

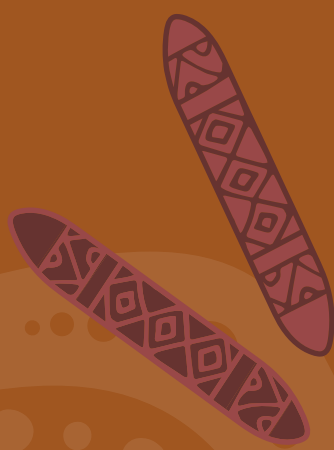
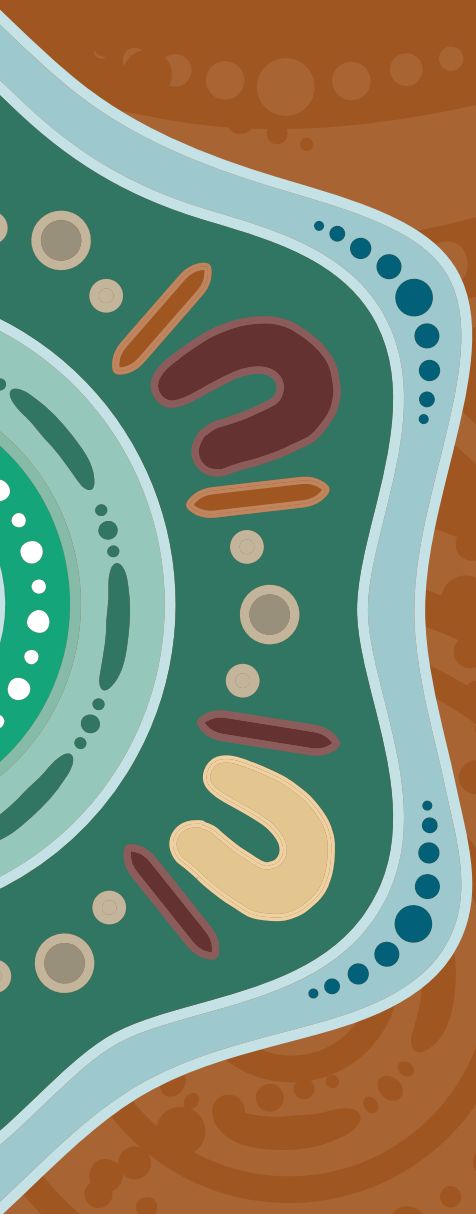


Mercy Health

Care first

Mercy Health

# Modern Slavery Statement 2021





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## About Mercy Health

Mercy Health is a Catholic not-for-profit organisation that provides a range of health, aged and community care services to communities in Victoria, the Australian Capital Territory, New South Wales, Western Australia and Queensland. We care for people throughout life from conception to death. We are focused on the whole person: their health, their wellbeing and their capacity and freedom to thrive.

Mercy Health operates at all times as part of the mission of the Catholic Church. In the tradition of the

first Sisters of Mercy and based on the vision of their founder, Catherine McAuley, we are an organisation dedicated to action. We are impelled by the principles of equity and social justice that were evident in that founding vision.

Central to our mission is providing care for those in need, irrespective of religion, faith, beliefs or background.

## Welcome from the Mercy Health Chair



This second modern slavery statement given by Mercy Health under the *Modern Slavery Act 2018* (Cth) is an opportunity to look back at our efforts over the past 12 months.

The COVID-19 pandemic continues to occupy our minds and has created an urgency around the supply of goods and services, which can distract from the potential for an increased risk of modern slavery in our supply chains and work practices. I am pleased to see Mercy Health continuing to develop our organisation's response to modern slavery.

I call to mind the work of Catherine McAuley and the slight beginnings from which ministries of the Sisters of Mercy emerged around the world. It is in that tradition that Mercy Health presents our second modern slavery statement.

It is important to Mercy Health that we continue to ask ourselves how we can turn ethical intention into practical outcomes for social justice. We should not be disheartened by what could be perceived as

slow progress in the national and global effort to shift awareness, policy and practice to address modern slavery. This is a problem for which we strive to provide moral and ethical leadership and voice; we are committed to a path of persistent effort toward achieving the common good.

This statement is made together with a range of Australian Catholic organisations in the Australian Catholic Anti-Slavery Network (ACAN). Mercy Health is pleased to be a part of ACAN and for our second modern slavery statement to form part of ACAN's compendium of modern slavery statements.

As Chair of Mercy Health, I would like to thank everyone who has helped develop this important piece of work, nurturing it from the beginnings described in Mercy Health's 2020 modern slavery statement, to delivering the 2021 statement. I look forward to continuing to lead and support our ongoing efforts to eliminate modern slavery.

A handwritten signature in black ink that reads "Virginia Bourke".

Virginia Bourke  
Chair, Mercy Health

## This modern slavery statement

This modern slavery statement is a joint statement made on behalf of the three reporting entities within Mercy Health:

- Mercy Hospitals Victoria Ltd (revenue \$496,641,650 in 2021)
- Mercy Aged and Community Care Ltd (revenue \$322,370,490 in 2021)
- Mercy Health Australia Ltd (does not produce consolidated accounts, but is the sole member of all the entities in the group and had a consolidated revenue in excess of \$845 million in 2021).

The statement covers all entities owned or controlled by Mercy Health Australia Ltd, known together as 'Mercy Health'.

All of the entities within Mercy Health are registered as charities with the Australian Charities and Not-for-profits Commission. Annual information statements, financial reports and other information for those entities can be found at [www.acnc.gov.au](http://www.acnc.gov.au)

Although Mercy Health generally reports on a 1 July to 30 June basis, we have adopted the reporting period of the ACAN's compendium members for the purpose of this statement. Accordingly, this statement is given for the period 1 January to 31 December 2021.

In that period, Mercy Health continued the work we began in 2019 to assess and address the risk of modern slavery in our operations and supply chains. As well as partnering with others and raising awareness among our staff, suppliers and the community, Mercy Health continued our efforts to engage with suppliers to understand and reduce their (and our) modern slavery risks. That engagement revealed different levels of maturity among suppliers in their response to modern slavery. Our most significant suppliers were beginning to address the issue and demonstrated a lower risk than the *potential risk* we were able to assess in 2020.



## Our organisational structure

Mercy Health is comprised of Mercy Health Australia Ltd and its subsidiaries.

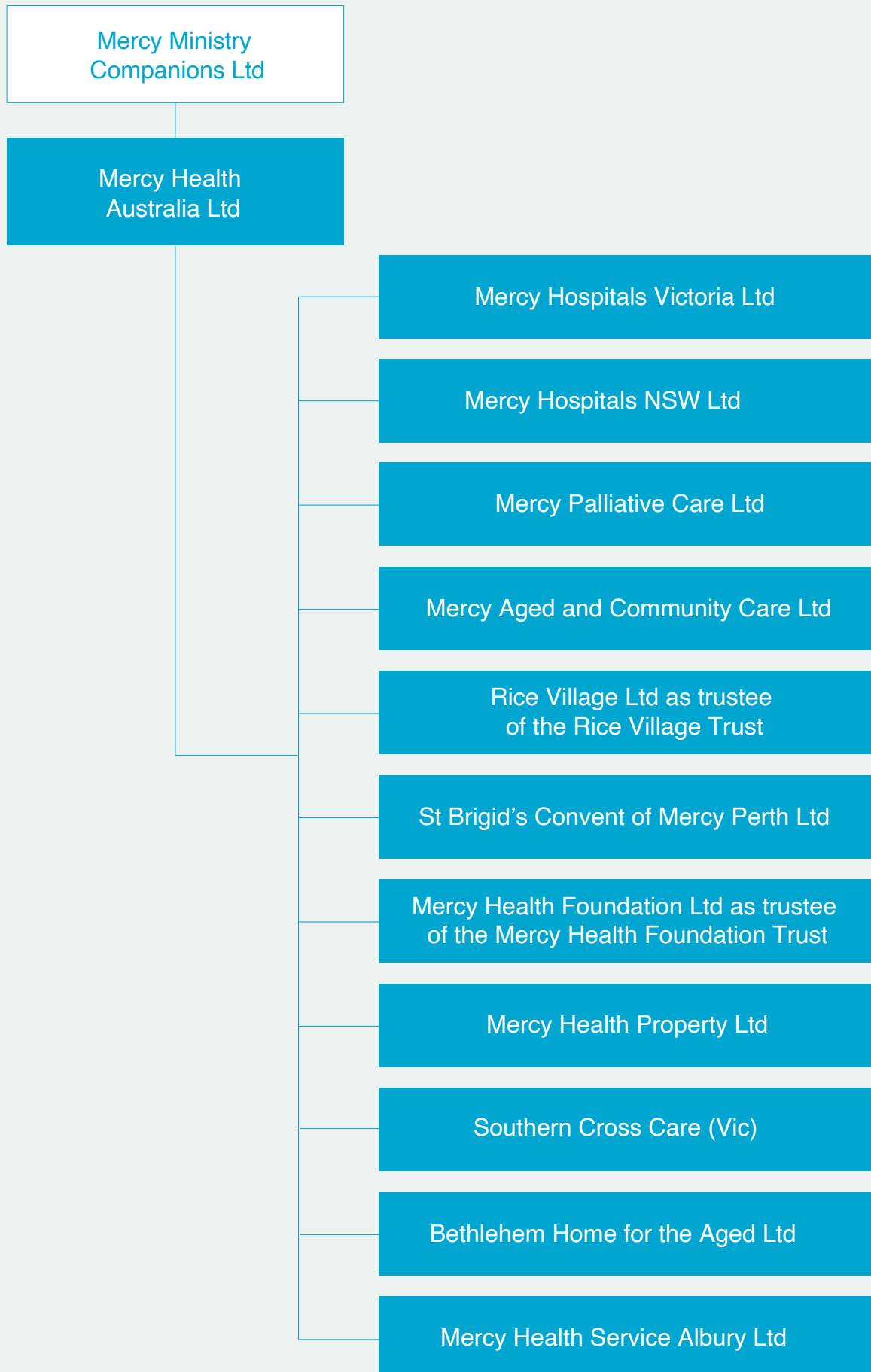
Mercy Health Australia Ltd is the sole member of each of the following companies:

Mercy Hospitals Victoria Ltd	ACN 614 116 013	ABN 74 762 230 429
Mercy Hospitals NSW Ltd	ACN 075 648 350	ABN 53 075 648 350
Mercy Palliative Care Ltd	ACN 614 116 148	ABN 77 896 699 763
Mercy Aged and Community Care Ltd	ACN 088 254 460	ABN 77 191 901 062
Rice Village Ltd as trustee of the Rice Village Trust*	ACN 089 460 935	ABN 58 089 460 935
St Brigid's Convent of Mercy Perth Ltd	ACN 617 402 767	ABN 57 714 505 919
Mercy Health Foundation Ltd as trustee of the Mercy Health Foundation Trust**	ACN 107 275 230	ABN 73 107 275 230
Mercy Health Property Ltd	ACN 082 093 150	ABN 26 412 756 615
Southern Cross Care (Vic)	ACN 004 788 612	ABN 27 004 788 612
Bethlehem Home for the Aged Ltd	ACN 614 116 308	ABN 68 554 957 510
Mercy Health Service Albury Ltd	ACN 068 291 234	ABN 82 068 291 234

\* A trust established in accordance with the wills of Hannah Kathleen Moylan and Margaret May Rice administered cy-pres in accordance with Orders made by the Supreme Court of Victoria on 19 November 1993 and leave pursuant to section 63 of the *Religious Successory and Charitable Trusts Act 1958* (Vic) given in Orders made by the Supreme Court of Victoria on 30 November 1994.

\*\* A trust established by deed made 30 March 2005 and as amended.

Mercy Health's corporate structure is illustrated in the following chart:





Mercy Ministry Companions

On 3 December 2021, ministries established by the Sisters of Mercy in Australia, including Mercy Health, were reorganised to become members of the Mercy Ministry Companions group, as illustrated in the chart below.

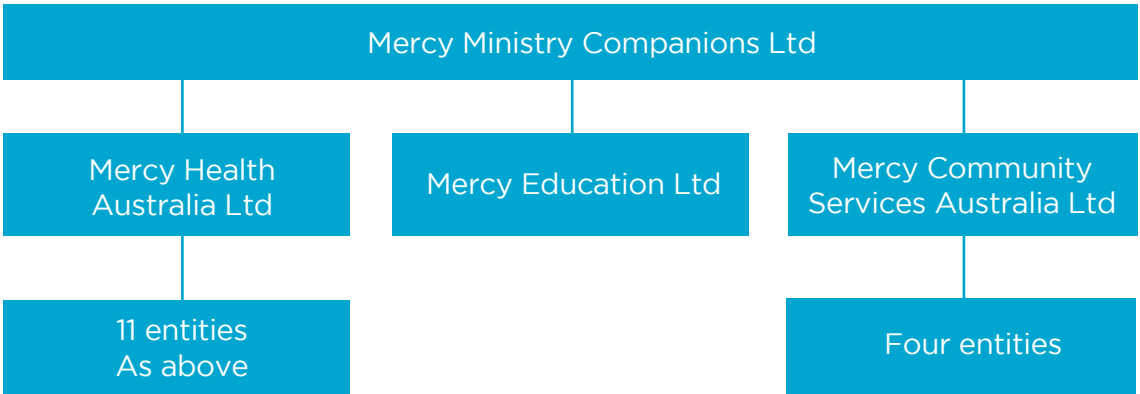
The reorganisation emerged out of the Sisters’ knowledge that the number of Sisters skilled in governance is declining, and a desire that their ministries should continue in accordance with their ethos. The reorganisation has empowered the laity (as directors of Mercy Ministry Companions Ltd) to take on a greater role in governance, while Sisters remain involved for now as members of Mercy Ministry Companions Ltd. The reorganisation has not changed the day-to-day operations of Mercy Health.

Our governance framework

The membership of the Boards of all of the companies that make up Mercy Health, other than Mercy Health Foundation Ltd, is concurrent. The concurrent boards are known as ‘the Mercy Health Board’.

Mercy Health Foundation — which seeks philanthropic support for the work of Mercy Health — has a separate Board of Directors, referred to here as the ‘Foundation Board’.

All of the entities that make up Mercy Health are supported by our Group Chief Executive Officer and Executive management team based in Melbourne. Support services functions are also shared across the organisation. For example, human resources and procurement teams support the organisation as a whole.





## Our operations and supply chain

### Operations

Mercy Health provides a range of health, aged and community care services in Australia.

Mercy Health provides public hospital services in Victoria and New South Wales. We cared for approximately 103,000 people in our Victorian hospitals in 2020/21. In that year, nearly 9,700 babies were born in those Victorian hospitals, 686 families were supported by our early parenting centre and more than 1,200 people received mental health services.

At the end of 2021, Mercy Health was operating 30 residential aged care homes across four states, providing care to about 3,000 people.

Mercy Health also supports people to live independently at home. In 2020/21, we provided care for more than 9,500 people in their own homes.

### Supply chain

Mercy Health purchases a wide range of goods and services, including:

- medical and related services, such as allied health services, medical imaging services, pathology services and agency staff
- building, construction and infrastructure services, including waste management and medical gas supply
- ancillary services such as food, cleaning, linen and laundry and security
- communications, information technology hardware and support, and software solutions and support.

We deal mainly with suppliers that have an Australian presence. However, our suppliers' head offices are based all around the world, with key countries including Australia, New Zealand, China, the United Kingdom, the United States of America and Germany.

Mercy Health's suppliers manufacture or source from manufacturers all over the world. Manufacturing occurs in a number of countries including Australia, the United States of America, Germany, Turkey, Japan, China, Malaysia, Mexico, Columbia and Sri Lanka.



# Modern slavery risks in our operations and supply chain

## Operational risk

About 12,090 people — 83 per cent of whom are women — worked for Mercy Health over the course of 2021. Of the total number of staff, 5,694 worked in health services, 4,962 worked in residential aged care, 997 worked in home care and 429 worked in support services.

While Mercy Health employs people from approximately 139 countries, including India, the Philippines, Nepal and the United Kingdom, the vast majority of our employees are engaged in Australia.

Just over 800 staff from 54 countries hold temporary visas. Visa applications related to those positions are managed by an in-house team in accordance with our Visa Policy and Procedure, and in compliance with immigration requirements under Australian law.

Mercy Health engages our employees under a wide range of enterprise agreements and modern awards, as well as under common law, and frequently engages with trade unions acting on our employees' behalf.

Some staff are engaged through agency and other labour hire arrangements. Where state laws require it, we engage staff only from registered labour-hire providers.

Mercy Health has a range of systems in place to identify and action changes to employment entitlements, immigration requirements, equal opportunity requirements and health and safety legislation. Mercy Health has a rolling internal audit plan that includes review of employee related entitlements.

Mercy Health has a Code of Conduct that governs how our employees conduct themselves in our operations. The Code of Conduct is based on our organisational values: compassion, hospitality, respect, innovation, stewardship and teamwork.

Mercy Health does not tolerate improper conduct by our employees, officers or volunteers, and we are committed to protecting and supporting whistleblowers who disclose improper conduct. This is explained in greater detail in our Whistleblowers Policy and Procedure and on our website.

The policies and procedures that govern how we relate to our people are available throughout the organisation and are reviewed and updated on a regular basis.

## Supply chain risks

In 2021, Mercy Health purchased goods and services to the value of more than \$223 million from 3,808 suppliers for the purpose of carrying out its activities.

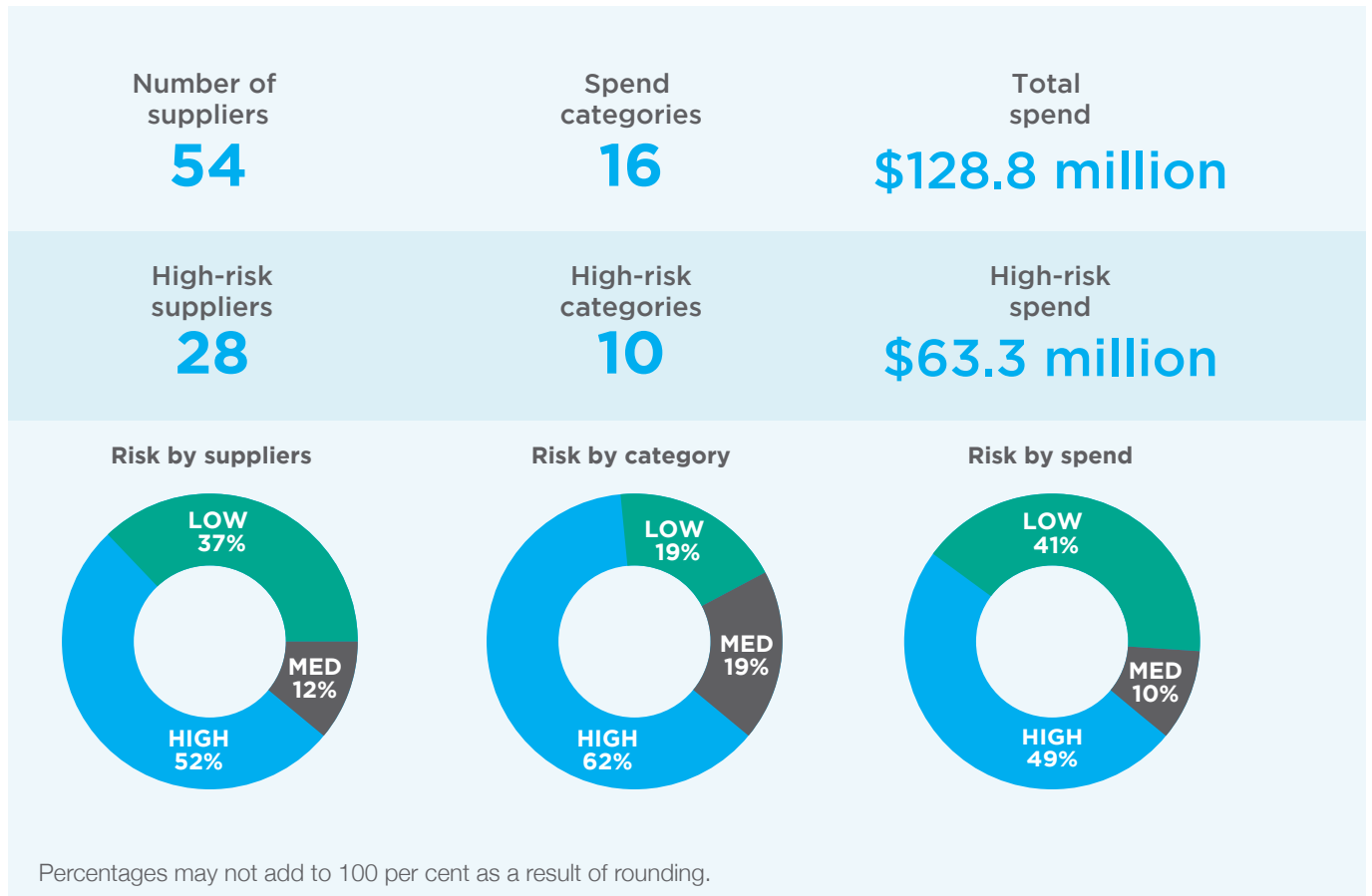
To target our efforts to address the risks of modern slavery, Mercy Health undertook a supplier risk analysis in 2019 of our top 54 suppliers by spend, in conjunction with ACAN.

Spend categories were divided into high, medium and low risk informed by ACAN's Category Risk Taxonomy.

### Mercy Health high-risk spend categories:

- building and construction
- cleaning services
- food and beverage
- furniture and office supplies
- labour hire (agency)
- linen/laundry
- medical supplies
- security services
- uniforms and workwear
- waste management.

The resulting Mercy Health Risk Dashboard identified that of the top 54 spend suppliers, 28 were categorised as *potentially* high risk by virtue of falling within 10 identified high-risk categories. The total high-risk spend in 2019 was more than \$63 million.



## Actions taken to assess and address the risks

### Modern Slavery and Ethical Purchasing Working Group

Mercy Health established a Modern Slavery and Ethical Purchasing Working Group in February 2020, chaired by General Counsel. The Working Group includes Executive representation from the Chief Financial Officer; Executive Director People, Learning and Culture; and the Executive Director Marketing, Communications and Stakeholder Relations. The Group also includes representatives from procurement, health services, aged care and risk teams.

### Partnerships

Mercy Health operates in partnership to address risks of modern slavery.

#### *Australian Catholic Anti-Slavery Network (ACAN)*

Mercy Health is a member of the Australian Catholic Anti-Slavery Network (ACAN), made up of more than 40 Catholic organisations around Australia including large Catholic health and aged care providers.

Mercy Health modern slavery liaison officers attended monthly ACAN meetings with the aim of understanding and responding to the potential risks of modern slavery in our organisation and supply chain.

Mercy Health worked with ACAN to develop our internal education and training and business systems.

#### *Health Share Victoria*

Mercy Health procures certain goods and services for its Victorian hospitals and community palliative care service through Health Share Victoria. Health Share Victoria procures goods and services for public sector health services in Victoria. Health Share Victoria repudiates modern slavery and has adopted a risk-based approach to combating modern slavery in health service supply chains.

#### *Sedex*

Mercy Health has begun using Sedex tools and services to map our supply chain and assist us in evaluating the risk of modern slavery in our supply chain. Sedex gives us access to information that we would otherwise find difficult to source ourselves.

#### *Catholic Health Australia*

Mercy Health is a member of Catholic Health Australia. A representative of the Working Group attended a Catholic Health Australia modern slavery working group in 2021 to share experiences and distil issues of concern to all of us.



## Bridge the Gap Analysis

Mercy Health repeated the ACAN 'Bridge the Gap Analysis', which we first undertook in 2019, to identify changes in how our systems deal with modern slavery risks and generate a new heat map of potential system gaps.

In 2019, this analysis showed that while we had started to understand the potential risks, we needed to implement strategic action plans to support a progressive program of risk mapping, identification and, where necessary, remediation.

The 'Bridge the Gap Analysis' was repeated in February 2021 and December 2021, showing that:

- the Board and Senior Executive are highly engaged
- dedicated business systems have been established
- detailed procurement policies, guidelines and processes are in place

- progress has been made to incorporate modern slavery into corporate risk and audit processes
- policies are in place to minimise risk of modern slavery when using labour hire companies.

The analyses show that, although improvement has been ongoing, further development is required in the following areas:

- Systems for treating and managing risk in our immediate and extended supply chains.
- Monitoring the effectiveness of actions to reduce the risk of modern slavery in our supply chain.
- Improving feedback mechanisms and staff engagement.
- Increasing contractor training and awareness programs.

## Engagement with suppliers

Mercy Health's engagement with suppliers has been informed by a risk-assessment process summarised in the following chart.

Process	1. Risk stratify inventory	2. Risk-based engagement	3. Appropriate remediation
Risk management activities	Maintain inventory of suppliers with information regarding their potential modern slavery risk (high, medium or low) (ACAN Risk Taxonomy)	<p>Assess the level of strategic and value impact of the high-risk supplier. (ACAN Supplier Engagement Strategy)</p> <p>Develop an engagement strategy based on the strategic/value impact of the high-risk supplier. (ACAN Supplier Engagement Strategy)</p>	Where instances of modern slavery are identified, a prioritised risk management approach is taken: <ol style="list-style-type: none"> <li>Modern slavery risk caused by our Entity</li> <li>Contributed to by our Entity</li> <li>Directly linked to our Entity</li> </ol>
Scope	Mercy Health operations; suppliers/vendors and their suppliers; emerging suppliers		
Foundation	Core Internal Controls; ACAN Supplier Engagement Strategy; ACAN Risk Taxonomy; Modern Slavery Act 2018		
Objective	Care First: We will care for, and about, marginalised and disadvantaged groups		





## Supplier actions to address risk

Building on that work, we have commenced engagement with 24 of the 28 significant suppliers identified in 2019. The other four suppliers no longer supply Mercy Health.

We requested those significant suppliers to complete a supplier questionnaire with nine questions about key issues in assessing and addressing modern slavery risk.

From the response to these questions, a *residual risk rating* (high, medium, low) was assigned based on the remaining risk in the supply chain having considered

the steps they were taking to assess and address the risk of modern slavery. The resulting information is conveyed in the chart below.

The result demonstrates that our suppliers are taking action to address potential risks of modern slavery. It also shows that most organisations are in the early stages of reviewing and reforming their supply chain processes in light of modern slavery.

Using the information we gathered from those significant suppliers, we intend to work with a selection of those suppliers in 2022 to reduce the risks that remain in their operations and supply chains.

Supplier questionnaire category	Residual risk		
	High	Medium	Low
1. Modern slavery policy and processes	3	10	11
2. Training	7	8	9
3. Risk assessment	6	10	8
4. Supply chain mapping	7	11	6
5. High-risk services	5	3	16
6. High-risk locations	7	9	8
7. High-risk goods	8	7	9
8. Grievance mechanisms	8	8	8
9. Remedy pathway	10	8	6

## Case study

One supplier to Mercy Health demonstrated a comprehensive response to modern slavery.

The organisation informed us that it has a specific modern slavery policy. Modern slavery training has been provided to all board members, executives and key employees, and all employees and contractors have been provided with an introduction to modern slavery.

The organisation undertook an in-depth risk assessment, including at least the top two levels of the supply chain. Identified risks were either removed or are now being monitored where removal was not possible. Supplies are sourced from high-risk areas, but mechanisms — including auditing and inspections — have been put in place to identify and remove modern slavery risks.

The organisation has a reporting mechanism that can be accessed by workers from all levels of their supply chain. The organisation can demonstrate examples of how the process has been used and has clear policies and processes on what should be reported and how.

They have developed a detailed crisis management plan incorporating the steps to be taken in remediation of modern slavery harms, where necessary.

The organisation is accredited with an accreditation agency that safeguards the rights of workers in the organisation's sector.

Mercy Health hopes to improve its own processes and work with other suppliers to encourage them to address modern slavery risks in a similar way.

## Investment

Mercy Health — including the Foundation — invests in accordance with Mercy Health's Investment Management Policy, which has included ethical investment guidelines since at least 2019.

Mercy Health's Investment Management Policy and its ethical guidelines frame our approach to ethical considerations in investing. We seek to invest in companies that promote human welfare, dignity and respect, and the general good.

We avoid, limit or minimise investments in companies whose products, services or practices are contrary to Mercy Health values or teachings of the Catholic Church, cause or perpetuate injustice and suffering, or infringe human rights. We also exclude investments in companies where their practices are unacceptable from a human rights or modern slavery perspective.

External investment advisors engaged by the Foundation are required to comply with our policy, including ethical guidelines relating to modern slavery, when providing us with advice or investing on our behalf.

## Internal education and awareness

Mercy Health has continued to promote internal education and awareness of modern slavery.

We are continuing to deliver online training using ACAN modules for the Working Group and relevant business units (procurement, information technology, finance and property). The number of staff who have completed training is listed below.

Training	Working Group	Business units
Modern slavery 101	6	10
Implementing a modern slavery risk management program	5	1
Business relevance	7	6
Grievance mechanisms and remedy	5	—



While we have focussed on educating and training the most relevant staff within Mercy Health, the online training module 'Modern slavery 101' was made available to all Mercy Health staff via our online education platform toward the end of 2021. We look forward to more staff undertaking that training in 2022.

We published an article in the Mercy Health quarterly newsletter, *Our Voice*, in spring 2021, to inform our staff, patients, residents and clients about the work Mercy Health is doing to address the risk of modern slavery.

### Supplier education and awareness

We also encouraged our suppliers to educate themselves about modern slavery.

In addition to the engagement work we did with our large, higher risk, suppliers, we wrote to 204 suppliers enclosing our Supplier Code of Conduct Policy, which includes modern slavery requirements. We asked those suppliers to commit to the Code; 146 agreed and three refused.

Mercy Health invited suppliers to attend the following webinars presented by ACAN:

- Construction industry: 10 respondents were Mercy Health suppliers
- Medical industry: 10 respondents were Mercy Health suppliers
- Information and communications technology industry: five respondents were Mercy Health suppliers



### Community awareness

To promote awareness of modern slavery and Mercy Health's efforts to overcome it, we placed the Mercy Health Modern Slavery Statement 2020 on the Mercy Health website along with a summary.

### Remediation

Mercy Health is committed to ensuring we provide appropriate and timely remedies to people affected by modern slavery.

Mercy Health is a founding partner of Domus 8.7, an independent program providing remedy to people affected by modern slavery. By partnering with Domus 8.7, Mercy Health can help people affected by modern slavery achieve meaningful outcomes.

Mercy Health funded an online 'Grievance mechanisms and remedy' training module that was made available to Working Group members in 2021.

### Impact of COVID-19

Throughout 2021, the COVID-19 pandemic continued to impact Mercy Health employees and the people we serve.

Mercy Health continues to provide hospital care to patients infected with COVID-19. Meantime, we continue to care for people in our residential aged care homes affected by COVID-19 exposures and outbreaks, as well as people living independently.

COVID-19 posed a particular challenge for our procurement team, which was engaged in sourcing and deploying essential personal protective equipment (PPE) in a difficult procurement environment. We procured PPE through the public sector stockpile for our Victorian hospitals, relying on the State's processes to minimise our exposure to risks of modern slavery. We entered the market directly to procure PPE for our aged care homes, using existing suppliers in order to avoid the risk of modern slavery in the supply chains of unknown and untested suppliers.

We look forward to pursuing engagement with suppliers on the subject of modern slavery in what we hope will be a more settled environment in 2022.

## Assessment of our effectiveness

The Modern Slavery and Ethical Purchasing Working Group continues to meet three-to-four times per year and will review the effectiveness of the actions Mercy Health is taking in addressing the risk of modern slavery in our operations and supply chain.

The annual ACAN 'Gap Analysis' (as above) provides an annual structured assessment of the effectiveness of our actions.

In 2022, the Working Group intends to provide the minutes of its meetings to the Mercy Health Executive to allow ongoing assessment by that group of the Working Group's effectiveness.

## Consultation within Mercy Health

The entities owned or controlled by Mercy Health Australia Ltd were consulted in the preparation of this statement as follows:

- The Mercy Health Board was briefed on progress and approved the giving of this statement.
- Foundation staff were consulted and the draft statement was provided to the Foundation Board for feedback.

- Members of the management team involved in the Working Group work across all entities that constitute Mercy Health.

Neither Mercy Hospitals Victoria Ltd nor Mercy Aged and Community Care Ltd own or control any other entities.

## Approval

This statement was approved by the Board of Mercy Health Australia Ltd in its own right and as the parent entity of Mercy Hospitals Victoria Ltd and Mercy Aged and Community Care Ltd, at its meeting on 10 May 2022.



Virginia Bourke  
Chair, Mercy Health Australia Ltd

## For more information

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[mercyhealth.com.au](http://mercyhealth.com.au)



### Cover artwork

From wabung-ngetel (Call of Country)  
By Dixon Patten, Bayila Creative  
Gunnai and Yorta Yorta

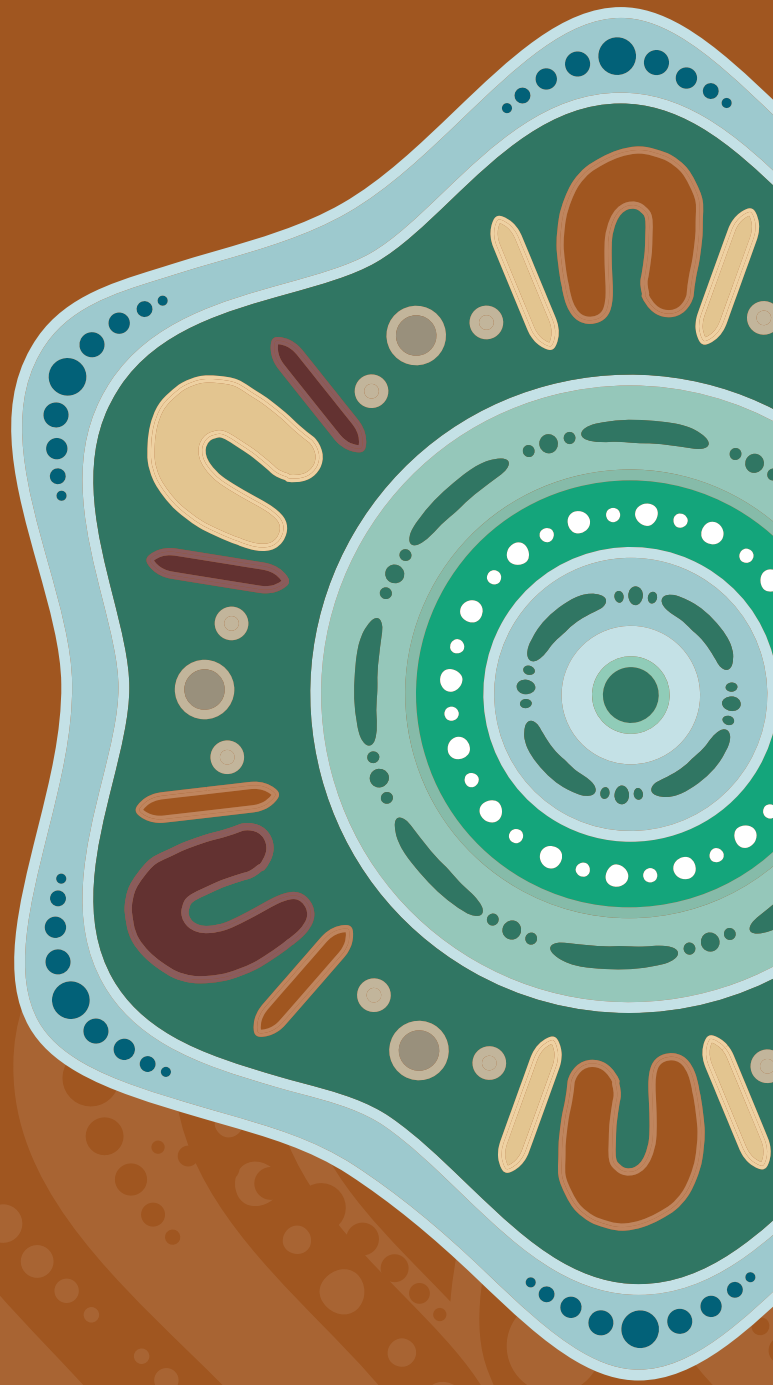






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*Care first*



Mercy Health acknowledges Aboriginal and Torres Strait Islander Peoples as the First Australians. We acknowledge the diversity of Indigenous Australia. We respectfully recognise Elders past, present and emerging. This report was produced on Wurundjeri Country.