



# Modern Slavery Statement

1 January 2021 to 31 December 2021

## 1. Reporting Entity

This Modern Slavery Statement is made pursuant to the *Modern Slavery Act 2018* (Cth) in respect of Adelaide Community Healthcare Alliance Incorporated (ABN 99 367 793 956) and its wholly owned subsidiary, ACHA FPH Property Pty Ltd (ABN 13 068 752 214), both not-for-profit entities, consolidated and trading as “ACHA” (**ACHA**).

This Modern Slavery Statement is submitted by ACHA in respect of the 12-month period ending 31 December 2021.

## 2. ACHA’s Organisational Structure, Operations and Supply Chains

### Overview

ACHA is a community-based and not-for-profit private hospital group in South Australia.

ACHA is a reporting entity for the purposes of the Act, having met the reporting threshold in the Reporting Period. Annual reporting information about ACHA is available from the Australian Charities and Not-for-profits Commission (ACNC).

ACHA has a contractual agreement with Healthscope Operations Pty Ltd (Healthscope) that sees ACHA retain responsibility for strategic direction and governance while Healthscope (**Manager**) takes care of daily management of operations.

Our people are known for achieving exceptional clinical outcomes, transparent public reporting and positive patient feedback that leads the industry. No matter the role, every day our people make a difference to the lives of our patients and their families and it is a privilege to be part of their care.

ACHA is a values-driven organisation and insists that its employees go beyond just complying with laws, regulations and with basic standards of personal conduct. We work together for better care; for our patients, our employees, and our partners, and we are committed to support all efforts to stop modern slavery.

### ACHA’s business and operations

ACHA is an Association governed by a Board of six Directors in accordance with its Constitution.

ACHA is registered as a charity by the Australian Charities and Not-for-profits Commission (ACNC) and as an income tax exempt charitable entity under Subdivision 50B of the Income Tax Assessment Act 1997.

ACHA’s operations are comprised of:

- Ashford Hospital, complemented by an Emergency Service
- Flinders Private Hospital
- The Memorial Hospital

ACHA's corporate office is located at 1 Flinders Drive, Bedford Park, SA 5042.

ACHA provides a wide range of high quality healthcare services through its collection of acute medical, rehabilitation, surgical and obstetric hospitals. We engage a broad range of highly skilled professionals to deliver these services, as employees, contractors, doctors and partners.

We treat in excess of 70,000 patients per year, deliver more than 1,200 babies and perform over 52,000 surgical procedures.

A subsidiary of ACHA, ACHA FPH Property Pty Ltd, was established for the development of Flinders Private Hospital, for the purpose of fulfilling the requirements of the Flinders Medical Centre Private Development Project. It is managed by a board of three Directors (who are also Directors of ACHA) in accordance with its Constitution. It is registered as a charity and as an income tax exempt charitable entity under Subdivision 50B of the Income Tax Assessment Act 1997.

Also included in this Statement is the ACHA Foundation Incorporated, a small charity with annual revenue usually less than \$100k. It has two common Directors with ACHA, uses the same policies and procedures and accesses shared suppliers.

### **Corporate governance**

ACHA's relationship with Healthscope provides access to, and support for, a range of operational and corporate management functions. To that end, Healthscope has developed a comprehensive approach to achieving Modern Slavery Act compliance, which has been reviewed and evaluated by the ACHA Board to be both appropriate and applicable to ACHA operations and its Supply Chain.

ACHA's Board and management are committed to our employee code of conduct, which is based upon our core values and on the expectations of the broader community (**Employee Code of Conduct**). Our Employee Code of Conduct complies with the law and with applicable guidelines on appropriate ethical standards.

Our Employee Code of Conduct outlines how ACHA expects all people associated with our business – including employees, contractors, subcontractors, consultants, Visiting Medical Officers and agency employees, to conduct business.

ACHA's Employee Code of Conduct aims to:

- Promote a high level of professionalism and provide a benchmark for ethical and professional behaviour through ACHA.
- Promote a healthy, respectful and positive workplace and environment.
- Ensure awareness of the consequences if an employee breaches the Employee Code of Conduct.
- Require everyone at ACHA to be familiar with the Employee Code of Conduct, live the values every day in the workplace and, at all times, act and behave in a manner consistent with establishing trust and confidence in our organisation.

The Employee Code of Conduct is complemented by an extensive series of corporate policies and procedures which apply to all ACHA facilities and employees. The easy to use online set of eLearning training modules (provided through the Manager) support staff understanding and awareness of ACHA's values, expectations, and policies.

## **Supply chain**

ACHA's supply chain consists of a broad range of local and global providers, both via direct relationships and through intermediary/agents. The range of goods and services required by ACHA spans local contingent labour forces, travel services, corporate office supplies, right through to critical medical consumables. Clinical equipment and materials are the largest areas of spend, and the sourcing of those goods is managed through the Manager's centralised team of dedicated procurement specialists.

### **3. Risk of Modern Slavery Practices**

#### **Overview**

ACHA is committed to supporting all efforts to stop modern slavery.

With ACHA's operations solely in Australia, the Manager considers its risk of direct involvement in modern slavery practices to be extremely low, with further consideration needing to be given to its extended supply chain as a source of potential risk.

To mitigate the potential risk of modern slavery in our supply chain, a program of action has been undertaken, with initial actions implemented, and further work underway. The approach of ACHA's Manager is to continually plan, do, act and check, thereby learning and adapting as the programs progress. This approach is proven to maximise the effectiveness of the outcome, regardless of the program, and hence has been applied to modern slavery compliance.

#### **Identification of risk**

Across its supply chain, the Manager has engaged in the order of 9,000 suppliers of goods and services to conduct and maintain its operations, a portion of these suppliers are engaged on our behalf. These suppliers are local and global, comprising manufacturers, distributors, agencies, brokers, consultants, and other service providers.

The review conducted by the Manager of the supply chain of providers relevant to our operations, included the following categories of spend:

- Clinical products and equipment such as Prostheses, Medical Consumables, Surgical Instruments, and Pharmacy
- Utilities such as gas and electricity
- Indirect corporate spend such as IT contractors, licences, and hardware
- Facilities Management such as security and fire services
- Site services such as contingent labour providers, linen and maintenance
- Other corporate services such as travel and entertainment

In consultation with the Manager we considered the sources of risk of modern slavery practices in these categories and believes that exposure may exist with respect to suppliers of products manufactured in, and distributed by, known high-risk countries such as China, Hong Kong, Taiwan, Malaysia, Pakistan and India.

The greatest risk is through the lack of visibility of the second and third tier supply chain, or "downstream" suppliers.

In summary, the Manager believes it has two main sources of risk;

1. Direct engagements with suppliers operating in high-risk countries
2. Downstream vendor operations not currently visible

#### 4. Actions taken

In conjunction with our Manager to manage the modern slavery risk within our operations, the following measures are in place:

1. A published accessible version of the Employee Code of Conduct, which mandates employee compliance with all laws, rules, regulations and policies, with consequences for any breaches.
2. A published accessible version of the Whistleblower policy, complete with internal Whistleblower Protection Officer, a Toll Free Ethics Hotline, and a response program.
3. Compulsory registered online training module for the Employee Code of Conduct. This registers all employees who have completed the training module upon employment commencement, and also upon re-training following Employee Code of Conduct updates.
4. Established People, Remuneration and WH&S Committees with the responsibility of endorsing and reviewing the effectiveness of the People Strategy, which includes remuneration arrangements, Diversity and Inclusion Policy, and staff engagement.
5. The Manager established an Audit, Risk & Compliance Committee, and published an Enterprise Risk Management Framework, along with a Risk Management Policy to improve the identification, treatment and monitoring of enterprise risks. These measures are principally designed to support a strong risk culture and increase capability broadly across the business.
6. A published accessible Purchasing Policy, providing clarity for all personnel to follow approved supplier arrangements and supply chain methodologies as required.

On our behalf, the Manager continues to build on the same measures to address its modern slavery risk across the two main sources.

1. Direct engagement of suppliers operating in high-risk countries:
  - a. These high-risk supply arrangements have been considered, and are subject to an externally run Desktop Due Diligence process, managed by the Manager's Procurement Category Management team, to identify any business negative news, legal action, sanctions and watchlists, credit or other public records/reports in 15 languages.
  - b. The Procurement Category Management team will engage with an accredited third party auditor to physically audit the primary manufacturing premises to assess third party risks including Modern Slavery for new manufacturers.
  - c. If an issue is identified, then the Manager's Procurement Category Management team conduct a further evaluation via direct contact, and through industry networks. If the supplier cannot be vetted for their modern slavery compliance, then the business will not proceed with the engagement.

2. Downstream vendor operations not currently visible to the Manager:
  - a. A Supplier Code of Conduct is published on the Manager’s website, incorporating our expectations on compliance with modern slavery laws and obligations. Our expectation is clear; our suppliers must behave ethically and with integrity in all business transactions, complying with all national and local laws and regulations. We expect our suppliers to hold their supply chain accountable to the same principles and standards contained within this Supplier Code of Conduct. Specifically, we require that our direct suppliers and their supply chains ensure that there is no modern slavery in their businesses. The Supplier Code of Conduct can be accessed on the Manager’s website: <https://healthscope.com.au>
  - b. The Manager has included a modern slavery compliance clause within all of its standard supplier contracts, which commenced in January 2020, for all new contracts, and contract renewals. The clause requires the supplier to take reasonable steps to ensure that there is no modern slavery in the supplier’s or its subcontractors’ supply chains or in any part of their business, and to conduct due diligence as well as notify the Manager, who will then notify us, of any breaches.
  - c. On our behalf, the Manager has progressed a programme to undertake a more robust Due Diligence process for its most significant supply chains which identified its largest supply partners. The programme is scheduled to be rolled out in 2022 and works directly with the top suppliers to understand their modern slavery compliance activities. A risk assessment is being trialed, in collaboration with these partners, to identify gaps and then work through rectification plans to achieve compliance. The learnings from this activity will be assessed and used to inform improvements to the Due Diligence and overall third party risk management activity. This activity contributes to the goal of requiring all first tier suppliers to participate in a more robust Due Diligence assessment and subsequent compliance.

## 5. Evaluating effectiveness

The Manager’s plan to expand upon assessment and mitigation of the two core identified risk areas is already on target, by undertaking the following actions by the end of the next reporting period:

- Conduct modern slavery awareness training for its Procurement category managers and key employees responsible for the sourcing of new suppliers.
- Introduce a self-assessment questionnaire, as part of its procurement processes across the wider supply chain to collate further data on the risks within its supply chain.
- Develop a risk framework and policy to respond to potential non-compliance to our modern slavery requirements, including guidance and support for our suppliers to achieve compliance.
- Implement the framework for the Manager’s first tier suppliers.
- Review and update Procurement and Purchasing policies as needed.
- Measure and report on framework outcomes, applying an adapt and learn model.
- Incorporate modern slavery risk and compliance into corporate governance processes, including board reporting processes

Progress against these actions will be tracked and evaluated by the Manager's internal corporate team, with updates presented to the ACHA leadership team on a periodic basis determined by the business.

**6. Process of consultation with any entities the reporting entity owns or controls**

ACHA consulted with its Manager, Healthscope, and the Directors of ACHA FPH Property Pty Ltd and the ACHA Foundation in the development of this Statement.

The Board of Directors has approved this statement on behalf of ACHA and the entities it owns or controls, and has authorised it to be signed by the Chairman.

A handwritten signature in black ink, appearing to read 'Tony Johnson', written in a cursive style.

**Tony Johnson**

ACHA Board Chairman

24 June 2022