



medibank
For Better Health

Modern Slavery Statement 2021

Modern Slavery Statement 2021

This is a joint modern slavery statement under section 14 of the *Modern Slavery Act 2018* (Cth) (the Act) made in respect of each of Medibank Private Limited (ACN 080 890 259), its wholly owned subsidiary Medibank Health Solutions Pty Limited (MHS) (ACN 078 934 791) and Medibank Health Solutions Telehealth Pty Limited (MHST) (ACN 069 396 792), a subsidiary of MHS.

It is submitted by Medibank Private Limited on behalf of itself and each of these other reporting entities in respect of the period 1 July 2020 to 30 June 2021 (FY21).

For the purpose of this statement, the "Group" or "Medibank" refers to all three reporting entities and those further entities which they own or control.

The Board of Directors of Medibank Private Limited has approved this statement on behalf of itself and the other reporting entities covered by the statement and has authorised it to be signed by CEO David Koczkar.



David Koczkar
CEO

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Introduction

At Medibank, we're focused on our purpose of **Better Health for Better Lives**. We believe that everyone deserves to live their best quality of life – for themselves, their communities and future generations. It is this strong belief in our purpose that **drives what we do every day**.

As a values-led organisation, we're committed to responsible and sustainable business practices and strive to embed ethics and accountability in all that we do. We support the United Nations Sustainable Development Goals (SDGs) and seek to make conscious decisions about the products and services we develop, the systems we use, and the partners we work with. This extends to a commitment to help prevent modern slavery which aligns to SDGs including 5 (gender equality), 8 (decent work and economic growth) and 10 (reduced inequalities).

This is our second annual modern slavery statement, published in accordance with the Act. It details our work during FY21 to prevent modern slavery in our business operations and supply chain. This statement, along with the program of work that sits behind it, reflects our consultation with the senior executives of the entities relating to this statement.



About us

(Criterion 1 – Identify the reporting entities)

For 45 years we've been supporting millions of people in Australia as one of the leading private health insurers. We're also changing into a health company as we provide people with greater support to manage their health and wellbeing.

Our purpose of Better Health for Better Lives is not just words. It's a commitment to our customers and community, and the driving force for our team.

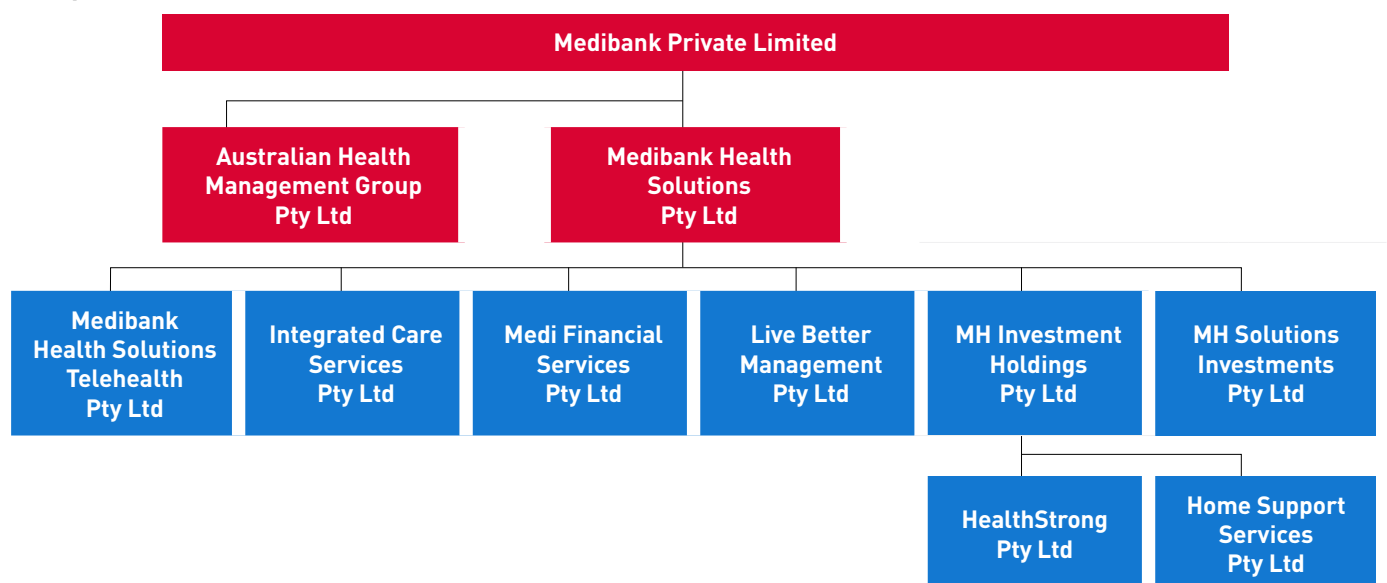
We have health and wellbeing at our core, with a team of almost 4,000 people including 1,400 health professionals. We're focused on offering more choice to our customers

and partnering with leaders in the health sector to build new care options that deliver quality care.

In 2014 Medibank Private Limited was sold by the Australian Government by way of an initial public offering and is now a public company listed on the Australian Securities Exchange.

The three reporting entities covered by this statement are Medibank Private Limited (MPL), its wholly owned subsidiary, Medibank Health Solutions Pty Limited (MHS), and the MHS wholly owned subsidiary Medibank Health Solutions Telehealth Pty Limited (MHST).

Group structure



The diagram only presents subsidiaries which are wholly owned or controlled.

Our operations and supply chain

(Criterion 2 – Describe the structure, operations and supply chains of the reporting entities)

Operations

100% of our operations are based in Australia



Reporting entity	Overview
Medibank Private Limited (MPL)	The core business of Medibank Private Limited (MPL) is the underwriting and distribution of private health insurance through two brands, Medibank and ahm. We offer hospital and extras policies to customers in Australia as well as health insurance to overseas visitors, students and workers. As part of our provision of health insurance, we contract with private hospitals and allied health providers. We issue our private health insurance policies through a variety of channels including direct sales via aggregators, and through arrangements with corporate partners and educational providers. MPL also distributes diversified insurance products, including home, motor, travel, life and pet insurance products, on behalf of other insurers.
Medibank Health Solutions Pty Limited (MHS)	MHS has a number of operations that deliver telehealth, allied health services, hospital in the home, chronic disease management and integrated care coordination. To deliver these services, we have a network of health practitioners that we directly employ or contract through agencies.
Medibank Health Solutions Telehealth Pty Limited (MHST)	MHST provides a range of telephone and web-based health support services on behalf of government, business and not-for-profit clients. These services include nurse triage, mental health counselling and health support services all of which are delivered by a large network of Medibank work-from-home employees.

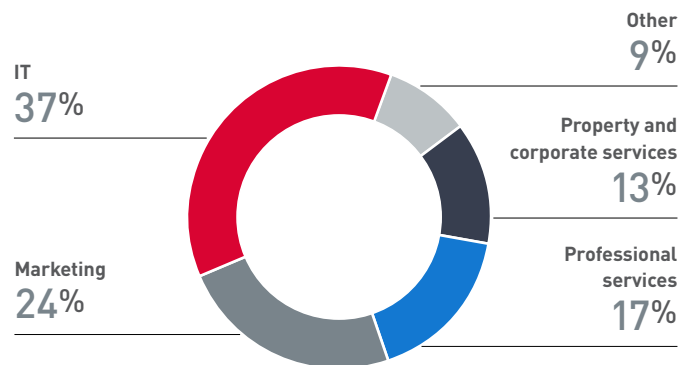
Supply chain

The total spend across our supply chain in FY21 was more than \$300 million. In a review of suppliers to our operations, we identified 825* active suppliers.

Nature of our supply chain

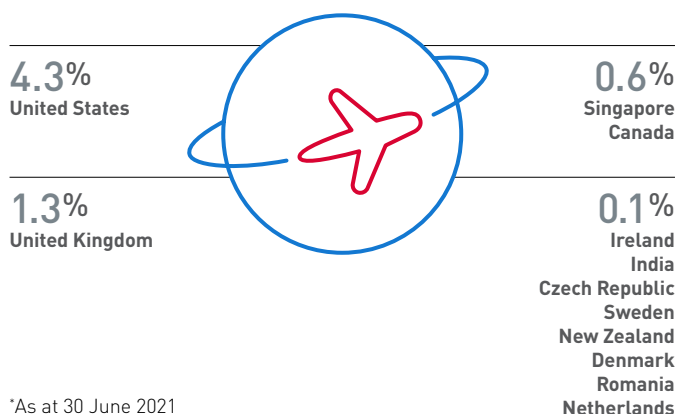
As primarily service-based operations, 90% of the supply chain for our operations is made up of services (based on spend). This includes IT, marketing and professional services. Other smaller segments include property and corporate expenses, engagement of third-party health professionals, medical consumables and protective personal equipment (PPE), telecommunication services, and the purchasing of telehealth peripherals.

Categories of supply chain



Geographic distribution (by number of suppliers)

91.7% of our supply chain is based in Australia, with the remaining based across 12 other countries



*As at 30 June 2021

90% of our supply chain is made up of services



Our modern slavery risk

(Criterion 3 – Describe the risk of modern slavery practices in the operations and supply chains of the reporting entities)

We've embedded ethics and accountability into all that we do and are committed to ensuring Medibank is a responsible and sustainable business. We recognise the United Nations Guiding Principles on Business and Human Rights, and understand how a company may cause, contribute or be directly linked to modern slavery activities.

To determine our potential exposure to modern slavery risk in our supply chain and operations, we utilised a number of external resources and tools such as the Global Slavery Index to help identify the countries, sectors and commodities with a high inherent risk of modern slavery.

Acknowledging the complex nature of modern slavery, we've taken a staged approach to identify and assess risks, with priority given to areas where we have most influence and impact to address it.

Supply chain

In FY20, our priority was assessing the inherent risks of our supply chain to identify our medium to high risk areas. These areas were, and continue to be, computer and digital equipment, medical equipment, and sales and marketing merchandise. In FY21, we undertook due diligence of these areas through a range of actions outlined on page 6.





Operations

During the reporting period we further progressed the identification and assessment of risk within our operations. Consistent with FY20, all our operations were based entirely in Australia in FY21. Based on this, and our adherence to Australia's labour laws, a review of our workforce management practices indicated a low inherent risk of modern slavery. In FY22, we will broaden this assessment to incorporate contingent labour, which we utilise to support our healthcare operations.

In FY21, we extended the assessment of our operations to include two key areas related to private health insurance. The first was a review of the private hospitals and other healthcare providers who deliver services to our customers using their private health insurance. Due to the strong standards outlined within our provider contracts and the types of services they provide to customers, this first tier assessment (for example the hospital or healthcare provider) is deemed low risk. However, we are aware that some providers' sub-tier supply chains have inherent high risks due to the equipment and services they use. Our priority during FY22 is to work with these providers to review and mitigate any high risks in their supply chains and operations.

The other area we assessed was the distribution of our private health insurance products where the distribution channels or partners are located overseas, including in countries where there are higher inherent modern slavery risks. These products include health cover for overseas students and other temporary residents as part of their visa requirements. In FY21 we undertook due diligence of this area through the actions outlined on page 6. In FY22 we will further develop our understanding of these risks and the opportunities to introduce additional controls.

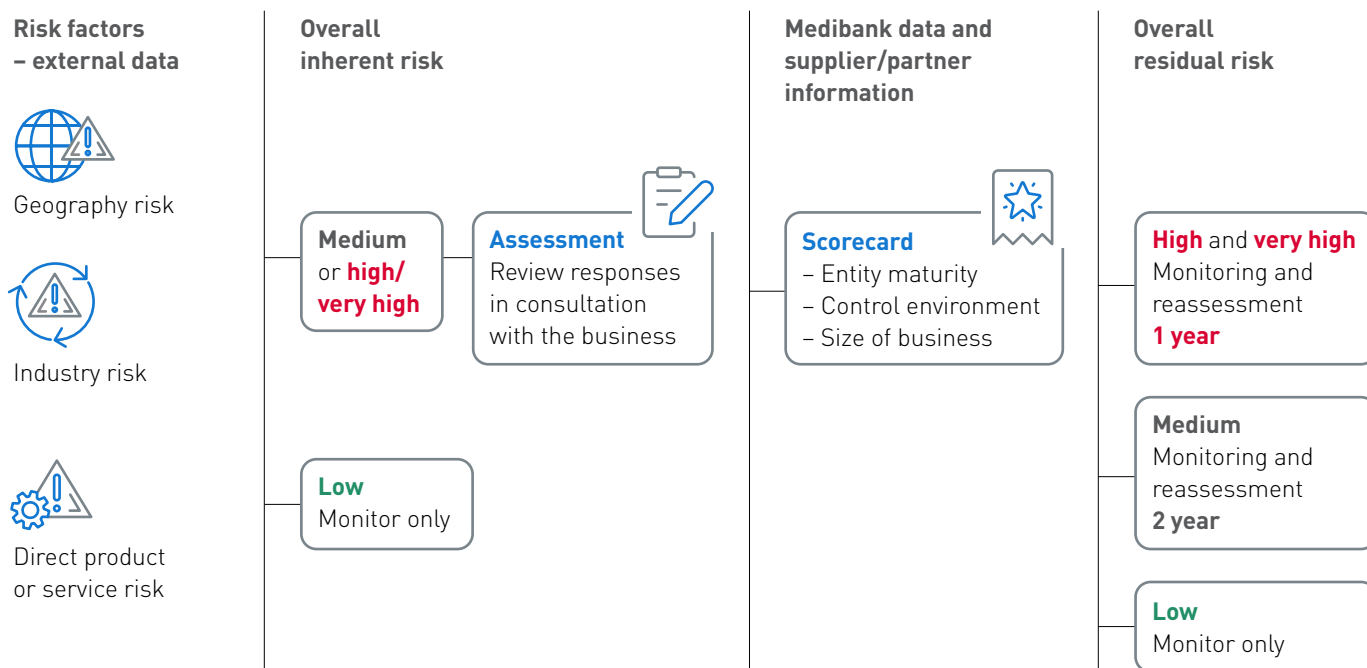
Highest risks identified in our supply chain and operations

Area	Potential of modern slavery risk
Supply chain	
Computer and digital equipment 	We procure computer and digital equipment such as laptops and mobile phones to support our operations. These goods are known to be manufactured in high risk countries with exploitative labour practices and using conflict minerals in earlier stages of their supply chains.
Medical equipment and supplies 	For our medical practitioners, we purchase medical consumables and equipment such as surgical gloves, PPE and surgical instruments. These goods have a high risk of forced labour both in their production of raw materials and in their manufacture. The high demand for these products during COVID (particularly for PPE) is known to have led to severe production targets, withdrawal of wages and sub-standard working conditions.
Sales and marketing 	We procure branded products and promotional merchandise (such as clothing, stationery, novelty goods and small electronics) which are sourced indirectly via resellers from overseas suppliers. Some of these suppliers are located in countries listed as high risk on the Global Slavery Index.
Operations	
Partners with overseas locations 	To provide health insurance products to temporary visa holders, we have a number of agents to distribute cover on our behalf. The locations of these entities are across the globe, including countries listed as high risk on the Global Slavery Index.

Our actions to assess the risk

(Criterion 4 – Describe the actions taken by the reporting entity to assess and address modern slavery risks)

We've continued to strengthen our risk assessment methodology by developing our process beyond identifying our inherent risk. We took a conservative approach and performed due diligence on suppliers and partners that are inherently medium to high risk based on external and internal data.



We issued these medium to high/very high risk suppliers and overseas partners with a questionnaire to understand their internal controls against modern slavery risk in the following areas:

- Human rights understanding and commitment
- Internal policies and procedures
- Supply chain knowledge and management
- Human resources management related to understanding the nature of their workforce, recruitment and workforce management practices
- Remediation practices and processes in place to address or remediate any risk or incident

We then consulted directly with suppliers and partners to further understand and clarify controls. Based on the information provided, we performed a further assessment to determine the residual risk rating which takes into consideration the size of the business, maturity and whether the potential risks are within their direct operations or supply chain. This step is designed to inform the controls required to manage and monitor any residual risk.

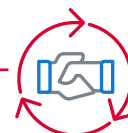
No red flags (suppliers or business partners who have had a record of any previous adverse association to modern slavery) were identified from our due diligence. We did note, however, opportunities to help build greater awareness of modern slavery among some small to medium enterprises. This will be a focus for us in FY22.

Case study

Industry collaboration around modern slavery

In early 2020 we joined a consortium of private health insurers to develop a modern slavery risk assessment platform. This approach provides a single platform and questionnaire set across the group to reduce supplier and partner questionnaire fatigue and streamline their provision of modern slavery information to participating health funds. It also helps the health fund industry and its members to take a proactive approach to engaging their suppliers around modern slavery risks.

We have also been a member of the Private Healthcare Australia (PHA) Modern Slavery Act Community of Interest group since 2019. The PHA is the Australian private health insurance industry's peak representative body. This group provides another avenue for shared learning, benchmarking and capacity building around modern slavery and human rights within the industry, which will continue to be a focus in FY22.



How we're addressing risks

(Criterion 4 – Describe the actions taken by the reporting entity to assess and address modern slavery risks)

Corporate governance

To meet our responsibilities and obligations to our shareholders, stakeholders and employees, the Board has instigated a framework of corporate governance policies and practices, internal controls and risk and compliance management processes. These are designed to promote responsible management and ethical conduct in a range of areas, including sustainable supply chains. Our corporate governance practices for the year ended 30 June 2021 are outlined in the [Corporate Governance Statement 2021](#).

Our risk management framework is designed to effectively identify, assess, manage, monitor and report risks including modern slavery. Overall responsibility is held by the Board, including setting the risk appetite across the Group. We use a three lines of defence approach to define risk management roles, responsibilities and accountability.

The Medibank [Code of Conduct](#) sets out the way employees, including directors and executives, work and the practical principles and minimum standards of expected behaviour. Each year all our employees undertake mandatory compliance training in areas including risk, anti-bribery and corruption, privacy, and bullying and harassment.

Whistleblower Policy

We encourage a speak up culture and an environment where it is safe for employees to raise something that doesn't look right and for them to be protected if they do, in accordance with our [Whistleblower Policy](#). In the last year, Medibank received three calls to the hotline, with zero of these relating to a supplier or vendor of Medibank or modern slavery issues in our supply chain. We acknowledge that this doesn't necessarily mean they don't exist, and we will continue to improve the effectiveness of our mechanisms to ensure these incidents are raised.

Assessing our effectiveness

(Criterion 5 - Describe how the reporting entity/entities assesses the effectiveness of these actions)

We are committed to improving the effectiveness of our approach to modern slavery and strengthening our position on human rights. In FY20 we embedded the monitoring of modern slavery risks into our established Group forums and frameworks. In FY21 we extended this to include quarterly updates to our enterprise risk committee and the Board. This provides greater assurance that risks are being addressed as well as highlighting any opportunities for improvement.

To continue our improvement, we sought advice from external experts, industry peers and stakeholders to assess our approach and ensure the effectiveness of our actions.

Training

We rolled out a training program on sustainable buying in FY21, targeted at all our employees to help them make conscious choices in their purchasing decisions, both at Medibank and in their personal lives. The program includes a modern slavery module, which raises awareness of modern-day slavery, the types of vulnerable people it impacts, and what modern slavery activities could occur both at work and at home. With this base level understanding across the business, we will provide more focused training to specific teams in FY22 to build capacity to identify and report modern slavery risks.

Supplier due diligence

As part of our onboarding process, suppliers are required to acknowledge our [Supplier Code of Conduct](#). We believe in partnering with our suppliers and operational partners to collectively influence the improvement of human rights practices. If their response is not acceptable or aligned to our expectations, we would implement a transition plan to move away from that supplier.

We updated our supplier terms and conditions in FY21 to better reflect business ethics laws. This gives us the ability to drive compliance within our direct suppliers and ensure they cascade our expectations into their supply chains. We will continue to include these in our agreements as we move through the review of our operations in FY22.

Dedicated modern slavery resources

We have dedicated resources within the business to specifically manage modern slavery risks, including a dedicated position with responsibility for driving progress on our modern slavery risk maturity. This will ensure we have the right focus on modern slavery risks and help us to fast track our sustainability strategy within our supply chain and operations.

Some of the outcomes from these learnings were:

- Improving our risk assessment methodology to identify, assess and monitor our risk
- Joining a consortium of health funds to collectively address modern slavery in our industry
- Listening to our supplier and partners in understanding the complexities in identifying risks and partnering with them to lift their maturity

As we continue to build our program of work into FY22, we will determine metrics in the areas of governance, due diligence and remediation, and education to ensure our actions are effective.

Consultation

(Criterion 6 - Describe the process of consultation on the development of the statement with any entities the reporting entity owns or controls)

A Medibank sustainable procurement working group meets every month to review modern slavery initiatives and seek opportunities for continued improvement in the way we operate. In addition to this, a modern slavery working group comprising representatives with Group-wide remit from procurement, legal, sustainability, compliance and external affairs also meets to ensure we continue to meet our legislative requirements.

In the formulation of this statement, consultation has occurred between relevant stakeholders within the Group, including stakeholders to whom the modern slavery risks amongst Medibank's subsidiaries are relevant.

As we move through the review of our operations and further our consultation into the entities owned and controlled, we will engage with the senior executives of these reporting entities to determine the best course of engagement and review depending on the actions that are required from these areas of the business.

Case study

Consultation with overseas sales agents

We partner with sales agents to distribute our products such as visa compliant health cover to overseas students and temporary resident customers. With some of these agents based in countries listed as high risk on the Global Slavery Index, in FY21 we set out to assess the process in place to understand and manage this risk.

We identified a subset of agents to better understand their maturity and operational controls around modern slavery risks. We communicated with these agents prior to issuing them a questionnaire and assisted them with their responses where required. We then collaborated with the relationship team to determine actions based on the responses that took into consideration the leverage and influence we have with some of these relationships.

Learnings from this exercise reinforced the importance of providing the background to modern slavery legislation in Australia and the objective of the requirements. It also indicated the value of taking a stepped approach when engaging with small to medium sized businesses. We will apply these learnings as we continue to consult with overseas agents to build capacity and awareness. In addition, we are also in the process of updating our agreements with agents to include business ethics laws.



Next steps

In FY22 we will focus on three key areas that will enable us to progress and positively influence the eradication of modern slavery in our supply chain and operations. These pillars and focus areas are:

Pillars	Focus areas
Governance	<ul style="list-style-type: none">• Advance our commitment to human rights with the development of a Human Rights Policy• Introduce human rights clauses across our supplier contracts (to supplement existing obligations that require 'compliance with all laws')
Due diligence and remediation	<ul style="list-style-type: none">• Continue risk assessment of our supply chain and operations including our second tier risk• Improve our approach to responsible sourcing• Establish a due diligence and remediation framework• Investigate improvement opportunities in our grievance mechanisms• Establish metrics to assess the effectiveness of our actions
Education and awareness	<ul style="list-style-type: none">• Improve employee and contractor awareness of human rights across the Group• Establish a supplier awareness toolkit in collaboration with members of the industry consortium

medibank

Medibank Private Limited

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