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For Better Health



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Modern Slavery Statement 2020

Modern Slavery Statement 2020

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 2019 to 30 June 2020. This statement has been prepared in consultation with senior executives and subject matter experts from within our business, and with industry experts external to Medibank.

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 in my capacity as CEO.



Craig Drummond
CEO

Original version published on 26 November 2020. Revised version published on 18 December 2020. This revised version reflects the identification of 33 additional suppliers subsequent to the publication of the original version. The additional information has necessitated changes to the number of suppliers in our supply chain (refer page 3) and the risk profile of our supply chain (refer page 4).

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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. This includes **taking seriously our responsibility to help eradicate modern slavery** and human trafficking.

We seek to have the **right policies and procedures in place** to reduce the risk of modern slavery in our operations and supply chain, and aim to **work with suppliers who reflect our approach**.

It's in this context that we are **publishing our first annual modern slavery statement**, published in accordance with the Act. It details **what we have done during the 2020 financial year** to prevent modern slavery and human trafficking in our business operations and supply chain.

About us

Medibank Private was founded in 1976 as a private health insurer owned and operated by the Australian Government. It was corporatised in 1998. We have operated on a for-profit basis since 2009. 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.

We have health and wellbeing at our core, with a team of almost 4,000 people including around 1,500 health professionals. We're focused on our strategy of differentiating and growing our private health insurance business and transforming into a broader healthcare group.

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

Corporate governance

Medibank Private Limited's Board is committed to sound corporate governance practices to meet its obligations and responsibilities to customers, the Group and its shareholders and stakeholders. The Board has established a framework of adopting internal controls, risk management processes and corporate governance policies and practices, designed to promote responsible management and ethical conduct.

The Group's corporate governance practices for the year ended 30 June 2020 are outlined in the [Corporate Governance Statement 2020](#) (extracted from Medibank Annual Report 2020).

Central to the Board's governance framework is a culture of ethical behaviour that requires all our people to conduct their activities ethically and with integrity. 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. Ethical conduct is further supported by corporate policies in areas including anti-bribery, anti-corruption and conflicts of interest.

When making decisions, we're driven by the principle of doing the right thing for our customers, employees and community. This means having a balanced view of what's best for our customers and living by our values. We are guided by our policies and consider the reputation and commercial implications and benefits of our decisions.

Our operations and supply chain

Operations

The operations of Medibank Private Limited, MHS and MHST ("our operations") comprise the following:

The core business of Medibank Private Limited 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 other healthcare providers (e.g. dentists) to help manage the cost and quality of patient care.

We issue our private health insurance policies through a variety of channels including direct sales (in store, over the phone and online), via aggregators, and through arrangements with corporate partners and educational providers.

Medibank Private Limited also distributes diversified insurance products, including travel, life and pet insurance products, on behalf of other insurers.

MHS delivers telehealth, allied health services, hospital in the home, chronic disease management and integrated care coordination.

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.

100% of our operations are based in Australia

Supply chain

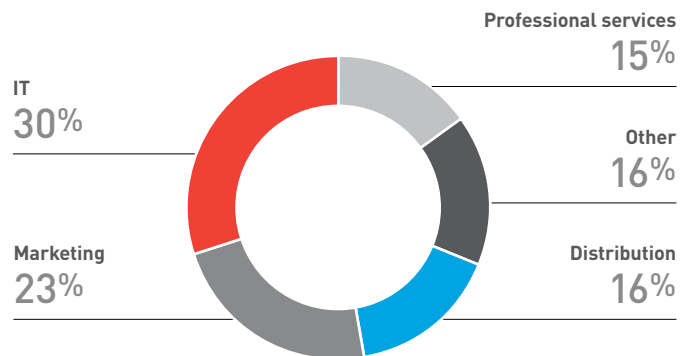
In our review of suppliers to the Group's operations, we identified 753 direct suppliers.

Nature of products and services (by spend)

As primarily service-based operations, 90% of the supply chain ("our supply chain") for our operations is made up of services (based on spend). This includes IT (30%), marketing (23%), professional services (15%) and distribution (16%). 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.

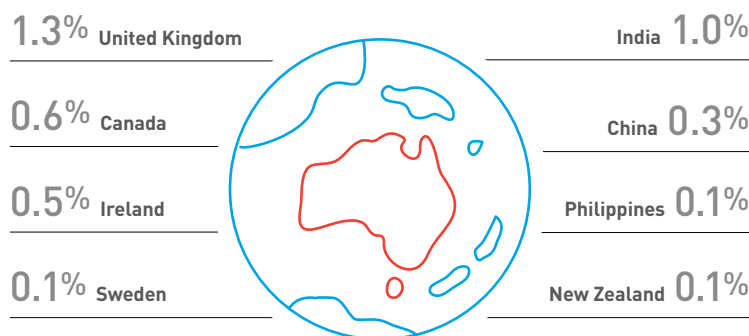
90% of our supply chain is made up of services 

Breakdown of total addressable spend in FY20



Geographic distribution (by number of suppliers)

96% of our supply chain is based in Australia with the remaining based across eight other countries



Modern slavery risk

Assessment

We conducted a detailed modern slavery risk assessment across our supply chain and operations in the 12 months to 30 June 2020.

We completed an initial risk assessment to identify the higher risk aspects of our Group's supply chain and operations.

We then validated the risk rating applied to each function by collaborating with representatives from across the Group. These consultations comprised of assessing the inherent modern slavery risks within our supply chain and operations, in consultation with the accountable senior executives.

Preliminary briefings were then followed by direct engagement with the identified representatives who have responsibility for the operational areas. The purpose of these was to identify the areas of activity where modern slavery risks were most likely, requiring deeper analysis of our contractual partners or supply chain that ought to be included in detailed risk assessment.

Based on this initial risk assessment we adopted a staged approach to detailed due diligence relating to our operations and supply chains to prioritise the high-risk areas and with a view to expanding our enquiries to other aspects of our operations and supply chains in future reporting periods.


We identified and established a sustainable reporting platform (FRDM) to monitor the ongoing risk of modern slavery across our Group supply chain that helps us to progressively improve every year and provides us with ongoing monitoring and reporting of changes to our risk profile.

Using big data and predictive analytics, our risk assessment enabled us to identify potential inherent risks of modern slavery and to consider how the Group may have been exposed to, or directly linked to modern slavery through our supply chain and operations.

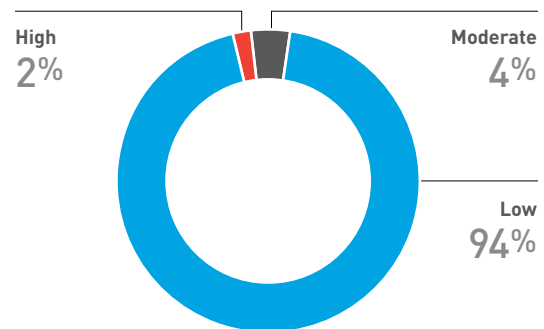
Findings

Our assessment identified no previous red flag breaches (suppliers who have had a record of any previous adverse association to modern slavery). It did, however, identify 6% of our supply chain with a moderate to high risk of modern slavery.

6% of our supply chain has been identified as having a moderate to high risk of modern slavery



Our supply chain risk profile (by number of suppliers)



Modern slavery risk

These higher risk areas relate to supply of computer and digital equipment, medical equipment and supplies, and sales and marketing merchandise.

Having identified these as higher risk areas, further due diligence of our suppliers who supply these goods to us will take place in future reporting periods to understand their policies, procedures and maturity so we can identify if any proactive remediation is required.

Highest risk areas identified

Area	Comment
Computer and digital equipment	These goods may be manufactured using conflict minerals (e.g. cobalt used in lithium-ion batteries) and/or forced labour by entities in earlier stages of their supply chains.
Medical equipment and supplies	These goods may have been produced using child, forced or indentured labour in the supply chain. Additionally, worker exploitation may also have occurred at earlier stages in the supply chain, for example in sourcing and harvesting raw materials such as natural rubber, steel and cotton.
Sales and marketing merchandise	Branded products and promotional merchandise (such as clothing, stationery, novelty goods and small electronics) sourced directly from overseas suppliers or indirectly via resellers from overseas suppliers pose potential for modern slavery risks.

Monitoring

We have taken a whole-of-group approach to our due diligence by establishing a relationship with a supply chain resilience solutions organisation. This provider will help us gain insight into the entities with which we partner for our operational activities and those who are involved in our supply chains.

We have established an ongoing monitoring system of our suppliers by country, entity, industry, purchase, sub-tier suppliers and raw materials. Should there be any changes to our risk profile, or a credible report of one of our suppliers engaging in human trafficking or other prohibited activities, we will be notified in real time.

How we're addressing risks

We have established a process to manage any concerns that may arise in the future for Group operations:

- Investigate the relevant party through a supplier assessment questionnaire to understand what they are doing to manage the risk and assess the maturity of their modern slavery related policies, processes, governance and controls.
- Assess the impact on our operations, including if we need to suspend or cease doing business with the relevant party, and prepare to implement our contingency plan.
- Report on all actions taken to mitigate risks and track progress of suppliers' remediation plans.

When making decisions, we're driven by the principle of doing the right thing for our customers, employees and community. We believe in partnering with our suppliers and operational partners to collectively influence the eradication of modern slavery. If their response is not acceptable or aligned to our expectations, we would implement our contingency plan and consider the practicalities of ceasing to do business with them.

Assessing our approach

We've embedded monitoring of modern slavery into our established Group forums and frameworks to ensure there is a process to regularly review the actions we've taken and the effectiveness of our controls. This includes:

- Quarterly reporting to the enterprise risk committee whose remit includes procurement activities across the Group to review the actions taken in response to modern slavery. This report will include the current risk position, the number of supplier assessments completed, status of open remediation plans and any other relevant information pertinent to modern slavery in our supply chain or operations. The purpose of presenting to this committee is to confirm the adequacy of the actions taken to address any risks and to highlight any oversights, gaps or areas for improvement.
- Incorporating our modern slavery reporting obligation in our enterprise risk management system for risk tolerance, mitigating controls and control effectiveness reporting.
- Integrating questions that identify modern slavery risks into our procurement process when considering all new supplier engagements. This will highlight high-risk countries or industries so we can identify and assess any new risks that may result. The adequacy of our actions for identifying and addressing modern slavery risks will be assessed on an ongoing basis.

We will revise these processes if that is required to give us greater assurance as to their being properly effective.

- Group internal audit will consider within their annual program of work whether an assessment of the specific steps we've taken to address modern slavery risks should be undertaken.
- Where a supplier has a red flag and agrees to a remediation plan, we will work with them to check how they are progressing any actions put in place to address modern slavery risks. We will use this opportunity to review if our existing processes for identifying and assessing modern slavery risks worked adequately to give us timely notification of any issues and what might have been done differently or additionally to identify the issue earlier.
- Where we have identified a modern slavery risk in our operations or supply chains, we will take steps that aim to see the issue remedied and followed up in contract management meetings with the supplier and the key business representative of relevant Medibank reporting entities. We will review the arrangement at regular intervals outlined in the supplier relationship plan (or more frequently if required) in order to obtain assurance that those steps have resulted in remediation or improvement and monitor for any recurrence of the issue.

Next steps

In the next reporting period we will focus on three key areas that we believe will enable us to continually improve and positively influence the eradication of modern slavery and human trafficking in our supply chain and operations. These key steps are:

- Monitor ongoing risks and engage with our partners on remediating any risks identified. This includes further due diligence on the higher risk suppliers identified in this reporting period.
- Develop targeted training content on modern slavery risks to raise awareness among our employees and our suppliers.
- Embed reporting technology to provide a detailed and regular analysis of modern slavery risk in our operations and supply chains.

We will also raise broader awareness of how prevalent modern slavery and human trafficking is in our society.

The impact of COVID-19

We recognise that the economic impacts of the COVID-19 global pandemic around the world may increase the prospect of exploitation in certain jurisdictions. While the full ramifications of the pandemic on social and economic standards around the world are not currently known, we will utilise the monitoring system outlined above and continue to work with our supply chain resilience solutions partner.

Raising concerns

Medibank is committed to providing a safe environment for people to speak up if something isn't right. We encourage our team to speak to their People Leader or the procurement team directly. We also have a [Whistleblower Policy](#) in place that outlines the channels available to make a report and the principles for investigation of reports.

We take the protection of whistleblowers seriously and ensure appropriate protections are in place to prevent their identification, victimisation or disadvantage in response to making a report.

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Medibank Private Limited

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