



**2020-21 JOINT MODERN SLAVERY STATEMENT**

**FOR**

**CBHS HEALTH FUND LIMITED**

**ABN 87 087 648 717**

**AND**

**CBHS CORPORATE HEALTH PTY LTD**

**ABN 85 609 980 896**

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# 1 INTRODUCTION

## 1.1 PURPOSE

This document is the [Joint MSS](#) of the [CBHS Group](#). It covers the period 1 July 2020 to 30 June 2021.

## 1.2 ENTITIES COVERED

The [Act](#) requires a [Joint MSS](#) to identify the entities covered by the MSS. This section seeks to meet this requirement.

The document covers:

- (a) [CBHS Health](#); and
- (b) [CBHS Corporate](#).

Both entities are reporting entities within the meaning of section 5 of the [Act](#) and together are referred to in this document as the [CBHS Group or Group](#).

# 2 STRUCTURE & OPERATIONS OF CBHS HEALTH

## 2.1 Legal Structure

CBHS Health is a public company limited by guarantee within the meaning of the Corporations Act 2001 and is regulated in that capacity by [ASIC](#).

## 2.2 Organisational Structure

### 2.2.1 Board of directors

[CBHS Health](#) has a [Board](#) whose composition, powers and functions are governed by relevant requirements in the Corporations Act 2001, [APRA's](#) prudential standards and the Constitution of CBHS Health.

### 2.2.2 Group Chief Executive Officer

The day-to-day affairs of [CBHS Health](#) are managed by the [Group CEO](#) under a delegated authority from the [Board](#). The [Group CEO](#) also serves as an executive director on the [Board](#).

### 2.2.3 Business Units & Functional Areas

The direct reports of the Group CEO are members of the Executive Leadership Team ([ELT](#)). Each ELT member is responsible for a business unit or functional area. The current business units or functional areas are:

- (a) Legal & Company Secretariat;
- (b) Strategy;
- (c) Finance & Accounting;
- (d) Marketing & Product Development;
- (e) Sales & Partnerships;
- (f) Operations (includes [Member](#) claims and clinical services);
- (g) People & Culture (human resources);

- (h) Information Services;
- (i) Risk Management, Compliance & Business Continuity; and
- (j) Internal Audit.

## 2.3 Business

[CBHS Health](#) is a registered “restricted access [private health] insurer” under the Private Health Insurance (Prudential Supervision) Act 2015. In that capacity, it is regulated by [APRA](#).

CBHS Health’s health insurance business involves issuing private health insurance policies to Australian residents and assessing and paying the latter’s claims in relation to services received under the policies.

## 2.4 Operations

The chief operations of CBHS Health are

- (a) Developing private health insurance and health-related products and services;
- (b) Marketing and promoting its products and services;
- (c) Selling its products and services;
- (d) Establishing and maintaining accounts for [Members](#);
- (e) Assessing and paying the claims of [Members](#);
- (f) Data security operations;
- (g) Risk Management, & Compliance (including legislative and regulatory reporting); and
- (h) Recruiting and managing [Employees](#).

## 2.5 Employees

Currently, [CBHS Health's Employees](#) fall into the following categories:

- (a) Permanent;
- (b) Part-time;
- (c) Casual; and
- (d) Fixed term.

All [Employees](#) are ordinarily resident in Australia.

# 3 STRUCTURE & OPERATIONS OF CBHS CORPORATE

## 3.1 Legal Structure

[CBHS Corporate](#) is a proprietary company within the meaning of the Corporations Act 2001 and is regulated in that capacity by [ASIC](#).

[CBHS Corporate](#) is a 100%-owned subsidiary of [CBHS Health](#).

## 3.2 Organisational Structure

### 3.2.1 Board of directors

[CBHS Corporate](#) has a [Board](#) whose composition, powers and functions are governed by the relevant requirements in the Corporations Act 2001, [APRA's](#) prudential standards and the Constitution of [CBHS Corporate](#).

### 3.2.2 Chief Executive Officer

The day-to-day affairs of [CBHS Corporate](#) are managed by its Chief Executive Officer under a delegated authority from the [Board](#). The Chief Executive Officer also serves as an executive director on the [Board](#).

### 3.2.3 Business Units & Functional Areas

Under a management services arrangement with [CBHS Health](#), [CBHS Corporate's](#) operations are carried out by the same [CBHS Health's](#) business units and functional areas identified in [Section 2.2.3](#) above.

## 3.3 Business

[CBHS Corporate](#) is a registered “open-access [private health] insurer” under the Private Health Insurance (Prudential Supervision) Act 2015. In that capacity, it is regulated by [APRA](#).

### 3.4 Operations

The chief operations of CBHS Corporate are:

- (a) Developing private health insurance and health-related products and services;
- (b) Marketing and promoting its products and services;
- (c) Selling its products and services;
- (d) Establishing and maintaining accounts for [Members](#);
- (e) Assessing and paying the claims of [Members](#); and
- (f) Carrying out legislative and regulatory reporting.

### 3.5 Employees

[CBHS Corporate](#) has no [Employees](#). Under a management services arrangement with [CBHS Health](#), the operations of [CBHS Corporate](#) are carried out by [CBHS Health's Employees described in Section 2.5 above](#).

## 4 SUPPLY CHAINS OF THE GROUP

### 4.1 Tier 1 Suppliers as Primary Focus

For reasons of practicability, the [Group](#) decided to manage the risks of modern slavery practices ([MS Risks](#)) in the Group’s [Supply Chains](#) through primarily the Group’s [Tier 1 Suppliers](#). The Group is in position to leverage the [Tier 1 Supplier](#) relationship to deliver [MS Risks](#) management in the operations of [Tier 2 Suppliers](#) by ensuring that Tier 1 Suppliers require Tier 2 Suppliers to manage [MS Risks](#) in the latter’s operations.

### 4.2 Industry Sectors of Tier 1 Suppliers

The following table provides details of the industry sectors and geographical locations of the Group’s [Tier 1 Suppliers](#).

| Reference | Supply chains industry sectors   | Location of main operations |
|-----------|----------------------------------|-----------------------------|
| 1.        | Financial Auditing and Actuarial | Australia                   |
| 2.        | Insurance and Banking            | Australia                   |
| 3.        | Investment Management            | Australia                   |

| Reference | Supply chains industry sectors                                                                                                           | Location of main operations |
|-----------|------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| 4.        | Legal Advisers and Consultants                                                                                                           | Australia                   |
| 5.        | Hospital Contracting and Regulatory Reporting                                                                                            | Australia                   |
| 6.        | Information, Communication and Technology (including hardware, software and internet services suppliers)                                 | Australia & Overseas        |
| 7.        | Landlord and Property Management                                                                                                         | Australia                   |
| 8.        | Recruitment and Human Resources Consultants                                                                                              | Australia                   |
| 9.        | Marketing and Advertising                                                                                                                | Australia                   |
| 10.       | Printing and Mailing Services                                                                                                            | Australia                   |
| 11.       | Clinical and Health Services (including hospitals, general practitioners, optometrists, dentists and ancillary health service providers) | Australia                   |

## 5 RISKS OF MODERN SLAVERY PRACTICES

### 5.1 Relevant MS Risks

The [CBHS Group](#) determined that it and its [Supply Chains may](#) reasonably face the following [MS Risks](#) in their operations. The risks are linked to the [MS](#) offences in the [Act](#).

| Reference | Modern slavery offence   | Risks                                                                                                                                                                                                                                                                                       |
|-----------|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.        | Slavery                  | The risk that the <a href="#">Group</a> or its <a href="#">Suppliers</a> may exercise powers of ownership over another person, including the power to make the person an object of purchase and use their labour in an unrestricted way.                                                    |
| 2.        | Servitude                | The risk that the <a href="#">Group</a> or its <a href="#">Suppliers</a> may significantly restrict the personal freedom of a person to the extent that the person is not free to stop working or leave their place of work.                                                                |
| 3.        | Forced labour            | The risk that the <a href="#">Group</a> or its <a href="#">Suppliers</a> may prevent a person from stopping to work or exercise the freedom to leave their place of work.                                                                                                                   |
| 4.        | Debt bondage             | The risk that the <a href="#">Group</a> or its <a href="#">Suppliers</a> may pledge the services of a person for a debt that is manifestly excessive or may not apply the person's services to liquidate the debt, or the length and nature of the services may not be limited and defined. |
| 5.        | Worst forms child labour | The risk that the <a href="#">Group</a> or its <a href="#">Suppliers</a> may exploit a child through slavery or similar practices or engage the child in hazardous work which may harm the child's health, safety or morals.                                                                |

| Reference | Modern slavery offence                      | Risks                                                                                                                                                            |
|-----------|---------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6.        | Deceptive recruiting for labour or services | The risk that <a href="#">Group</a> or its <a href="#">Suppliers</a> may deceive a person about whether they will be exploited through a type of modern slavery. |

## 6 MANAGING MODERN SLAVERY RISKS – GENERAL

### 6.1 Introduction

The Group’s first step in the management of [MS Risks](#) management is the adoption of an overarching Modern Slavery Act Compliance Program ([Program](#)). The critical elements of the Program are:

- (a) Anti-modern slavery policy ([Anti-MS Policy](#));
- (b) [ELT](#) and other senior management accountabilities for [MS Risk](#) management; and
- (c) [MS Risks](#) management strategies.

### 6.2 Anti-MS Policy

The Policy targets the following [MS](#) practices.

#### 6.2.1 Forced labour:

Amongst other matters, the [Group](#) and its [Tier 1 Suppliers](#):

- (a) Must not recruit or use forced labour in connection with their operations;
- (b) Must not charge recruitment fees to their employees;
- (c) Must not require their employees to submit the originals of their international travel documents for retention by the [Group](#) or a [Tier 1 Supplier](#);
- (d) Must allow their employees to leave their employment voluntarily at any time subject to the employees giving a reasonably agreed period of notice to the [Group](#) or a [Tier 1 Supplier](#); and
- (e) Must not pledge the services of their employees as a security for a debt that is manifestly excessive or must not fail to apply an employee’s wages to liquidate the debt.

#### 6.2.2 Terms and conditions of employment

The [Group](#) and [Tier 1 Suppliers](#) must:

- (a) State the main terms and conditions of their employees’ employment in writing and give these to the employees before they commence work;<sup>1</sup> and
- (b) Ensure their employees receive the minimum wages and other entitlements in applicable legislative and regulatory requirements, awards or collective agreements.

#### 6.2.3 Child labour

The [Group](#) and [Tier 1 Suppliers](#) must not employ a person under the age of 16 years in full-time employment unless appropriate authorisation is obtained for the employment and all conditions of that authorisation are met.

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<sup>1</sup> Main terms include hours of work and wages and other remuneration and the latter accrue and are paid.

#### 6.2.4 Workplace health and safety

At a minimum, the [Group](#) and [Tier 1 Suppliers](#) must meet the workplace health and safety standards in applicable laws and codes of practice for their Employees.

#### 6.2.5 Employees right to form, join and participate in workers’ unions

The [Group](#) and [Tier 1 Suppliers](#) must allow their Employees to form, join or participate in unions, associations or organisations of workers and not hinder the right of entry of a lawfully elected official or representative of such to enter the premises of the Group or the Tier 1 Supplier in connection with a lawful business of the Employees’ unions, associations or organisations.

#### 6.2.6 Grievance and whistle-blower procedures

The [Group](#) and [Tier 1 Suppliers](#) must establish procedures for their employees to make complaints or raise concerns about their individual work situations and to “blow the whistle” if they consider on reasonable grounds that the Group or a Tier 1 Supplier has breached any requirement of the [Act](#).

### 6.3 Assessing the Effectiveness of the Anti-MS Policy

The [Group](#) has assessed its [Anti-MS Policy](#) as an effective step in [MS Risks](#) management because of the following considerations:

- (a) The Group’s Anti-MS Policy is now part of the Group’s risk management systems;
- (b) The Group has now mapped and documented [MS Risks Management Controls](#) to the requirements of the Anti-MS Policy and the [Act](#);
- (c) Executives are now required to report regularly to the [Board](#) on their [MS Risks](#) management actions; and
- (d) Employees are now in position to make complaints and protected reports about violations of the [Anti-MS Policy](#) by the Group and its officers.

## 7 MANAGING MODERN SLAVERY RISKS – SUPPLY CHAINS

### 7.1 Initial Risk Rating of Tier 1 Supplier

The [MS Risks](#) of each [Tier 1 Supplier has been assessed and rated](#) as “low”, “medium” or “high”.

The rating utilised a matrix of factors, each of which has been assigned a score based on the [MS Risks](#) associated with that factor in the domestic, overseas and international [MS](#) indexes.

The most critical of the factors and their different [MS Risks](#) attributes are detailed in the following table.

| Reference | Factor                                                    | MR risk characteristics                                                                                                                                                                                                                                                         |
|-----------|-----------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.        | Industry sector of Supplier                               | Sectors such as manufacturing, fishing, agriculture, mining and construction are treated in the global indexes in particular are “high” modern slavery risk industries largely because they utilise migrant or unskilled labour and have poor work conditions.                  |
| 2.        | Goods or services (including where they are sourced from) | Production and distribution of goods as opposed to services, carry much higher modern slavery risks in areas such as recruitment of labour, required skill levels of workers and conditions of work. Also, the production of some types of goods including fast moving consumer |

| Reference | Factor                                                      | MR risk characteristics                                                                                                                                                                                                                                                                                         |
|-----------|-------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|           |                                                             | goods, have been identified in domestic, overseas and international indexes as significantly prone to modern slavery practices.                                                                                                                                                                                 |
| 3.        | Location of main operations (whether Australia or overseas) | Some countries or regions in the world have been identified in the domestic, overseas and international indexes as “high” modern slavery locations mainly because left over social-economic and cultural influences and/or lack of or laxed governmental commitment to eradication of modern slavery practices. |
| 4.        | Reporting obligations under the MSA                         | Suppliers who are required to report under the MSA will tend to have better and more transparent modern slavery risk management programs                                                                                                                                                                        |

[Tier 1 Suppliers](#) will be monitored on a regular basis and if necessary, re-rated taking into consideration the progress that individual Supplier have made towards managing their [MS Risks](#) identified for them.

### 7.1.1 Assessment of the effectiveness of risk rating

The [Group](#) considered that this initial risk rating of [Tier 1 Suppliers](#) is an effective means for the Group to determine:

- (a) Which type of [MS Due Diligence](#) the Group will conduct for a Tier 1 Supplier (see [Section 7.2.1](#)); and
- (b) Which type of remediation the Group will pursue in relation to a Tier 1 Supplier.

The initial risk assessment aligns with the Australian Border Force’s recommendation that reporting entities must apply a “risk-based” approach to their engagement with [Suppliers](#).<sup>2</sup>

## 7.2 Due Diligence of Tier 1 Suppliers

This subsection deals with the [MS Due Diligence](#) that the [Group](#) conducts for its [Tier 1 Suppliers](#).

### 7.2.1 Types of MS Due Diligence

The following table describes the types [MS Due Diligence](#) designed by the Group.

| Reference | Short descript of Due Diligence                                      | Details of Due Diligence                                                                                                                                                                                                                                       |
|-----------|----------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.        | Completion of MS Risk Assessment Questionnaires                      | A <a href="#">Tier 1 Supplier</a> may be required to fill in a questionnaire containing some <a href="#">MS Risks</a> identification and assessment questions.                                                                                                 |
| 2.        | Face to face (F2F) Supplier relationship interactions and monitoring | <a href="#">Group</a> Relationship Owners ( <a href="#">Employees</a> responsible for the ongoing management of third-party relationships) will leverage their role to identify and assess the <a href="#">MS Risks</a> of a <a href="#">Tier 1 Supplier</a> . |

<sup>2</sup> <https://www.homeaffairs.gov.au/criminal-justice/files/modern-slavery-reporting-entities.pdf>, “Appendix 2: How can I work with suppliers” (retrieved 20 December 2020).

|    |                                                  |                                                                                                                                                                                                                 |
|----|--------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3. | Review of <a href="#">MSSs</a>                   | The Group will review the published <a href="#">MSSs</a> of <a href="#">Suppliers</a> who have reporting obligations under the <a href="#">Act</a> .                                                            |
| 4. | Review of Ministerial requests                   | The Group will review any ministerial request made of our <a href="#">Suppliers</a> and published under section 16A the <a href="#">Act</a> .                                                                   |
| 5. | Review of other regulatory sanctions or censures | The Group will review any regulatory sanctions or censures of <a href="#">Suppliers</a> that indicates the presence or absence of, or weaknesses in a Suppliers' <a href="#">MS Risks</a> management practices. |
| 6. | Review of adverse public/social media reports    | The Group will review any public or social media reports on a <a href="#">Supplier</a> that indicate the presence or absence of, or weaknesses in the Suppliers' <a href="#">MS Risks</a> management practices. |

### 7.2.2 When and how to conduct MS Due Diligence

The following table provides information on when the [Group](#) conducts [MS Due Diligence](#) on [Suppliers](#).

| ID | Supplier type                                | Type of MS DD                                                                                                                                                                                                                                 | Frequency/timeframe             |
|----|----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|
| 1. | Proposed/new Tier 1 supplier                 | MS Risk Assessment Questionnaire <sup>3</sup>                                                                                                                                                                                                 | Before engagement               |
| 2. | Tier 1 supplier assessed as "LOW" MS risk    | (a) Review of supplier's MSS (if supplier is an RE under the <a href="#">Act</a> );<br>(b) F2F supplier relationship monitoring/reporting                                                                                                     | At least once every three years |
| 3. | Tier 1 supplier assessed as "MEDIUM" MS risk | (a) Review of MSS (if supplier is an RE under the <a href="#">Act</a> )<br>(b) Review of MSS of supplier's Tier 2 suppliers (if latter are REs under the <a href="#">Act</a> )<br>(c) F2F Tier 1 supplier relationship monitoring / reporting | At least once every two years   |
| 4. | Tier 1 supplier assessed as "HIGH" MS risk   | (a) Review of MSS of supplier (if supplier is an RE under the <a href="#">Act</a> )<br><br>(b) Review of MSSs of supplier's Tier 2 suppliers MSS (if latter are REs under the <a href="#">Act</a> )                                           | At least annually               |

<sup>3</sup> This may be undertaken in conjunction with the initial MS risk assessment of the supplier.

| ID | Supplier type | Type of MS DD                                                                                               | Frequency/timeframe |
|----|---------------|-------------------------------------------------------------------------------------------------------------|---------------------|
|    |               | (c) F2F supplier relationship monitoring/<br>reporting                                                      |                     |
|    |               | (d) Review of Ministerial requests of supplier (if<br>supplier is an RE under the Act)                      |                     |
|    |               | (e) Review of Ministerial requests of supplier's<br>Tier 2 suppliers (if latter are REs under the<br>Act)   |                     |
|    |               | (f) Review of other regulatory sanctions or<br>censures of Tier 1 supplier and/or their Tier<br>2 suppliers |                     |
|    |               | (g) Review of adverse public or social media<br>reports on Tier 1 supplier and/or their Tier 2<br>suppliers |                     |

### 7.2.3 Assessment of the effectiveness of due diligence arrangements

The [Group](#) has assessed its [MS Due Diligence measures](#) as effective for the following reasons:

- (a) They have assisted the Group assess and understand the current and changing [MS Risks profiles](#) of [Tier 1 Suppliers](#) and their [Supply Chains](#);
- (b) If necessary, the Group will use the outcomes of [MS Due Diligence](#) to re-rate some Tier 1 Suppliers; and
- (c) The Group uses the outcomes of [MS Due Diligence](#) to determine which [MS Risk Management plan](#) to apply to a differently rated Tier 1 Suppliers.

## 7.3 Supplier Code of Conduct

The [Group](#) has required its [Tier 1 Suppliers](#) to accept the Group's Third Party Code of Conduct ([Code](#))

The Code reinforces the Group's anti-modern slavery policy and requires Tier 1 suppliers to implement policies, procedures and processes to manage [MS Risks](#) in their operations.

Also, the Code requires Tier 1 Suppliers to ensure their [Tier 2 Suppliers](#) have similar arrangements in place in the latter's operations.

Finally, the Code empowers the Group to undertake [MS Due Diligence](#) of [Tier 1 Suppliers](#) from time to time to verify implementation of [MS Risks](#) management processes in their operations and those of their Tier 2 Suppliers.

### 7.3.1 Assessment of the effectiveness of the Third-Party Code of Conduct

The [Group](#) considered that the [Code](#) will play a significant role in the management of [MS Risks](#) in the operations of the Group's [Supply Chains](#). The following reasons support this assessment.

- (a) The Code of Conduct communicates, not only the Group’s [Anti-MS Policy](#) to [Tier 1 Suppliers](#), but also the types of actions the Group expects Tier 1 Suppliers to take to manage [MS Risks](#) in their own operations and those of their [Tier 2 Suppliers](#);
- (b) The Code of Conduct is enforceable as a term of the contract between the Group and a Tier 1 Supplier;
- (c) As the Group has no contractual relationship with Tier 2 Suppliers, the Group can only leverage the relationship with its Tier 1 Suppliers to ensure the latter’s suppliers implement [MS Risks](#) management practices in their operations.

## 7.4 Remediation – Suppliers Risk Management Plans

### 7.4.1 MS Risk management plans for suppliers

The following table provides information on how the [Group](#) will remediate the [MS Risks](#) of differently rated [Tier 1 Suppliers](#).

| ID | MS risk rating                                                                                            | Decision/Actions <sup>4</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|----|-----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | MS risk for a Supplier is unacceptably too HIGH <sup>5</sup>                                              | <ul style="list-style-type: none"> <li>(a) Do not engage the proposed Supplier; or</li> <li>(b) Terminate relationship with Supplier.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 2. | MS risk for the Supplier is HIGH, and the Supplier is a material outsourced service supplier <sup>6</sup> | <ul style="list-style-type: none"> <li>(a) Continue the relationship and low an initial period of two (2) years after the risk assessment;</li> <li>(b) Work with the supplier to implement a MS risk management plan;</li> <li>(c) Monitor and report on (in June and December each financial year) progress under the MS risk management plan;</li> <li>(d) Where considerable progress has been made but the MS risk management plan is not fully implemented, extend the period by another 2 years;</li> <li>(e) Where during the 2-year or additional period, the MS risk management plan has been fully implemented, re-rate the Supplier, continue their engagement and monitor relationship in accordance with the relevant due diligence in <a href="#">Section 7.2.1</a> above; and</li> <li>(f) Where the MS risk management plan has not been implemented fully after the additional 2-year</li> </ul> |

<sup>4</sup> These remediation actions are based on “Appendix 3: How do I respond to a case of modern slavery?” of the Australian Border Force’s guidance cited at footnote 46 above.

<sup>5</sup> The decision whether a Tier 1 Suppliers carries an unacceptably high MS risk will be made by the [ELT](#) on a case-by-case basis by considering all relevant information obtained from or about the Supplier.

<sup>6</sup> “Material business activity” is defined in APRA’s *Prudential standard HPS 231 Outsourcing* and in the *Group Outsourcing Policy*.

| ID | MS risk rating                                                                                                                                                                                    | Decision/Actions <sup>4</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |                                                                                                                                                                                                   | period, recommend to the Board to terminate supplier's engagement. <sup>7</sup>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 3. | MS risk for the Supplier is HIGH and the Supplier is not a material outsourced service provider                                                                                                   | <ul style="list-style-type: none"> <li>(a) Continue the relationship for an initial period of 18 months following the risk assessment;</li> <li>(b) Work with the supplier to implement a MS risk management plan;</li> <li>(c) Monitor and report on (in June and December each financial year) progress under the MS risk management plan during the 18 months' period;</li> <li>(d) Where considerable progress has been made but the MS risk management plan is not fully implemented, allow an extension of the 18 months to 2 years;</li> <li>(e) Where during the initial 18-month or the 2-year period, the MS risk management plan has been fully implemented, continue the engagement of the supplier monitor supplier in accordance with the relevant due diligence in <a href="#">Section 7.2.1</a> above;</li> <li>(f) Where the MS risk management plan has NOT been implemented fully during the initial 18-month or the 2-year, recommend to CEO to terminate the supplier's engagement.<sup>8</sup></li> </ul> |
| 4. | MS risk is MEDIUM, and the supplier is either: <ul style="list-style-type: none"> <li>(a) an Executive Leadership Team (ELT) member-approved supplier; or</li> <li>(b) other suppliers</li> </ul> | <ul style="list-style-type: none"> <li>(a) Continue dealing with the supplier for an initial period of 12 months following the risk assessment;</li> <li>(b) Work with the supplier to implement a MS risk management plan;</li> <li>(c) Monitor and report (in June and December each financial year) on progress under the MS risk management plan;</li> <li>(d) Where considerable progress has been made but the MS risk management plan is not fully implemented, extend the period to 18 months;</li> <li>(e) Where during the 12-month or the 18-month period, the MS risk management plan has been fully implemented, continue the engagement of the supplier and monitor the supplier in</li> </ul>                                                                                                                                                                                                                                                                                                                    |

<sup>7</sup> Before terminating the relationship, the [Board](#) may consider the service and performance records of the supplier and if satisfied these are good records, extend the time for implementation of the MS risk management plan for a period the Board considers appropriate.

<sup>8</sup> Before terminating the relationship, the CEO may consider the service and performance records of the supplier and if satisfied these are good records, extend the time for implementation of the MS risk management plan.

| ID | MS risk rating   | Decision/Actions <sup>4</sup>                                                                                                                                                                                                                                                                       |
|----|------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|    |                  | <p>accordance with the relevant due diligence in <a href="#">Section 7.2.1</a> above.</p> <p>(f) Where the MS risk management plan has NOT been implemented fully during the initial 12-month or the 18-month period, recommend to full ELT to terminate the supplier’s engagement.<sup>9</sup></p> |
| 5. | MS Risk is “LOW” | Monitor the supplier in accordance with the relevant due diligence in <a href="#">Section 7.2.1</a> above.                                                                                                                                                                                          |

#### 7.4.2 Remediation – at-risk reporting

If through our [MS Due Diligence](#) process or during the implementation of a risk management, we identify that the actions of a [Supplier](#) have placed an individual at the risk of serious [MS](#) exploitation, we will report the Supplier’s actions to the Australian Federal Police as soon as reasonably practicable or to an appropriate non-governmental organisation or other civil society group specialising in [MS Risks](#) remediation.

#### 7.4.3 Assessment of effectiveness of remediation processes

The [Group](#) assessed its remediation process as effective in managing [MS Risks](#) in its [Supply Chains](#).

The processes allow the Group to work co-operatively with Suppliers over reasonable periods of time to ensure that the [MS Risks](#) in Suppliers’ operations are managed effectively. Summary termination of an intransigent Supplier relationship will not best serve the interests of both the Group and the Supplier, especially a Supplier who has a material outsourcing contract with the Group. We considered this approach aligns with the one encouraged by the Australian Border Force.<sup>10</sup>

Finally, the Group considered its “at-risk” reporting arrangement will be effective in ensuring that victims of modern slavery risks receive prompt assistance from appropriate governmental agencies, non-governmental organisations and other civil society groups specialising in remediation of the [MS](#) conditions of at-risk individuals or groups. Again, the Group considered this arrangement aligns with the approach preferred by the Australian Border Force.<sup>11</sup>

<sup>9</sup> Before terminating the relationship, the ELT member may consider the service and performance records of the supplier and if satisfied these are good records, extend the time for implementation of the MS risk management plan.

<sup>10</sup> Department of Home Affairs, *Commonwealth Modern Slavery Act 2018 – Guidance for reporting entities*, <https://www.homeaffairs.gov.au/criminal-justice/files/modern-slavery-reporting-entities.pdf>, “Appendix 2: How can I work with suppliers” (retrieved 13 January 2021).

<sup>11</sup> See footnote 10 above, “Appendix 3. How do I respond to a case of modern slavery?”

## 8 MANAGING MS RISKS IN GROUP OPERATIONS

### 8.1 Gap Analysis

The [Group](#) determined that its operations that are most at risk of [MS](#) practices are those that involve the recruitment, use and termination of its [Employees](#) and other people used in connection with Group operations.

Following the adoption of the [Program](#) (a section of which sets out the Group's [Anti-MS Policy](#)), the Group undertook a comprehensive gap analysis to identify which existing internal controls could reasonably support the management of [MS Risks](#) in the Group's operations and what new controls will be required to ensure that [MS Risks](#) are managed more effectively.

### 8.3 Beneficial Policies, Processes & Procedures

Some current policies, procedures or processes have had the effect of significantly reducing [MS Risks](#) in the Group's operations. We emphasise that these policies, procedures or processes were not designed originally to manage [MS Risks](#) but have been assessed during the gap analysis as capable of managing those risks. We describe some of them under the following subheadings.

#### 8.3.1 Location of operations & source of human resources

All the Group's operations are in Australia. All personnel used for the operations are sourced from Australia. Applicants for employment and [Employees](#) are either Australian residents or citizens.

The above factors significantly reduce the risks of recruiting and using people who are victims of human trafficking, forced labour or deceptive recruitment.

#### 8.3.2 Recruitment & selection practices – job advertisements

The Group advertises vacant positions both internally and externally. Positions that senior management has assessed as likely to offer promotion opportunities to existing [Employees](#) are advertised internally only.

Positions requiring highly specialised skills or experience that existing Employees are not likely to possess or are regulated by legislative or regulatory requirements are advertised externally.

Advertisements for vacant positions invariably include the technical, personal and background specifications.

The Group is an equal employment opportunity employer, which in practice means the candidate whose technical, personal and other background best matches the required specifications is selected.

The current recruitment and selection process has served to reduce significantly risks such as recruiting an individual who is either victim of human trafficking or deceptive recruitment or who has not offered their services voluntarily.

#### 8.3.3 Recruitment & selection practices -compliance with relevant laws

The Group's recruitment and selection practices are compliant with requirements of Australian laws including those which:

- (a) Prohibit discrimination on prohibited grounds;
- (b) Prohibit deceptive or misleading employment advertising; and
- (c) Require verification of a person's entitlement to work in Australia.

### 8.3.4 Recruitment and selection practices – entitlement and age of applicants

The Group’s recruitment processes include verifying not only an applicant’s entitlement to work in Australia but also their age.

The current processes have been effective in the rejection of the applications for employment of individuals who are not entitled to work in Australia and who may be under the age of 16 years.

### 8.3.5 Recruitment and selection practices – terms and conditions of employment

Employment contracts are set out in writing and provided to Employees prior to them commencing employment with the Group. Mandatory terms and conditions include the rates, basis and timing of remuneration, hours of work and the right to terminate the employment at any time subject to a required notice period.

Terms and conditions of employment reflect minimum requirements in national legislation including those in the minimum wage laws, applicable awards or collective agreements and the National Employment Standards.

### 8.3.6 Employees’ workplace health and safety

[Employees’](#) workplace health and safety are secured primarily through the Group’s compliance with Commonwealth and state workplace health and safety laws and applicable industry codes of practice.

Employees are part of the workplace health and safety decision-making processes and participate in the identification of workplace hazards and risks and their mitigation.

An injury management process is in place and the Group has taken and maintained a workers’ compensation insurance for [Employees](#) who might suffer workplace injuries.

The Group’s current practices have reduced significantly (if not eliminated),” slavery” working conditions in the Group’s workplaces.

### 8.3.7 Fair workplace policies and practices

The Group also has in place a *Fair Workplace Policy*, which amongst other matters, prohibits unlawful discrimination, harassment and bullying. Discrimination against an Employee because of their membership and participation in the activities of workers unions is also prohibited.

### 8.3.8 Grievance and whistle-blower protection procedures

[Employees](#) have access to Group grievance procedures under which they can raise matters or concerns about their individual working conditions and terms including those that may result in working under [MS](#)-like conditions.

Also, Employees can make protected reports under the *Group Whistleblower Protection Policy* if they believe on reasonable grounds that the Group or any of its directors or officers has engaged in a “reportable conduct” including a breach of a Commonwealth legislation such as the [Act](#).

## 8.4 Better Managing Residual MS Risks in Group Operations

The [Group](#) considered that it can improve upon existing policies, procedures and processes to more effectively manage the risk of [MS](#) slavery practices in its operations. More importantly, the Group considered that it is important to map its existing People & Culture policies, procedures and processes now specifically to the Group’s [Anti-MS Policy](#) obligations. To this end, the *Group Recruitment and Selection Policy* has been reviewed to specifically call-out [MS Risks](#) management

requirements and has provided for the implementation of additional procedures to verify that an applicant has applied for a position voluntarily.

Other residual [MS](#) risk that were not spelled out previously, have now been called out. For example, the [Group](#) has gone beyond just prohibiting discrimination on the grounds of an employee’s membership or participation in the activities of a workers’ union, to commit the Group to not hindering the access to Group premises of any lawfully elected official of workers’ unions who has presented themselves lawfully in connection with matters affecting the interests of Employees who are members of that union.

Furthermore, the *Group Whistleblower Protection Policy* will be reviewed on its next review date to include violations by the Group of [MS](#) standards as a “reportable conduct” under that Policy. The Group did not see any urgency in reviewing that Policy at the present time because it already provides for [Employees](#) to make a protected report in relation to any breach by the Group of an applicable Commonwealth legislation.

### **8.5 Assessment of Effectiveness of Controls**

The [CBHS Group](#) considered that it already has robust controls in place to manage the risks of [MS](#) practices in the Group’s operations. This assessment is against the background that none of the [MS Risks](#) mentioned in [Section 5.1](#) above have materialised in the past.

Instead of viewing the improvements we have implemented as responses to previously unrecognised or prevalent [MS Risks](#) practices, the improvements are essentially “housekeeping” or “hygiene” responses to risks which were never specifically identified or treated in the past.

Furthermore, the Group considered the effectiveness of its current and improved policies, procedures and processes in the modern slavery risk management space can be gauged from the fact that [ELT](#) accountabilities and responsibilities are now in place to ensure the [Boards](#) of [Group](#) entities receive and consider regular reports on the Group’s [MS Risks](#) management processes.

## **9 ACTIVITIES DURING THE YEAR**

During the year, we developed our [Third-Party Code of Conduct](#). The key objectives of the Code are to: a) Communicate publicly our ethical, human rights and corporate social responsibility standards; b) Invite all our current and future Suppliers to share our values; and c) Provide a solid foundation for the delivery of values-based products and services to our members and their communities. This code was approved by the ELT and then provided to high risk [Tier 1 Suppliers](#) to attest their confirmation to abide by the code.

Also, we provided training and advice to our Relationship Owners to equip them with essential skills to carry out [MS Due Diligence](#) and implement [MS Risks](#) management plans for [Tier 1 Suppliers](#).

## **10 PROCESS OF CONSULTATION WITH GROUP ENTITIES**

As mentioned in [Section 3](#), [CBHS Corporate](#) is a 100%-owned subsidiary of [CBHS Health](#) and uses the business units, [ELT](#), [Employees](#) and systems and processes of [CBHS Health](#) in relation to its operations.

Relevant members of the ELT have been assigned [MS Risks](#) management accountabilities and responsibilities which will be exercised in relations to the operations of both Group entities.

Relevant [ELT](#) members were involved in the MS Risk assessment for [Tier 1 Suppliers](#) and the gap analysis conducted for the Group’s operations. All ELT members were consulted during the preparation of this [Joint MSS](#) and were made aware that it is by and for both CBHS Group entities.

The draft Joint MSS was considered by the CBHS People & Remuneration Committee. That Committee then recommended the Joint MSS to the [Board](#) of each [CBHS Group](#) entity.

Each Board approved the [Joint MSS](#) and accepted the People & Remuneration Committee’s recommendation that the Chairman of the [CBHS Health](#) Board be authorised to sign this Joint MSS on behalf of the [CBHS Group](#).

## 11 OTHER RELEVANT INFORMATION

The [Act requires the Joint MSS to](#) include any other information that the reporting entities consider relevant. We provide some of that information here.

### Effect of Covid-19

Because of Covid-19, the Group could not complete the implementation of all aspects of the Modern Slavery Act Compliance Program ([Program](#)). In particular, it was difficult for the Group to maintain effective interactions with its [Tier 1 Suppliers](#) in order to carry out planned [Due Diligence](#) activities.

Accordingly, much of the Group’s [MS Risks](#) management activities focused on building internal capabilities towards a robust and sustainable MS Risk management regime for the future.

## 12 SIGNING

This MSS was approved by the Boards of CBHS Health Fund Limited and CBHS Corporate Health Pty Ltd.

| Name                   | Position                           | Signature | Date |
|------------------------|------------------------------------|-----------|------|
| <b>Peter MacCuspie</b> | Chairman, CBHS Health Fund Limited |           |      |

## 13 ACRONYMS, TERMS & EXPRESSIONS FREQUENTLY USED

### Act

Modern Slavery Act 2018 (Act No, 153, 2018) of the Commonwealth Government of Australia.

### Anti-MS Policy

Anti-modern slavery policy included in the [Program](#).

### APRA

Australian Prudential Regulation Authority.

### ASIC

Australian Securities and Investments Commission.

### Board

Board of Directors of a [CBHS Group](#) entity.

### CBHS Corporate

CBHS Corporate Health Pty Ltd ABN 85 609 980 896; registered office at Level 5, 79 George Street, Parramatta, NSW 2124.

### CBHS Health

CBHS Health Fund Limited ABN 87 087 648 717; registered office at Level 5, 79 George Street, Parramatta, NSW 2124.

### CBHS Group or Group

The entities mentioned at [Section 1.2](#) together.

### Due Diligence

Actions taken by [CBHS Group](#) to:

- (a) Gather information on a [Supply Chain](#); and
- (b) Assess that information to determine whether there are actual or potential [MS Risks](#) in the [Supply Chain](#).

### ELT

Executive Leadership Team of the [CBHS Group](#).

### Employee

A person who is in an employer-employee relationship with [CBHS Health](#). “Employees” has a corresponding meaning.

## Goods or Services

The goods or services a [Tier 1 Supplier](#) supplies to the [Group](#) or the goods or services a [Tier 2 Supplier](#) supplies to a Tier 1 Supply in connection with the goods or services the [Tier 1 Supplier](#) supplies to the Group.

## Group CEO

Group Chief Executive Officer of the [CBHS Group](#).

## Joint MSS

Joint modern slavery statement within the meaning of the [Act](#).

## Members

Private health insurance policy holders with the [Group](#).

## MS

Modern slavery.

## MS Risks

Actual, potential or residual modern slavery risks.

## MS Risks Management Controls

Policies, procedures and processes designed by the [Group](#) to manage [MS Risks](#).

## MSS

Modern slavery statement.

## Program

Group Modern Slavery Act Compliance Program.

## Supplier

A [Tier 1 Supplier](#) or [Tier 2 Supplier](#). “Suppliers” has a corresponding meaning.

## Supply Chains

[Tier 1 Suppliers](#) and [Tier 2 Suppliers](#) together with:

- (a) The locations of their operations;
- (b) Their Employees;
- (c) The [Goods or Services](#); and
- (d) The systems, processes and production methods the [Tier 1 Supplier](#) and the [Tier 2 Supplier](#) use to produce and supply the [Goods or Services](#) to the [Group](#).

## Tier 1 Supplier

A person or organisation engaged directly by the [Group](#) or a [Group](#) entity to supply specified goods or services to the Group or Group entity on a continuing basis. “Tier 1 Suppliers” has a corresponding meaning.

## Tier 2 Supplier

A person or organisation engaged directly by a [Tier 1 Supplier](#) to supply specified goods or services to the Tier 1 Supplier in connection with the goods or services the Tier 1 Supplier supplies to the [Group](#) or a Group entity. “Tier 2 Suppliers” has a corresponding meaning.

## Third-Party Code of Conduct or Code

Code of conduct implemented by the [CBHS Group](#) setting out the Group’s [MS Risks](#) management expectations of its [Tier 1 Suppliers](#).