



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

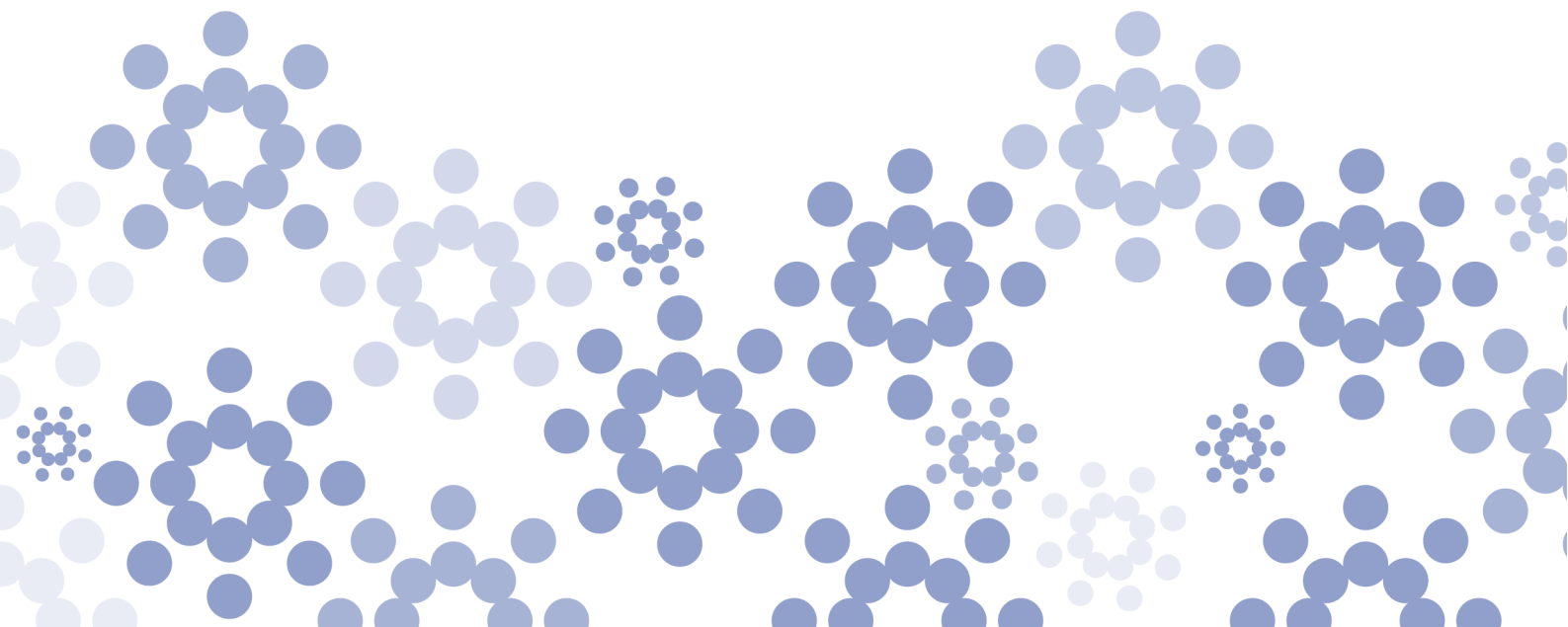


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1. INTRODUCTION

1.1. Purpose

This document is the [Joint MSS](#) of the [CBHS Group](#).

1.2. Entities covered

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. 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.

2.3. 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](#).

2.4. 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.

2.5. Structure

2.5.1 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.

2.5.2 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.

2.5.3 Business unit & 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.

3. STRUCTURE & OPERATIONS OF CBHS CORPORATE

3.1. Legal structure

[CBHS Corporate](#) is a small 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. 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](#).

3.3. 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.

3.4. 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.

3.5. Structure

3.5.1 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.

3.5.2 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.

3.5.3 Business unit & functional areas

Under a management services arrangement with CBHS Health, CBHS Corporate's operations are carried out by the same business units and functional areas identified in [Section 2.5.3](#) above.

4. SUPPLY CHAINS OF THE GROUP

This section provides a description of the Group's [Supply Chains](#).

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 Tier 2 Suppliers' 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 |
| 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. Introduction

This section provides information on the modern slavery risks that the Group and its [Supply Chains](#) may reasonably face.

5.2. Relevant MS risks

The CBHS Group determined that it is reasonable to conclude that the following MS risks may be present in the Group's own operations and those of its Supply Chains. The risks are linked to the MS offences in the Act.

| Reference | Modern slavery offence | Risks |
|-----------|---------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Slavery | The risk that the Group or its Suppliers 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 Group or its Suppliers 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 Group or its Suppliers 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 Group or its Suppliers 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 Group or its Suppliers 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. |
| 6 | Deceptive recruiting for labour or services | The risk that Group or its Suppliers 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 Act requires a Joint MSS to describe the actions taken by the reporting entities to assess and address the MS risks in the entities' operations and those of its Supply Chains.

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 risks](#) 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 at any time subject to employees giving a stipulated reasonable 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 services 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;¹ 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.

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.

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

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. That assessment was based on the following considerations:

- (s) The Group now has a policy position on the [MS risks](#) management and has made it a part of the Group's risk management systems;
- (t) The Group is now in position to map existing and new [MS risks management controls](#) to the Group's obligations in the [Act](#);
- (u) Executives are now in a position to report regularly to the [Board](#) on their [MS risks](#) management actions; and
- (v) Employees are now in a 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. Introduction

This section provides information on the actions taken by the reporting entities to assess and address the MS risks in the entities' Supply Chains. "Actions" in this context include due diligence and remediation processes.

7.2. Initial risk rating of Tier 1 Suppliers

To effectively manage MS risks in the [Supply Chains](#) of the Group, the Group first rated each of its Tier 1 Suppliers as a "low", "medium" or "high" MS risks.

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 as "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 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 risk 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 Suppliers have made towards managing their MS risks identified for them.

7.2.1 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 7.3.1](#)); 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.²

7.3. Due diligence of Tier 1 Suppliers

This subsection provides information on the kinds of [Due Diligence](#) that the Group will conduct for its Tier 1 Suppliers.

7.3.1 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 Tier 1 Supplier may be required to fill in a questionnaire containing some MS risks identification and assessment questions. |
| 2 | Face to face (F2F) Supplier relationship interactions and monitoring | Group relationship owners (Employees responsible for the ongoing management of third-party relationships) will leverage their role to identify and assess the MS risks of a Tier 1 Supplier. |
| 3 | Review of MSSs | The Group will review the published MSSs of Suppliers who have reporting obligations under the Act. |

² <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).

| | | |
|---|--------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4 | Review of Ministerial requests | The Group will review any Ministerial request made of our Suppliers and published under section 16A the Act. |
| 5 | Review of other regulatory sanctions or censures | The Group will review any regulatory sanctions or censures of Suppliers that indicates the presence or absence of, or weaknesses in a Suppliers' MS risks management practices. |
| 6 | Review of adverse public/social media reports | The Group will review any public or social media reports on a Supplier that indicate the presence or absence of, or weaknesses in the Suppliers' MS risks management practices. |

7.3.2 When and how to conduct MS due diligence

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

| ID | Supplier type | Type of MS DD | When/ frequency/ timeframe |
|----|----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| 1 | Proposed/new Tier 1 Supplier | MS risk assessment questionnaire | Before engagement |
| 2 | Tier 1 Supplier assessed as "LOW" MS Risk | Review of Supplier's MSS (if Supplier is an RE under the Act); F2F Supplier relationship monitoring/reporting | At least once every three years |
| 3 | Tier 1 Supplier assessed as "MEDIUM" MS Risk | Review of MSS (if Supplier is an RE under the Act); Review of MSS of Supplier's Tier 2 Suppliers (if latter are REs under the Act); F2F Tier 1 Supplier relationship monitoring / reporting | At least once every two years |

| | | | |
|---|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|
| 4 | Tier 1 Supplier assessed as "HIGH" MS Risk | Review of MSS of Supplier (if Supplier is an RE under the Act); Review of MSSs of Supplier's Tier 2 Suppliers MSS (if latter are REs under the Act); F2F Supplier relationship monitoring/reporting; Review of Ministerial requests of Supplier (if Supplier is an RE under the Act); Review of Ministerial requests of Supplier's Tier 2 Suppliers (if latter are REs under the Act); Review of other regulatory sanctions or censures of Tier 1 Supplier and/or their Tier 2 Suppliers; Review of adverse public or social media reports on Tier 1 Supplier and/or their Tier 2 Suppliers | At least annually |
|---|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|

7.3.3 Assessment of the effectiveness of due diligence arrangements

The Group has assessed its MS due diligence as effective for the following reasons:

- (a) It will assist the Group to 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 will use the outcomes of [MS Due Diligence](#) to determine which [MS Risk management control](#) to apply to differently rated Tier 1 Suppliers.

7.4. Supplier Code of Conduct

The Group will require 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.

7.4.1 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 will communicate, 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 the [MS risks](#) in their own operations and those of their [Tier 2 Suppliers](#);
- (b) The Code 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 to implement [MS risks](#) management practices in their operations.

7.5. Remediation – Suppliers risk management plans

7.5.1 Introduction

The Act requires a Joint MSS to contain a description of the reporting entities’ remediation processes applied to manage MS risks practices in the operations of their Supply Chains and how the entities assess the effectiveness of those processes.

As a background, the Group has assessed the MS risks of its existing Tier 1 Suppliers. Proposed new Tier 1 Suppliers will be risk-assessed prior to being engaged. Finally, on an ongoing basis, the Group will conduct relevant MS due diligence on its Tier 1 Suppliers and if necessary, re-rate a Tier 1 Supplier.

7.5.2 MS Risk management plans for Suppliers

The following table provides information on how the Group proposes to remediate the MS risks of differently rated Tier 1 Suppliers.

| ID | MS Risk rating | Decision/Actions |
|----|-------------------------------------------------|-------------------------------------------------------------------------------|
| 1 | MS Risk for a Supplier is unacceptably too HIGH | Do not engage the proposed Supplier; or Terminate relationship with Supplier. |

| | | |
|-----------------|--------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>2</p> | <p>MS Risk for the Supplier is HIGH, and the Supplier is a material outsourced service Supplier</p> | <p>Continue the relationship for an initial period of two (2) years after the risk assessment; Work with the Supplier to implement a MS Risk management plan; Monitor and report on (in June and December each financial year) progress under the MS Risk management plan; Where considerable progress has been made but the MS Risk management plan is not fully implemented, extend the period by another two years; Where during the two-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 Section 7.3.2 above; and Where the MS Risk management plan has not been implemented fully after the additional two-year period, recommend to the Board to terminate Supplier's engagement.</p> |
| <p>3</p> | <p>MS Risk for the Supplier is HIGH and the Supplier is not a material outsourced service provider</p> | <p>Continue the relationship for an initial period of 18 months following the risk assessment; Work with the Supplier to implement a MS Risk management plan; Monitor and report on (in June and December each financial year) progress under the MS Risk management plan during the 18-month period; Where considerable progress has been made but the MS Risk management plan is not fully implemented, allow an extension of the 18 months to two years; Where during the initial 18-month or the two-year period, the MS Risk management plan has been fully implemented, continue the engagement of the Supplier and monitor Supplier in accordance with the relevant due diligence in Section 7.3.2 above; Where the MS Risk management plan has NOT been implemented fully during the initial 18-month or the two-year, recommend to the CEO to terminate the Supplier's engagement.</p> |

| | | |
|---|--------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 4 | MS Risk is MEDIUM, and the Supplier is either: an Executive Leadership Team (ELT) member-approved Supplier; or other Suppliers | Continue dealing with the Supplier for an initial period of 12 months following the risk assessment; Work with the Supplier to implement a MS Risk management plan; Monitor and report (in June and December each financial year) on progress under the MS Risk management plan; Where considerable progress has been made but the MS Risk management plan is not fully implemented, extend the period to 18 months; 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 accordance with the relevant due diligence in Section 7.3.2 above. 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. |
| 5 | MS Risk is LOW | Monitor the Supplier in accordance with the relevant due diligence in Section 7.3.2 above. |

7.5.3 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.

7.5.4 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.³

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.⁴

³ 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).

⁴ 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. Introduction

This section contains a description of the actions taken by the reporting entities to assess and address the risks of modern slavery practices in the entities' own operations and how the entities assess the effectiveness of such actions.

8.2. 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 risks](#) 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 5.2](#) 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. PROCESS OF CONSULTATION WITH GROUP ENTITIES

The Act requires a Joint MSS to include information on the process of consultation with any entities that the reporting entity owns or controls and any reporting entity covered by the Joint MSS.

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 relation 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 resolved to approve 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.

10. 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.

10.1. 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.

10.2. Short-term activities

For the remainder of this financial year, the Group will undertake the following activities:

- (a) Complete the training of 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](#);
- (b) Raise, generally, [Employees'](#) awareness of [MS risks](#) and issues; and
- (c) Commence rolling out the [Third-Party Code of Conduct](#) to our Tier 1 Suppliers;

As far as (c) above is concerned, the starting point will be any Tier 1 Supplier we have assessed as carrying a "high" MS Risk; followed by any new Tier 1 Supplier we engage during the financial year and finally, any existing Tier 1 Supplier whose contract comes up for renewal during the financial year.

11. SIGNING

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

| Name | Position | Signature | Date |
|------------------------|------------------------------------------|------------------------------------------------------------------------------------|---------------|
| Peter MacCuspie | Chairman, CBHS Health Fund Limited |  | 31 March 2021 |

12. 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 2150.

CBHS Health

CBHS Health Fund Limited ABN 87 087 648 717; registered office at Level 5, 79 George Street, Parramatta, NSW 2150.

CBHS Group or Group

The entities mentioned at Section 1.2 together.

Due Diligence

Actions taken by CBHS Group to:

- (a) Gather information on [Supply Chain](#); and
- (b) Assess that information to determine whether there are actual or potential [MS risks](#) in [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 Supplier 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 (other than an [Employee](#)) engaged directly by the [Group](#) or a Group entity to supply [Goods or Services](#) to the Group or a Group entity on a continuing basis. "Tier 1 Suppliers" has a corresponding meaning.

Tier 2 Supplier

A person or organisation (other than an Employee) engaged directly by a Tier 1 Supplier to supply [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.