

2024 Modern Slavery Statement



hbf

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Acknowledgements

HBF acknowledges the Traditional Owners of the lands and waters across Australia as the continuing custodians of Country and Culture dating back to the creation of the Dreaming. We pay our respects to First Nations peoples and their Elders both past and present.

Message from the Chair



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 and controlled entities (HBF) and outlines our approach to minimizing 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 2024 and has been drafted pursuant to the requirements of the *Modern Slavery Act 2018 (Cth)*.

Rejecting modern slavery

Corporates have an important role to play in addressing the evolving environmental, social, and governance (ESG) expectations of the communities in which they operate, including modern slavery.

As one of Australia's largest private health insurers, HBF firmly rejects all forms of modern slavery and is dedicated to its global eradication.

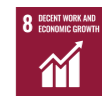
This Statement marks our fifth under Commonwealth legislation, detailing our efforts to mitigate modern slavery risks. It summarises our activities from FY24 and outlines our priorities for FY25. While we assess our operations as presenting a low risk for modern slavery, we are committed to ongoing improvement in this critical area.

HBF aligns with the '2030 Agenda for Sustainable Development' and its 17 Sustainable Development Goals (SDGs). We particularly focus on SDG 8 – Decent Work and Economic Growth, by actively pursuing initiatives that enhance our procurement capabilities and frameworks. These efforts aim to strengthen our approach to positively impacting the elimination of modern slavery practices. More details can be found within this statement.

The Board of HBF is pleased to announce that on 11 December 2024, it approved this Modern Slavery Statement in accordance with Rule 10.6 of the Constitution. We will provide annual updates on our progress in reducing modern slavery risks within our operations and supply chain.

Signature

Diane Smith-Gander AO
Chair



We are committed to UN SDG Goals

Introduction

As one of Australia’s largest private health insurance funds, HBF commits to operating ethically, responsibly, and transparently, doing the right thing by HBF members, stakeholders, and the broader community.

HBF rejects any form of modern slavery, supporting the goal to eliminate modern slavery worldwide. This year represents HBF’s fifth Modern Slavery Statement, developed in accordance with the *Modern Slavery Act 2018* (Cth).

This Statement covers activities of HBF for the financial year to 30 June 2024 and details the approach and activities HBF has applied to identify and mitigate risks of modern slavery in HBF’s business operations and direct supply chain. During the reporting period, HBF has engaged and consulted with the companies it wholly owns or controls including, Queensland Country Health Fund Pty Ltd (QCHF)¹, HBF Dental Services Pty Ltd (HBF Dental) and Life Ready Health Group Pty Ltd (Life Ready) in the development of this Statement.

This engagement has included conducting modern slavery consultations on HBF’s reporting requirements and responsibilities for a HBF-aligned approach and actions to be taken to address modern slavery risks. HBF has, in development of this Statement, assessed the material suppliers of each of its entities. As part of the onboarding process, these suppliers are issued pre-qualification questionnaires to understand their processes and controls to manage modern slavery risk. HBF then evaluates the responses, requests supporting artefacts and seeks clarification where necessary. Follow-up consultation with internal stakeholders and suppliers then occurs to inform appropriate actions to manage these risks.

HBF Dental’s operations are delivered under a management services agreement with Pacific Smiles Group Limited ABN 42 103 087 449 (PSG). The Board of PSG, as a reporting entity, approved its Modern Slavery Statement on 16 December 2024. HBF has reviewed PSG’s statement and has noted that, during the reporting period, actions are in place to manage the identified modern slavery risks. Any additional or on-going queries relating to the actions undertaken by PSG will be incorporated as part of HBF’s periodic review of PSG.



HBF was founded more than 80 years ago and has provided private health insurance to generations of Australians. HBF is committed to actively connecting with and supporting the communities in which it operates as a trusted member based organisation.

As a not-for-profit organisation incorporated as an Australian public company limited by guarantee under the *Corporations Act 2001* and a private health insurer under the *Private Health Insurance Act 2007*, HBF maintains its registered office at 570 Wellington Street, Perth, Western Australia. With offices in Western Australia, Queensland, Sydney and Victoria and a branch network spanning the Perth metropolitan area, HBF employs 1,656 people across Australia (as at 30 June 2024).

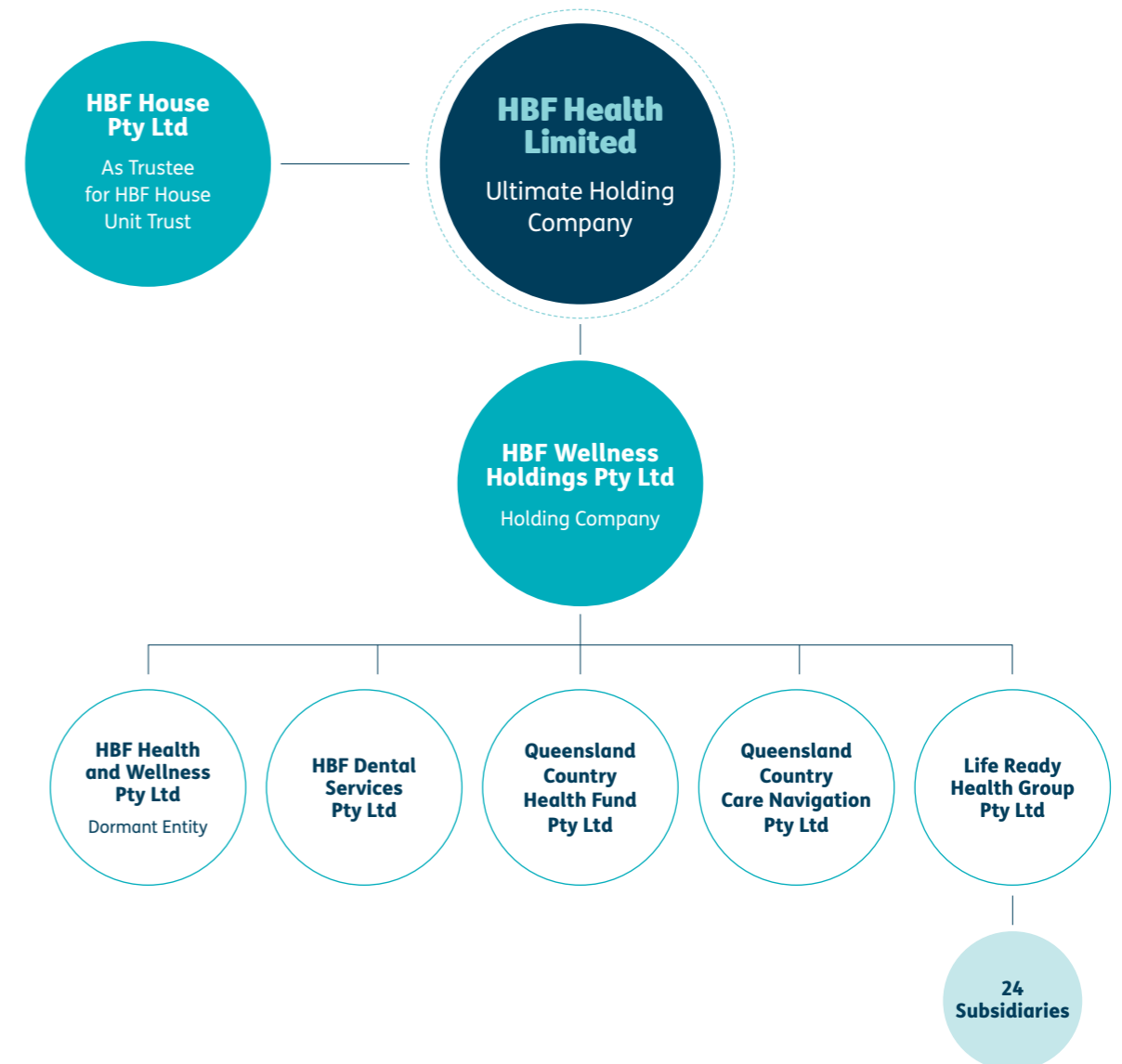
Health insurance

HBF has expanded to become Australia’s second largest not-for-profit health fund, providing hospital and ancillary insurance to approximately 1.2 million members nationwide.

Health services

HBF is an active participant in health services through its physiotherapy business Life Ready and its expanding HBF Dental operations. Life Ready operates 24 physiotherapy clinics and a mobile physiotherapy practice across Western Australia and Victoria. Life Ready has 24 subsidiaries of which 14 are partially owned. HBF Dental operates eight centres across Western Australia.

HBF Group Structure (30 June 2024)



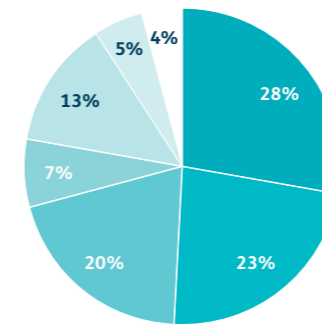
¹ On 1 July 2023, HBF Wellness Holdings Pty Limited (a wholly owned subsidiary of HBF Health Limited) acquired 100% of the shares in QCHF. QCHF is now a dormant entity with all QCHF policies now referable to HBF’s health benefits fund.



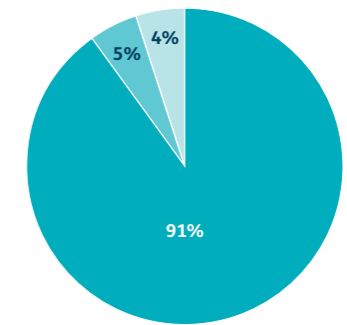
In FY24 HBF's supply chain included 374 suppliers (third-party provider of goods and/or services provided to HBF) in support of its operations – of these, 73 were new suppliers.

There has been minimal change to HBF's supply chain risk profile over the past 12 months as supplier spend by activity type has not changed. HBF's annual supplier spend in FY24 was approximately \$188 million. The HBF supplier spend profile highlights that HBF is a service-based organisation with 91 per cent of its supply chain made up of services with the balance being the supply of products. HBF's suppliers are based in locations where there is a low prevalence of modern slavery.

HBF Insurance – supplier distribution spend by activity type (% distribution by \$)



HBF Insurance – supplier distribution by geography (% distribution by supplier location per Australian Business Number)



- Information technology
- Marketing services
- Professional services
- Property management services
- Financial services
- Human resource services
- Other

- Australia
- United States
- Other (Canada, Ireland, Israel, Netherlands, Poland, Singapore, Spain, United Kingdom)

Assessing modern slavery risks in HBF's supply chain

HBF has implemented controls and activities and works with suppliers to manage modern slavery risk within our operations and supply chains.

Modern slavery assessment criteria

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.

HBF's 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?

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?



Modern slavery assessment process

HBF's modern slavery process is a multi-stage assessment.

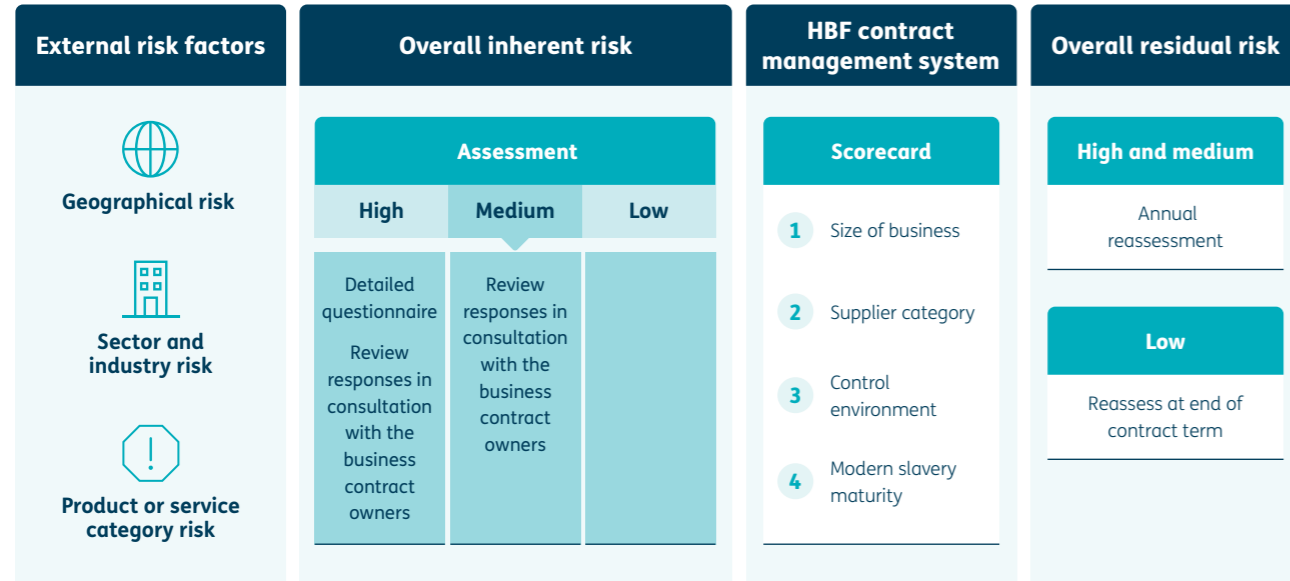
The HBF Procurement Procedure outlines the modern slavery risk assessments and subsequent controls that apply throughout the contract life cycle.

Where a scope of work has been assessed as having potential medium or high modern slavery risk, an internal assessment of the supplier's supply chain is undertaken using a pre-qualification questionnaire.

On completion of the supplier assessment, suppliers are tiered, and appropriate risk controls are applied dependent on the risk tier.

This may include requiring suppliers to provide evidence of their internal risk control framework and modern slavery controls.

HBF's modern slavery assessment process



Modern slavery risks

HBF has assessed its own operations as having a low modern slavery risk.

During FY24, we identified 374 suppliers for modern slavery risk screening against the GSI criteria. All the new suppliers were requested to complete a modern slavery pre-qualification questionnaire and evidence their supply chain and risk control framework, which resulted in one per cent classified as high residual risk and four per cent classified as moderate residual risk.

The residual risk rating is dependent on the responses of the questionnaire, evaluation of the supplier's certifications, statements and/or frameworks and their maturity in its modern slavery processes. We then engage the relevant stakeholders to implement controls such as modern slavery compliance in our contracts and to manage and monitor the risk.

The assessment of the HBF supply chain completed during 2024 highlighted the procurement categories with higher potential modern slavery risks (marketing apparel and merchandise products, technology consumables and hardware products, personal protective equipment and cleaning products and consumables used in HBF's corporate office and branch network).

As HBF progresses its strategic initiatives and diversifies into health services, we recognise the health insurance business operations are distinct from health services. HBF extended its assessment of its operations to include contractual arrangements with West Australian hospital providers and will work further with these organisations to understand their modern slavery risks. Hospital providers outside Western Australia are managed through an agent where the agreements have contractual controls in place for specific providers to address the modern slavery assessment required.

Managing modern slavery risks in HBF's supply chain

Modern slavery risk management

Corporate Governance

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

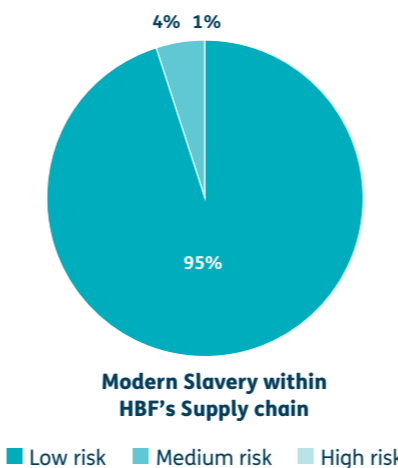
The Risk Committee provides objective, non-executive oversight of the implementation and operation of HBF's Risk Management Framework (RMF). The Risk Committee meets a minimum of four times annually and makes recommendations to the Board on managing strategic and operational risks including modern slavery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

The Executive Risk & Compliance Committee is the overseeing body at the management level to oversee risk.

HBF Procurement Process

HBF's procurement team is responsible for assessing and reporting on modern slavery risk across HBF's supplier network. The implementation of these processes is a shared responsibility:

- HBF's risk team owns and administers the RMF, provides risk advice, and facilitates risk workshops



- HBF's procurement team manages the procurement processes that apply the modern slavery risk controls during supplier engagement, contract management and offboarding
- HBF's legal team designs HBF's contracts and templates to establish modern slavery controls and set supplier agreements expectations
- HBF's 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 processes when they engage suppliers
- HBF's enterprise resource planning system enables modern slavery risk screening during the creation of purchase 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. HBF's corporate governance documents provide a foundation for guiding employees on the organisation's 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.
- Modern slavery concerns are recorded in HBF's enterprise Governance Risk and Compliance (eGRC) software and are remediated in accordance with the issues management approach outlined in HBF's Issue Management Guideline.

Over the past 12 months, HBF has:

- Selected and implemented Informed365 as the preferred modern slavery assessment platform for use. Working with technology provider Australia to assess and address modern slavery risks through its supply chains. This collaboration allowed Health Fund members to assess and report on their supply chain networks more easily through a single online platform which collects, compares, and collates information on suppliers, to inform year-on-year progress. This approach promotes consistency across the industry & streamlines the reporting process for businesses involved.
- Undertaken a detailed review of our third-party risk management process as part of our commitment to continuous improvement
- Assessed modern slavery risks prior to entering any new contract
- Increased engagement with suppliers to improve awareness of modern slavery risk controls
- Continued to actively engage with industry working groups for modern slavery

Grievance mechanisms

Anyone with concerns about modern slavery can use HBF's Whistleblower channels to raise a confidential and safe disclosure. These channels include the independent HALO platform which can be accessed via the web or by email or telephone. Details are included in HBF's Whistleblower Policy which is on the HBF website.

Code of conduct

The HBF Code of Conduct sets out clear expectations for employees behaviour.

Modern slavery contract terms and conditions

HBF's standard contract terms for the supply of goods and services contain modern slavery provisions. These provisions detail supplier obligations and HBF's expectations pertaining to human trafficking and modern slavery controls. These controls include:

- Compliance to relevant statutory and regulatory laws – including the prohibition of modern slavery practices by the supplier or its subcontractors

- Periodical evidence and independent verification of compliance to supplier modern slavery controls (this includes independent certification to international standards and/or audits by recognised international bodies)
- Rights of termination provisions for breaches of modern slavery controls
- Rights for HBF to conduct audits of modern slavery compliance

Contract scope delivery

HBF's Procurement Procedure prescribes post-award controls for contracts considered to hold a heightened risk for modern slavery. These controls include:

- Supplier mobilisation: evidence that modern slavery controls and activities are operational prior to the commencement of scope delivery
- Supplier performance management: defines the reporting obligations, key performance indicators and assurance activities to monitor modern slavery risk during scope delivery
- Supplier offboarding: closes out the contract and captures lessons learnt

Subsidiary engagement

HBF continues to actively engage with its subsidiaries to manage modern slavery risks:

- **Life Ready:** HBF meets regularly with Life Ready Executives to raise awareness of modern slavery.
- **HBF Dental:** HBF meets with PSG to understand their approach to modern slavery risks. HBF obtains a six-monthly risk attestation from PSG, which seeks further information from PSG around their modern slavery activities. PSG provides an annual Modern Slavery Statement which is reviewed by HBF and additional queries, if required, are made to address any modern slavery risks

Key governance documents include:
Code of Conduct
Risk Management Framework (RMF)
Risk Management Strategy (RMS)
Risk Appetite Statement (RAS)
Whistleblower Policy



Measuring the effectiveness of HBF's actions

To promote the effectiveness of HBF's approach to manage modern slavery risk, a clear process is in place.

- The Board of HBF, through the Risk Committee, is responsible for monitoring the effectiveness of HBF's Risk Management Framework, which includes reviewing activities associated with managing modern slavery risks
- This reporting includes procurement and contract management activities which include monitoring and reporting modern slavery risks

Specific indicators to truly measure whether HBF's efforts are contributing to the reduction of modern slavery risk are challenging to define. Notwithstanding those challenges, HBF commits to enhance its effectiveness and modern slavery governance by actively seeking advice and knowledge from external consultants, industry consortium members and stakeholders

Focus for FY25

- Embedding a modern slavery assessment platform to provide independent and verified modern slavery assessments for suppliers in our supply chain
- Improving and rolling out an improved training program for Contract Owners and Contract Managers
- Continuing engagement with suppliers and service providers including hospital, medical and ancillary member service providers to understand their modern slavery risks and aligning industry engagement with the PHI (Private Health Insurance) modern slavery community interest working group
- Continuing the modern slavery controls reviews operated by Pacific Smiles Group on behalf of HBF Dental
- Improving HBF's third party risk management control framework in our contract management system
- Uplifting our approach to apply modern slavery controls to the merged QCHF health insurance business for suppliers with a high-risk rating
- Continuing supplier reviews for supplier contracts against HBF's modern slavery controls
- Uplifting our approach to apply modern slavery controls to the Life Ready business for suppliers with a high-risk rating

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