

WORKING TOWARDS A FAIRER WORLD FOR ALL

**TEACHERS
HEALTH** 

We're for teachers

Teachers Health Modern Slavery Statement
Under the Modern Slavery Act 2018 (Cth)

Teachers Federation Health Limited ABN 86 097 030 414

This report outlines:

1. Introduction
2. Structure, operations and supply chains
3. Risks of Modern Slavery practices
4. Risk assessment
5. Measuring effectiveness framework



What is Modern Slavery?

The word “slavery” is loaded with images from history but many people are shocked to know it still exists. In fact, it’s more prevalent now than at any other time in history.

According to the Australian Government “modern slavery occurs where coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom”¹

The Modern Slavery Act 2018 (Cth) (the Act) requires entities based or operating in Australia, which have an annual consolidated revenue of more than \$100 million, to report annually on the risks of modern slavery in their operations and supply chains, and take actions to address those risks.

The Act defines modern slavery as including eight types of serious exploitation:



Modern slavery in numbers

There are an estimated **40.3 million** people² – more than three times the figure during the transatlantic slave trade – living in some form of modern slavery.

Women and girls comprise **71%** of all modern slavery victims.

Children make up **25%** and account for **10 million** of all slaves worldwide.

Most people working under modern slavery conditions are in the private sector; ranging from cleaning houses and producing clothes, to digging for minerals or working in construction.

Why is it important to Teachers Health?

At Teachers Health, we want to ensure we never cause, contribute or are directly linked to any form of modern slavery across our operations or supply chains.

We have strong governance practices in place to protect the human rights of employees and contractors, however, it can be more challenging to understand and address practices across supply chains.

This report explains our position and actions taken across our business and supply chain.

¹ Guidance for Reporting Entities, Australian Border Force Modern Slavery Business Engagement Unit.

² Figures from UN's International Labour Organization (ILO) and the Walk Free Foundation.

2. Structure, operations and supply chains

Structure, operations and supply chains

Teachers Federation Health Limited (“Teachers Health” or “THF”) is a reporting entity under the Act.

This Part provides an overview of the mandatory reporting entities under the Act, which is further expanded upon throughout each subsequent section of the Statement.

2.1 Identify the reporting entity

Teachers Federation Health Limited ABN 86 097 030 414

2.2 Describe the reporting entity’s structure, operations and supply chains

We’re for Teachers – and more

Teachers Health is an Australian Not-for-Profit Public Company and Registered Private Health Insurer. Teachers Health is limited by guarantee and has no contributed equity.

The Teachers Health Group comprises subsidiaries that are wholly owned by the parent company, Teachers Federation Health Limited:



Nurses & Midwives Health Pty Limited (“Nurses & Midwives Health”)

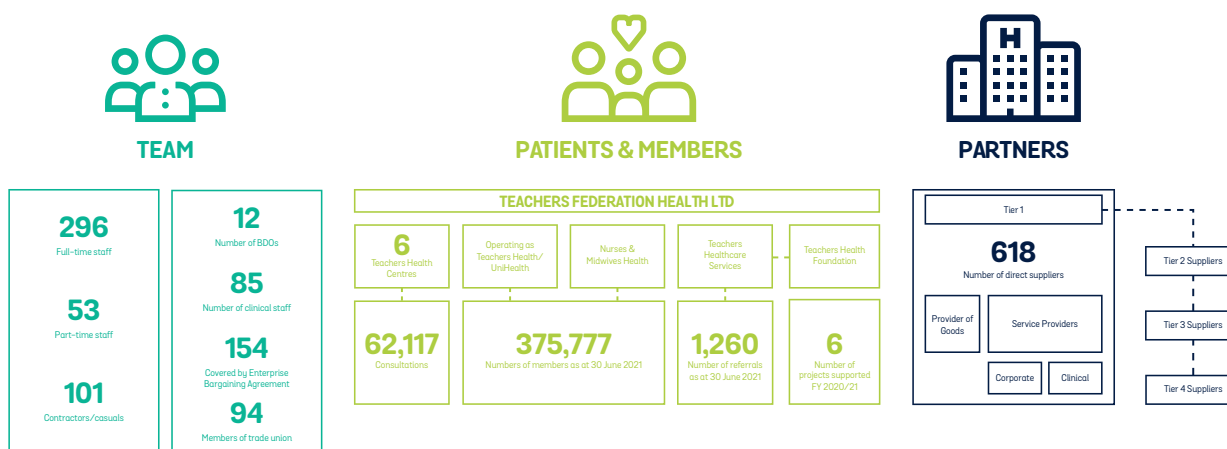


Teachers Healthcare Services Pty Limited (“Teachers Healthcare Services”)



Teachers Federation Health Foundation Pty Limited (“Teachers Health Foundation”)

Our members and community are, as always, at the heart of everything we do, and we continue to work hard for our members – making sure they recognise both the value of private health insurance and the qualities that set Teachers Health apart from other funds.



2. Structure, operations and supply chains

Operations

- Teachers Health employs over 400 people throughout Australia.
- Our workforce is made up of 296 full-time and 53 part-time employees. We also employ 101 independent contractors and casuals, mainly at Teachers Health Centres. We also employ 12 Business Development Officers who work remotely across Australia.
- We contract with employees, independent contractors and casuals directly, with limited use of recruitment agencies.
- The majority of Teachers Health employees usually work from the Teachers Health head office in Sydney, followed by teams based at Teachers Health Centres in New South Wales, Victoria and South Australia.



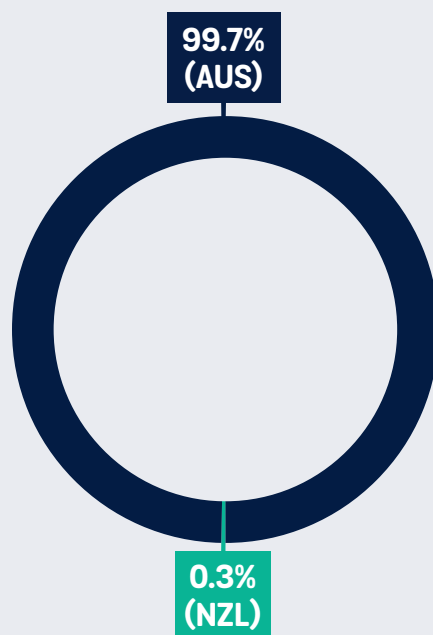
- During the COVID-19 pandemic, Teachers Health has adopted a hybrid working model, allowing staff to split their time between working from head office and their home office. During periods of lockdown, only essential workers have access to the head office.
- Teachers Health was started by teachers, for teachers, and it's the teaching community that remains at the centre of our business philosophy and strategy. Knowing what motivates those working in education and priding ourselves on having a deep understanding of our members' needs, we're also proud to support relationships with partner education unions and stakeholders in the broader education community.
- Teachers Health has also been involved in significant international development projects. In December 2018, Teachers Health launched a partnership with Australia for UNHCR aimed at transforming the lives of refugee mothers and babies in the Democratic Republic of the Congo. This partnership takes positive action and extends the reach of health and wellbeing support, making a real and positive global impact where it's urgently needed and saving the lives of refugee mothers and their babies.

2. Structure, operations and supply chains

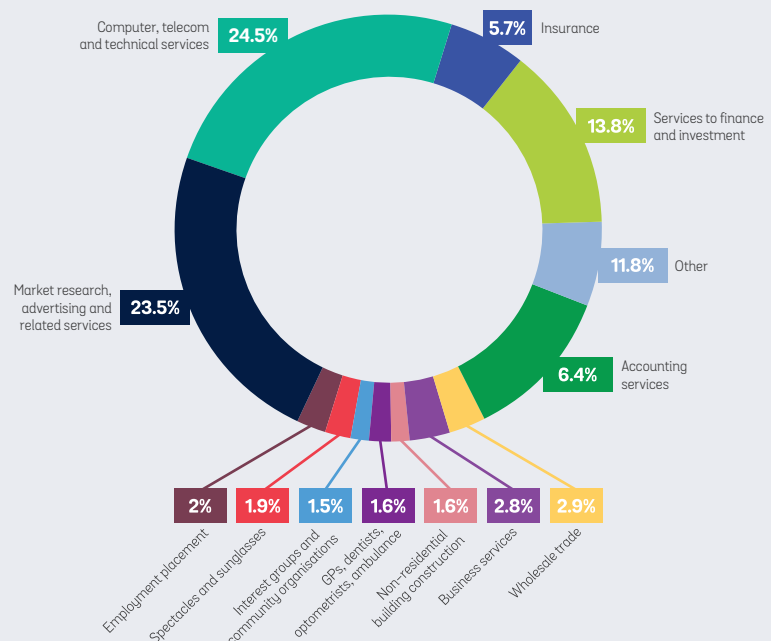
- As at 30 June 2021, Teachers Health had 171,626 policyholders with 361,966 lives covered.
- Through our subsidiary, Nurses & Midwives Health Pty Limited, Teachers Health owns and operates Nurses & Midwives Health which provides private health insurance to the nursing and midwifery community and their families. As at 30 June 2021, Nurses & Midwives Health had 6,383 policy holders, covering 13,811 lives.
- Teachers Healthcare Services Pty Limited provides care coordination services to Teachers Health and Nurses & Midwives Health members, including hospital substitute programs and chronic disease management programs.
- In 2014, Teachers Health established the Teachers Health Foundation, the trustee of which is Teachers Federation Health Foundation Pty Limited. The Teachers Health Foundation provides grants for medical research in respect of conditions that effect the health and wellbeing of the teaching community.

Supply chains

Breakdown of supply chain based on country



Procurement categories based on spend



Teachers Health works with over 600 direct suppliers, referred to as tier 1 suppliers, in Australia and overseas. Teachers Health generally contracts with organisations located in Australia.

We have procurement processes in place to ensure visibility of tier 1 suppliers. The visibility reduces for suppliers’ suppliers (tier 2), their suppliers (tier 3) and beyond. With increased depth of tiering, our ability to control and identify modern slavery decreases.

While the vast majority of our operations and tier 1 suppliers are located in Australia, we don’t automatically conclude that there is a low modern slavery risk. The Australian Institute for Criminology identified that between 2015 and 2017, there were up to 1,900 victims of human trafficking and slavery in Australia. There are approximately four undetected victims for every detected victim³.

³ Source: <https://www.aic.gov.au/publications/sb/sb16>

3. Risks of Modern Slavery practices

Risks of Modern Slavery practices

Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns and controls

As a private health insurer, the day-to-day operations of Teachers Health are relatively removed from the most widely recognised risks of modern slavery – such as raw materials intensive industries or physical products that have a predominant overseas manufacturing and sourcing component.

While the overall risk may be low, we recognise that real modern slavery risks may still be present throughout our operations and supply chains. That's why it's essential that vigilant assessment, due diligence, and remediation processes are part of our regular practices.

3.1 Focus on Teachers Health's operations

Teachers Health has a robust governance framework and policies to promote ethical behaviour within our operations to counter these risks.

As an employer, Teachers Health complies with the Fair Work Act 2009 (Cth), the Work Health and Safety Act 2011 (Cth) as well as relevant state-based legislation. We have a dedicated People & Learning department that partners closely with other internal business units to deliver value added services to management and employees. Their services include recruitment and retention of staff, learning and development, increasing internal capability, while also overseeing payroll, remuneration and benefits, employee relations and WHS.

All employees have access to workplace protections, including a grievance policy with embedded procedures, a whistleblower policy and anonymous reporting tool, an anti-bribery and corruption policy, a Code of Conduct and an Employee Assistance Program. Customer service staff are employed under a triennial Enterprise Agreement approved by the Fair Work Commission.

At Teachers Health, we aim to achieve best practices throughout our operations, making us an employer of choice and resulting in a very low risk of modern slavery in our direct operations. Our operational risk assessment focused on business areas that use contracted or third-party labour providers as there is less direct visibility and control over these workers and their employment terms.

We've identified service providers that deliver services at the Teachers Health head office and Teachers Health Centres. The risk of modern slavery was assessed based on contract spend and industry risk.

Following a review, we identified the highest exposure risk to modern slavery in our operations is found in consulting services as well as building maintenance and management. In addition, through Teachers Health Centres, we contract with suppliers of optical frames, lenses and other supplies used in our dental and eye clinics. These may potentially be a higher risk from a modern slavery perspective and require further investigation.

As part of our operations, we procure IT equipment and electronic goods from Australian vendors. We acknowledge that within the manufacturing supply chain of IT equipment, components could include materials produced using modern slavery.

During FY 2020/21, we continued a risk-based engagement with operational suppliers. To identify modern slavery risks across our suppliers, we've progressively rolled out a Modern Slavery Supplier

3. Risks of Modern Slavery practices

Questionnaire to select suppliers and reviewed individual responses.

Following engagement throughout our operations, we consider the modern slavery risk exposure to be low among direct providers to our operations.

3.2 Focus on Teachers Health's supply chains

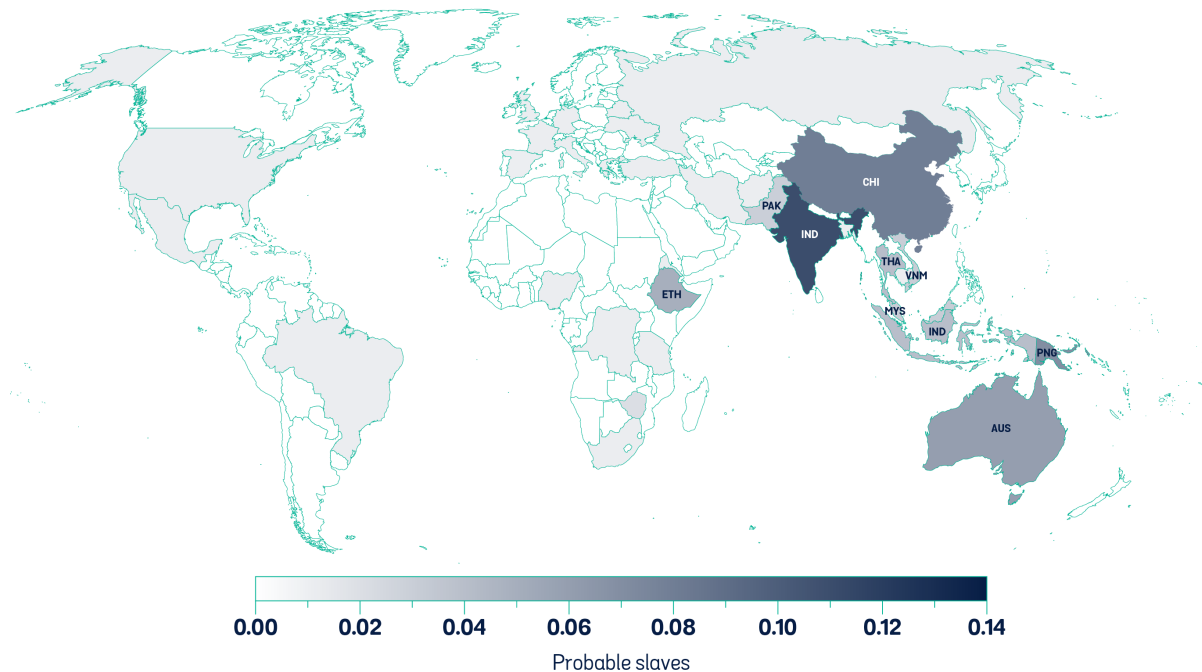
For the subject reporting period, we're continuing a progressive, operations-wide assessment of all suppliers. During FY 2020/21, we continued to roll out our Modern Slavery Supplier Questionnaire to suppliers based on spend per supplier, industry categories and depth of tiering within the supply chain.

Teachers Health has over 600 direct suppliers, assessed for their modern slavery risk based on current spend/contract data for the subject reporting period.

Our tier 1 suppliers include direct suppliers that provide services to Teachers Health, as well as hospital, medical and ancillary providers who provide services to Teachers Health members. Our direct suppliers are predominantly located in Australia, using mostly skilled workers.

The highest relative modern slavery risk continues to occur beyond the reach of tier 1 suppliers. While our overall modern slavery risk profile is low, the highest prevalence of modern slavery occurred at tier 3 of our supply chain. Through the support of external modern slavery specialist companies, we identified that deep within the supply chain, the country risks for modern slavery were in India and China.

Slavery Risk in any tier of the Teachers Health's Supply Chain in "high risk" countries



Risk Assessment by Fair Supply Legal, 21 June 2020

3. Risks of Modern Slavery practices

The industry categories that continue to feature prominently in tier 1 (which are all low-risk) include finance and investment, market research and other business management services, accounting services and computer and technical services.

For this reporting period, we've broadened our modern slavery risk disclosures by considering indirect exposures in our supply chain through investments and, for future reporting periods, will consider hospital, medical and ancillary providers.

3.3 Focus on Teachers Health's investments

Teachers Health does not hold direct investments. We use a third-party investment advisor to manage our investment strategy and portfolio.

Our investment advisor has included modern slavery risk in their wider Environmental, Social and Governance (ESG) due diligence process when evaluating investment managers and/or investment strategies. In recognition of modern slavery risks, our investment advisor has engaged with several external modern slavery specialist companies. The aim is to form strategic partnerships that can assist with research and monitoring capabilities from a modern slavery perspective.

Given the due diligence processes implemented by our investment advisor, we consider the modern slavery risk exposure to be low.

3.4 Focus on hospital, medical and ancillary providers

Teachers Health's supply chain includes hospital, medical and ancillary providers who provide services to Teachers Health members, which are paid by Teachers Health.

We have contractual relationships with over 500 private hospitals and day surgeries. These contracts are negotiated by the Australian Health Services Alliance (AHSA), which represents 27 private health insurers, including Teachers Health. We also contract directly with a small number of medical providers through Teachers Healthcare Services as part of our Broader Health Cover offering.

Hospital and medical providers are governed by a robust legislative framework, including laws regulating employment. Several larger hospital and medical providers are also reporting entities under the modern slavery legislation and have published Modern Slavery Statements. During FY 2020/21, the Private Health Insurance Modern Slavery Community of Interest (PHI Modern Slavery Col), which includes Teachers Health, has engaged with the AHSA, and we'll continue to participate in future industry-wide engagement.

Ancillary providers are also governed by a robust legislative framework, including laws regulating employment. Some ancillary providers are small businesses and may not have formal governance structures and policies related to employment and employee treatment. In these cases, providers may not have exposure to modern slavery legislation, so there's a need for education on the topic. Industry-wide engagement is the most efficient way to engage with ancillary provider and Teachers Health plans to engage with ancillary providers in future reporting periods, possibly through the PHI Modern Slavery Col.

Teachers Health recognises a risk of modern slavery in the supply chains of hospital, medical and ancillary providers, particularly with respect to healthcare equipment and supplies. This risk of modern slavery exposure has been heightened during the COVID-19 pandemic, where global shortages in medical supplies such as personal protective equipment have put pressure on global supply chains and have increased the risk of medical supplies being sourced from countries with a high risk of labour exploitation.

While Teachers Health has identified a risk of modern slavery from hospital, medical and ancillary providers, these are located in the higher tiers of the Teachers Health supply chain. Therefore, we consider the modern slavery exposure in our direct supply chain to be low.

Risk assessment

Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes.

Teachers Health is steadfastly against any form of modern slavery – we're committed to carrying out targeted steps to address identified modern slavery risks, both internally and externally.

Between the 2019/20 and the 2020/21 reporting periods, there have been no material changes to our operations and supply chain that would have impacted the overall modern slavery risk profile.

We used this reporting period to continue and amplify activities that commenced in the inaugural reporting period including:

1. Continued internal education
2. Policy and Internal Governance updates
3. Conduct due diligence and distribute supplier questionnaires through a shared platform
4. Consider possible remediation framework
5. Update contractual arrangements with modern slavery clauses.

4.1 Internal education

We continue to raise awareness of modern slavery and how to identify it through staff training. Employees are required to complete an online training module as part of the onboarding process. The module contains the following information:

- Compliance and reporting obligations under the Act
- Types of modern slavery and what it entails
- The risk factors increasing the potential for modern slavery
- Corporate responsibilities relating to modern slavery
- The incidence of modern slavery in Australia
- How to identify the existence of modern slavery
- Transparency within supply chains and operations.

As at 30 June 2021, 373 Teachers Health employees have completed the online training module. In addition to this, since the end of the reporting period all directors of the Company and subsidiaries attended a development workshop which included an education session on modern slavery.

4.2 Policy and internal governance updates

Using a risk-based approach, Teachers Health incorporates provisions directly addressing modern slavery in direct supplier contracts. This includes an express requirement for suppliers to notify Teachers Health of reasonably suspected and known instances of modern slavery in their own supply chains and operations.

4. Risk assessment

We undertake general due diligence on each first-tier supplier prior to onboarding. We're working towards building a high-level assessment to determine the modern slavery risk exposure based on supplier location, industry and contract value.

We're designing a vendor engagement process which will address Teachers Health's expectations with respect to modern slavery.

During the FY 2020/21, we reviewed our broader governance framework, with a particular focus on Board and Executive level oversight of the modern slavery risk through training and identified charters and internal policies to be updated. Creating oversight and ownership of the modern slavery risk at Teachers Health supports the effective implementation of a comprehensive response.

4.3 External-focussed actions

We recognise the important role of collective action to combat modern slavery, to the extent permitted under ACCC rules. We continue to engage with an industry working group – the PHI Modern Slavery Col – to address modern slavery across the industry.

As part of our PHI Modern Slavery Col engagement, we've supported the development of an industry-specific Modern Slavery Supplier Questionnaire which is provided to individual suppliers to assess their risk of modern slavery. The questionnaire is subject to regular review and refinement, considering feedback provided by suppliers.

The distribution of the Modern Slavery Supplier Questionnaire is facilitated through a shared platform (Informed365). Leveraging Informed365, we're progressively rolling out the Modern Slavery Suppliers Questionnaire to direct suppliers, taking a risk-based approach which prioritises key suppliers based on industry, location and company spend. This allows us to prioritise direct suppliers identified as higher risk, while managing the workload involved with review and individual supplier engagement.



5. Measuring effectiveness framework

Measuring effectiveness framework

5.1 Describe how the reporting entity assesses the effectiveness of these actions

Teachers Health aims to follow best practice to prevent modern slavery in our operations and supply chain. The effectiveness of our response to modern slavery should be measured by our capacity to accurately identify modern slavery cases.

Given the nature of modern slavery, and the characteristics of our operations and supply chain, it can be difficult to determine the effectiveness of actions taken.

As we continue to assess our exposure to modern slavery, we recognise the need to regularly review the actual impact of any implemented measures to ensure they're working as effectively as possible.

To assess the effectiveness of actions taken, we're developing a framework to set a baseline and measure progress. We're in the process of identifying qualitative and quantitative indicators to measure effectiveness.

5.2 Key features of the framework may include:

	Actions	Measurement
Governance and collaboration	<ul style="list-style-type: none"> – Board and management oversight – Internal cross functional working group – PHI Modern Slavery Col 	<ul style="list-style-type: none"> – Regular reports to Board, Board Committee and management – Monthly cross-functional working group meetings – Regular meetings of the PHI Modern Slavery Col
Policies, procedures, and employee training	<ul style="list-style-type: none"> – Review and update internal policies and procedures in line with review schedule to include modern slavery – Employee and Board training – Establish an external grievance mechanism 	<ul style="list-style-type: none"> – Policies, procedures, and practices reviewed in line with review schedule and communicated to employees and suppliers – Percentage of employees and Board members trained – Number of grievances
Operations	<ul style="list-style-type: none"> – Review of employment contracts – Review of engagement with sub-contractors and labour hire / recruitment agencies 	<ul style="list-style-type: none"> – Percentage of employment contracts reviewed
Due diligence and remediation	<ul style="list-style-type: none"> – Continued risk assessment of modern slavery risk in supply chain – Implement modern slavery risk segmentation as part of general due diligence when onboarding new suppliers – Develop, implement, and communicate remediation plan 	<ul style="list-style-type: none"> – Percentage of initial risk assessments and due diligence performed against Tier 1 suppliers – Number of relevant TFH staff trained in remediation plan – Number of corrective action plans issued and monitored
Supplier engagement	<ul style="list-style-type: none"> – Modern Slavery Supplier Questionnaire – Supplier contracts updated – Develop, implement, and communicate modern slavery-specific guidance for suppliers – Engagement with existing suppliers – Supplier education 	<ul style="list-style-type: none"> – Number of supplier questionnaires completed – Number of supplier contracts updated with modern slavery clauses – Number of suppliers engaged and educated regarding modern slavery

5. Measuring effectiveness framework

We currently use an internally-managed grievance process. In the upcoming reporting period, we intend to outsource the supplier grievance process to a specialised service provider with specific resources for modern slavery reporting. Supplier feedback and information received through this grievance mechanism would be incorporated into the assessment of effectiveness in the future.

While we were initially considering a supplier code of conduct, this may have disproportionately impacted out smaller suppliers. We are now focusing on a more targeted modern slavery-specific guidance for suppliers to be prepared during the next reporting period.

We don't use KPIs for broader business functions such as procurement KPIs focused on cost and delivery times, which could undermine or otherwise be inconsistent with our actions to address modern slavery risks.

We're also developing a roadmap to address modern slavery risks in our operations and supply chain, building on continuous improvement and defining effective measures to track progress.

Our initiatives to address modern slavery risks are driven by a cross-functional working group with broad representation from across the business. As our approach matures over time, we anticipate that the composition of the internal working group will change to promote knowledge transfer and risk ownership across the business.



5. Measuring effectiveness framework

5.3 Describe the process of consultation with any entities the reporting entity owns or controls

Teachers Health is committed to developing and maintaining a robust, group-wide response to modern slavery. We developed this statement in consultation with Nurses & Midwives Health and the other entities in the Teachers Health Group.

The consultation process involved consideration of how modern slavery risks vary across the group and how each entity is impacted.

In particular, as Teachers Health operates Nurses & Midwives Health, the Nurses & Midwives Health Board has received updates in relation to the steps taken to identify, assess and address modern slavery in Teachers Health's operations and supply chains.

The Boards and Executive Leadership of each owned and controlled group entity have participated in the process of reviewing this statement prior to it being finalised by the Teachers Health Board.

5.4 Any other relevant information

We continue to partner with a law firm that specialises in modern slavery legislation. This provides relevant internal stakeholders with access to periodic information on current modern slavery issues (such as the Uyghur forced labour legislation) as well as opportunities for training through webinars. In addition, we've considered periodic guidance issued by the Australian Border Forces in respect of modern slavery reporting.

5.5 Impact of the COVID-19 pandemic

During FY 2020/21, the impact of COVID-19 and global supply chain disruption have continued to put pressure on vulnerable workers. We recognise and are aware of the heightened risk of modern slavery in our operations and supply chain. Throughout the reporting period, we've maintained staff training as well as regular meetings of the Modern Slavery Working Group. In addition, regular procurement processes and checks and balances have remained in place throughout the pandemic. We consider that our overall modern slavery risk exposure did not increase as a result of COVID-19.

The impact of COVID-19 has affected our suppliers and may have delayed suppliers' engagement with modern slavery as well as their responsiveness to enquiries made by Teachers Health. Teachers Health is committed to supporting and educating suppliers on modern slavery to promote the identification, assessment and control of modern slavery risks in our operations and supply chain.

This Modern Slavery Statement was approved by the Board of Teachers Federation Health Limited on 8 December 2021.



Helen MacGregor
Chairperson
Teachers Federation Health Limited



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