



TUH- Modern Slavery Act Annual Statement for the Period Ending 30 June 2021





The Act defines modern slavery as including eight types of serious exploitation: trafficking in persons; slavery; servitude; forced marriage; forced labour; debt bondage; deceptive recruiting for labour or services; and the worst forms of child labour. The worst forms of child labour means situations where children are subjected to slavery or similar practices, or engaged in hazardous work.

Our Business

This statement is submitted on behalf of the reporting entity **Queensland Teachers' Union Health Fund Limited (TUH)** ACN 085 150 376, registered office Fortitude Valley, Queensland and all entities within the TUH group.

TUH is a not-for-profit entity operating a Private Health Insurance benefit fund under the provisions of the *Private Health Insurance Act 2007*. TUH provides private health insurance under the brands 'TUH' and 'Union Health'.

TUH was founded in 1972 as the Queensland Teachers' Union Health Society.

TUH also provides health related services at the Health Hub in Fortitude Valley, QLD, including dental and optical dispensary. Affiliated services offered at the Health Hub include optical screening and testing, physiotherapy, remedial massage, podiatry and audiology.

A wholly owned subsidiary entity, TUH Health Care Services Pty Ltd, provides care coordination services for individuals suffering from chronic disease.

As an entity with consolidated revenue in excess of \$100m TUH is required to submit a modern slavery statement for the first time in 2020 and annually thereafter. This is our second annual reporting statement.

Structure

There has been no change to TUH structure as reported in 2020 and remains as detailed below.

The TUH group includes two wholly owned subsidiary entities:

- Union Health Pty Ltd (non-operating); and
- TUH Health Care Services Pty Ltd.

TUH directly employs all workers within the TUH group, including those that support our wholly owned subsidiary entities. The process of identification and management of modern slavery risks is centralised and consistent across all entities within the TUH group. This Modern Slavery Statement is submitted on



behalf of the TUH group and authorised by the respective Board of each group entity after consultation and approval by the TUH Executive Management Team and the TUH Risk Committee of the Board.

TUH employs approximately 160 people, providing services to approximately 78,600 insured individuals across Australia. Our largest membership base is in our home-state of Queensland.

Operations

Activities undertaken by TUH to pursue our business objectives and strategy include:

- Direct employment of workers;
- Provision of private health insurance services (marketing, sales, membership administration, claims administration, contact centre, product design and pricing);
- Associated support services within our business, delivered to internal 'customers' such as claims auditing, finance support, information technology, human resources, risk and compliance, and facilities maintenance;
- Direct health care services – care coordination, dental and optical dispensary services;
- Indirect health care services via contractors – optical examination, physiotherapy, audiology, podiatry and massage
- Property leasing (as an owner of leased commercial premises); and
- Sponsorship activities.

Supply Chains

The products and services that contribute directly to TUH's operations include:

Services

- Mail house and postage
- Banking
- Data processing
- Professional services such as legal and taxation advice, actuarial services and internal and external audit
- Recruitment
- Health insurance sales brokerage
- Training and development
- Accreditation
- Archiving and off-site back-up / disaster recovery
- Marketing creative
- Website development
- Data analytics
- Hardware maintenance
- Consultancy services
- Software, including development and support
- Provider contracting – allied health / hospital / medical
- Financial investment via funds management
- Insurance brokerage and underwriting
- Employee assistance program
- Industry representation and advocacy



- Office and grounds cleaning and maintenance
- Architecture and office fit-out
- Waste disposal
- Office security

Products

- Utilities – power, water, telecommunications
- Office supplies and consumables – stationery, cleaning supplies etc
- Office fit-out – furniture, kitchen appliances, air conditioners etc
- Technology – PCs, laptops, phones, printers etc
- Promotional / marketing collateral
- Uniforms
- Membership cards
- Catering
- Gift cards
- Medical disposables and consumables
- Medical equipment
- Dental and Optical retail products
- Subscriptions

TUH has a mix of stable longer-term relationships and short-term fee for service engagements with our suppliers. All services subject to contracted terms are managed within the TUH Risk and Compliance Management System. The year two due diligence program has focused on these contracted supply arrangements.

The vast majority of our services suppliers and direct product distributors are based in Australia. The following table details supply origination for those entities assessed to date.

Origin of Supply Assessment	Number
Australian	168
Non-Australian	31

Product country of origin and secondary suppliers (providing goods/services to entities we directly contract with) is varied and in most cases, not immediately transparent. TUH recognises this as our most significant exposure point to modern slavery risks. That said, with the commencement of Modern Slavery risk assessment for the balance of our non-contracted supply chain we believe the majority of supply origination is Australia based. Furthermore, with TUH nature of operation and principal activity being the provision of Private Health Insurance, the extent of physical goods supply, where the risk is higher, is limited. TUH’s highest risk rests within the supply chain associated with our Health Hub operation which involves procurement of medical supplies and consumables.

Modern Slavery Risks

TUH considers that there is a very low risk that our operations may directly result in modern slavery practices – this assessment is based on the nature of the service that we provide and the governance frameworks we have in place, for example, TUH operates under an approved enterprise agreement, has well defined values and codes of conduct, and maintains a strong grievance / whistleblowing procedure.



TUH have assessed the risks that our operations or actions in our supply chains may contribute to modern slavery. This is also considered to be a low risk. TUH has strong procurement practices that take into account a range of factors in assessing prospective suppliers. Request for tender assessment mechanisms are not driven solely by cost minimisation but also take into account factors such as competency and experience, reputation, strategic alignment and whether any conflict of interest may arise.

TUH considers that there is a risk that our operations, products or services may be connected to modern slavery through the activities or supply chains of our direct suppliers. In the context of procured services, the most significant risk areas are those where supply chains utilise unskilled workers such as cleaning / landscaping labour. Within procured product supply chains, the most significant risks for TUH are in the use of Tier-2 or lower component manufacturers in recognised high-risk industries such as manufacturing of garments, electronic goods, disposables, consumables and retail goods where minimising production costs may be a business priority.

As a consumer of health-related goods and in particular, personal protective equipment, for which there has been a rapid and substantial increase in demand and physical disruption to distribution networks during the COVID-19 pandemic; TUH continues to recognise that these environmental factors may influence the prevalence of risks in our supply chains and that this issue has potentially increased as COVID-19 implications dominate manufacturing and distributions channels. While TUH has widened our procurement activities and engaged with new providers to ensure an adequate supply of goods to be able to deliver our services safely, we remain vigilant to supply chain risk and additional assessment requirements.

Assessing and Addressing Actual/Potential Modern Slavery Risks

In the period 1 July 2020 to 30 June 2021:

Due diligence activities

- Designed and improved Modern Slavery Risk Assessment measures.
- Incorporated modern slavery data capture into our electronic contract management framework.
- Conducted a supply chain mapping and modern slavery risk assessment for all contracted service and supply entities. Refer the following table for the summarised results of these assessments. The risk rating is based on an internal risk matrix with the highest risk assigned to circumstances of physical goods supply. The lowest risk is assigned to Australian based professional service supply.
- Screening new suppliers for modern slavery risks by incorporating modern slavery risk assessments into our purchasing, request for proposal/tender and contract approval processes.



Risk Category	Number
High - Physical goods supplied (directly or indirectly), especially goods manufactured offshore	9
Medium - Services that may also include the supply of physical goods in material quantities	5
Medium - Services provided from onshore that are low skilled or unskilled in nature	7
Medium - Skilled services provided from low-cost countries (directly or indirectly)	20
Low - All other categories - generally service categories where the main inputs are skilled labour from within Australia	158

Remediation activities:

- Publicly communicating our expectations of suppliers by developing, publishing and promoting the TUH Supplier Guidelines (these guidelines were revised in 2021).
- Integrated practices across our business by completing training with the those responsible for procurement activities. All relevant employees have completed training in this reporting period.
- Where possible, implementing appropriate modern slavery contractual provisions with high risk and significant suppliers.
- Promoted the TUH Whistleblowing Policy as a grievance mechanism.
- Advised those responsible for procurement activities to consider modern slavery risk indicators in their procurement decisions and to consider ending or not entering into business relationships with high-risk suppliers that refuse to disclose details relating to their labour practices and supply chain.
- Published the first TUH Modern Slavery Statement.

Planned activities in the period 1 July 2021 to 30 June 2022:

- Further targeted due diligence risk assessment and remediation with identified 'high-risk' suppliers for all contracted and non-contracted supplier arrangements. As noted above there will be prioritisation to all physical good suppliers across our Health Hub and Insurance businesses. This may take the form of issuing enquiries or conducting relationship management meetings to gather further information. With external supply chain expenditure in our Health Hub business below \$5M per annum, risk while present, is anticipated to be relatively low.
- Reinforcing detailed and practical guidance for roles involved in procurement to minimise modern slavery risks at the point of engagement.
- Integrating our approach to modern slavery risk management with a wider Environmental, Social, and Governance (ESG) framework. TUH seeks to uphold the principles of corporate social



responsibility more broadly and will align our practices in these areas to ensure consistency of messaging and application.

Assessing the effectiveness of our actions

TUH assess the effectiveness of our actions in relation to identifying, assessing and addressing the risks of modern slavery in the same way that we would assess the effectiveness of any other risk management activities under our Risk Appetite Statement and Risk Management Strategy. This framework includes:

- Residual risk assessments (likelihood and consequence as well as risk velocity,) completed by risk owners on a regular basis.
- Operation of the ‘three lines of defence (responsibility)’ model of risk management
 - o Control self-assessment undertaken by risk owners (first-line).
 - o Control testing undertaken by the Risk and Compliance team (second-line)
 - o Annual review of the risk management framework by Internal Audit (third-line).
- Quarterly and by exception risk reporting to our Board Risk Committee.
- Monitoring of key risk indicators e.g. employee training completion rates (100% to date); the proportion of total suppliers rated high-risk (currently less than 6%); number of new high-risk suppliers engaged each quarter (zero in the 2020 to 2021 reporting period); the number of high-risk suppliers with appropriate contractual clauses in place (identified as a priority action area with a target of 100%).
- TUH now has a designated Modern Slavery Risk register embedded within our Risk management framework which serves to operationalise the management of Modern Slavery risk.
- To independently assess effectiveness, TUH has included Modern Slavery Risk management within our internal audit scope. It is to be noted that TUH outsources our internal audit function to Tier 1 audit firm- Grant Thornton.

Rob Seljak
Chief Executive Officer TUH
Date: 30 Nov 2021

John Battams
Chair Queensland Teachers' Union Health Fund Limited
Date: 30 Nov 2021

Sarah Morris
Director TUH Health Care Services Pty Ltd and
Union Health Pty Ltd
Date: 30 Nov 2021