



Modern Slavery Statement 2023





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Kaya Ngaji gurrijin Hello

MercyCare acknowledges Aboriginal and Torres Strait Islander Peoples as Traditional Custodians of Country throughout Australia. We pay our respect to their cultures, Elders past, present and emerging, and we commit to working together for our shared future.

Disclosure Statement

This is a joint modern slavery statement made by MercyCare Ltd (ACN 098 197 490) on behalf of itself and the entities it controls or owns including:

Mercy Community Services Ltd (ABN 96 487 116 582)
Mercy Human Services Ltd (ABN 21 612 759 654)
together, for the purposes of this statement "MercyCare".



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**Our Mission is to bring
compassion and justice
to life so that people and
communities can thrive.**





PART 1

About Us

Our Entities

This statement is prepared in accordance with the requirements of the Modern Slavery Act 2018 (Cth) in relation to the following entities:

MercyCare Ltd (ACN 098 197 490)

Mercy Community Services Ltd (ABN 96 487 116 582)

Mercy Human Services Ltd (ABN 21 612 759 654)

MercyCare is a leading Catholic provider of early learning, family and community, and aged care services.

In 1846, a small group of the Sisters of Mercy arrived in Western Australia and, despite the hardships of an early settlement, set out to care for the vulnerable. This heritage inspires us in our work today.

Our Mission is that MercyCare strives to bring compassion and justice to life so that people and communities can thrive.

MercyCare envisions a future where we strengthen our existing services and strategically target new growth opportunities to advance our Mission. We aim to identify and pursue sustainable solutions that meet the evolving needs of our community. By investing in resources and infrastructure, we will continue to support our services and empower the people across MercyCare.

Our Impact is to ensure we provide support to vulnerable members of our community. This support ranges from childcare to youth homelessness, disability services, home care for seniors and residential aged care.

MercyCare extends its support to the community across both the Perth metropolitan area and regional Western Australia through the provision of approximately 25 services spanning 30 locations.

Our Growth continued during the year including a new state-of-the-art 108-bed, residential aged care facility and increasing our early learning services capacity with the opening of one new childcare centre. Our future objectives encompass further expansion in community-based aged care, family services, and disability support. Annual revenue for the Financial Year ending June 2023 amounted to \$130M.

PART 2

Our Structure, Operations, People and Supply Chains

Our Structure

MercyCare is a Public Juridical Person (PJP). MercyCare Limited is the civil entity.

Mercy Community Services Ltd and Mercy Human Services Ltd are subsidiaries of MercyCare Limited.

The MercyCare civil entities are companies limited by guarantee. They are governed by a Board of Directors with the requirement to operate as a non-profit organisation pursuant to their relevant constitutions.

MercyCare Ltd is registered as a charity with the Australian Charities and Not-for-Profits Commission and has Public Benevolent Institution (PBI) status.

Our Operations

OUR KEY SERVICES ARE CENTRED AROUND:



Residential Aged Care



Community Aged Care



Family and Community Services, including Disability Services



Early Learning Services

Our services are provided, and facilities are located in Western Australia, predominantly across the Perth Metro area. We also manage Aboriginal short-stay accommodation in the Kimberley region of Western Australia.

Modern Slavery prioritisation at an operational level within our organisation is still in the early development phase, and we recognise the need for a continued investment in building our capacity. It is acknowledged that Business-as-Usual (BAU) activities across our operations develop and remain vigilant against the threat of modern slavery. To empower our workforce, we have plans to focus on the following key areas to enhance our services and uphold our commitment to ethical practices.

Enhancing Workplace Practices:

Strengthening workplace practices to ensure they align with ethical standards and promote a safe, inclusive environment for our employees.

Stakeholder Engagement:

Actively engaging with stakeholders, including employees, clients, and community members, to gather feedback and enhance service delivery across all operational areas.

Continuous Improvement:

Demonstrating our commitment to continuous improvement by regularly reviewing and updating policies and procedures to mitigate modern slavery risks and improve the quality of our services.

Community Partnerships:

Establishing strong partnerships with community organisations to provide support to vulnerable populations and address social issues in the communities we serve.

Training and Development:

Providing ongoing training and development opportunities for our employees to enhance their skills and knowledge, enabling them to deliver exceptional services to our clients.

By focusing on these key areas, we are committed to enhancing our services and upholding ethical practices in our operations.

Our People

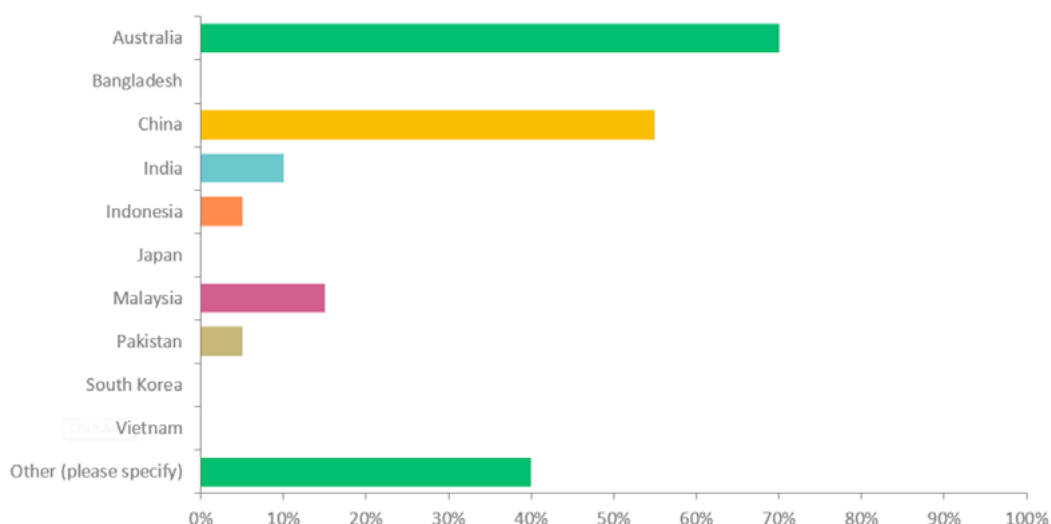
MercyCare's workforce is deeply dedicated to advancing our Mission. We are proud to have over 1,450 employees and 166 volunteers contributing to our cause.

Our Supply Chains

In 2023, MercyCare invested \$50 million across its supply chain. While all suppliers are Australian entities, many of the goods acquired are sourced from international supply chains. This is evident in the chart below, sourced from Australian Catholic Anti-Slavery Network's Supplier Survey, completed by 52 suppliers out of 798 approached. This disparity highlights the global reach of the supply chains MercyCare engages with, despite the survey's limited direct response rate. However, as our understanding of risks evolves, specifically in relation to the origin of goods throughout our suppliers' supply chain, MercyCare aims to actively engage with suppliers to mitigate risks, making it an action point for the upcoming year.

Q15: In which country or countries are the good(s) made?

Answered: 20 Skipped: 32



We have worked to consolidate our vendors and currently have around 450 active suppliers.

PART 3

Modern Slavery Risks

MercyCare stays alert to the threat of modern slavery, both within its operations and throughout the supply chain. Although the likelihood of slavery occurring within Australia is low, instances of worker exploitation have been documented. It is crucial that we stay vigilant, identifying areas of risk and implementing processes to reduce the potential for such practices to occur.

We continue to be involved with the Australian Anti-Slavery Catholic Network (ACAN) and have collaborated on initiating a risk assessment of our key suppliers in September 2023. Assessing our suppliers involved providing supplier data to guide our next steps for engagement. Providing comprehensive supplier data to the ACAN program team has enabled us to identify common suppliers, evaluate supplier risks, conduct analysis and due diligence, and formulate our supplier engagement strategy. Upon agreement on a supplier engagement strategy, we can implement it with ACAN's support and receive regular ACAN Supplier Engagement Progress Reports.

Although we currently lack a formal risk identification process, we rely on widely available data to stay informed about the most critical sectors of concern. For instance, we reference resources like the List of Goods Produced by Child Labor or Forced Labor from the Bureau of International Labor Affairs in the United States, or the 2018 Global Slavery Index by Minderoo's Walk Free, to guide our understanding of risk related to the goods and services we procure.

In addition to ACAN, MercyCare subscribes to CIPS (Chartered Institute of Procurement & Supply) literature to further educate ourselves on global Modern Slavery topics. Additionally, we rely on WA.gov.au guidelines to inform our obligations under the Modern Slavery Act and best practices.

Internal Labour & Agency Management

The labour market, especially in the care sector, has encountered significant challenges due to shortages. With a higher percentage of employees from migrant backgrounds, there is an elevated risk of exploitation. The main risks revolve around the recruitment and management of employees, as well as the utilisation of labour hire agencies. Labour hire currently represents slightly over 18% of our total supply chain cost and has been increasing in importance.

Labour shortages were particularly pronounced over recent years, leading to a sharp increase in costs related to labour hire. Further analysis has allowed us to align our operational needs with our procurement strategy and engage with both existing and new labour hire organisations for tendering. This approach will be complemented by actions to strengthen our labour hire agreements.

Construction & Facilities Management

Our largest expenditure is in the construction and facilities management sectors. MercyCare commissioned a new aged care facility and contracted a major construction company to lead the project and oversee associated labour and procurement activities. While this contractor is committed to complying with the Modern Slavery Act, we engaged in regular discussions regarding labour treatment and employee safety on this project. Additionally, many facilities management companies rely on short-term labour contracts, creating a risk of exploitation that must be managed.

Hospitality

Food, beverages, and related hospitality supplies are essential for our care services. We are aware of risks in the food and beverage sector, particularly with imported foods like fish. Tracing the supply chain is challenging, but working with reputable suppliers will help to mitigate risks.

Information Technology

The technology sector is crucial for our operations, but it comes with complex risks due to deep supply chains that begin with the mining of essential resources. Our technology mainly consists of standard equipment such as laptops and printers, allowing us to focus our risk assessment on commonly acquired products and use external benchmarks to continually evaluate areas of concern.

Other Supply Chain Risks

In 2023, our total supply chain expenditure amounted to \$50,000,000. The remaining expenditure encompasses a wide array of goods and services, including property leases, fleet, clinical equipment (such as specialised beds and wheelchairs), professional services, and corporate services.

All sectors present risks, particularly in supply chains that span multiple borders and jurisdictions. MercyCare is acutely aware of these risks and endeavours to communicate their significance to our suppliers.



PART 4

Actions Taken to Assess and Address Modern Slavery Risks

MercyCare is committed to combating modern slavery in all its forms. In 2023, we took significant steps to strengthen our approach to identifying and addressing modern slavery risks within our operations and supply chains. Our efforts included:



POLICY

MercyCare introduced a Modern Slavery Policy in 2021, with the next review scheduled in 2024. In 2022, our Procurement Policy was revised to explicitly incorporate Modern Slavery risk assessment and action. Looking ahead, MercyCare aims to establish a Social and Ethical Procurement Policy to provide additional guidance to our team members as we continue our efforts to combat modern slavery.



AWARENESS

SUPPLIERS

In 2022, MercyCare collaborated with students from the McCusker Centre for Citizenship at the University of Western Australia to create a toolkit for our suppliers. Subsequently, we engaged with the same organisation, offering a McCusker Intern the opportunity to work with us. The goal was to enhance the social and ethical procurement policy framework, enabling MercyCare to develop and refine our policies and procedures. This framework incorporates the social and ethical considerations of our procurement practices, in addition to the standard metrics used.

We observed a significant increase in supplier engagement, with 47 surveys completed compared to just 6 in the previous year (2022). This uptick indicates a growing awareness and dedication to combatting modern slavery within our organisation. This improvement can be attributed to our inaugural contractor conference held in late 2023, where we presented our contractors with the Australian Catholic Anti-Slavery Network supplier risk assessment and outlined MercyCare's Modern Slavery responsibilities. The conference played a pivotal role in raising awareness among our contractors regarding modern slavery risks and our expectations for ethical practices.

Moreover, a total of 38 suppliers participated in webinars throughout 2023, where we discussed modern slavery risks and strategies to address them. This level of engagement underscores our commitment to working collaboratively with our suppliers to combat modern slavery.

STAFF

MercyCare is committed to eradicating Modern Slavery, particularly within its supply chain. Our Procurement team has launched education sessions to deepen understanding of procurement-related topics, specifically Modern Slavery. By enhancing our grasp of Modern Slavery, our aim is to raise awareness across our organisation. One of our initiatives in this endeavour is our partnership with Australian Catholic Anti-Slavery Network to conduct a staff participation survey. The survey is scheduled in 2024.



RECRUITMENT

Our recruitment policy and procedures are well-documented and regularly reviewed to ensure MercyCare remains vigilant against potential risks. Our recruitment and onboarding checklist includes confirmation of working rights (visa checks), identity verification, and other checks such as National Police Checks and Working with Children Checks. As with all policies and procedures, we review and validate these processes at defined intervals.



SUPPLY CHAIN (All Categories)

In 2022, we formulated supply chain 'category strategies' for key procurement areas of expenditure. Each strategy examines associated risks, including those related to modern slavery. For high-risk categories, modern slavery inquiries are mandatory during the tender process and are integral to the supplier selection evaluation. In 2023, we have updated our standard terms and conditions to align with our Modern Slavery requirements, which are now included in all contracts.

Insurance and police checks validation are crucial for many of our expenditure categories, particularly for individuals who will be visiting our premises. Previously, these records were centrally archived, but as of 2023, they are now stored in our Asset Management System. This change has enhanced change management processes related to the location of audit-related documents across the organisation.

The implementation of a procure-to-pay system, scheduled to launch in June 2024, will enhance our ability to control order placement and utilise preferred (approved) suppliers. A comprehensive and formal vendor policy will bolster our overall governance concerning vendor selection and help mitigate risks associated with high-risk vendors in our supply chain.



LABOUR HIRE

Vendors scoped for tender are obliged to present a modern slavery policy, further ensuring that our partners are aligned with our commitment to combating modern slavery.

MercyCare recognises the importance of Labour hire and agency staff in supporting our services. Our recruitment team recently supported a tender opportunity to ensure that obligations relating to modern slavery and fair employment terms are met by the various invitees associated with the strategic sourcing plan. This approach enables MercyCare to mitigate risks associated with hiring staff not directly employed by MercyCare, such as undeclared subcontracting and monitoring conditions of work and in-house (community-based) subcontractor behaviour. To achieve this, we aim to develop a high-quality matrix of potential labour providers and strive to build enduring relationships in this category.

As we continue to strengthen our efforts to combat modern slavery, we are committed to transparency and accountability. We will continue to update our stakeholders on our progress and invite feedback on how we can further improve our practices.



PART 5

Assessing Effectiveness

Judging the effectiveness of actions is challenging. Our engagement with the Australian Catholic Anti-Slavery Network assists us in this. At present we can use metrics to gauge the effectiveness of our anti-slavery efforts and to hold ourselves accountable. While some of these metrics are proxy measures, a maturity approach is one that serves as a foundation for continuous improvement, ensuring that our efforts are impactful and contribute significantly to eradicating slavery.

Our suppliers are now required to adhere to a revised set of terms and conditions that encompass Modern Slavery responsibilities. We approach this obligation with utmost seriousness. Concurrently, we are updating our service agreement documents to ensure they align with these standards. Our goal is to have a higher number of suppliers under active contracts and to enhance our supplier performance reviews, focusing on a range of responsibilities and topics related to modern slavery. Recent tender activities have also emphasised modern slavery

considerations in the scoring process, guiding our decision-making regarding the selection of suppliers for goods and services provision.

While MercyCare is still only in its third reporting cycle, there has been notable progress in maturity. However, quantifying these advancements is challenging due to the transition from a gap analysis to a maturity assessment for end-of-cycle reporting. This shift signifies a more holistic approach to evaluating and mitigating modern slavery risks. Although direct quantification of improvements may be difficult, the change in reporting methodology reflects a deeper understanding and a proactive approach to addressing modern slavery issues. This strategic shift is expected to result in more effective risk management and improved outcomes over time.

MercyCare continues to work with Australian Catholic Anti-Slavery Network in the maturity assessment of our Modern Slavery effort and to establish maturity targets for the next cycle.



The below multi-year action plan will be used to guide us as we work to reach our targets:

Year 1 (2024)

Improvement to Vendor Risk Areas

- Conduct bi-annual communications to enhance awareness throughout the supply network.
- Develop training programs to educate the wider organisation about modern slavery risks and mitigation strategies.

Staff Engagement and Feedback

- Conduct an initial staff survey to gather feedback on modern slavery awareness and practices.
- Hold follow-up sessions during the year to address feedback and promote understanding.
- If feasible, conduct a second survey to measure improvements and gather additional feedback.

Modern Slavery Policy Update

- Update the Modern Slavery Policy.
- Establish a process for ongoing management and review of the policy.

Management of Approved Suppliers

- Implement a system for ongoing monitoring and management of approved suppliers, including regular audits and reviews.

Matrix of Labour Hire Staff/Agencies

- Develop a high-quality matrix to assess and manage the risks associated with labour hire staff and agencies.
- Strengthen our Labour Hire Agreements.
- Build strong relationships with key labour hire providers to improve transparency and compliance.

Year 2 (2025) and Beyond

Continuous Improvement

- Continue to conduct bi-annual communications and training programs to raise awareness and improve practices.
- Conduct regular staff surveys and follow-up sessions to ensure ongoing engagement and feedback.
- Review and update the Modern Slavery Policy as necessary to reflect changes in legislation and best practices.

Supplier Management

- Maintain a robust system for managing approved suppliers, including regular audits and reviews.
- Continue to build strong relationships with key suppliers to promote ethical practices and transparency.

Labour Hire Staff/Agencies

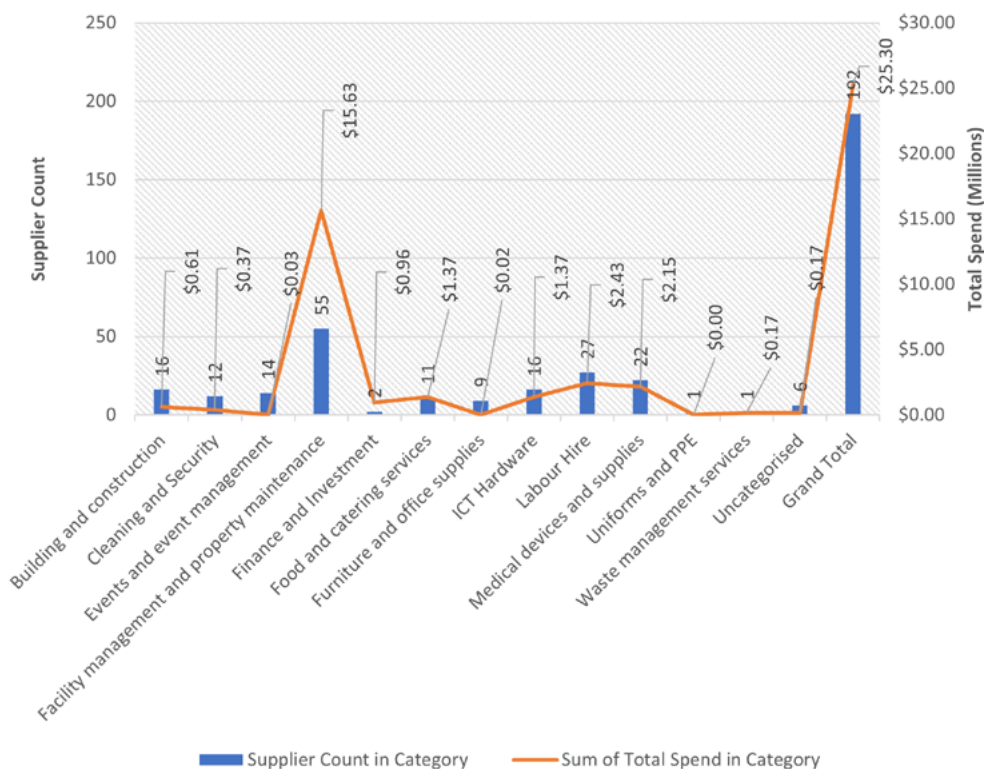
- Review and update the matrix of labour hire staff/agencies to ensure it remains effective in identifying and mitigating risks.
- Strengthen Labour Hire Agreements.
- Continue to build strong relationships with labour hire providers to promote ethical practices and compliance.

Monitoring and Reporting

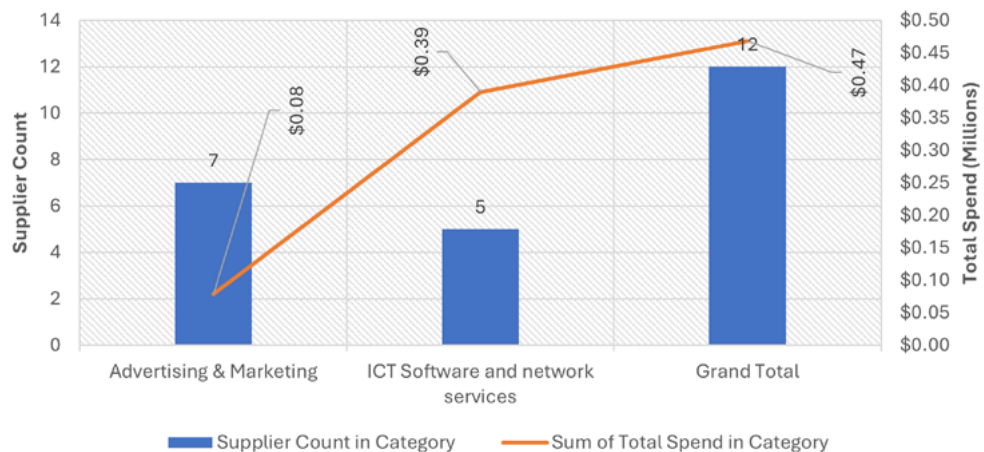
- Establish a system for monitoring and reporting on progress towards addressing modern slavery risks.
- Publish regular reports to stakeholders on the organisation's efforts and achievements in this area.

Our statement addresses continuous improvement in risk identification compared to previous years. It indicates that the metric used involves categorising suppliers according to risk, in alignment with Australian Catholic Anti-Slavery Network’s risk taxonomy. The statement also shows progress by stating that \$30 million out of \$50 million has been categorised, with plans to categorise the remainder in 2024. This demonstrates an ongoing effort to improve risk identification and management as illustrated below:

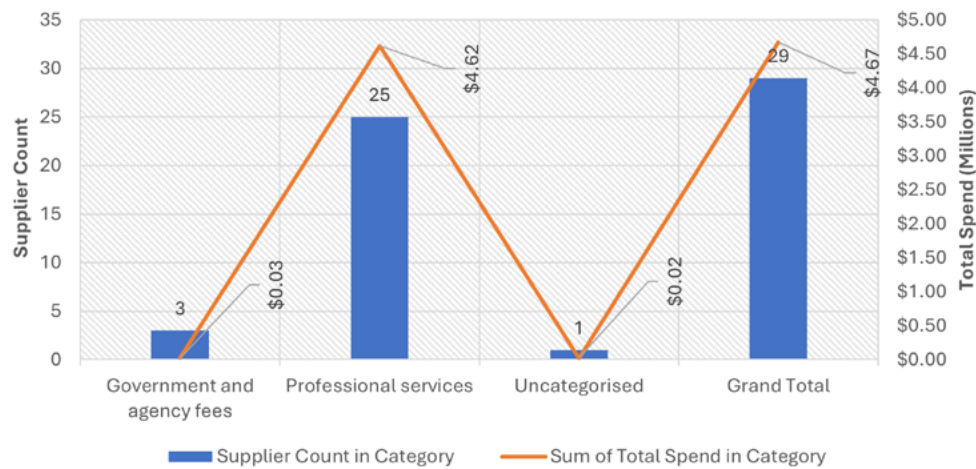
High Risk Supplier Categorisation & Spend Spread



Medium Risk Supplier Categorisation & Spend Spread



Low Risk Supplier Categorisation & Spend Spread



PART 6 Consultation with Owned or Controlled Entities

In refining our approach to modern slavery, MercyCare has collaborated with our advisors and Australian Catholic Anti-Slavery Network to address our modern slavery obligations and this statement. Our Board of Directors is fully committed to ensuring that the organisation fulfils its legal obligations and contributes to combating modern slavery. We aim to work closely with our operational teams to enhance our overall maturity score regarding modern slavery efforts at MercyCare.

PART 7 Any other relevant information

All entities owned and governed by MercyCare fall under the management and oversight of the same Executive Team and Board. MercyCare has consulted with each of these entities for the development of this modern slavery statement. Each entity understands and shares MercyCare's commitment to minimising modern slavery risks in its operations and supply chain. MercyCare will maintain ongoing discussions with each controlled entity regarding modern slavery risks.

Endorsement

This Modern Slavery Statement, as defined by the Modern Slavery Act 2018 (Cth) (Commonwealth Act), was approved by the Board of Directors of MercyCare Ltd. on 11 April 2024.

PF Walsh
Patrick Walsh
Board Chair



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