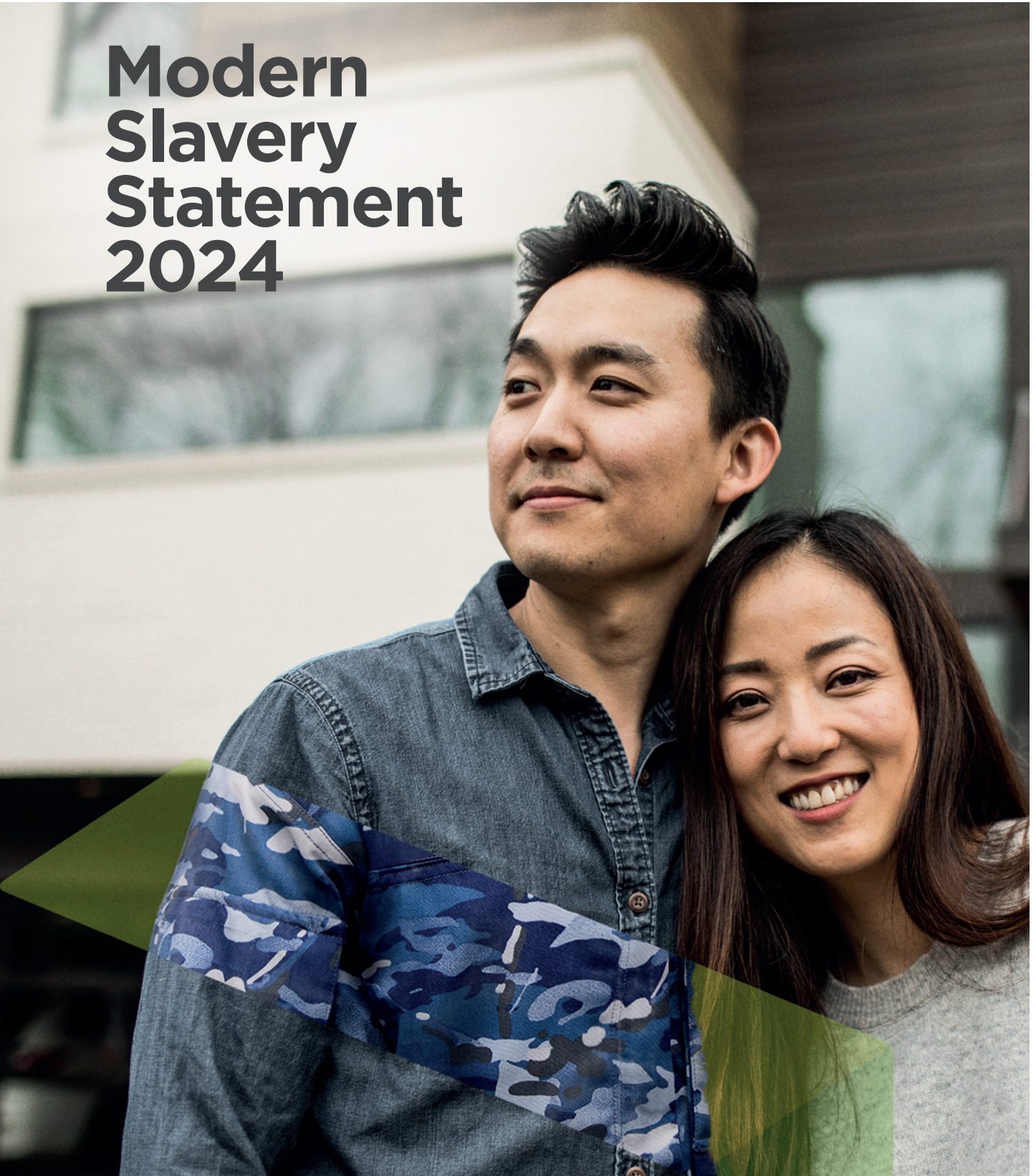


We look after our own

Modern Slavery Statement 2024



Modern Slavery Statement 2024

This statement, pursuant to the *Australian Modern Slavery Act 2018* (Cth), sets out the actions taken by Defence Health Ltd ('Defence Health', 'we') to address modern slavery and human trafficking risks in our business and supply chain for the financial year ending 30 June 2024.

Defence Health is a private health fund headquartered in Melbourne, Victoria. Its core purpose is to protect the health of those who protect our country. It provides private health insurance to 300,522 members who are covered by 144,488 policies as at 30 June 2024.

Defence Health remains committed to combating modern slavery and human trafficking within our business and its associated supply chain. We recognise that these issues can impact any industry and take our responsibility to address these risks seriously. We expect our employees, partners and suppliers to uphold our commitment to preventing modern slavery in all areas of our operations.

This Statement was approved by the Defence Health Board of Directors December 2024.



Mr Robin Burns FAICD
Chair of the Board

Contents

Introduction	01
Organisational structure	01
Operations and Supply Chain	02
Our employees	02
Supply chains	02
Modern Slavery Risks	03
Sector/industry risks	03
Geographic risks	03
Specific entity risks	03
Product/service risks	03
Assessing our Modern Slavery Risks	04
Private Hospitals and Modern Slavery	06
3 Year Action Plan	07
Supplier Feedback Examples	08
Assessing the Effectiveness of Our Actions	09

Introduction

Defence Health has a strong commitment to social responsibility.

Our company code of conduct outlines clear standards of behaviour for all employees, who are responsible for adhering to ethical, legal and policy requirements relevant to their roles and reporting any suspected breaches. Executives and managers are also accountable for fostering a workplace that encourages compliance and ethical conduct.

We are committed to combating modern slavery as part of our corporate social responsibility by developing a robust compliance framework that ensures adherence to laws and internal policies.

Collaboration across our business units is essential to effectively address and mitigate modern slavery risks throughout our operations and supply chains, with clear roles and responsibilities assigned.

Recognising the complexity of this global issue, we continue to strengthen our capacity for modern slavery risk management through ongoing training, external guidance and rigorous due diligence with new and existing suppliers.

Organisational structure

Defence Health Limited is a company limited by guarantee, incorporated, and operating in Australia.

Defence Health is registered under the *Private Health Insurance (Prudential Supervision) Act 2015* as a restricted health insurer with no shareholders or borrowings.

The Board has ultimate accountability for the operation of the business. The following Board Committees assist the Board:

- ▶ Audit Committee to oversee the audit function and the financial condition of the company;
- ▶ Risk Committee to oversee the risk management and internal control frameworks of the company;
- ▶ Investment Committee to manage the company's investment portfolio; and
- ▶ Nomination and Remuneration Committee to oversee Board and executive appointments and remuneration.



Operations and Supply Chain

Defence Health has contractual relationships with over 500 private hospitals in Australia.

Operations

We are a not-for-profit, restricted access private health insurer, established in 1953 with the purpose of providing hospital and extras cover to the families of Australian Defence Force members and the wider Defence community.

While we no longer accept applications for life insurance policies, we do provide a new life policy if the review of an existing policy is required. The majority of these policies existing between two key suppliers: Asteron Life Ltd and ClearView Life Assurance Ltd.

Defence Health offers travel insurance, underwritten by Allianz Australia Insurance Limited.

We have a diverse but relatively simple supply chain. Although we tend not to be a major client for a number of our suppliers, we are still considered a valued client.

A thematic review of our direct supply chain also indicates a relatively low risk of modern slavery due to the nature of goods and services procured, the location of suppliers' operations and the industry they operate within.

Defence Health has contractual relationships with over 500 private hospitals in Australia. The hospitals provide services to our insured members and we pay benefits on behalf of insured members to the hospital providers. These agreements are negotiated on our behalf, and other health funds, by Australian Health Service Alliance.

Our employees

- ▶ At 30 June 2024, DHL's workforce was comprised of 329 full time staff; 40 part time; 14 casual employees and eight directors.
- ▶ All our operations and employees are based in Australia and New Zealand and are subject to those applicable workplace laws.
- ▶ Our employees are engaged either by contract or under award agreements. We rarely, if ever, use unskilled, temporary, or seasonal labour.
- ▶ We occasionally use outsourcing and short-term contracts, which from time to time includes workers on temporary working holiday visas.

- ▶ We engage professional services firms that use skilled foreign workers.
- ▶ We do not use recruitment strategies that target specific individuals and groups from marginalised or disadvantaged communities, other than diversity and inclusion initiatives.
- ▶ We do not use any child labour.
- ▶ Our Defence Community Relationship Officers occasionally hold Defence community events, which may involve indirect engagement with children. We do not facilitate any type of activity which may cause children to be at risk of exploitation.

Supply chains

Our supply chains are geographically diverse, with suppliers located within Australia, and globally.

Our total annual spend in goods and services is \$96.3 million¹ spent across 276 direct active suppliers. In addition, we also paid claim benefits to over 800 hospital providers and over 50,000 medical providers throughout Australia.

The type of goods and services that most of our suppliers provide include:

- ▶ Application and systems software
- ▶ Banking and financial services
- ▶ Health care equipment and services
- ▶ Insurance
- ▶ Information technology and IT consulting
- ▶ Managed health care
- ▶ Labour hire
- ▶ Life, travel and health insurance
- ▶ Marketing services and merchandise
- ▶ Multi-line insurance
- ▶ Research and consulting services
- ▶ Technology hardware, storage and peripherals
- ▶ Telecommunications.

1. Includes major capital expenditure project.

Modern Slavery Risks

All Defence Health staff are employed in Australia and New Zealand and we comply with national and state-based employment, health, and safety laws.

Sector/industry risks

As a financial services entity we consider the risk of modern slavery within our business to be very low in accordance with the Global Industry Classification Standard (GICS) risk rating. The private health insurance industry has not been identified as a high-risk industry based on publicly available information.

However, as a private health insurer, Defence Health does make significant benefits payments on behalf of its members to hospital and healthcare providers. These providers operate in the following associated sub-sectors that have a medium to very high risk of modern slavery:

- ▶ Health care equipment and services
- ▶ Health care supplies
- ▶ Health care providers and services
- ▶ Health care labour hire
- ▶ Health care distributors
- ▶ Health care facilities
- ▶ Managed health care.

Geographic risks

Defence Health does not have any overseas operations. As a country, Australia is considered very low risk for modern slavery in the GICS ratings.

The principal vulnerable worker classes in Australia relate to foreign workers, agricultural labourers, construction, domestic workers, cleaning, hospitality, and food service. Other than some foreign workers on temporary visas and contracted cleaning services, Defence Health does not employ these types of workers.

From time to time, Defence Health hires temporary visa holders to fulfil customer service roles. These workers are engaged under the same employment and pay conditions as their permanent Australian counterparts. We are confident that any risk of modern slavery in this regard is appropriately mitigated with strong worker protections and entitlements.

Specific entity risks

All Defence Health staff are employed in Australia and New Zealand and we comply with national and state-based employment, health, and safety laws. Our staff work in office-based/remote roles in Melbourne with about a dozen staff working remotely in community-based roles across Australia. Our employee protections are strong and include clear grievance policies and procedures; an anonymous independently-managed whistle-blower hotline; and our customer service staff are employed under an Employee Bargaining Agreement approved by the Fair Work Commission.

As a result, we assess modern slavery risk within our direct operations as very low.

Product/service risks

The provision of health insurance and other financial services products is inherently low risk. That said, the procurement of products and services presents some modern slavery risk in our supply chain, particularly where our suppliers do not have a high degree of visibility over their own supply chains and associated risks. Some key product risks relate to the IT equipment procured to facilitate our operations such as laptops, computers, and mobile phones manufactured overseas, although this represents a small portion of our overall procurement spend.

Assessing our Modern Slavery Risks

Due to the nature of our workforce, the services we provide and the region in which we provide them. Our direct modern slavery risk is very low. Our principal modern slavery risks exist within our indirect supply chain.

Overview

A review of Defence Health's direct supply chain indicates a low risk of modern slavery due to the nature of goods and services procured from our suppliers and the industries they operate within. Further, approximately 80% of our expenditure is on reimbursement to our members in relation to visits of hospital and medical providers within Australia.

However, we are aware that modern slavery risks are associated with the healthcare industry, particularly with respect to the manufacture of healthcare equipment and supplies.

Of the remaining expenditure of the fund, a more detailed assessment of our supply chain risk was conducted. We issued a modern slavery risk survey to these suppliers, covering their core operations, policies and procedures, supply chain management, ethical recruitment practices, human rights and modern slavery training.

The survey had a response rate of 95% which constitutes a 3% increase from last year. We believe this indicates our suppliers' increased familiarity with our annual survey and our ongoing expressed expectation for completion.

Although the majority of our expenditure is for services, responses to our survey indicate that our suppliers source a small number of products from five main countries outside of Australia: China, India, Malaysia, Thailand and Vietnam. It's important to note that our direct spend within these product categories is minimal.



High risk products sourced by Defence Health suppliers

China

Laptops, Computers & Mobile Phones

8 Suppliers

Apparel & Clothing Accessories

2 Suppliers

India

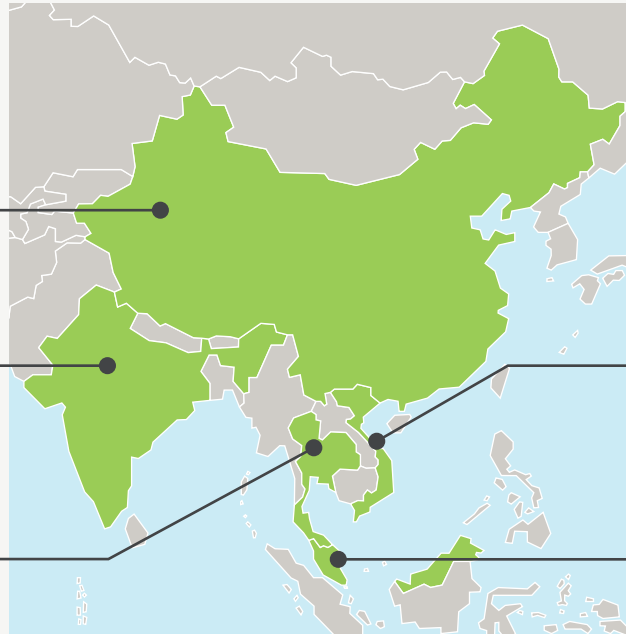
Apparel & Clothing Accessories

1 Supplier

Thailand

Apparel & Clothing Accessories

1 Supplier



Unknown

Laptops, Computers & Mobile Phones

4 Suppliers

Apparel & Clothing Accessories

1 Supplier

Vietnam

Apparel & Clothing Accessories

1 Supplier

Malaysia

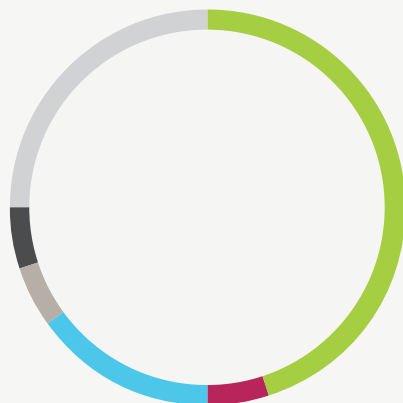
Laptops, Computers & Mobile Phones

2 Suppliers

Apparel & Clothing Accessories

1 Supplier

Countries high risk products are sourced from



* Suppliers who haven't completed the total mapping of their supply chains have responded 'Unknown' within both product category and countries per the Global Industry Classification Standard (GICS) risk rating system.

Overall our suppliers' survey responses indicate they have low modern slavery risk within their own operations, particularly those operating exclusively in Australia. As a result of our consistent approach, we've also been able to track a notable improvement in our suppliers knowledge of their supply chains and had no recorded incidents of modern slavery. The majority of our surveyed suppliers have key worker protection policies in place and there was no evidence they engage in practices that would be strong indicators for modern slavery.

While most of our surveyed suppliers had a basic understanding of their supply chains, others have shown a marked improvement.

Based on these responses and the complexity involved in downstream supply chains, our suppliers' supply chain is Defence Health's principal modern slavery risk.

We have observed that our suppliers who are large multinational corporations have been working diligently to further develop their compliance frameworks. Smaller/local suppliers have shown a marked improvement in the quality of their Modern Slavery Statements and the implementation of controls to mitigate modern slavery risk in their businesses.

In maintaining our consistent approach of monitoring, assistance and training, along with the rigorous implementation of our modern slavery controls, we'll continue seeing a reduction in Defence Health's supply chain risk.

Private Hospitals and Modern Slavery

Until now, a limited consideration of hospital modern slavery risk had been factored into our modern slavery risk profile. While we have contractual relationships with over 500 private hospitals in Australia, these contracts are negotiated on our behalf by Australian Health Service Alliance, one of our Material Tier 1 suppliers. Hospitals provide services to our insured members, and Defence Health pays benefits to the hospital providers on behalf of our insured members. But the hospital providers do not provide any products or services directly to Defence Health.

We've completed a review of our highly member utilised hospital providers. It's clear that modern slavery risks within these hospital providers' supply chains can be complex and varied, occur at multiple points and affect different aspects of operations.

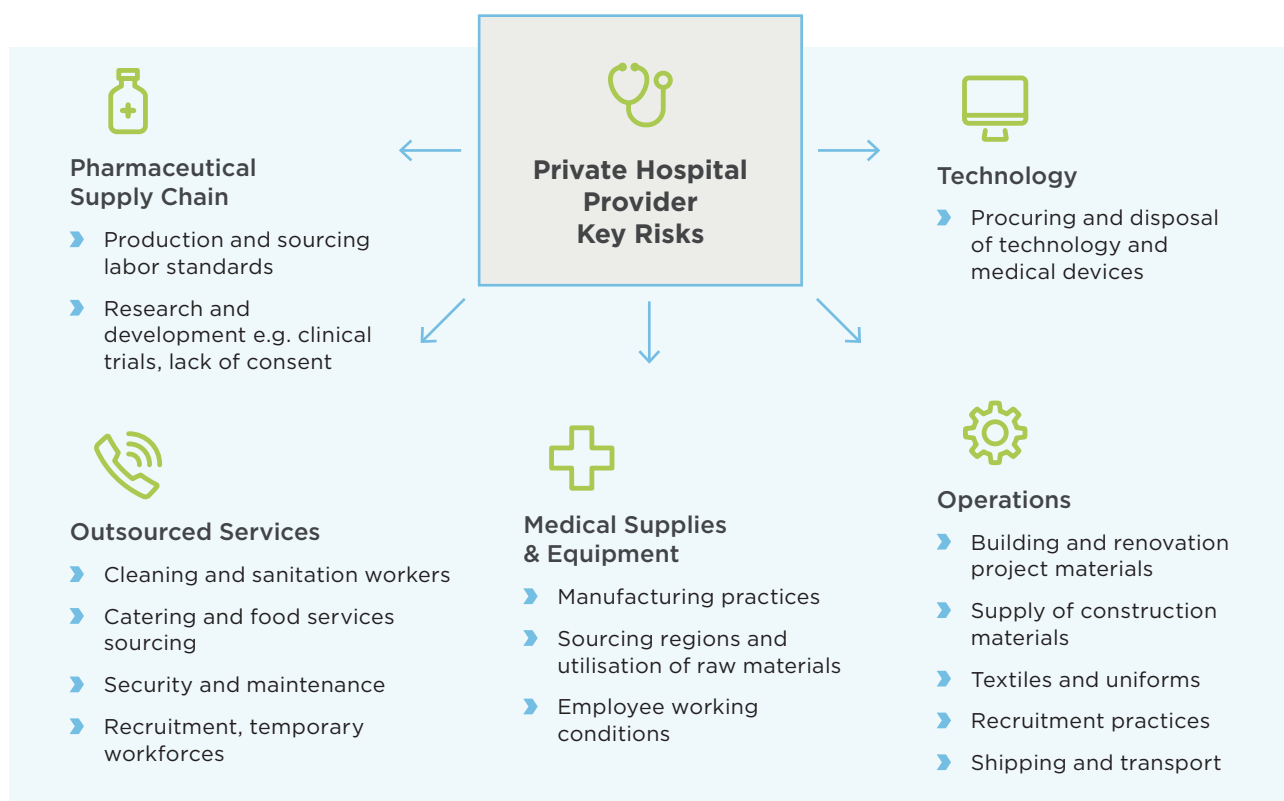
Key themes were observed within all the reviewed Modern Slavery Statements around procurement of goods, general operating activities and frontline care. Below are some key areas we've identified where these risks may occur.

- Low visibility over multi-tiered supply chains which cross into other high-risk sectors, across high-risk geographies
- A growing reliance on temporary migrant workers from Asia and the Pacific Islands to fulfil labour shortages
- Increased pressure and demand for medical goods and PPE as a result of the global COVID-19 pandemic
- Rapid sector growth. With an aging population and mass migration, the health and social services sector are set to dominate growth in employment in upcoming years

To mitigate these risks, several of the reviewed hospital providers have implemented measures like:

- Conducting regular audits
- Enhancing supplier due diligence
- Adopting robust procurement policies
- Providing training on modern slavery risks
- Establishing clear reporting and accountability guidelines and mechanisms

We're looking to work with these hospital providers and associated industries to better understand our downstream (Tier 2 and beyond) risk and impacts.



3 Year Action Plan

2022 - 2025

Governance

- Guides for members, suppliers and communities
- Continue monitoring changes in our suppliers' primary country of operation, industry/sector and high risk sourced products
- Partnership/s with ESG focussed organisations
- Targeted/selective Tier 1/2 onsite audits
- Continue adding Industry specific Modern Slavery questions for tender respondents

Supply Chain

- Working with our suppliers to uplift approach to Modern Slavery and supply chain knowledge
- Supply chain reduction and consolidation where possible
- Disengage with repeat offenders where we have little confidence in survey response, breaches of the Act or lack of co-operation

Internal Capability

- Director and employee on-boarding and induction
- Internal campaigns
- Board and executive training

Sector Collaboration

- Continued strong partnership and input into Private Health Insurers' Consortium
- Attendance at forums/seminars on Modern Slavery trends, changes and best practices
- Continue advocating for standardised surveying and self-reporting

Modern Slavery Survey

- Track improvement/change across survey responses year on year
- Keep scoring consistent and complete annual reconciliation of Modern Slavery risk categories

Supplier Feedback Examples

- ▶ As part of ISO27001 a key IT partner implemented a system-based risk management process. When onboarding new suppliers they complete due diligence with an included focus on modern slavery risks and practices. They've identified challenges due to mergers and acquisitions, or transferral of the products they requisition to new entities. They've acknowledged their highest risk procurement (IT hardware and related products) as these are manufactured in countries (or their materials sourced from countries) which have known modern slavery risks. To this end, they work with its trusted global partners, e.g. Microsoft, CISCO etc. who also have robust anti-modern slavery programs. When onboarding new suppliers they conduct assessments and implement contractual provisions to enable them to obtain information in order to deal with and assess likelihood of Modern Slavery.

Cyber Security Provider

- ▶ This supplier has revised their standard consulting and product terms over the last 12 months to now include modern slavery clauses as a standard across all clients. Where a proposed relationship with a new third-party supplier or strategic partner raises concerns regarding modern slavery risk (given their geographic presence, industry or nature of their workforce), they will undertake further due diligence prior to engagement.

Actuarial and Insurance Consultancy

- ▶ This supplier requires all employees to complete modern slavery risk training and then refreshed annually. The training module has been developed specifically for this supplier and their own unique global footprint and risk profile. Modern slavery and labour standards are considered as part of their due diligence and supplier onboarding processes for all suppliers. Additionally, they are actively pursuing enhanced due diligence of suppliers from high-risk countries and industries.

Digital Member Engagement Services Provider



Assessing the Effectiveness of Our Actions

We will continue to review the effectiveness of our Modern Slavery Risk Management Program using the following measures:

Workstream	Activity	Measurement
Governance	Board Oversight.	Further utilising our Modern Slavery Working Group to assess and address risks of modern slavery practices across our operations and supply chain. Their work is monitored by Defence Health's Executive Leadership Team, and ultimately, the Board.
	Policy reviews.	Policy reviews in line with our Modern Slavery Framework and Policy Register review schedule.
	Embed processes and practices specifically developed to minimise modern slavery risks across Defence Health.	Maturity assessments of processes and protocols.
	Staff training on modern slavery risks.	100% of key staff training complete.
Risk Management	Supplier onboarding and risk segmentation.	100% of due diligence performed against our Tier 1 and Tier 2 suppliers.
	Identifying trends from risk data.	Number of identified risks without a treatment plan in place.
	Supplier self-assessment questionnaire. Instances where modern slavery incidents have been identified.	Number and percentage of non-conformances by materiality. Improvement or decline in suppliers' understanding and management of their supply chain as indicated by survey results.

Insights drawn from these measurements will inform our immediate and longer-term risk management approach and procurement practices. We will assess the practicality of these measurements, identify gaps, and incorporate changes into a broader effectiveness and evaluation framework.

Defence Health Limited
ABN 80 008 629 481
AFSL 313890

DEF0546

Contact Us



Phone

1800 335 425

Monday to Friday
8:30am to 5:00pm AEDT/AEST



Web

defencehealth.com.au



Email

info@defencehealth.com.au



Post/Street Address

PO Box 7518
Melbourne, Victoria 3004