

Modern Slavery Statement

1 July 2020 to 30 June 2021

Introduction

The *Modern Slavery Act 2018* (Cth) (the **Act**) requires certain entities to report on the risks of modern slavery in their operations and supply chains and actions to address those risks. Epworth HealthCare is required to produce an annual modern slavery statement.

This statement is prepared for the period 1 July 2020 to 30 June 2021 (**Reporting Period**) and is Epworth HealthCare's second statement.

Modern slavery describes situations where coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom. The Act defines modern slavery as including eight types of serious exploitation: trafficking in persons, slavery, servitude, forced marriage, forced labour, debt bondage, deceptive recruiting for labour or services, and the worst forms of child labour.¹

According to the estimates of the Global Slavery Index around 15,000 individuals are held in modern slavery in Australia by way of migrant worker exploitation, debt bondage and deprivation of liberty.²

As Victoria's largest not-for profit private hospital group, Epworth HealthCare is committed to understanding and identifying the extent to which such practices are embedded into the supply chains of Australian healthcare services, and what Epworth can do to eradicate any such practices, both as a consumer of services and a service provider.

1. Identify the reporting entity

Epworth HealthCare

Information about the history, operations and services of Epworth HealthCare are available on our website www.epworth.org.au.

Information about the corporate and legal structure is outlined in this statement. Epworth Foundation (**Epworth**) is established as a body corporate pursuant to the *Epworth Foundation Act 1980* (Vic). Epworth Foundation ABN 97 420 694 950 trades under the registered business name Epworth HealthCare.

Epworth is a reporting entity for the purposes of the Act, having met the reporting threshold in the Reporting Period. Annual reporting information about Epworth is available from the Australian Charities and Not-for-profits Commission (**ACNC**).³

¹ Commonwealth Modern Slavery Act Guidance for Reporting Entities.

² Walk Free Foundation, *Global Slavery Index* (2018).

³ www.acnc.gov.au

Epworth operates across a number of private hospitals in Victoria, Australia including:

- Epworth Brighton
- Epworth Camberwell
- Epworth Cliveden
- Epworth Eastern
- Epworth Freemasons
- Epworth Geelong
- Epworth Hawthorn
- Epworth Richmond

Epworth has a number of related entities involved in the provision of health services and philanthropic activities related to health promotion and advancing culture (**Epworth Group**). These entities are not reporting entities for the purposes of the Act. However, this Statement is provided on behalf of all entities in the Epworth Group, given Epworth Foundation conducts all sourcing and procurement on behalf of these entities and is responsible for compliance with the Act, and staffing requirements of the other entities are supplied by Epworth Foundation.

To the extent that this statement outlines activities conducted by Epworth, those activities have been conducted by Epworth on its own behalf and on behalf of the entities listed below, unless expressly stated otherwise. Accordingly, other entities in the Epworth Group are reporting on a voluntary basis.

• **Epworth Medical Foundation Limited ABN 59 135 483 055 (EMF)**

Epworth Foundation is the sole member of EMF, a public company limited by guarantee and registered with the ACNC as a health promotion charity.

During the Reporting Period and as at the date of this statement EMF's principal activity is to promote the prevention or control of diseases in human beings by raising funds to provide Epworth's patients with the best possible facilities, equipment, surgical expertise and access to research.

• **Epworth Arts Foundation Limited ABN 62 606 612 220 (EAFL)**

Epworth Foundation is the sole member of EAFL, a public company limited by guarantee and registered as a charity for the purposes of advancing culture with the ACNC.

During the Reporting Period and as at the date of this statement EAFL receives donated art works (Collection) via the Australian Government's Cultural Gift's Program.

2. The entity's structure, operations and supply chain

Epworth's structure, operations and supply chain

These facilities provide a range of private hospital and health services, outlined on our website www.epworth.org.au. Epworth is also the facility manager of the South West Regional Cancer

Centre on behalf of the State of Victoria, operates a transitional living rehabilitation centre in Thornbury and conducts a number of medical consulting suite facilities across south-east Melbourne.

To support its various health care and hospital operations, Epworth engages over 7,000 staff, comprising an employed and contracted workforce, and its supply chains consists of approximately 3,700 suppliers across a diverse range of industries. Our suppliers (and suppliers to our suppliers) are primarily located in Australia, but also in countries including Belarus, Canada, China, Costa Rica, Czech Republic, Dominican Republic, France, India, Ireland, Japan, Malaysia, Mexico, Poland, Slovakia, Sweden, Switzerland, Taiwan, Tunisia, UK and the US. Many of these countries have publicised records of modern slavery particularly, in those countries where the rule of law is low and low cost and migrant labour are the norm.

Given the range of inputs into the provision of health care services, Epworth has a vast supply chain that includes the purchase of products and services required for the delivery of hospital operations that would be common to most health care providers in Australia. Our suppliers (and suppliers to our suppliers) are primarily located in Australia and many have multi-level supply chains. In addition to those hospital specific products and services, Epworth procures goods and services related to a range of business functions including office and corporate administration, building and construction, engineering, labour hire, security, cleaning, catering, information technology infrastructure and uniforms.

3. Risk of modern slavery practices in the entity's operations and supply chain and any entities owned or controlled by the reporting entity

Risks of modern slavery practices in Epworth's operations and supply chains

The risks of modern slavery for Epworth arise through its supply chains particularly for products and services sourced in Australia or overseas and extending beyond direct suppliers. For example, where a supplier of products exploits labour or creates unrealistic cost targets that can only be met with exploited labour, this constitutes modern slavery

The greatest area of risk by product type is sourcing medical goods that are associated with risks to labour and human rights, whether concerning gloves, surgical instruments, garments or electronic goods. Most medical equipment is sourced from Asia.

Epworth is committed to an action plan to reduce the prevalence of modern slavery in its supply chains. This commitment extends to working with its suppliers to identify products manufactured in countries where modern slavery is a recognised or emerging risk.

The most significant area of modern slavery risk by geography for Epworth is the manufacture of products, or product components, sourced overseas. This equates to our top 500 suppliers.

Impact of COVID-19

The Australian Border Force (ABF) in its *Modern Slavery Act Information Sheet: Coronavirus* acknowledged the impacts of COVID-19 in Australia for the 2021 reporting period⁴. ABF

⁴ Australian Border Force, *Modern Slavery Act Information Sheet: Coronavirus*.

encouraged entities to include information in their modern slavery statements about relevant activities delayed or unable to be undertaken during the period and encouraged their resumption between the end of the reporting period and the deadline for submitting statements.

In April 2020, Epworth entered into an agreement with the Victorian Government to make available its infrastructure, essential equipment, supplies and workforce, to boost the capacity of the Victorian hospital system through the coronavirus pandemic as part of the COVID-19 Response Plan.

The agreement provided funding to Epworth to relieve pressure on public hospitals and ensure the State's entire health system operated at full capacity to care for Victorians during the coronavirus pandemic.

Under the terms of the agreement, Epworth was required to make infrastructure, essential equipment (including ventilators), supplies including personal protective equipment (PPE), workforce and additional resources fully available to the Victorian hospital system.

Epworth's operations were refocused to support the COVID-19 response through the provision of services including:

- Hospital services for public patients – both positive and negative for COVID-19.
- Category 1 elective surgery.
- Utilisation of wards and theatres to expand ICU capacity; and
- Accommodation for quarantine and isolation cases where necessary, and safety procedures and training.

The agreement provided for the operation of Epworth during the reporting period as part of the extension of the public health system, while preserving the sector's capacity to resume private hospital services after the epidemic.

As a result of these arrangements, Epworth's normal operations were partially suspended to some extent in each quarter of the reporting period. Planned activity, including the intended implementation of components of Epworth's modern slavery action plan, were delayed and resumed only in the fourth quarter of the reporting period.

4. Actions taken to assess and address modern slavery risks, including due diligence and remediation processes

Assessing and addressing modern slavery risks

During the period 1 July 2020 to 30 June 2021, Epworth developed its framework to address modern slavery risks through the implementation of components of its action plan. Given the focus of the organisation on providing support to the Victoria's COVID-19 response during the majority of the reporting period, not all of the intended actions were able to be taken.

The following specific measures were undertaken:

- **Supplier Audit**

Epworth's top 50 suppliers based on annual spend were assessed for their potential for modern slavery risk based on a review of the supplier's published modern slavery statements published by 31 March 2021 on the ABF Statements Register. A review of suppliers' modern slavery commitments under other jurisdictions such as the *UK Modern Slavery Act 2015* and the *California Transparency in Supply Chains Act 2010 (SB 657)* was conducted. Where no public statement was available, a desktop review of suppliers' publicly available policy statements was conducted to determine the extent of the supplier's engagement in and awareness of modern slavery issues.

The supplier audit found that fewer than 20% of Epworth's top 50 suppliers had prepared Modern Slavery Statements under the Act. However, 36% of Epworth's top 50 suppliers made a Modern Slavery Statement under the British and/or Californian legislation.

None of those suppliers which prepared Modern Slavery Statements identified significant or high risks of modern slavery in their supply chains and their statements indicated only a high-level engagement in the identification and combat of modern slavery risks in their operations and supply chains.

Based on the supplier audit, it was concluded that suppliers with a potential high risk of modern slavery in their supply chain are not necessarily identifiable by spend or their geographic location because of the complex multi-tier supply chains whereby the location of manufacture may be many tiers from the distribution locations.

In response to the results of the desktop supplier audit, a supplier questionnaire was developed to elicit more information from suppliers about their supply chains and increase their awareness of modern slavery risks to prompt further investigation of their supply chains. The questionnaire will be distributed for responses during the FY22 reporting period.

- **Case study on Personal Protective Equipment**

The critical nature of, and high demand for Personal Protective Equipment (PPE), principally masks and gloves was highlighted during the COVID-19 pandemic.

In response to an increased focus in the US and the UK on forced labour issues associated with the manufacture of rubber gloves in Malaysia⁵, Epworth undertook a case study of disposable gloves as part of its modern slavery action plan.

Epworth responded to a request for information from Human Rights Law Centre about their research into trends in corporate reporting under the Act and its review of Australian healthcare and aged care companies that source disposable rubber gloves from Malaysia.

⁵ *The Guardian*, "US Bars Rubber Gloves from Malaysian Firm Due to Evidence of Forced Labour", 30 March, 2021, <https://www.theguardian.com/global-development/2021/mar/30/us-bars-rubber-gloves-malaysian-firm-top-glove-evidence-forced-labour>

Epworth found that only one of its PPE suppliers published a Modern Slavery Statement and determined that its suppliers were distributors with complex multi-tier supply chains. While Epworth does not use rubber gloves, it was determined that at least some of the disposable gloves supplied by Epworth's distributor are manufactured in Malaysia.

During the COVID-19 pandemic, modern slavery considerations were not factored into the procurement of PPE.

To address this potential risk of modern slavery in the supply chain, Epworth's PPE suppliers (distributors) will be included in those suppliers asked to complete the supplier questionnaire, regardless of annual spend by Epworth with those suppliers.

Given that healthcare organisations use common distributors, Epworth considers there would be benefits of working with others in the health sector to address this and other modern slavery risks in operations and supply chains.

- ***Development of training session for selected Epworth staff***

A training program was developed to create and increase awareness among key Epworth procurement staff about modern slavery risks.

The training program comprises an interactive online primer to create awareness and understanding of modern slavery and gauge existing awareness of modern slavery among key Epworth staff; and a longer training workshop with a focus on identifying and responding to risks of modern slavery in the supply chain.

The impact of COVID-19 pandemic restrictions in Victoria during May and June 2021 resulted in the re-formulation of the training as an online program, now published and available to Epworth staff on the internal intranet.

5. How the entity assesses the effectiveness of its actions

Assessment of the effectiveness of our actions to address modern slavery

During the period 1 July 2020 to 30 June 2021 Epworth completed its high-level audit of suppliers and prepared a training and awareness program for delivery to staff involved in procurement. The supplier questionnaire will be sent to the top 50 suppliers and PPE distributors in the second half of calendar year 2021. The revised questionnaire better targets the identification of potential risks of modern slavery in Epworth's supply chains.

Further work on the review of documentation to set the framework for identifying modern slavery risks in its supply chains will be undertaken following the receipt of responses from suppliers to the questionnaire.

Epworth's operations and actions including the implementation of its action plan during the reporting period were necessarily constrained by the prioritisation of its role in Victoria's COVID-19 response plan.

6. Process of consultation with entities owned and/or controlled by the entity

Consultation across the Epworth Group

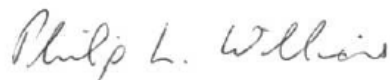
All procurement and sourcing for the Epworth Group is conducted by Epworth HealthCare. As part of consultation with Epworth Group entities, each Board of Directors has reviewed and approved this Modern Slavery Statement prior to it being approved by the Board of Management of Epworth Foundation (reporting entity).

This Modern Slavery Statement is made in accordance with section 14 of the *Modern Slavery Act 2018* (Cth) and represents the Epworth Group Statement for the period 1 July 2020 to 30 June 2021.

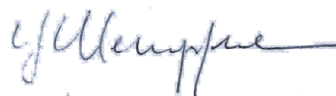
Approved October 2021 by the Board of Management of Epworth Foundation, the Board of Directors of Epworth Arts Foundation Limited and the Board of Directors of Epworth Medical Foundation Limited.



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