



MODERN SLAVERY STATEMENT

GMHBA GROUP FY22

 **GMHBA**



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The Australian Border Force (ABF) - Modern Slavery Statement Annexure

MODERN SLAVERY ACT 2018 (CTH) – STATEMENT ANNEXURE

Principal Governing Body Approval

This modern slavery statement was approved by the *principal governing body* of

GMHBA Group

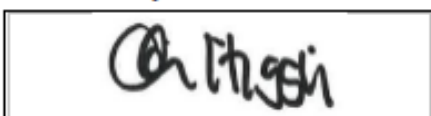
as defined by the *Modern Slavery Act 2018* (Cth)¹ ("the Act") on 12/14/2022

Signature of Responsible Member

This modern slavery statement is signed by a *responsible member* of

GMHBA Limited Board

as defined by the Act²:



Claire Higgins

Chair

Mandatory criteria

Please indicate the page number/s of your statement that addresses each of the mandatory criteria in section 16 of the Act:

Mandatory criteria	Page number/s
a) Identify the reporting entity.	4
b) Describe the reporting entity's structure, operations and supply chains.	4
c) Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls.	6
d) 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.	7
e) Describe how the reporting entity assesses the effectiveness of these actions.	11
f) Describe the process of consultation on the development of the statement with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity covered by the statement).*	12
g) Any other information that the reporting entity, or the entity giving the statement, considers relevant.**	12

* If your entity does not own or control any other entities and you are not submitting a joint statement, please include the statement 'Do not own or control any other entities' instead of a page number.

** You are not required to include information for this criterion if you consider your responses to the other six criteria are sufficient.

- Section 4 of the Act defines a principal governing body as: (a) the body, or group of members of the entity, with primary responsibility for the governance of the entity; or (b) if the entity is of a kind prescribed by rules made for the purposes of this paragraph—a prescribed body within the entity, or a prescribed member or members of the entity.
- Section 4 of the Act defines a responsible member as: (a) an individual member of the entity's principal governing body who is authorised to sign modern slavery statements for the purposes of this Act; or (b) if the entity is a trust administered by a sole trustee—that trustee; or (c) if the entity is a corporation sole—the individual constituting the corporation; or (d) if the entity is under administration within the meaning of the *Corporations Act 2001*—the administrator; or (e) if the entity is of a kind prescribed by rules made for the purposes of this paragraph—a prescribed member of the entity.

GMHBA's commitment towards eradicating modern slavery

As a part of our core Values, GMHBA is committed to upholding the highest standard when it comes to ethical responsibilities. This includes the Board endorsing a Group Whistle-blower Policy and approval of a Code of Conduct which sets out the ethical standards that are expected of all our Directors, and employees.

Our Supplier Statement sets out our expectation that suppliers will comply with all applicable laws and demonstrate their respect for, and protection of, the fundamental human and labour rights of workers. Our Annual reporting Statement is publicly available on the ABF's Online Register for Modern Slavery Statements and our Supplier Statement is available on our website.

This statement is made pursuant to the Australian Modern Slavery Act 2018 (Cth) and sets out the steps taken by GMHBA Group and its wholly owned subsidiaries, to address modern slavery and human trafficking risks in our business and supply chains for the period 1 July 2021 to 30 June 2022.

This is GMHBA Group's third annual statement in line with the Act. It outlines the actions taken to detect modern slavery risks within our operation and supply chains and ensures we have in place the most appropriate responses to any risks identified, as a part of our due diligence process.

1. Criteria 1.0 Identify the reporting entity

For the purposes of this statement the reporting entity is GMHBA Limited, ABN 98 004 417 092. In assessing the risks of modern slavery that may exist within our supply chain, the following entities have been included within GMHBA Group:

- GMHBA Limited; and
- GMHBA Armstrong Creek Unit Trust (wholly owned subsidiary).

Excluded from the scope of this statement includes another entity that we had a joint venture in place with during this reporting period. To protect their anonymity, they will be referenced to as 'ABC'. ABC is a trust that is controlled by GMHBA Group for accounting purposes, and as such is deemed to be a subsidiary. Although this entity does not meet the legislative reporting threshold, nor were they included as a part of this year's due diligence process, ABC was invited to participate during the development of this statement, as outlined under Criteria six.

2. Criteria 2.0 Describe the reporting entity's structure, operations and supply chains

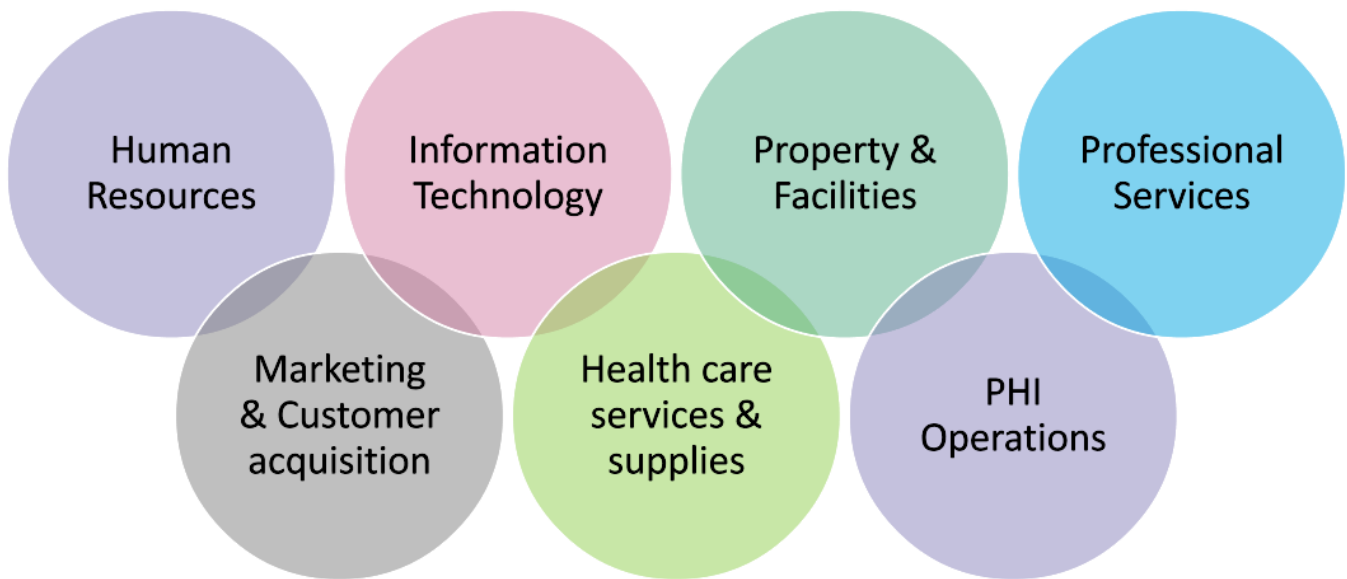
Our Structure

GMHBA Limited is an Australian Not-for-Profit public company limited by guarantee, that provides Private Health Insurance (PHI) and health services to over 334,000 people across our two distinct brands: GMHBA Health Insurance and Frank Health Insurance. We are proud to have over 414 employees based in Victoria.

As our services continue to diversify, we remain committed to operating our health insurance and health services lawfully and ethically, and in only working with suppliers that are aligned to our values as outlined within our Supplier Statement. We expect our suppliers to operate in accordance with all applicable modern slavery laws including those prohibiting human slavery and any practices such as human trafficking and child labour.

Our Operations and Supply Chain

GMHBA's main operations consist of the provision of private health insurance and health services to our members and community. Our major categories across our operations and supply chains include:



Our scope for GMHBA Limited's assessment of procurement in FY22 involved 677 direct suppliers (Tier 1) with a total spend of approximately **\$38m**. Our target group for FY22 relates to **72** suppliers. From this group, **18 of the 72** suppliers were identified as having goods or services that are procured outside of Australia. A broader review over future years will include our operational supply chains which will extend to hospital, medical and ancillary providers (Tier 2). Further detail on GMHBA's approach to addressing modern slavery risk in its supply chain is provided under Criteria 4 of this statement

As an insurer, GMHBA has significant levels of invested funds across a range of investment classes, as well as local and international equities. Such investments are managed by our Investment Portfolio Manager, JBWere and further details can be found in our Annual Report.

The Year that was: Impacts of COVID-19 on our supply chains

To date there has been no material impact on GMHBA's operation and supply chains, however the pandemic has continued to impact response rates from our supply chain to our Self-Assessment Questionnaire (SAQ). To address this, we have continued to provide additional support and education to our suppliers in meeting our reporting obligations.

Case Study – Impact of COVID-19

During COVID, the relationships we had with our supply chain had to adapt to the ever-changing landscape of the pandemic. Given we could not operate business as usual, we took the initiative to make necessary changes to both internal and external processes. Because of this, our engagement and alignment with our suppliers were strengthened during the process. We also found as soon as we had a plan in place, the pandemic would take a new turn and we would have to re-calibrate and adapt again in extremely short time frames. Although this work was unplanned, both GMHBA and our key relationships took advantage to streamline and find efficiencies and cost savings in our processes. A key example of this was our postal mailout service which provided GMHBA with not only a cost saving but also an internal change to effort. GMHBA needed to engage speciality suppliers to support in the supply of PPE products – items that were new to our current landscape of protective wear used in our customer facing locations. Having a dedicated supplier onboarding program – provided GMHBA with the ability to assess and securely bring on a new temporary supplier ensuring our due diligence and compliance was not compromised, allowing us to gain access to the desired PPE needed to continue trading our Health service practices.

3. Criteria 3.0 Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls

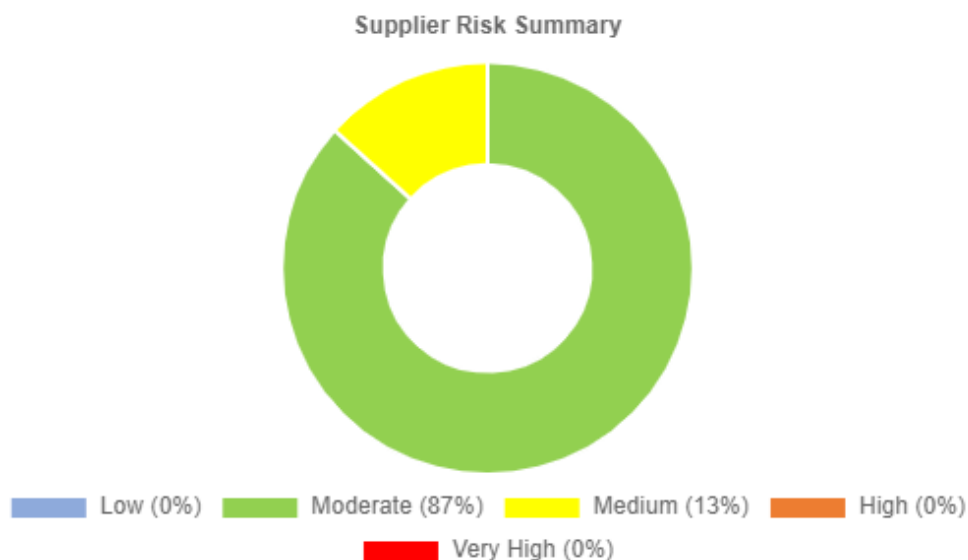
We acknowledge that the risks of modern slavery may be heightened in some supply chains and operations due to the geographical location of suppliers, areas of operation, and the source of materials used in products supplied. In particular, medical supplies and personal protective equipment (PPE) sourced from overseas have been identified as product's whose production carries with it a heightened risk of modern slavery within the health services sector. We acknowledge that, we lack visibility in some of the products or services that we procure which come from overseas markets and these carry with it, additional risks of modern slavery especially in the secondary levels of our chain of suppliers (Tier 2) and we are not yet aware of the magnitude of risk that this may involve, but we are committed to evolving our practices to reach into this space in the coming years ahead. We are also a part of the Private Health Insurance Community of Interest Group (PHI Col) who are currently initiating conversations with Australian Health Service Alliance (AHSA), to develop and design a way for us to tackle this collectively on a whole of industry level.

Relationship owners within GMHBA initially assessed key risk factors against direct suppliers to understand those that may pose a greater modern slavery risk. These factors are described in more detail below:

- **Industry Sector** (and Subsector) – the Global Industry Classification Standard (GICS) taxonomy was adopted as a way of classifying sectors and sub-sectors that is consistent with global classification standards, and overlaid with risk ratings;
- **Countries of operation** (geographical location) – the Global Slavery Index (GSI) was sourced to determine risk ratings for each country considering governance issues, lack of basic needs, inequality, disenfranchised groups, and effects of conflict;
- **Product** (goods or services) – highest risk countries producing products with a higher exposure were identified and overlaid as part of the risk assessment; and
- **Spend** (during financial year) – overall spend was overlaid against suppliers, to determine any additional layer of risk as well as influence suppliers hold to assist with remediation strategies.

Following these assessments, we identified several areas of heightened risk within our supply chain which included the out-sourcing of services such as, health care supplies (such as dental and eye care supplies) being distributed from places like China, Thailand and Japan, software services operating out of countries like India and professional service firms with operations in places like South Africa and Afghanistan.

Overall, as a result of our assessments, we have **not** identified any material risk of modern slavery practices in our supply chains. A high-level view of our residual risk assessments has been provided below using our new cloud-based software system, Informed 365 (I365):



4. Criteria 4.0 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

Overall, GMHBA has actively engaged and consulted with all companies we own or control in the development of this statement. During the reporting period this statement covers, we also liaised and coordinated with the entities we own or control or possessed joint control of, during the development of this statement, including those who may not be required to report. During this consultation period, we discussed details of the Modern Slavery Act 2018's reporting requirements; providing information on the actions we intend to take to address these requirements and providing relevant materials and ongoing updates.

GMHBA continues to apply a targeted, risk-based approach when assessing and addressing risks of modern slavery within our operation and supply chains. This approach is consistent with the 'United Nations Guiding Principles on Business and Human rights' and ensures that we focus our actions on high-risk areas. GMHBA is also committed towards applying a lens of 'continuous improvement' in our year-on-year efforts.

Our focus this year has been to build upon our strong foundation by further automating several parts within the due diligence process. Our uplift activities for FY22 have included:

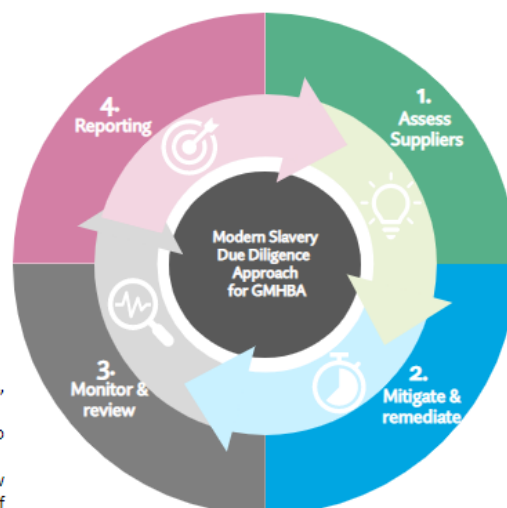
1. Engagement with Board, Executive Group and Senior Leadership Team (SLT) and key internal stakeholders to:
 - a. Educate and increase awareness and accountability; and
 - b. Leverage existing relationships to increase supplier engagement levels.
2. Increase participation in the PHI CoI to align our shared and mutual interest in relation to industry supplier consultation and tool development;
3. Facilitate communication on behalf of the PHI industry with The Australian Border Force (ABF), in order to increase engagement levels within the PHI industry, increase understanding around the legislation and obtain clear guidance from the ABF around specific areas of interest;
4. Implement cloud-based software solution Informed 365 (I365) to create internal efficiencies, by automating some additional processes as part of due diligence process; and
5. All-staff education module rolled out to increase baseline understanding of modern slavery for all employees and included in annual calendar of compliance activities on ongoing basis

Due Diligence Approach

We have undertaken a targeted, risk-based approach to assessing and addressing modern slavery risks in our operation and supply chains. To assist this process, we have applied a four-step methodology to manage our modern slavery risks as seen below:

Four-step methodology

- Detailed risk assessment reports provided to relationship owners
- Risk profiling and remediation reporting
- Annual reporting obligations



- Monitor & review the effectiveness, of modern slavery processes
- Processes are defined and continue to be embedded into operating rhythm
- Independent oversight and review process in place with 2nd Line of Defence, to review our modern slavery risk profile and report material risks

- Due diligence on operations and supply chains
- Perform inherent risk rating
- Assess modern slavery risk factors including consideration towards the following:
 - Industry sector (and sub-sector)
 - Country/s of operation (geographical location)
 - Product (goods or services)
 - Overall spend (during reporting period)
- Prioritise according to targeted risk based approach
- Invite 'High' risk suppliers to complete SAQ
- Capture key trends and action relevant insights from SAQ's

- Adopt appropriate strategies for addressing any modern slavery risks identified during due diligence process
- Apply continuous improvement towards building our understanding and capabilities, improving our policies and processes, and enhancing our engagement with suppliers
- Develop and implement remediation processes to address modern slavery risks including grievance mechanisms

Due Diligence Process Improvement

Over the last year we have made the following improvements to our due diligence process:

- Inclusion of modern slavery clauses in new and existing contracts;
- Inviting suppliers new to GMHBA to engage in the due diligence process, as part of our onboarding process;
- Due diligence process reviewed and updated in which to remove risk of resource dependency;
- Increasing the number of suppliers, we invite to participate in our due diligence process (FY20 = 30, FY21 = 46, FY 22 = 72) building on our supply chain profile
- Consultation with key internal stakeholders to further embed our due diligence process;
- Increase supplier response rate by understanding the customer journey, identifying potential barriers that may impact participation levels and providing alternative solutions;
- Semi-automated the process for creating and capturing remediation plans in the software platform
- Collaborate with PHI Col to host a supplier education and awareness session with leading experts on 18 October this year
- Increase employees understanding and awareness of modern slavery through learning module including 99% participation rate; and
- Reviewed key resources and supporting material provided to suppliers in which to increase their baseline understanding of the legislation and actions we are taking to address any potential risks:
 - GMHBA's Supplier Statement;
 - Frequently Asked Questions Fact Sheet; and
 - Risk matrix pertaining to countries of operations and sub-industries.

Case Study – Inclusion of modern slavery clauses within new or revised contracts

As with many organisations GMHBA aims to work alongside our supply chain in order to achieve our desired business goals. The relationship we have with our suppliers is critical to ensuring not just achieving an outcome but the right outcome with members interest at heart. Modern Slavery is now an integral component in how we not only select new suppliers but how we manage our ongoing relationship. When we set about partnering with JKL to build out a new mobile app experience for our members we shortlisted the potential suppliers not just by their ability to execute on the brief but how they operate as a business, with an ethical, social, and environmental overlay in mind. This included what key components were included as a part of the initial contract reviews. Upon onboarding JKL, we reviewed their full company structure to understand their responsibilities and commitments to Modern Slavery and again we found JKL to hold the same level of commitment and attention to uphold Modern Slavery standards as we do here at GMHBA. As with all ongoing partnerships we will continually monitor the business activities of our supply chain to ensure Modern Slavery standards are upheld.

1. Assess Suppliers

Risk assessment

To commence the due diligence process, we performed a risk assessment of **667** suppliers to understand which suppliers may pose a greater modern slavery risk.

Target group identification and prioritisation

After performing an initial assessment of our Tier 1 suppliers, GMHBA identified **72** suppliers to target as a part of our due diligence process. The suppliers targeted, demonstrate a cross-section of our business, with suppliers operating on and offshore. In identifying this target group, we invited all suppliers with an inherent risk of 'High' or above to complete a self-assessment questionnaire.

Supplier assessment across GMHBA's direct supply chain – FY21 vs FY22



Self-Assessment Questionnaire (SAQ)

Following on from the strong foundation that we established in the first year of our reporting round, we continued to utilise our vendor SAQ, when inviting our target group of suppliers to participate in our due diligence process.

The questionnaire covers eight key risk areas as outlined below:

1. **Supplier details** - to assist us in confirming the details collected as a part of the initial inherent risk rating.
2. **Modern slavery understanding & commitment** - designed to give us an understanding of any commitments the supplier may have in regards to human rights.
3. **Policies & procedures** - helps us to understand what policies & procedures the supplier may have in place to reduce the risk of modern slavery occurring within their operation and supply chains.
4. **Supply chain management** - helps us understand how well they know their supply chain and any measures they may have in place to reduce modern slavery risk among their supply chain.
5. **Ethical recruitment** - helps us to understand the nature of the supplier's workforce including how they recruit to identify any potential risks of modern slavery within their recruitment approach.
6. **Human rights & modern slavery** - relates to the eight types of serious exploitation defined as modern slavery within the Modern Slavery Act. They allow us to understand whether any supplier's practices may create the potential risk of modern slavery within their business.
7. **Due diligence/Remediation** - allows us to understand what processes the supplier may have in place to help address and remediate any risk or incidents of modern slavery within their business.
8. **Education & training** - allows us to understand whether the supplier has any education or training in place to help employees identify and understand modern slavery risks within their business or supply chain.

Case Study – Expanding automation of due diligence processes, utilising new cloud-based software solution

During FY22, we seized the opportunity to automate additional parts of our due diligence process, this included how we engage funds who already had a profile established in our shared PHI platform. On this occasion it was supplier DEF, a global business who provide a customer relationship management (CRM) platform within the software and services industry. Whilst leading supplier DEF through our due diligence process, we noticed they had already commenced engagement with another health fund. In order to take advantage of this opportunity, we made several internal process improvements, in order to leverage the work that had already been done with DEF vs duplicate effort. This in turn meant we were able to link up with this supplier to access their data and survey information at a much more productive pace and efficient manner.

2. Mitigate & remediate

We have developed a range of strategies for managing the modern slavery risks identified throughout our due diligence process. These strategies are targeted towards building upon our understanding and capabilities, continuously improving our policies and processes, and enhancing engagement levels with our suppliers. Key actions completed in FY22 include:

1. Active engagement with our industry peers to discuss themes and trends from operation and supply chains, understanding best practice, sharing learnings to over-come barriers and explore potential future opportunities of collaboration;
2. Increase understanding and capability of our SLT and relationship owners to effectively manage suppliers
3. Continuous improvement upon current processes including defined policy and procedures;
4. Review of the Whistle-blower policy and external grievance mechanism (FairCall) we have in place in February 2022. This mechanism allows our broader GMHBA family a confidential avenue to report concerns or suspected reports or breaches of modern slavery or human rights risks within our supply chain, in an anonymous manner. This in turn also supports our remediation processes.
5. Procurement management including the inclusion of modern slavery clauses within new or revised contract agreements;
6. Education and training for key internal resources, including attendance at key industry and regulator events held throughout the year

3. Monitor & review

During our third year of reporting, we have continued to work towards embedding our modern slavery processes and practices within the business, including the automation of some of these processes. To ensure we have a continuous improvement approach to compliance with the Act, we have continued to focus our efforts in growing in maturity, in accordance with our modern slavery maturity model, which will ensure we are enhancing our processes over time to have the right effect on addressing modern slavery with our suppliers. An update on our maturity model will be addressed as a part of Criteria 5. As we mature, our processes, risk assessments, monitoring and risk profiling will continue to be managed by the broader business as first line of defence, with the Risk and Compliance team providing oversight and challenge as the 2nd Line of Defence.

Case Study – Increasing accuracy of Inherent Risk Rating assessments

One of our key relationships is with Supplier GHI who is a professional services firm, who provides recruitment related support. During initial risk assessments, it was determined GHI's head office was based in Australia, so therefore did not flag any sort of risk with us given the location of their head office, but during a routine quality check of all the information provided to our modern slavery team, it was deemed, the relationship owner had initially incorrectly applied the wrong country of operation to GHI because this is the location they had been liaising with. On further assessments, it was found the supplier's parent entity also operated throughout other parts of the globe, including South Africa, which is of a higher risk to our supply chain because of its socio and economic challenges. After realising this, GHI's inherent risk rating was updated and therefore the supplier was invited to complete a SAQ. At GMHBA, we took this opportunity to reflect upon the current internal processes we have in place and amended our controls, to ensure that moving forward an additional layer of quality assurance was added into our review process to ensure this did not happen again. In addition to this, the modern slavery support team provided further education to this relationship owner to explain the particularities around modern slavery reporting and why this change would impact the outcome for GHI in our due diligence process. This variance would not have been identified if it weren't for our commitment towards maturing our understanding of modern slavery in our practices.

4. Reporting

In accordance with our modern slavery maturity model, we will continue to work towards, developing robust reporting to create awareness, transparency and alignment of our highest modern slavery risks including providing greater visibility of these risks at a Board and Executive level. Within this reporting period, all SAQ responses have been assessed and overall risks discussed with the relevant SLT members, informing our modern slavery risk profile for FY22.

Although none of our SAQ's have been received with a risk rating of 'High' or above, to assist our learnings, we have captured some key risk trends that seem to be emerging within our supply chain. These key patterns of behaviour include:

- Misclassification of inherent risk rating based on incorrect country of operation due to insufficient data
- High levels of procurement of health care, medical and dental supplies
- Suppliers not obliged to report under the Act, reluctant to complete a SAQ, instead attempting to provide us with a copy of their annual modern slavery reporting statement which can create future auditing issues
- Suppliers not having adequate procedures and policies in place
- Suppliers not having adequate formal risk assessment process in place to support identification of risks
- Suppliers' high utilisation of sub-contracting or third-party recruitment companies
- Suppliers not having a grievance mechanism in place
- Suppliers not providing adequate or any education or training for their own staff and volunteers

5. Criteria 5.0 Describe how the reporting entity assesses the effectiveness of these actions

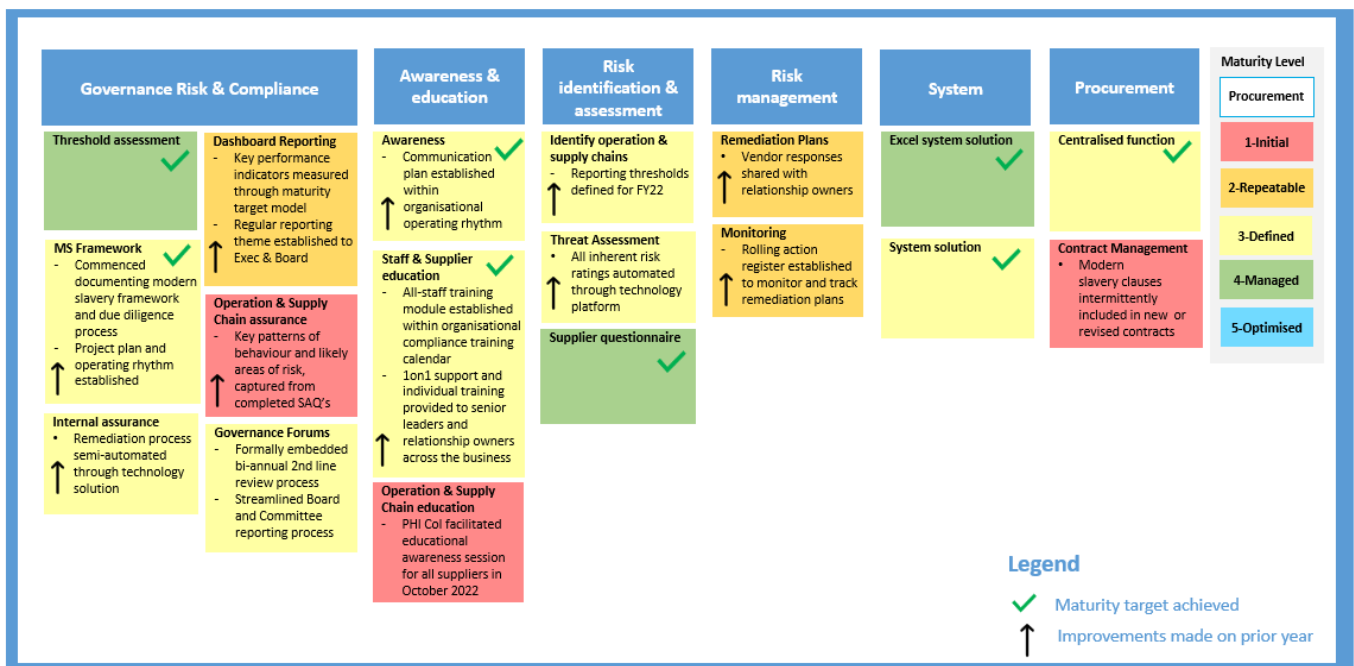
We are monitoring the effectiveness of our processes and procedures to address the modern slavery risks that our business causes, contributes to, or is directly linked to, in line with the UN Guiding Principles. We will continually assess the effectiveness of our actions in identifying and managing modern slavery risks by tracking our actions and outcomes, partnering with suppliers and other external partners, and undertaking regular internal governance and external assurance processes. Based on the results of these processes we will adapt and strengthen our actions to continually improve our response to modern slavery. Per the 'Guidance for Reporting Entities' issued by the ABF, GMHBA will look to continually improve and build on our response each reporting period.

Since last reporting period, we have continued to develop and build upon our modern slavery maturity model, to ensure that we are enhancing our processes year on year. During this time, we have matured our processes, risk assessments, monitoring, risk profiling, created a central repository to manage our compliance obligations and also achieved several of the milestones that we first established three years ago. At GMHBA we will continue to ensure we apply a continuous improvement approach to compliance with the Act, so during FY22 we took the opportunity to continue building upon our modern slavery maturity target model in the following ways:

What we achieved during FY22

MATURITY TARGET MODEL

WHAT WE ACHIEVED IN FY22



Over subsequent reporting periods, we will continue to review and enhance these KPIs in order to assess the effectiveness of our actions.

6. Criteria 6.0 Describe the process of consultation with any entities the reporting entity owns or controls

During the reporting period this statement covers, we actively engaged and consulted with all companies we own or control or have joint control of, during the development of this statement as outlined in the response above for Criteria one. We discussed details of the Modern Slavery Act 2018's reporting requirements; information regarding the actions we intend to take to address these requirements and provided them with relevant materials and updates. In the development of this statement, we consulted with key personnel from **ABC**, in which to offer the entity an invitation to participate in the development of this statement. This entity was co-operative with us but did not feel they could add any valuable contribution to the development of our Statement given they are not required to report, and their understanding of modern slavery is limited. At this time, we took the opportunity to provide ABC with additional information and key resources about modern slavery and the actions we are taking to address any risks, in order increase their baseline understanding.

7. Criteria 7.0 Provide any other relevant information

We acknowledge to combat modern slavery, and eradicate it, in its entirety from our broader supply chains, it will require our dedication and a consistent effort year on year. Delivering on this undertaking will take a concerted effort by GMHBA, our suppliers, staff, and health fund peers, supported by cross-industry collaborations.

We are proud of the work we have achieved during this last reporting period, to prevent modern slavery and any inadvertent involvement we may have across our business and supply chains. There is more to do, but we are always looking to continuously improve the way we do things to eliminate modern slavery, always in partnership with others, knowing that no one can do so on their own.

This statement was approved by the board of GMHBA Limited on 14 December 2022. The board of GMHBA Limited approved this statement on behalf of the other entities covered by the statement. All procurement for these entities was undertaken through GMHBA Limited. Criteria six within this statement outlines how GMHBA Limited consulted with **ABC**, during the development of this statement.

This statement is signed by Claire Higgins in her role as the Chair of GMHBA Limited on 14 December 2022.

Signed



Claire Higgins
Chair
GMHBA Limited
14 December 2022