Tier 1) suppliers, all but a few

(mostly software and technology suppliers) located in Australia. Approximately 86% of Opal’s annual spend in 2020 was across 137 suppliers with an annual spend above \$200,000 (key suppliers). The main types of products and services procured by Opal from its key suppliers were from the following categories:



⁵ Of total spend on key suppliers in 2020

3. Modern slavery risks in our operations and supply chain

Operations risk

As a residential aged care business, Opal's operations are centred around the delivery of services to its residents by its team members.

Opal's team members are recruited and employed by Opal locally. Labour hire staff is engaged if needed through agencies which are based in Australia, operate under Australian laws and source their staff locally.

We have a strong focus on our team members' wellbeing and health and safety, which are promoted through:

- A range of HR Policies, Procedures and Codes, including a Code of Conduct, Flexible Working Agreement policy, Anti-Discrimination, Harassment and Bullying policy, Organisational Diversity and Inclusion policy, Parental Leave policy, Complaints and Grievance Handling policy, Recruitment and Selection policy and Work Health and Safety policy;
- Wellbeing initiatives, including the Opal Employee Assistance Program, offering team members external free counselling sessions and access to a range of wellbeing resources such as articles and podcasts.
- A dedicated Workplace Health and Safety (WHS) function, overseen by a National WHS manager.

All our team members are recruited and based in Australia only, and are protected by industrial laws, enterprise agreements, modern awards and/or Opal's policies and procedures that provide robust safeguards against modern slavery. As such, and given that the aged care and nursing sectors are highly regulated, we consider the modern slavery risk within our operations to be relatively low.

Supply chain risks

In our inaugural reporting period, we laid the foundations for our modern slavery risk management framework and mapped our supply chain to better understand the location of our suppliers and the nature and source of products and services they supply to us. We then adopted a targeted risk-based approach in relation to identifying and assessing modern slavery risks in our supply chain, prioritising Tier 1 key suppliers with an annual spend over \$200,000 (key suppliers). We have asked the suppliers to complete an online modern slavery due diligence questionnaire, which we developed to gather the information that will enable us to assess the modern slavery risks in their operation and supply chain.

We have assessed the potential modern slavery risks associated with our key suppliers based on the following criteria, by reference to international resources (US Department of Labor's 2020 List of Goods Produced by Child and Forced Labor, the Global Slavery Index 2018) as well as national guidance published by the Australian Government:

- Industry / sectors risk profile
- Goods risk profile
- Geographic location of suppliers or their sources
- Measures implemented by suppliers to manage potential modern slavery risks, as reported to us (including due diligence, inspections and audits, anti-slavery requirements in policies or contracts).

Our key supplier risk assessment identified certain types of products and services procured by Opal that are generally associated with higher modern slavery risk⁶ as detailed on the next page.

⁶ The described risks are faced generally by anyone procuring goods of the same categories, and they do not reflect specific modern slavery practices in Opal's supply chain.

Type of product or service	Modern slavery risk generally associated with the product or service category	Potential Modern slavery risk in Opal's supply chain
<p>Medical consumables (PPE such as gloves, gowns)</p>	<p>Some medical consumables (for example PPE including face masks, gloves and gowns) are produced in high risk countries.</p>	<p>The COVID-19 pandemic created increased global demand for PPE supply, particularly gloves and face masks. The urgent need for PPE to protect our residents and staff resulted in rapid procurement processes in certain periods, which involved ad-hoc purchases from suppliers not previously known to us with limited or no ability to assess their modern slavery risks. To the extent Opal continues to source products from such suppliers, their risk assessment will be incorporated into the procurement process.</p> <p>One of our two key PPE suppliers provided a copy of its UK modern slavery statement, indicating 13% of their suppliers are in countries associated with high risk. The supplier reported the actions taken by it to mitigate such risks, including requiring its suppliers to comply with a code of conduct, conducting audits and risk assessments and adding contractual obligations.</p>
<p>Textiles</p>	<p>Certain goods (linen, drapes, uniforms) may be manufactured, and certain raw materials (cotton) could be harvested or processed, in high risk countries.</p>	<p>Opal has approximately three key suppliers of linen, drapes and uniform, all operating in Australia and employing local labour. The linen and drapes suppliers completed modern slavery due diligence questionnaires which identified some high-risk countries amongst their source countries (China, Turkey), but advised they are implementing risk mitigation measures such as vendor due diligence and site visits. Based on the information provided to us we estimate the modern slavery risk associated with these suppliers as medium.</p>
<p>Raw materials used for building and construction</p>	<p>Certain building materials (for example stone, bricks, glass, timber, metals) could be sourced from high risk countries.</p>	<p>Opal works with a few refurbishment contractors, all operating in Australia and employing local labour. As these suppliers may source building materials from third parties, there is potential risk associated with Tier 2 suppliers and beyond. Opal intends to seek further information from these suppliers in the next reporting periods.</p>
<p>Electronic equipment (computers, appliances, medical)</p>	<p>Some electronic equipment (including computers and medical equipment) incorporate raw materials that are associated with modern slavery risk, such as cobalt which is used in lithium-ion batteries.</p>	<p>Opal procures computer hardware and communication devices from two large multinationals based in Australia but headquartered in the US.</p> <p>Both of them published statements confirming their commitment to combat human trafficking and slavery as reinforced in a code of conduct and policies adopted by them, and outlined the actions taken by them to identify, assess and address modern slavery risks in their supply chains, including supply chain risk evaluation and assessments, audits and training.</p>
<p>Cleaning and security</p>	<p>The unskilled low paid nature of these sectors' workforce which often includes migrants with limited ability to understand their rights, could increase the risk of modern slavery.</p>	<p>Cleaning is generally done by Opal employees and not outsourced. These employees are protected by industrial laws, awards, agreements and Opal's policies. Security services are engaged ad hoc for specific assignments using locally employed staff subject to Australian industrial laws. Considering the above we deem the risk associated with these services to be low.</p>

Based on the risk assessment undertaken by us, we are not aware of instances where Opal may cause or contribute to modern slavery, noting that Opal's Tier 1 suppliers are located and operating in Australia. As such, we estimate the modern slavery risk associated with our operations and Tier 1 suppliers as relatively low.

We recognise that we may be exposed to modern slavery risk through those of our Tier 1 suppliers who source goods and services from third party suppliers (Tier 2 and beyond), to the extent such goods and services are associated with modern slavery risk due to the nature of their industry or their source country. This means Opal may be linked to modern slavery risks through its third party

supply arrangements (beyond Tier 1). Given that multi layered global supply chains offer little or no visibility over supply arrangements and the fact that our modern slavery risk management program has been rolled out this year for the first time, we were not always able to obtain information or assess risks relating to third party suppliers beyond our Tier 1 suppliers.

Moving forward, we intend to focus on suppliers of products and services associated with higher modern slavery risk, to gain better understanding of our supply chain risks beyond Tier 1 suppliers. Due to the complexity of global supply chains, we recognise that this may be a long term ongoing and challenging process.

4. Actions taken to assess and address the modern slavery risks

Opal has developed and implemented a 12-month plan to establish a tailored framework to facilitate, track and manage actions to identify, assess and address modern slavery risks in its operations and supply chain. The framework includes supplier engagement, due diligence and contractual risk management, corporate governance and training components. Pursuant to the plan, we have taken the following actions during 2020:

- ✔ Formed a working group of senior executives from our key business functions (procurement, HR, property and ICT) who met regularly throughout 2020 to discuss the actions required to implement our modern slavery risks management framework and oversee their implementation;
 - ✔ Set up a supply chain database and dashboard platform to record, track and analyse key supplier information and actions, manage due diligence and facilitate a remediation process;
 - ✔ Mapped key suppliers, their contractual arrangements and the category and source of products and services they supply;
 - ✔ Implemented a due diligence program by preparing and sending key suppliers an online questionnaire to gather the information required to identify and assess modern slavery risk in their operations and supply chain;
 - ✔ Reviewed information provided by suppliers in response to the due diligence questionnaires, sought clarifications where needed, assessed and recorded the modern slavery risks;
 - ✔ Developed template contract clauses to add modern slavery risk assessment, reporting and remediation obligations to existing and new supply agreements;
 - ✔ Asked key suppliers to sign addendums to add the template modern slavery clauses to existing supply contracts;
 - ✔ Conducted training to key executives on embedding modern slavery considerations (due diligence and contractual requirements) in our supplier engagement and onboarding process;
 - ✔ Adopted an Anti-Slavery policy and communicated it to key suppliers together with our expectation that they adhere to it;
 - ✔ Vested modern slavery risk management oversight powers with our Audit and Risk committee; and
 - ✔ Provided our Board and Audit and Risk committee with periodic updates of the progress of our modern slavery plan implementation.
- Where the supply of products or services associated with modern slavery risks was identified, we:
- ✔ Sought further information or clarifications to better assess the risk; and/or
 - ✔ Considered what risk management measures the supplier has implemented to manage their risks where possible, for example, any due diligence actions, inspections and audits undertaken by the supplier, modern slavery or ethical sourcing policies or codes of conduct adopted by the supplier and contractual obligations the supplier requires its suppliers to comply with.
- In future reporting periods, we plan to focus on key suppliers with potential high modern slavery risks to gain better visibility into their supply chains and further assess the nature and level of risks associated with them. We intend to explore additional due diligence and reporting mechanisms to better facilitate monitoring of modern slavery risks, and will work together with our suppliers to address any risks that are identified.

5. Effectiveness of actions taken to assess and address the modern slavery risks

We appreciate that the actions taken by us in 2020 to establish and implement a modern slavery risk management framework and identify and assess modern slavery risks in our operations and supply chain, may take a while to bear fruit and accordingly their effectiveness may not be fully ascertained yet.

To date, we assessed the progress and effectiveness of our actions by reference to the following:

- Regular meetings with the relevant key executives to engage them in the modern slavery risk management process, guide them on required supplier due diligence and risk assessment actions, monitor their implementation and provide feedback as required (10 meetings in 2020 as well as regular communications and reminders);
- Recording and tracking data in relation to the supply contracts, due diligence actions and risk assessment of approximately 80 key suppliers (and mapping additional smaller 120 suppliers) in a central database and dashboard platform;
- Due diligence questionnaires completed by approximately 60% of the key suppliers they were sent to;
- Anti-slavery contractual terms added to existing agreements of approximately 55% of the key suppliers who were asked to sign addendums;
- Anti-slavery contractual terms incorporated in new key supplier agreements where appropriate;
- Anti-slavery policy and expectations communicated to the key suppliers;
- Training on embedding modern slavery considerations (due diligence and contractual requirements) in our supplier engagement and onboarding process attended by all relevant key business executives (from Procurement, HR, Property and ICT); and,
- Regular updates provided to the Board and ARC on the progress of the modern slavery plan implementation.

The effectiveness of actions taken by us will also be assessed through the mechanisms we have in place to assist with identifying and addressing modern slavery risks in our operations and supply chain. These include our Complaints and Grievance Handling policy, our Whistle-blower policy and our Anti-Slavery policy, which enable employees, suppliers and others to raise concerns in relation to modern slavery. To date, no complaints or concerns in relation to modern slavery have been raised with us (we appreciate it may take time for these mechanisms to be utilised by suppliers and others if needed).

Our next steps will be informed by the outcome of the actions taken so far, which we will continue to assess based on data to be gathered in future reporting periods. Our focus will be on continued improvement and fine tuning of our targeted risk based approach, and we will consider if and what additional measures can be utilised to assess the effectiveness of actions taken.

6. Consultation with controlled entities

Opal HealthCare's board oversees the performance and operations of the Opal Group. Our CEO takes part in Opal HealthCare's board meetings, and together with the CFO they serve as directors in all other Group companies' boards. All Group companies are managed by the same executive team as Opal HealthCare and share the same registered address, and accordingly we consider that all Group companies were consulted with in relation to this statement.

7. Other relevant information

Opal HealthCare is proud of the active role it plays in the health and wellbeing of others, including the communities in which it operates. Our first Social Impact Report available [here](#) demonstrates the positive impact we delivered in society in 2020 through our care communities in various domains.