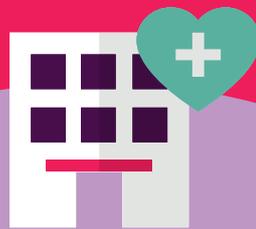


MODERN SLAVERY STATEMENT FY21



LIFE
INSURANCE



PRIVATE HEALTH
INSURANCE



EYECARE



INTERNATIONAL
BUSINESS



DENTAL

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 2021 (FY21).

HCF is a reporting entity for the purposes of the Act and is the only reporting entity within HCF Group. Although HCF is the only reporting entity in HCF Group for the purposes of the Act, the Board of HCF approved this Statement on behalf of HCF Group at its meeting on 4 November 2021.



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

Sheena Jack

Chief Executive Officer & Managing Director

ABOUT HCF



Founded in 1932, HCF has a proud history as Australia's largest not-for-profit health fund. We've been putting our members and their health first for almost 90 years. Covering over 1.7 million members with health, life, travel and pet insurance, our vision is to make health care understandable, affordable, high quality and member centric.

As a not-for-profit insurer, we're focused on financial efficiency and stability, to ensure we can reinvest our earnings and have the resources to deliver on our commitment to members. This enables us to keep premiums affordable, reward members for their loyalty and make quality care more accessible to more people.

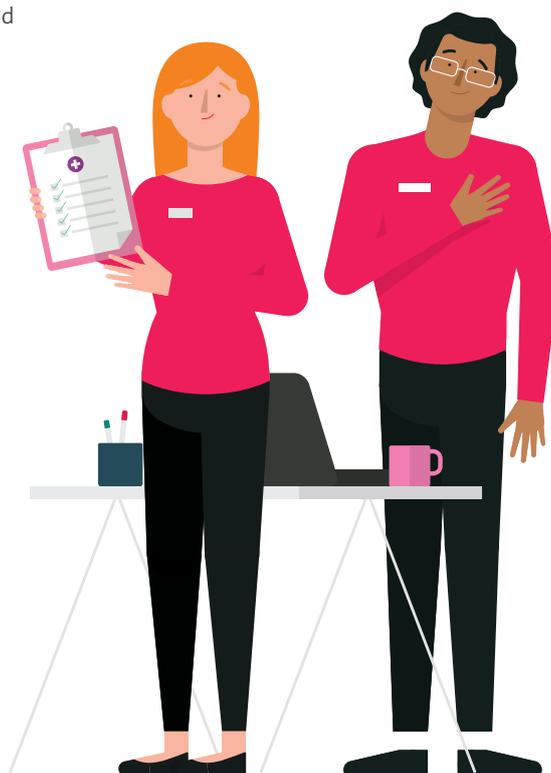
We don't have to choose between the interests of members and shareholders, allowing us to focus on meeting the needs and delivering the best for members - now and in the future.

Working at HCF means we put people first. We know that delivering a great experience for our members also means they have the right to expect that we do the right thing. Our values guide the way we do things and they show up in our commitment to identifying and addressing the risks associated with modern slavery. We believe in treating one another fairly, looking for the human in each other and standing up when things aren't right, across every part of the system we connect with. Our members have a right to expect that we're acting in their interests and holding ourselves accountable to a high standard.

Importantly, as Australia's largest not-for-profit health fund, we take seriously our responsibility to care about the impact our business has on our members, our people, the communities in which we operate and the environment. We know that we can drive sustainable growth, while also making a positive difference to our communities.

Our commitment

HCF Group is committed to the fair and humane treatment of people in its operations and supply chains and continue to take actions to ensure we can identify and address risks associated with modern slavery.



OUR STRUCTURE, OPERATIONS AND SUPPLY CHAIN

HCF is registered as a public company limited by guarantee under the *Corporations Act 2001 (Cth)*. It's 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 MU and HCF. **Treytell Pty Ltd** is a wholly-owned subsidiary of MU that no longer has any active operations and is due to be deregistered in late 2021¹.

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 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 and regulator relations and contributing to debates on such reforms)
- integrate best practice governance standards into its operations.

The governance practices across the HCF Group also comply with prudential standards applicable to HCF and HCF Life as Australian Prudential Regulation Authority 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 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.

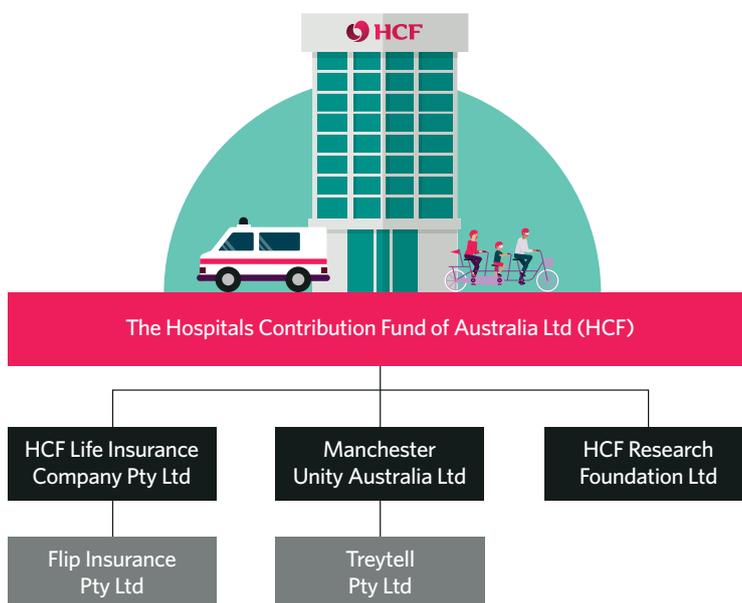
DEFINITIONS

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

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.

Providers - refers to the collective use of all Ancillary, Medical and Hospital Providers.



¹ Treytell Pty Ltd was deregistered by the Australian Securities and Investments Commission on 16 September 2021.



43
BRANCHES



7
EYECARE CENTRES



15
DENTAL CENTRES



1,196
EMPLOYEES



HCF GROUP OPERATIONS

HCF provides health insurance products to over 1.7 million members and HCF Group employs approximately 1,196 employees at locations across Australia. This includes its branch network (43 sites), dental centres (15 sites) and eyecare centres (7 sites), along with 2 call centres and the head office located in Sydney. One thousand and eighty-six of these staff are employed by HCF.

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 dental and eyecare operations, which require products sourced from overseas.

HCF Group's Hospital, Medical and Ancillary Provider network is complex, consisting of many health services Providers and entities across various subnetworks, each with differing arrangements and agreements governing the services and benefit payments delivered to members. In line with guidance provided on the Act (the Business and Government Engagement Section in the Australian Border Force's *Guidance for Reporting Entities*), HCF Group has deemed all Providers that are part of the HCF Group's Hospital, Medical and Ancillary Provider network to be classified under HCF Group operations. 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.

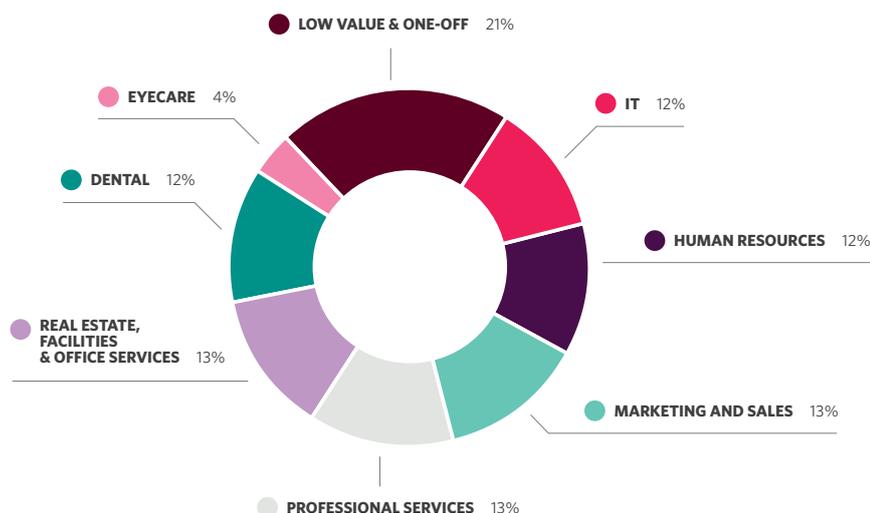
HCF GROUP INVESTMENTS

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 works closely with this supplier, who focus their efforts to address modern slavery risks through their asset class research teams who have regular face-to-face contact with investment managers, who can monitor, engage, influence and improve sustainable thinking and behaviours.

HCF GROUP SUPPLY CHAIN

HCF Group's supply chain is made up of ~800 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. Procurements are completed in line with HCF Group Procurement Policy and associated frameworks and procedures.

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 manages 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

In FY20, HCF Group completed an initial risk assessment to identify the potential risk areas (outlined in table 1) where modern slavery risks may be present in the businesses of HCF Group. A more detailed assessment was then conducted by the respective business units responsible. An outline of the risk areas can be found in the *FY20 HCF Modern Slavery Statement*.

HCF assessed 5 key areas of risk, as outlined in table 1. The assessment identified that HCF Group is overall 'low risk' in causing, contributing to or being deliberately linked to modern slavery practices, however, HCF recognise the need to address risks appropriately through further assessment and actions. The assessment also identified that key risks facing HCF are within our 3rd party suppliers and Providers and the products and services they deliver. The product and service categories at higher risk are:

- IT peripherals and equipment
- Cleaning services (low skill labour) and janitorial products
- Dental and eyecare products and consumables
- Natural therapists
- Hospital and Medical Providers and their supply chains.

FY21 RISK ASSESSMENT

HCF Group's overall risk profile remains low risk in FY21 due to no material change to HCF Group's business activities, operations or supply chain. In FY21, further steps were taken to assess the risk across the HCF Supply Chain and Hospital and Medical Providers.

- **HCF Supply Chain** – HCF Group assessed its 3rd party suppliers where there is a high potential for modern slavery to occur and identified those that require further work to help reduce their modern slavery risk profile. There were no incidents of modern slavery identified.
- **Hospital and Medical Providers** – An initial risk assessment was conducted on the individual Hospital provider groups and independent hospitals, which resulted in an uplift of HCF's respective rating of the Sector and Industry Risk to high risk, with the overall rating of medium risk.

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	Low-Med	Low-Med	Low-Med	Low	NA
HCF Investments	Medium	Medium	Medium	Medium	NA

ACTIONS COMPLETED TO ASSESS AND ADDRESS RISKS

To drive the required actions to address modern slavery risks, HCF Group has set up an internal working group that reports to the relevant internal Executive Committee and Board Committee. HCF Group is pleased to report significant progress against committed actions to assess and address the risks of modern slavery within HCF Group's operations, supply chain and investments. HCF Group has delivered the actions outlined below in the reporting year, FY21.



POLICY AND PROCESS

- Implemented the HCF Modern Slavery Policy across HCF Group.
- Launched modern slavery awareness training to all employees - with 97% of applicable HCF employees completing the required training.
- Completed the review and update of HCF Group's Social Responsibility Statement to include reference to HCF Group's actions to address modern slavery.
- Implemented a platform service to support 3rd party supplier and Provider assessments, monitoring and reporting.



SUPPLY CHAIN

- Completed modern slavery assessments of 85% 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.
- Developed and provided educational material to 3rd party suppliers as part of the modern slavery assessment process.
- Continued the update of supplier agreements where required with any modern slavery clauses.



OPERATIONS PROVIDERS

- 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.
- Continued to insert modern slavery clauses in hospital agreements at renewal, and in addition require a response to HCF's modern slavery questionnaire.
- Developed a plan to increase awareness and education around the Act to Ancillary Providers that operate in a medium or above risk rated Industry or Sector.



INVESTMENTS

- Completed the review of HCF Group's financial investment activities.
- Took positive steps to address modern slavery related issues in the investment activities through the HCF Group Investment Strategy. HCF has implemented international investment restrictions applied to companies assessed to be breaching the United Nations Global Compact principles that represent responsible human rights, labour, environmental and anti-corruption practices.
- HCF 3rd party investment management supplier has completed the following:
 - Implementation of standard line of questioning in relation to modern slavery risk as part of its overall environmental, social and governance due diligence process
 - An initial assessment of all investment managers on how they factor in modern slavery risks into their investment process.

HCF has continued the engagement with other private health funds through the Private Health Association (PHA) Community of Interest (CoI) to align and develop a consistent approach to addressing modern slavery across the industry.



ASSESSING THE EFFECTIVENESS OF OUR APPROACH

HCF recognises the need to continually improve and progress our approach to addressing modern slavery. In HCF Group's 2nd reporting year, HCF's primary indicator of the effectiveness of our approach is to evaluate our delivery against our commitments. As outlined in this statement, HCF has made significant progress against the commitments made in FY20.

The incorporation of 3rd party supplier modern slavery assessments into HCF standardised procurement processes ensures ongoing monitoring of 3rd party supplier modern slavery risks and remedial actions, along with appropriate internal governance reporting. The HCF Executive Audit, Risk and Compliance Committee (**EARCC**) 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.

HCF'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 has also engaged with a broad range of external stakeholders and attended briefings and education sessions led by experts in the field.

As part of the Col, HCF has developed, in collaboration with other private health funds, a risk assessment methodology for identifying potential modern slavery risks within all 3rd party suppliers and providers. This methodology utilises a common platform for assessment, driving a consistent and efficient process across 3rd party suppliers and providers, which helps to support the actions private health funds are taking to address modern slavery risks. The PHA Col is working to implement best practices, share learnings and take a collective approach to influencing common supplier bases for changes and improvements.

As the approach to addressing modern slavery matures, HCF will continue 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.

IMPACT OF COVID-19

The COVID-19 global pandemic has had an impact on HCF's operations and supply chain, which can lead to greater risk of modern slavery practices occurring. HCF's commitment in FY21 to educating and training employees on modern slavery has helped ensure greater awareness across the HCF Group of the potential causes and warning signs of modern slavery to look out for. HCF works closely with our 3rd party suppliers and Providers to ensure any issues and risks are addressed.

To date HCF has not experienced, nor is it aware of, any modern slavery incidents occurring, or risks being increased, within the HCF business as a result of COVID-19. HCF Group will continue with its approach to ensure that HCF is adequately assessing and addressing any modern slavery risks across its operations and supply chain.



LOOKING AHEAD

HCF maintains a pragmatic and progressive approach to addressing modern slavery risks and continues to support an ongoing industry-wide effort through the PHA Col to ensure accountability of suppliers and providers and alignment on the collective actions and remediations to effectively address modern slavery risks.

Key priorities for reporting year FY22:

SUPPLY CHAIN

- Develop a pragmatic remediation strategy to address the recommendations identified through 3rd party supplier assessments.
- Develop an incident response framework for suppliers.
- Develop a set of 3rd party supplier principles.
- Implement ongoing monitoring of suppliers identified as high risk.

OPERATIONS PROVIDERS

- Engage with other private health funds through the PHA Col to work together with Hospital and Professional Associations to raise awareness and develop policies and guidance for Providers.
- Complete assessments of Hospital and Medical Providers identified as a priority to seek insight into Provider governance, assessment and remediation processes.
- Continue to engage with Hospital and Medical Providers, foster collaborative efforts to improve transparency and identify areas for further due diligence.
- Deliver actions to increase awareness and education around the Act to Ancillary Providers that operate in a medium risk rated Industry or Sector, such as natural therapists.

INVESTMENTS

- HCF's 3rd party investment management supplier plans to implement research and monitoring capabilities of investment managers from a modern slavery perspective.



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

@ HCF_Procurement@hcf.com.au

