

2021

Modern

Slavery

Statement.



HBF's Reconciliation Action Plan (RAP) Working Group which supported the development of HBF's inaugural Reflect RAP launched in April 2021

“ **HBF acknowledges Australia’s first peoples, the Aboriginal and Torres Strait Islander people, the oldest living continuous culture in the world. We are eager to play our part in ensuring that our shared presence brings genuine benefit to First Nations people.** ”

Message from the Chairman.

Modern Slavery Statement.



This Modern Slavery Statement (Statement) covers the activities of HBF Health Limited ABN 11 126 884 786 and each of its wholly owned entities (HBF) to understand and implement actions to minimise the risk of Modern Slavery and human trafficking in our operations and supply chain.

This Statement is valid for the financial year to 30 June 2021 and has been drafted pursuant to the requirements of the Modern Slavery Act 2018 (Cth).

HBF rejects any form of Modern Slavery, and monitors our supply chain exposure to take action toward the global elimination of slavery, servitude, human trafficking, forced marriage, forced labour, debt bondage, child labour, and deceptive recruiting for labour or services (Modern Slavery), which affects every business, sector and country.

As one of Australia's largest private health insurance funds, we understand the community's expectations in relation to our operations and efforts toward the elimination of Modern Slavery. We also have an obligation to do the right thing by our members, stakeholders, and the broader community, through operating responsibly and to the highest ethical standards.

We are committed to adopting the UN Sustainable Development Goals (SDG, including Goal 8 – Decent Work and Economic Growth), and will continue to support the advancement of these SDGs through our various initiatives and programs related to Corporate Social Responsibility (CSR) and supply chain improvement.

Having revised our CSR priorities, we will continue to enhance the capabilities, frameworks and processes of our procurement function, strengthening the approach we take to ensure HBF contributes positively to the elimination of Modern Slavery practices globally.

This statement outlines our approach to monitoring and mitigating Modern Slavery, the activities completed, and our priorities for FY22 to ensure appropriate frameworks and processes are in place, effective, and operate to eliminate or minimise the risk of Modern Slavery in our business operations and supply chain.

The Board of HBF is pleased to advise that on 16 December 2021, in accordance with Rule 10.6 of the Constitution, have resolved to approve this HBF Modern Slavery Statement for the financial year and will continue to provide annual updates of our progress to reduce Modern Slavery risk in our business operations and supply chain.

Chair of HBF



Goal 8

Introduction

HBF recognises that Modern Slavery is an umbrella term which covers many activities, including slavery, servitude, human trafficking, forced marriage, forced labour, debt bondage, child labour, and deceptive recruiting for labour or services (Modern Slavery), which affects every business, sector and country. HBF rejects any form of Modern Slavery.

At HBF, we understand that as one of Australia's largest health funds we have an obligation to do the right thing by our

members, stakeholders, and the broader community, by operating responsibly and to the highest ethical standards.

We are committed, as stated in our CSR Statement, to "Play our part in contributing to the UN Sustainable Development Goals (SDG)", including Goal 8 – Decent Work and Economic Growth, and will continue to support the advancement of these SDGs through our various initiatives and programs related to CSR and supply chain improvement.

This is our second Modern Slavery statement, developed in accordance with the Australian Modern Slavery Act 2018.

It covers the financial year to 30 June 2021 and details the approach and activities we have applied to identify and mitigate risks of modern slavery in our business operations and supply chain.

“ **As one of Australia's largest private health insurance funds, we understand the community's expectations in relation to our operations and efforts toward the elimination of Modern Slavery.** ”

This Modern Slavery Statement (**Statement**) covers the activities of **HBF Health Limited ABN 11 126 884 786** and each of its wholly owned entities (**HBF**) to understand and implement actions to minimise the risk of Modern Slavery and human trafficking in our operations and supply chain. This Statement is valid for the financial year to 30 June 2021 and has been drafted pursuant to the requirements of the *Modern Slavery Act 2018* (Cth).

About

Founded in Perth in 1941, HBF has provided private health insurance to generations of Western Australians. Today, HBF is Australia's second-largest not-for-profit health fund, providing health insurance to more than one million members nationwide.

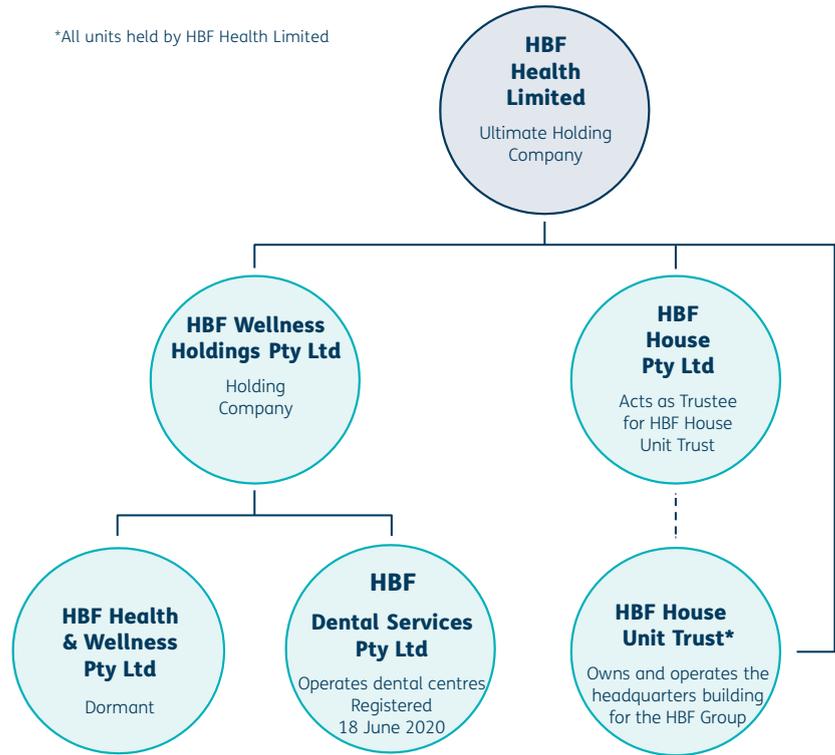
HBF is a not-for-profit organisation incorporated as an Australian public company limited by guarantee under the Corporations Act 2001 and is a private health insurer under the Private Health Insurance Act 2007. HBF and its subsidiaries maintain their registered office at 570 Wellington Street, Perth WA 6000.

Our operational locations include our corporate offices in Perth and

Brisbane, and a network of branches and kiosks across Australia. HBF has no international locations.

HBF has 1,197 permanent employees across Western Australia, Victoria and New South Wales (as of 30 June 2021).

*All units held by HBF Health Limited



HBF Dental Services

HBF Dental is a wholly owned subsidiary with all operations (including supply chain management) delivered via a third party managed services agreement with the Pacific Smiles Group (PSG) ABN: 42 103 087 449. PSG has submitted its Modern Slavery Statement for 2021 which provides an overview of its commitment to managing Modern Slavery risk, including details of their risk control framework under which they manage HBF Dental Services operations on our behalf.

As a key supplier, HBF Dental Services will periodically conduct assurance reviews of the PSG Modern Slavery risk control framework.

Western Australia

Head Office
570 Wellington Street
Perth WA 6000

Albany Branch
Albany Plaza
42 Albany Hwy
Albany WA 6330

Belmont Branch
Belmont Forum
159 Belmont Avenue
Belmont WA 6104

Booragoon Branch
125 Riseley Street
Booragoon WA 6152

Bunbury Branch
12 Arthur St Bunbury
WA 6230

Cannington Branch
Carousel
1382 Albany Highway
Cannington WA 61074

Floreat Forum Branch
Floreat Forum
Cnr Howtree Place & The Boulevard
Floreat WA 6014

Geraldton Branch
North Gate
110 Chapman Road
Geraldton WA 6530

Joondalup Branch
Lakeside Joondalup
420 Joondalup Drive
Joondalup WA 6027

Kalgoorlie Branch
Kalgoorlie City
145 Egan Street
Kalgoorlie WA 6430

Karrinyup Branch
Karrinyup Road
Karrinyup WA 6018

Mandurah Branch
Mandurah Forum
330 Pinjarra Road
Mandurah WA 6210

Midland Branch
Midland Gate
274 Great Eastern Highway
Midland WA 6056

Morley Branch
Galleria
Collier Road & Walter Road
West Morley WA 6062

Perth City Branch
570 Wellington Street
Perth WA 6000

Rockingham Branch
Rockingham City
1 Council Avenue
Rockingham WA 6168

Success Branch
Cockburn Gateway
816 Belliar Drive
Success WA 6164

Victoria

Melbourne Head Office
Workclub Olderfleet
477 Collins Street
Melbourne VIC 3000

Chadstone Kiosk
Lower Ground 1341
Dandenong Road
Chadstone VIC 3148

Doncaster Kiosk
Westfield Doncaster
619 Doncaster Kiosk
Doncaster VIC 3108

Southland Kiosk
Southland
1239 Nepean Highway
Cheltenham VIC 3192



Supply

The principal activities of HBF are to:

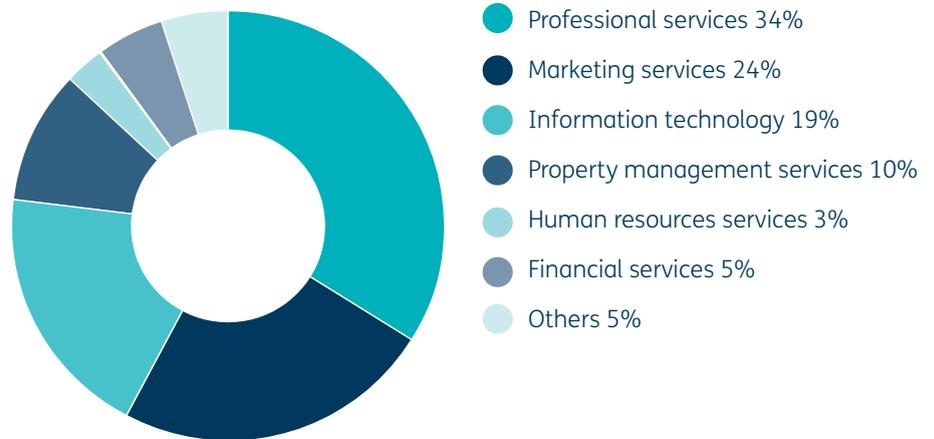
- o Provide health insurance
- o Deliver other health-related activities

HBF's supply chain used 451 suppliers in FY21 in support of its Group operations – of these, 129 were new suppliers from the previous reporting period.

There has been minimal change in the past 12 months to HBF's supply chain risk profile. Our annual spend was approximately \$159 million.

The HBF supplier spend profile highlights that HBF is predominantly a service-based organisation with 93 per cent of its supply chain made up of services.

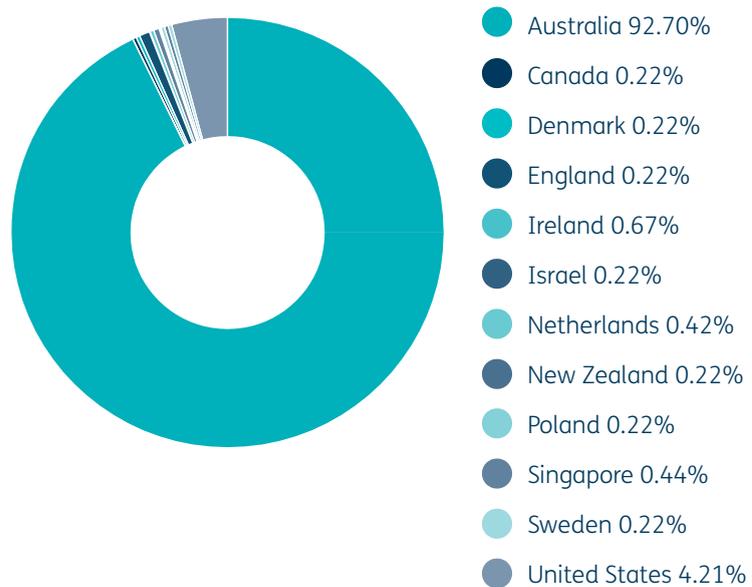
HBF procurement spend by category FY21



Key procurement categories in FY21 by spend:

1. Professional services
2. Marketing services
3. Information technology
4. Property management services
5. Human resources services
6. Financial services
7. Other smaller spend categories included corporate expenses, stationery, travel, and government charges

Geographical distribution



Corporate

HBF's Board is ultimately responsible for risk management, supported by the Risk Committee, a sub-committee of the HBF Board.

The Risk Committee provides objective, non-executive oversight of the implementation and operation of HBF's Risk Management Framework (RMF). The Risk Committee meets a minimum of four times annually and makes recommendations to the Board on managing strategic and operational risks including Modern Slavery risk.

The Conduct and Risk Committee, a sub-committee of the Executive Committee, is the overseeing body at the management level to oversee risk.

The HBF Procurement and Property Policy sets HBF's minimum requirements to mitigate the risk of Modern Slavery in its supply chains. The Property and Procurement function administers the policy and is primarily responsible for assessing, monitoring and reporting on Modern Slavery risk across our supplier network.

The operational implementation of the HBF is a shared responsibility.

- Our risk team owns and administers the RMF, provides risk advice, and facilitates risk workshops
- Our procurement team manages the procurement processes that apply the Modern Slavery risk controls during supplier engagement, contract management and offboarding
- Our legal team designs our model contracts and templates to ensure our Modern Slavery controls and expectations are clearly articulated in our Supplier Agreements
- Our compliance team advises on the underlying Modern Slavery obligations and monitors how HBF may meet them
- Contract Owners and Managers are responsible for applying the Modern Slavery policy when they engage suppliers

Our corporate governance documents provide a foundation for guiding our staff on our commitment to Modern Slavery and how to operate with appropriate conduct which, directly or indirectly, impacts the behaviour and approach HBF takes to addressing Modern Slavery risk.

Our key governance documents include:

- Code of Conduct
- Risk Management Framework
- Risk Management Standard
- Risk Appetite Statement (RAS)
- Whistle-blower Standard

Over the past 12 months, HBF has sought to adopt a more system-based control framework to identify and mitigate Modern Slavery risk within our supply chains. Key initiatives include:

- **Transactional procurement:** HBF has made enhancements to its Enterprise Resource Planning system to enable Modern Slavery risk screening during the creation of requisitions for transactional procurement. Scopes of works with identifiable Modern Slavery risk are escalated to Procurement for further due diligence and application of risk controls as appropriate
- **Tactical and strategic procurement:** HBF is currently implementing a Governance, Risk and Compliance (GRC) tool to integrate and provide a systematic approach to manage third-party risks, including Modern Slavery risk. We anticipate the GRC tool to be embedded and operational by June 2022

We will continue to enhance our Modern Slavery Governance Framework over the next 12 months, with a continued focus on (i) embedding our system-based approach to manage third-party risk, (ii) improving training and awareness for our staff, and (iii) increased engagement with our suppliers to ensure awareness of and continued compliance to our Modern Slavery risk controls.



451 suppliers
across 12
countries
in FY21



\$159 million
annual spend
in FY21

Assessing Modern Slavery risks in our supply chain.

HBF has adopted the Minderoo Foundation's Walk Free Initiative Global Slavery Index (GSI) along with guidance provided by the Modern Slavery and Human Trafficking Branch of the Australian Border Force as the basis in which we assess scope of works and supply chains for inherent Modern Slavery risk. Our approach considers:

1. Product and service – is there a prevalence of Modern Slavery risk associated with the goods or services being provided, as guided by GSI?

The HBF Procurement Procedure defines the approach of how to apply the Modern Slavery risk controls throughout the contract life cycle.

completed using a pre-qualification questionnaire. On completion of the supplier assessment, suppliers are tiered and appropriate risk controls are applied.

2. Sector and industry – is there a prevalence of Modern Slavery risk in the industry or sector within the country where the supply chain resides, as guided by GSI?

Where a scope of work has been assessed as having potential Modern Slavery risk, an assessment of the supplier's own supply chain and their internal control framework must be

Managing Modern Slavery risks in our supply chain.

HBF has implemented controls and activities to manage Modern Slavery risk in our supply chain.

Grievance mechanisms

HBF staff and our suppliers can access the HBF whistle-blower hotline.

Contract terms

HBF standard contract terms for the supply of goods and services contain Modern Slavery provisions. These provisions detail supplier obligations and our expectations pertaining to human trafficking and Modern Slavery. This will include:

- Compliance to relevant statutory and regulatory laws – including the prohibition of Modern Slavery practices by the supplier or its subcontractors
- Rights of access for HBF to conduct audits
- Requirements for suppliers to notify Modern Slavery breaches
- Periodical evidence and independent verification of compliance to supplier Modern Slavery controls (this includes independent certification (current) to international standards and/or audits by recognised international bodies)
- Supplier performance reporting
- Rights of termination provisions for breaches of Modern Slavery controls

Contract scope delivery

For contracts considered a high priority for Modern Slavery risks, our prescribes post-award controls. These include:

- **Supplier mobilisation:** evidences Modern Slavery controls and activities are operational prior to the commencement of scope delivery
- **Supplier performance management** defines the reporting obligations, key performance indicators (KPI's) and assurance activities to monitor Modern Slavery risk during scope delivery
- **Supplier offboarding:** closes out the contract and captures lessons learnt

We will work collaboratively with our suppliers to manage Modern Slavery risk within our supply chain.

Modern Slavery within HBF's supply chain.

Ongoing assessment of the HBF supply chain during 2021 highlighted the following procurement categories with potential Modern Slavery risk:

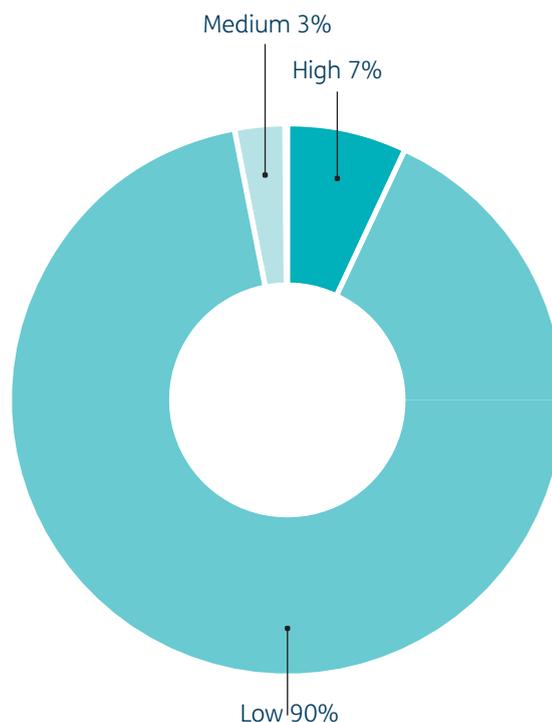
- Marketing apparel and merchandise products
- Technology consumables and hardware products
- Personal Protective Equipment
- Cleaning products and consumables used in our corporate office and branch network.

In addition to the new suppliers engaged during FY21, HBF also continued to use 322 existing active suppliers which were subject to Modern Slavery risk assessment during the FY20 period. HBF confirms that no Modern Slavery incidents occurred from these suppliers.

During FY21, HBF engaged 129 new suppliers and completed Modern Slavery risk screening which resulted in seven per cent classified as high risk, and three per cent classified as medium risk.

Medium- and high-risk suppliers were then engaged and requested to complete a Modern Slavery pre-qualification questionnaire to evidence their supply chain and risk control frameworks.

FY21: Supplier Modern Slavery Risk (Desktop Assessment)



Progress of FY20 Modern Slavery Statement commitments.

Commitments from FY20 Statement	HBF Modern Slavery progress as at FY21
Establish an Ethical Supply Chain Policy	<ul style="list-style-type: none"> • HBF has made enhancements to its Property and Procurement Policy, Procurement Standard and Procurement Procedure to enhance the Modern Slavery control framework.
Conclude the Modern Slavery supplier pre-qualification and risk assessments for FY20 active suppliers	<ul style="list-style-type: none"> • HBF has concluded Modern Slavery pre-qualifications and risk assessments for all active suppliers within the FY20 period.
Apply Modern Slavery controls to suppliers with a high risk rating	<ul style="list-style-type: none"> • Modern Slavery controls have been applied through supplier performance management and contract terms and conditions
Embed our Procurement Policy and Procurement Procedures through training and awareness	<ul style="list-style-type: none"> • Property and Procurement Policy, Procurement Standard and Procurement Procedure live on the HBF Intranet site (The Pulse) • Modern Slavery Community page published to the HBF Intranet site (The Pulse) • Modern Slavery training has been provided to high risk category business areas such as Marketing and Property • Procure to Pay requisition screening for Modern Slavery incorporated as part of WeLearn training module for all users
Include in renewed supplier contracts appropriate provisions for the management of Modern Slavery risk	<ul style="list-style-type: none"> • Modern Slavery legal provisions contained within our model contracts library, and applied for newly awarded contracts
Implement our revised Third Party Risk Management Framework	<ul style="list-style-type: none"> • Modern Slavery risk controls operational (albeit manually applied) • System-based control framework planned under the Third Party Risk Management project, including Governance, Risk and Compliance tool implementation by June 2022 • Procure to Pay Modern Slavery screening implemented in November 2021
Initiate a project to replace our governance, risk and compliance management system, which we envisage will automate and mature many of the risk management and procurement processes which are currently manually performed when assessing Modern Slavery risk	<ul style="list-style-type: none"> • System-based control framework planned under the Third Party Risk Management project, including Governance, Risk and Compliance tool implementation by June 2022

Modern Slavery within HBF Operations

HBF has assessed its own operations as having a low Modern Slavery risk. Key considerations in our assessment:

1. Operationally, the HBF workforce is Australian based in workplace environments that meet relevant statutory and regulatory requirements
2. The composition of the HBF operational workforce is predominantly professional services and member-facing services
3. Our staff remuneration and entitlements meet Australian statutory and regulatory minimum employment conditions
4. Our grievance mechanism (HBF whistle-blower hotline) is available to report incidents of Modern Slavery

Priorities for the next financial year.

We are committed to continuous improvement to enhance our approach to identify and manage Modern Slavery risks within our business. Our future activities include:

- Continue to embed our system-based control framework including the rollout of our enterprise GRC tool
- Expand our training program for our Contract Owners and Contract Managers
- Commence supplier audits for Modern Slavery
- Commence reporting of Modern Slavery for our recently acquired CUA Health business
- HBF will improve awareness and accessibility to our whistle-blower hotline to our Supply Chain and their workers

Measuring the effectiveness of HBF's actions.

To ensure the effectiveness of HBF's approach to manage Modern Slavery risk:

- The Board of HBF, through the Risk Committee, is responsible for monitoring the effectiveness of HBF's RMF, which includes reviewing activities associated with eliminating or mitigating Modern Slavery risks. As part of its accountabilities, management reports to the Risk Committee on a regular basis. This reporting includes notification of operational incidents which have fallen outside of legislative requirements or outside of the RAS. Near-miss reporting on any subject may also be included in regular management reports
- Operational activities, including procurement and contract management activities, are subject to these same reporting requirements, which includes monitoring and reporting Modern Slavery risks

