

## Modern Slavery Statement

This statement is made pursuant to the Australian Modern Slavery Act 2018 (Cth) that commenced operation on 1 January 2019 and sets out the steps taken by GMHBA Limited and its wholly owned subsidiaries (**GMHBA Group**), including health.com.au Pty Ltd (**HEA**), to address modern slavery and human trafficking risks in our business and supply chains since the act was legislated.

This is GMHBA Group's first annual statement in line with the Act. It outlines our continuous improvement approach to detect modern slavery risks within our operation and supply chains and ensure we have in place the most appropriate responses to any risks identified.

### Our structure, operations and supply chain

#### Structure

GMHBA Limited is an Australian not for profit private health insurance and care company with 440 employees based in Victoria. We are proud to cover nearly 370,000 Australians through distinct brands: GMHBA Health Insurance, Frank Health Insurance and health.com.au.

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 slavery like practices, human trafficking and child labour.

#### Operations and Supply Chain

GMHBA's main operations consist of the provision of private health insurance and health services to our members and community. The majority of goods and services that we procure come from suppliers and contractors based in Australia. Our major categories across our operations and supply chains include:

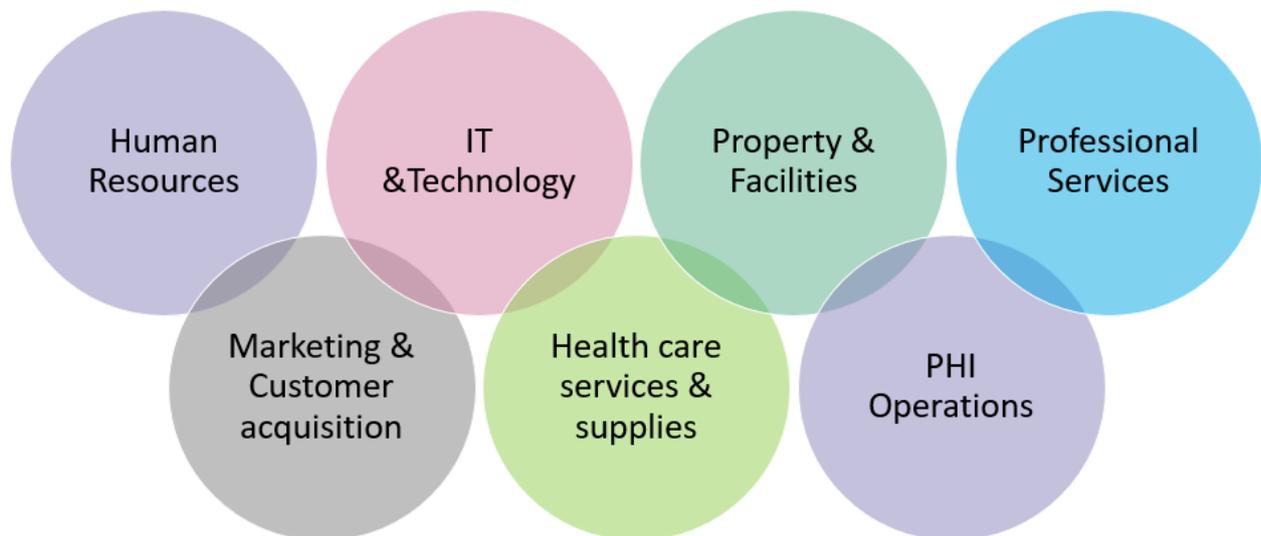


Fig.1

Our scope for GMHBA Group's assessment of procurement in FY2020 involved 711 direct suppliers with a total spend of approximately \$52m. A broader review over future years will include our operational supply chains which will extend to hospital, medical and ancillary providers. Further detail on GMHBA's approach to addressing modern slavery risk in its supply chain is provided in the *Assess Suppliers* section 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.

## Our approach and commitment towards human rights and addressing modern slavery

GMHBA has taken a risk-based approach to assessing our risks of modern slavery within our existing arrangements.

We have assessed our top 30 current suppliers within this first reporting period, which considers spend and operations within perceived high-risk countries. These suppliers support a cross-section of our business and have been engaged by relationship owners to understand their position on modern slavery.

Our focus this year has been to build a strong foundation to identify, assess and support suppliers in developing appropriate remediation plans for any modern slavery risks or practices that have been identified. Throughout this

year, we have participated in a Health Insurance Sector Community of Interest Forum (**CoI Forum**) to align work around industry supplier consultation and modern slavery risk assessment and tool development. We have invested in stakeholder management activities to support our relationship owners in gathering information to inform our risk assessments and ongoing engagement with suppliers.

Our Supplier Statement sets out our expectation that suppliers comply with all applicable laws and demonstrate their respect for, and protection of, the fundamental human and labour rights of workers. This statement is made available to all new suppliers at the time of onboarding and to existing suppliers as part of our annual modern slavery assessment. It is also available on our website and can be accessed via the following link - <https://www.gmhba.com.au/about/corporate-governance>

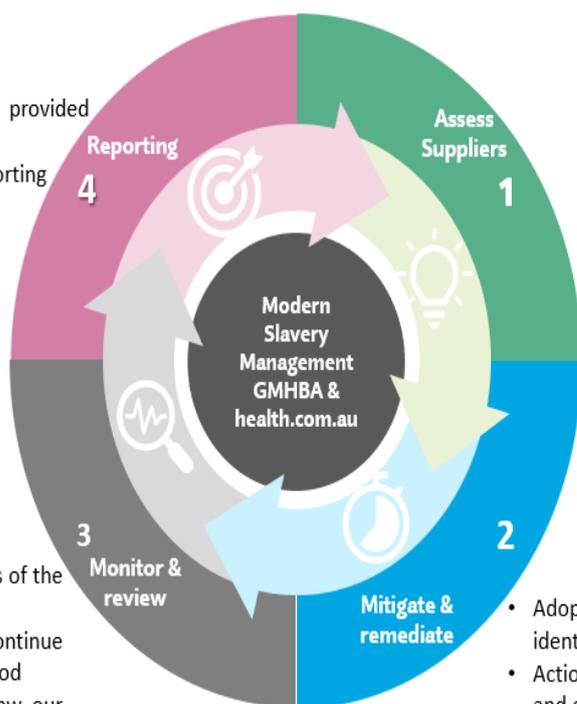
## Management of our modern slavery risks

We have undertaken a targeted, risk-based approach to assessing and addressing modern slavery risks in 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.

We have applied a four-step methodology to manage our modern slavery risks which can be seen in **Figure 2** below.

### Four-step methodology

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



- Due diligence on operations and supply chains
- Assessing modern slavery risk factors for our operation and supply chains including consideration towards the following:
  - Geographic location
  - Industry sector & sub-sector
  - Products & Services
  - Spend
- Assessing higher risk suppliers by engaging with them to complete a supplier Self-Assessment Questionnaire (SAQ)

- Monitor & review the effectiveness of the modern slavery processes
- Processes are defined and will continue to be embedded over the next period
- The 2<sup>nd</sup> Line of Defence will review our modern slavery risk profile and report material risks

- Adopt appropriate strategies for addressing the identified modern slavery risks
- Actions are targeted at building our understanding and capabilities, improving our policies and processes, and enhancing our engagement with suppliers
- Develop and implement appropriate remediation programs to address modern slavery risks including grievance mechanisms

Fig.2

# 1. Assess Suppliers

Relationship owners from both GMHBA and health.com.au initially assessed key risk factors against direct suppliers to understand those that may pose a greater modern slavery risk. Key risk factors are described in more detail below:

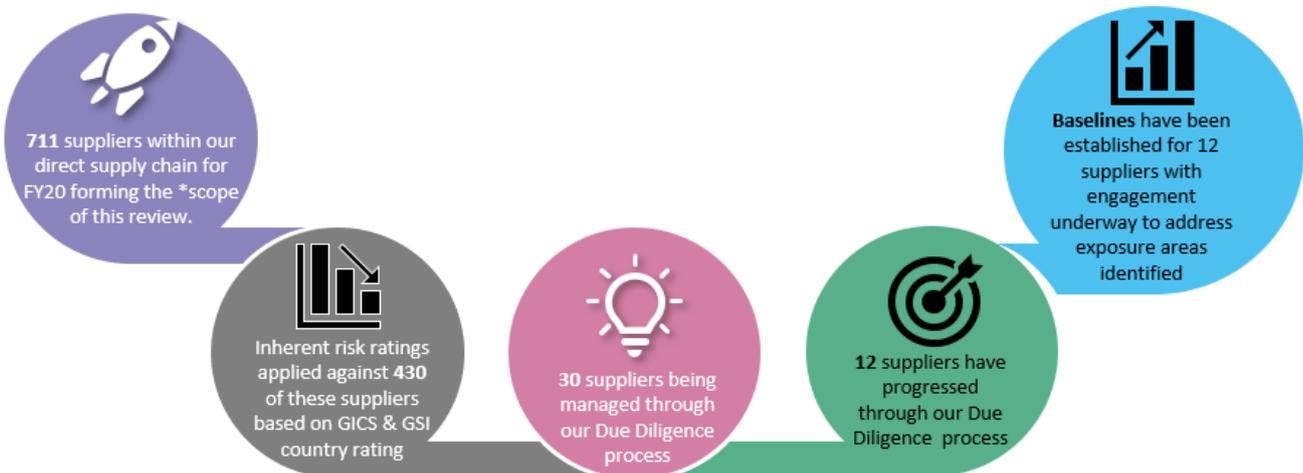
- **Geographic locations** – the Global Slavery Index (GSI) was sourced to determine risk ratings for each country considering governance issues, lack of basic needs, inequality, disenfranchised groups and effects of conflict;
- **Industry Sector and Subsector** – the Global Industry Classification Standard (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;
- **Product** – highest risk countries producing products with a higher exposure were identified and overlaid as part of the risk assessment; and
- **Spend** – spend greater than \$20,000 was overlaid against suppliers to determine any additional layer of risk as well as influence suppliers hold to assist with remediation strategies. Higher risk suppliers were targeted from a cross section of all procurement categories within this first reporting period.

To better understand our potential modern slavery risks following this initial assessment, we developed a questionnaire, being our vendor Self-Assessment Questionnaire (SAQ), for selected higher risk suppliers to complete. The questionnaire covers seven key areas as outlined below:

1. **Modern slavery understanding & commitment** - designed to give us an understanding of any commitments the supplier may have in regard to human rights.
2. **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.
3. **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.
4. **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.
5. **Human rights & modern slavery** - relates to the 8 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.
6. **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.
7. **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.

At the time of receiving the questionnaire, suppliers are also provided with our Supplier Statement and Frequently Asked Questions as a way of educating and setting expectations. All relationship owners are educated and provided with supporting material including the education pack and Modern Slavery policy.

## Supplier assessment across GMHBA’s direct supply chain



\*Our scope for reviews will continue to expand to include all suppliers within our operation and supply chains, which extends beyond the 711 suppliers considered in FY20.

Fig.3

## 2. Mitigate & remediate

We have developed a range of strategies for managing the modern slavery risks identified. They are targeted at building our understanding and capabilities, improving our policies and processes, and enhancing engagement with our suppliers. Key items completed in FY2020 are as follows:

- Engagement within industry peers to understand leading practices and explore potential future opportunities for collaboration;
- Building management level capability (relationship owners) through ongoing training for all staff responsible for sourcing products and services;
- Developing processes for identifying, assessing and monitoring modern slavery risks including clearly defined policy and procedures;
- Improved grievance mechanisms where we have expanded the GMHBA external whistle-blower service, FairCall, to specifically reference human rights related concerns and consequently provide a primary grievance mechanism to support remediation processes;
- Procurement management, where in consultation with our external legal team, we have created a range of modern slavery clauses to meet the needs of our organisation.

## 3. Monitor & review

We are still in the early stages of embedding our modern slavery processes and practices within the business. To ensure we have a continuous improvement approach to compliance with the Act, we have developed a 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.

Within this first period, risk assessments and relevant mitigating action plans are being managed by relationship owners and tracked within a central repository managed by the Risk and Compliance team. As we mature our processes, risk assessments, monitoring and risk profiling will be managed by our Finance and Governance team, with the Risk and Compliance team providing oversight and challenge as the 2<sup>nd</sup> Line of Defence.

Our modern slavery maturity model can be seen in **Figure 4** below.

### MODERN SLAVERY ACT MATURITY MODEL

### MATURITY TARGET – 3 YEARS

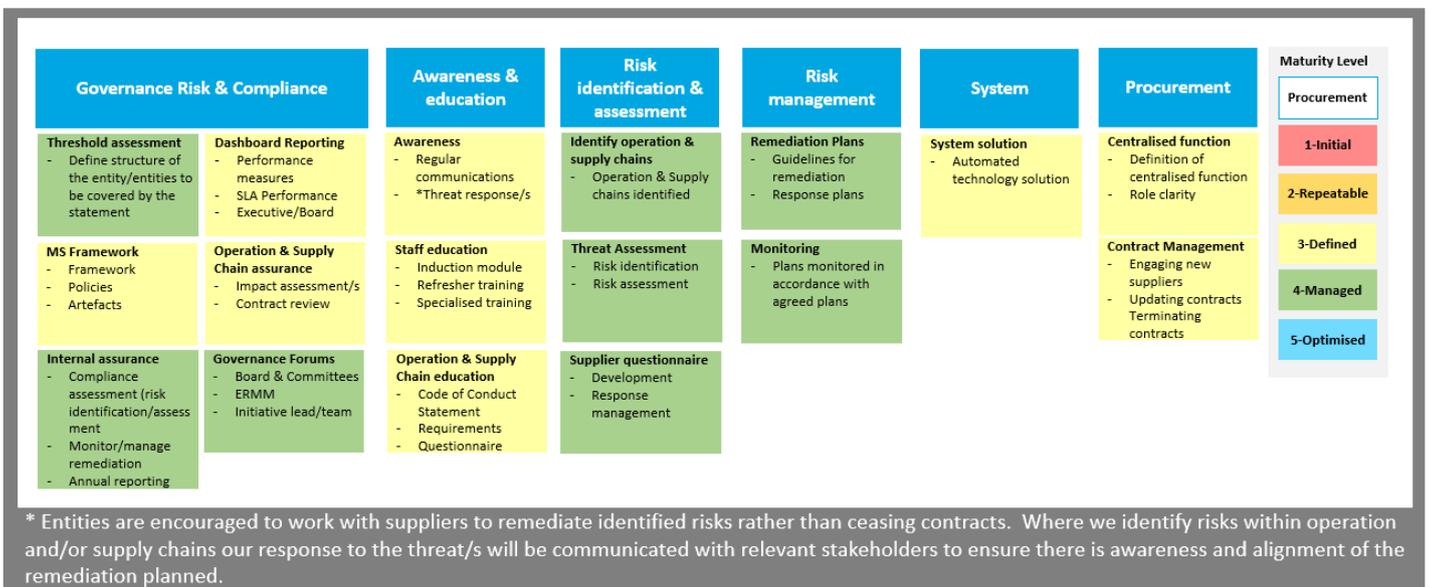


Fig.4

## 4. Reporting

In accordance with our modern slavery maturity model, we will develop robust reporting to create awareness, transparency and alignment of our highest modern slavery risks. Within this first period, modern slavery reports for all suppliers assessed have been prepared and discussed with all relationship owners, informing our modern slavery risk profile for FY2020. As a result of our assessments, we have not identified any material risk of modern slavery practices in our supply chains.

## Impacts of COVID19 on our supply chains

To date there has been no material impact on GMHBA's operation and supply chains, however the pandemic has impacted responses from our supply chains to modern slavery risks via our SAQ. This has resulted in additional engagement and education to support our suppliers in meeting their requirements.

### *Case Study – Supplier XY*

*One of our key relationships is with Supplier XY who researches, develops, manufactures, distributes and sells a full suite of eye care products within two key businesses; surgical and vision care. Supplier XY's parent company is based in Switzerland, with offices located all over the world including Australia.*

*We prioritised working with Supplier XY given our strategic relationship with them in supporting our Optical business's and the ability for their operations team within Australia to assist both us and them through piloting our modern slavery risk assessment framework. Key risk factors were also overlayed against Supplier XY's profile, providing us with an inherent risk rating and allowing us to subsequently identify them as one of our potential higher risk suppliers.*

*Supplier XY were initially provided with both our Supplier Statement explaining the expectations we have of them to comply with all applicable laws, and an outline of our approach to identifying modern slavery risks. We asked in the first instance that they complete our supplier Self-Assessment Questionnaire (SAQ) to understand what they were currently doing to manage the risk of modern slavery.*

*We adopted a collaborative approach with Supplier XY and based on the responses received, we were able to clearly establish a baseline from which we will be able to continue to engage with Supplier XY on how they are enhancing and addressing modern slavery risk through continuous improvement. Relationship owners will continue to monitor Supplier XY with a focus on continuous improvement.*

## Looking ahead

We recognise that eradicating modern slavery requires dedication to make a positive difference. Delivering on this undertaking will take a concerted effort by GMHBA, our suppliers, peers, supported through cross-industry collaborations.

Looking ahead, we plan to progress the following actions in FY2021 and beyond:

### **Building our understanding and capabilities**

- Develop and deliver a broader training program for our employees to increase understanding and awareness of modern slavery risk within our operations and supply chains;
- Continue to educate and support providers in understanding their obligations under the Act and our Supplier Statement;
- Continue to develop response plans that are monitored and managed for continuous improvement to occur with identified suppliers;
- 2<sup>nd</sup> Line review processes to be defined and implemented to ensure independent oversight occurs of the Modern Slavery Framework

### **Improve our processes**

- Further embed due diligence processes within the 1<sup>st</sup> Line of Defence and adapt learnings for this first reporting period;
- Expand our Incident Management processes to include the ability to capture human rights and modern slavery breaches;
- Uplift our Compliance Obligations Framework;

- Develop guidance on remediation actions to support relationship owners in addressing modern slavery risks;
- Define qualitative and quantitative indicators for assessing the effectiveness of our actions to assess and address modern slavery risks; and
- Identify ways to automate processes.

### **Enhance engagement with suppliers**

- Engage with more high-risk suppliers to assess their modern slavery practices;
- Continue to assess risks within our operation and supply chains, expanding the scope to include our hospital, medial and ancillary; and
- Continue to participate in the Health Insurance Sector Community of Interest Forum for alignment in approach.

We are proud of the work we have done, and continue to do, 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 for new and better ways 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 GMHBA Limited Board on 8 December 2020.

Signed:



**Mark Valena, Chief Executive Officer**  
**GMHBA Limited**  
**15 December 2020**