

MODERN SLAVERY STATEMENT FY22



PURPOSE STATEMENT

This Modern Slavery Statement (Statement) is made on behalf of The Hospitals Contribution Fund of Australia Ltd ABN 68 000 026 746 of 403 George Street, Sydney NSW 2000 (HCF) pursuant to the Modern Slavery Act 2018 (Cth) (the Act). For the purposes of this Statement, "HCF Group" refers to HCF and each of its subsidiaries.



This Statement provides background information on HCF Group's businesses and sets out the actions taken by HCF Group to identify, assess and address modern slavery risks across our operations and supply chains in the financial year ending 30 June 2022 (FY22).

HCF is a reporting entity for the purposes of the Act and is the only reporting entity within the HCF Group. Although HCF is the only reporting entity in the HCF Group for the purposes of the Act, the Board of HCF approved this Statement on behalf of the HCF Group at its board meeting on 3 November 2022.

A handwritten signature in black ink, appearing to read 'Sheena Jack'.

Sheena Jack
Chief Executive Officer & Managing Director



ABOUT HCF

Since HCF began in 1932, HCF has grown to become the nation's largest not-for-profit health fund. Helping to protect the health and wellbeing of over 1.8 million Australians with health, life, travel or pet insurance, HCF has continued to stay true to our not for profit philosophy - making decisions to benefit our members, not shareholders.

Now, in 2022, HCF are celebrating 90 years of HCF. And that's 90 years of putting our members and their health first, guided by our purpose to bring our human touch to healthcare. This is about bringing humanity to every part of the health care system that HCF connects with, in big ways and small.

HCF's 2025 Strategy charts an ambitious course to become a true health partner of choice in the future and builds upon our vision of making healthcare understandable, affordable, high-quality and member centric.

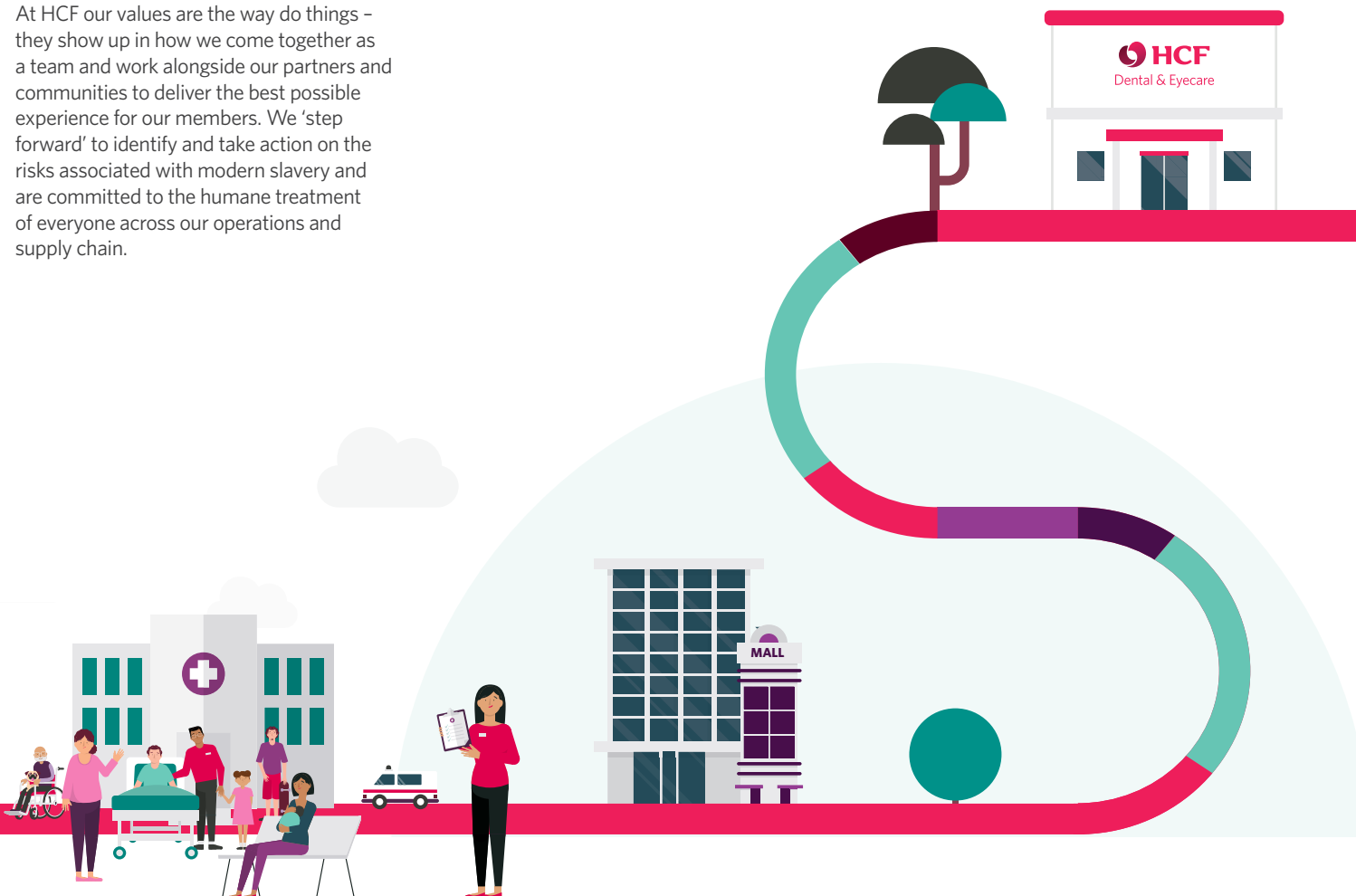
At HCF our values are the way do things - they show up in how we come together as a team and work alongside our partners and communities to deliver the best possible experience for our members. We 'step forward' to identify and take action on the risks associated with modern slavery and are committed to the humane treatment of everyone across our operations and supply chain.

As Australia's largest not-for-profit health fund HCF has always believed we can positively impact the health of our members, our people and the community, while successfully delivering great value to our members. Doing well, by doing good.

OUR COMMITMENT

HCF Group is committed to the fair and humane treatment of people in its operations and supply chains and we have taken steps to develop policy and processes to ensure we can identify and address risks associated with modern slavery.

"We 'step forward' to identify and take action on the risks associated with modern slavery and are committed to the humane treatment of everyone across our operations and supply chain."



OUR STRUCTURE, OPERATIONS AND SUPPLY CHAIN

HCF is registered as a public company limited by guarantee under the Corporations Act 2001 (Cth). It is also registered under the Private Health Insurance Act 2007 (Cth) and is Australia's largest not-for-profit health insurer.

OTHER HCF GROUP ENTITIES

HCF Life Insurance Company Pty Ltd (HCF Life) is a wholly-owned subsidiary of HCF, providing life insurance to HCF members. HCF Life outsources several of its operational services to HCF under an outsourced services agreement. As a result, its operations and supply chain are integrated within HCF and any actions set out in this Statement are also relevant to HCF Life. **Flip Insurance Pty Ltd (Flip)** is a wholly owned subsidiary and authorised representative of HCF Life. The key business activity of Flip is the sale and service of personal accident insurance products.

Manchester Unity Australia Ltd (MU) is a wholly owned subsidiary of HCF, which primarily owns property for use by HCF.

Railway & Transport Health Fund Ltd (rt health) is a registered public company limited by guarantee under the Corporations Act 2001 (Cth), with HCF being its sole member. It is also registered under the Private Health Insurance Act 2007 (Cth). On 1 November 2021 the rt health private health insurance health benefits fund (and all its members) merged with the HCF private health insurance health benefits fund. The rt health entity continues to provide some outsourced services to HCF.

Transport Health Pty Ltd (Transport Health) is a wholly owned subsidiary of HCF. It is also registered under the Private Health Insurance Act 2007 (Cth) and operates a for-profit health insurance benefits fund.

HCF Research Foundation Ltd is a public company limited by guarantee, with HCF being its sole member. HCF Research Foundation Ltd acts as the corporate trustee for the HCF Research Foundation (a charitable trust which sits outside HCF Group). The key business activity for the HCF Research Foundation trust is providing grants and support for research projects, for which there is minimal resource and cost to operate.

GOVERNANCE

HCF is committed to maintaining a high standard in its governance practices and seeks to:

- take a leadership role in reform impacting the industries in which it operates (supported by active participation in Government/Regulator relations and contributing to debates on such reforms); and
- integrate best-practice governance standards into its operations.

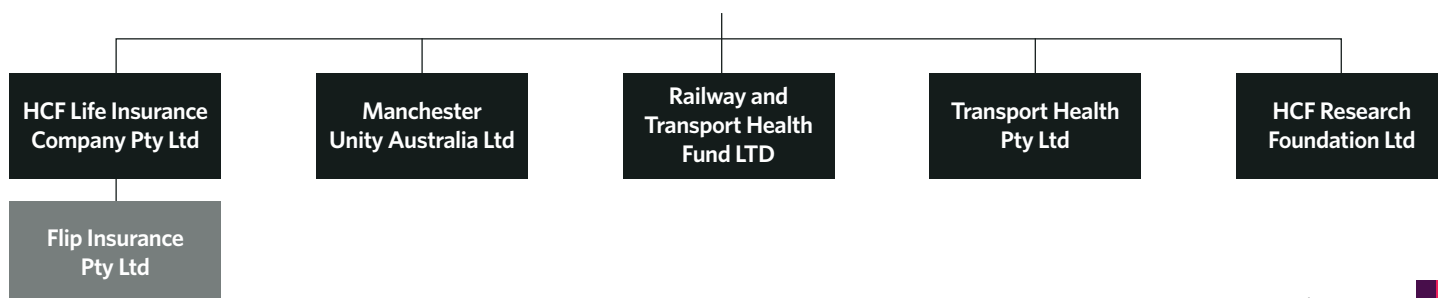
The governance practices across the HCF Group also comply with prudential standards applicable to HCF, HCF Life, rt health and Transport Health as Australian Prudential Regulation Authority (APRA) regulated entities. The Board of Directors of HCF has overall responsibility for the corporate governance of the HCF Group. The Board guides and monitors the business affairs of the HCF Group.

HCF's policy on corporate governance is to promote a culture, including appropriate values and behaviours, that underpins its everyday activities, that ensures transparency and accountability and that protects stakeholder interests. It includes a commitment to best-practice governance standards, which the Board sees as fundamental to achieving its strategic objectives and the sustainability of HCF's businesses and performance.



HCF GROUP LEGAL STRUCTURE

THE HOSPITALS CONTRIBUTION FUND OF AUSTRALIA LTD (HCF)





43
BRANCHES

16
DENTAL
CENTRES



HCF GROUP OPERATIONS

HCF Group provides health and life insurance products to over 1.8 million members, HCF Group has a team of over 1400 employees at locations across Australia. This includes its branch network (43 sites), dental centres (16 sites) and eyecare centres (8 sites), along with call centres (2 sites) and the head office located in Sydney. In FY22, rt Health merged with HCF and HCF commenced integrating the operations and supply chain in to the HCF Group.

HCF Group's core operations are the sale and underwriting of health insurance products and the provision of all health-related services to members, which includes member claims management through our health provider network. Key products include hospital and extras policies to members in Australia, health insurance to overseas visitors and life insurance policies to existing HCF Group members, which are sold through several channels (including directly and through 3rd parties). HCF Group also provides dental and optical services, through its national dental and eyecare operations.

HCF Group's Hospital, Medical and Ancillary Provider network is deemed to be part of HCF Operations for modern slavery

reporting purposes. Any provider outside of the HCF Group's Hospital, Medical and Ancillary provider network, where HCF Group simply pays the provider benefits on behalf of its members, are deemed not to be part of HCF Group's operations or its supply chain and are therefore not reported on in this Statement.

HCF GROUP INVESTMENTS

HCF Group investments are managed by a 3rd party supplier in line with the HCF Investment Policy and Strategy (approved by the HCF Board) which sets out the investment objectives, risk parameters and strategic asset allocation of HCF Group.

HCF GROUP SUPPLY CHAIN

HCF Group's supply chain is made up of ~950 suppliers comprising of services (~85%) and goods (~15%). The majority of HCF Group's requirements are delivered by large, reputable suppliers with operations based in Australia, along with a moderate number of global suppliers with operations overseas. The majority of HCF Group's business is conducted in Australia including all services and goods received. All procurements are completed in line with HCF Group Procurement Policy and associated frameworks and procedures.

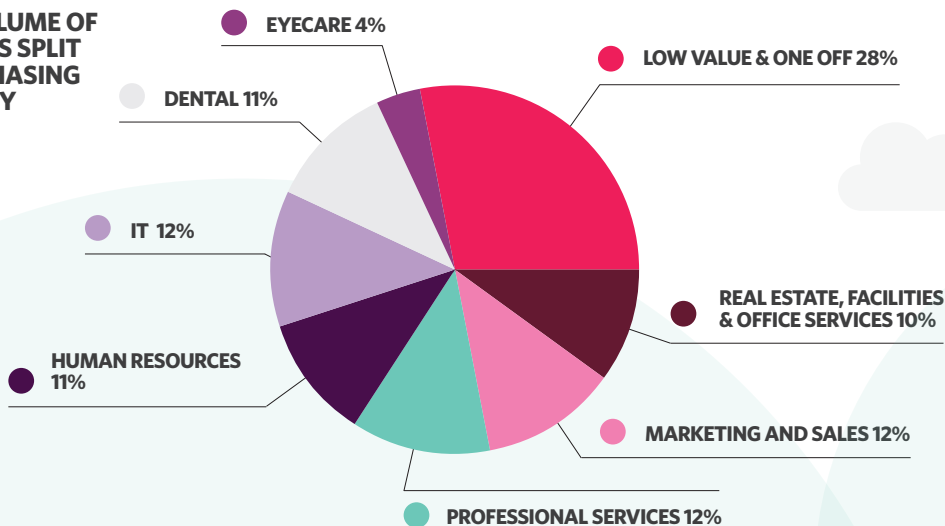
8
EYECARE
CENTRES



1,400
EMPLOYEES



HCF'S VOLUME OF SUPPLIERS SPLIT BY PURCHASING CATEGORY



MODERN SLAVERY RISKS

HCF RISK MANAGEMENT

HCF Group recognises that risk is inherent in all aspects of its business and the ability to effectively identify and manage risks is critical for our members and the success of the company. HCF Group manage risk in line with a Board approved Risk Management Framework, Risk Appetite Statement and Risk Management Strategy.

SUMMARY OF HCF GROUP MODERN SLAVERY RISK PROFILE

HCF Group takes a risk-based approach to addressing modern slavery to ensure we maximise the use of our resources to address the key risks. The approach to assessing risk considers guidance from external experts, relevant external sources of information and assessment tools.

HCF Group completed an initial risk assessment which identified 5 potential risk areas (outlined in table 1) where modern slavery risks may be present in the businesses of HCF Group. HCF revisits the overall risk assessment annually, in FY22 HCF identified that HCF Group remains an overall 'low risk' in causing, contributing to or being deliberately linked to modern slavery practices. This is primarily due to HCF operations being based in Australia and that a large portion of our 3rd party supplier spend and usage is across categories that are low risk.

Health completed an initial risk screening of their 3rd party suppliers, this has been reviewed and aligned with HCF Group's risk assessment of 3rd party suppliers. There is no change to the risk rating identified for HCF Group supply chain.

Table 1. Risk rating by key risk area.

RISK AREA	OVERALL RATING	SECTOR AND INDUSTRY RISK	PRODUCT AND SERVICE RISK	GEOGRAPHY RISKS	ENTITY RISK
HCF Group Operations	Low	Low	Low	Low	Low
HCF Hospital and Medical Providers (1st tier)	Medium	High	Low	Low	NA
HCF Ancillary Providers	Low	Medium	Low	Low	NA
HCF Supply Chain	Medium	Low-Med	Low-Med	Low	NA
HCF Investments	Medium	Medium	Medium	Medium	NA

HCF recognises the need to address risks appropriately through further assessment and actions. HCF continues to further understand modern slavery risks within the supply chain through our engagements with 3rd parties through assessment and discussion. The key risks facing HCF are within our 3rd party suppliers and providers and the products and services they deliver are:

- IT Peripherals and equipment
- Cleaning Services (low skill labour) & Janitorial products

- Dental and eyecare products and consumables
- Natural therapists
- Hospital and Medical providers and their supply chains

Through assessments of HCF's Hospital providers, HCF have identified gaps in understanding and education around modern slavery, along with low levels of commitment. HCF is focused on improving these areas as outlined in the Looking Ahead section of this Statement.

MODERN SLAVERY PROGRESS TIMELINE

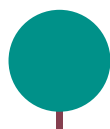
2020

- Completed a business wide risk assessment in regards to modern slavery.
- Established a cross functional working group.
- Established regular reporting and updates on modern slavery risks to both relevant Executive and Board Committees.
- Joined the industry Community of Interest to develop a consistent approach to assessing and addressing modern slavery risk.
- Completed an external review of all our people related policies and identified the recommendations to implement in FY21.
- Established reporting and grievance channels through the existing Incident Reporting Process and Whistle-blower hotline.
- Developed modern slavery assessments for suppliers and incorporated these in to the Procurement process.
- Completed an initial risk assessment of HCF Group's suppliers, identifying those that have a Moderate to High potential for modern slavery risk, that will require further assessment in FY21.
- Submitted our first modern slavery statement.



2021

- Implemented the HCF Modern Slavery Policy across HCF Group.
- Launched compulsory modern slavery awareness training to all employees.
- Implemented a platform service to support 3rd party supplier and Provider assessments, monitoring and reporting.
- Completed modern slavery assessments of 85% of HCF Group's 1st tier suppliers identified to have a High potential for modern slavery risks.
- Completed the initial risk assessments of Hospital and Medical Providers in scope and developed plans to complete further modern slavery assessments on Providers in FY22.
- HCF 3rd party investment management supplier implemented standard modern slavery risk questions as part of its overall due diligence process.



2022

2022 ACTIONS COMPLETED TO ASSESS AND ADDRESS RISKS

HCF continues to drive actions to assess and address modern slavery risk. Below is an outline of what has been delivered.



POLICY & PROCESS

- The HCF Modern Slavery Policy, along with the HCF Group Whistleblower hotline have been in place for over 12 months.
- Modern slavery awareness training is mandatory for all HCF Group employees, including the recently acquired rt health and Transport Health.
- HCF have implemented a platform service to support 3rd party supplier and provider assessments, remediation, monitoring and reporting.
- Modern Slavery Risk forms part of the Procurement sourcing framework and ongoing supplier management activities.
- HCF Group have established its overarching Sustainability Strategy, which incorporates modern slavery.

SUPPLY CHAIN

- Completed modern slavery assessments of 100% of HCF Group's 1st tier suppliers (suppliers providing products or services directly to HCF Group) identified to have a high potential for modern slavery risks, based on their sector and industry, geography or product and service.
- ~65% of these 3rd party suppliers have either no remediation actions or have now closed out their remediation actions.
- HCF are working with ~35% of these 3rd party suppliers on action plans to address gaps identified through the assessment. HCF take a collaborative approach to driving change with all 3rd party suppliers. HCF has developed and provided educational material to 3rd party suppliers as part of the modern slavery assessment process.
- HCF has continued to update 3rd party supplier agreements where required with modern slavery clauses.
- rt health's and Transport Health's 3rd party suppliers have been assessed under the HCF Group modern slavery risk assessment methodology.

OPERATIONS PROVIDERS

- Progressed the assessments of our key Hospital provider groups through questionnaires and reviews of their modern slavery statements.
- Engaged with key Hospital providers to gain an understanding of how modern slavery is being assessed and addressed across HCF Hospital provider network.
- Continued to insert modern slavery clauses in hospital agreements at renewal, and in addition require the response to HCF's modern slavery questionnaire.

INVESTMENTS

- HCF works closely with its 3rd party investment management supplier, who focus their efforts to address modern slavery risks in the selection of its investment managers, who can monitor, engage, influence and improve sustainable thinking and behaviours. HCF's 3rd party investment management supplier includes a standard line of questioning in relation to modern slavery risk as part of their overall ESG due diligence process.
- HCF have implemented international investment restrictions applied to tobacco producers, controversial weapons and companies assessed to be breaching the United Nations Global Compact principles that represent responsible human rights, labour, environmental and anti-corruption practices.
- HCF have continued the engagement with other private health funds through the Private Health Association (PHA) Community of Interest (Col) to align and develop on a consistent approach to addressing modern slavery across the industry.

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ASSESSING THE EFFECTIVENESS OF OUR APPROACH

HCF Group recognise the need to continually mature our approach to addressing modern slavery. HCF have continued to make progress against the commitments made and develop plans that ensure as a business we continue to take positive steps in addressing modern slavery risk.

“HCF have continued to make progress against the commitments made and develop plans that ensure as a business we continue to take positive steps in addressing modern slavery risk.”

HCF Group have put substantial effort in to systemising and advancing the assessment, monitoring and remediation of 3rd party suppliers. This has enabled HCF Group to accelerate the delivery of key assessments and actions to address modern slavery risk within the supply chain. The HCF Executive Audit, Risk and Compliance Committee has been appointed with overall responsibility to monitor and oversee all activities necessary to mitigate the risk of modern slavery practices in the organisation's operations and supply chains. Regular updates are provided to the HCF Group Executive Committee on the actions HCF are taking to address modern slavery risk.

HCF Group's cross-functional working group provides the opportunity for a broad range of input to HCF's approach to managing modern slavery risks to ensure its

effectiveness across the organisation. HCF have also engaged with a broad range of external stakeholders and attended briefings and education sessions led by experts in the field.

HCF Group track the completion of mandatory compliance training of employees to ensure the effectiveness of raising awareness and education on modern slavery across the business. HCF regularly reviews reporting from the Whistle-blower hotline, to date, no reports of modern slavery or potential risks of modern slavery have been reported.

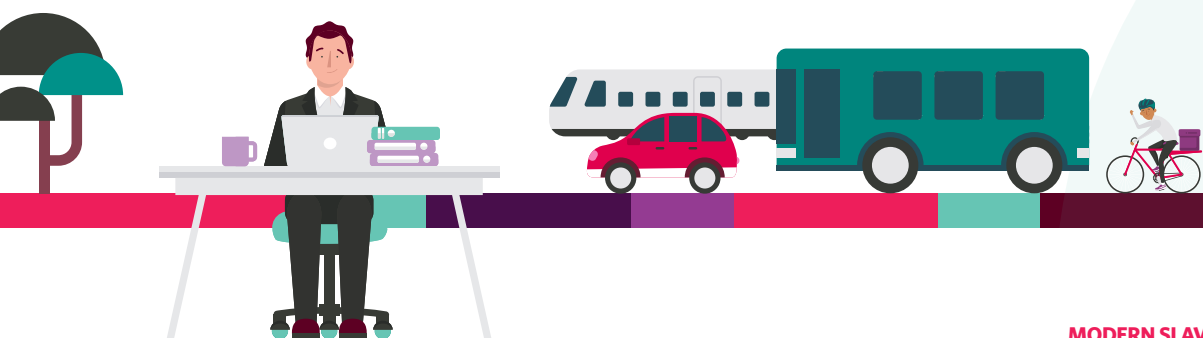
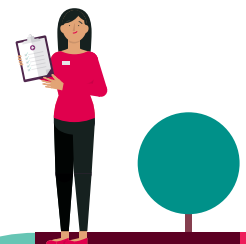
The PHA Col provides a platform to implement best practices, share learnings and take a collective approach to influencing common supplier bases for changes and improvements. As an active member of this forum, HCF have been able to validate and share our progress with peers to ensure HCF are taking steps in line with the industry. HCF continues to develop systems and processes to assess the effectiveness of its modern slavery risk management. HCF Internal Audit will, in time, include in its program of work the review of HCF's practices to address modern slavery risk.

CONSULTATION WITH REPORTING ENTITIES

HCF is the only reporting entity within the HCF Group. As such, although it is not required under the Act to consult with other reporting entities (as there are none), the operations and supply chains of HCF's subsidiaries are integrated within HCF. Therefore, all activities outlined in this Statement also apply to HCF's subsidiaries.

All HCF Group entities have representation on the relevant executive committees, ensuring they are included in all consultation and reporting on HCF Group's approach and actions to address modern slavery risks.

rt health and Transport Health have specifically been consulted on the development of this Statement. The consultation process involved engagement of the Chief Governance and Risk Officer, and Company Secretary for rt health and Transport Health to develop the statement.



LOOKING AHEAD

HCF Group are committed to delivering year on year improvements on its approach to addressing modern slavery risk.

Key priorities for reporting year FY23:

- Continue to enhance employee awareness and knowledge on modern slavery through training, education and engagement
- Continue to support an ongoing industry-wide effort through the PHA Col to ensure accountability of the 3rd party suppliers and providers and alignment on the collective actions and remediations to effectively address modern slavery risks
- Continue to build strong relationships with 3rd party suppliers and maintain ongoing monitoring of their remediation action plans
- Develop and launch a set of 3rd party supplier principles
- Assess options to support 3rd party suppliers speaking out and reporting concerns or incidents
- Continuous engagement with Hospital and Medical providers to foster collaborative efforts to improve transparency and identify areas for further due diligence
- Deliver actions, such as education events, to increase awareness and education around the Act across 3rd party suppliers, Hospital, Medical and Ancillary providers
- Review HCF's engagement strategy with Hospital and Medical providers on modern slavery to increase the understanding of key risk factors and actions taken to address modern slavery risk
- Review the effectiveness of HCF's approach to addressing modern slavery risk across Ancillary providers and identify areas of control improvement

Continue to monitor progress of the HCF 3rd party investment management supplier actions to address modern slavery.

DEFINITIONS

Hospital providers - Hospital and Hospital groups providing medical and surgical services to patients, including HCF's members.

Medical providers - Australian-based specialist doctors, primarily surgeons. HCF Group engages and manages these providers as the need arises.

Ancillary providers - Professions including dentists, optometrists, physiotherapists and chiropractors, as well as natural therapists, Chinese medicine practitioners and remedial massage therapists.

To find out more about our approach to addressing modern slavery, contact:

@ HCF_Procurement@hcf.com.au



