



Modern Slavery Statement 2025



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Modern Slavery Statement 2025

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 2025.

Defence Health is a private health fund headquartered in Melbourne, Victoria. Its core purpose is to protect the health of the community who protect our country. It provides private health insurance to 293,263 individuals, under 141,909 policies as at 30 June 2025.

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 2025.



Mr Robin Burns FAICD
Chair of the Board

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, Capital and Innovation Committee to manage the company's investment portfolio and deployment of capital; and
- ▶ People, Culture & Remuneration Committee to oversee Board and executive appointments and remuneration and culture.



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 new life insurance policies, we do issue replacement policies when a review of an existing policy is required. The majority of these policies are held with 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 2025, Defence Health's workforce was comprised of 291 full time staff, 36 part time, seven casual staff and eight directors.
- › All our operations and employees are based in Australia (and one employee in New Zealand) and are subject to those applicable workplace laws.
- › Our employees are engaged either by contract or under award agreements.
- › 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 Health staff 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 \$40.3 million spent across 211 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.

Modern Slavery Risks

All Defence Health staff are employed in Australia (and one staff member in 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 one staff member in 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

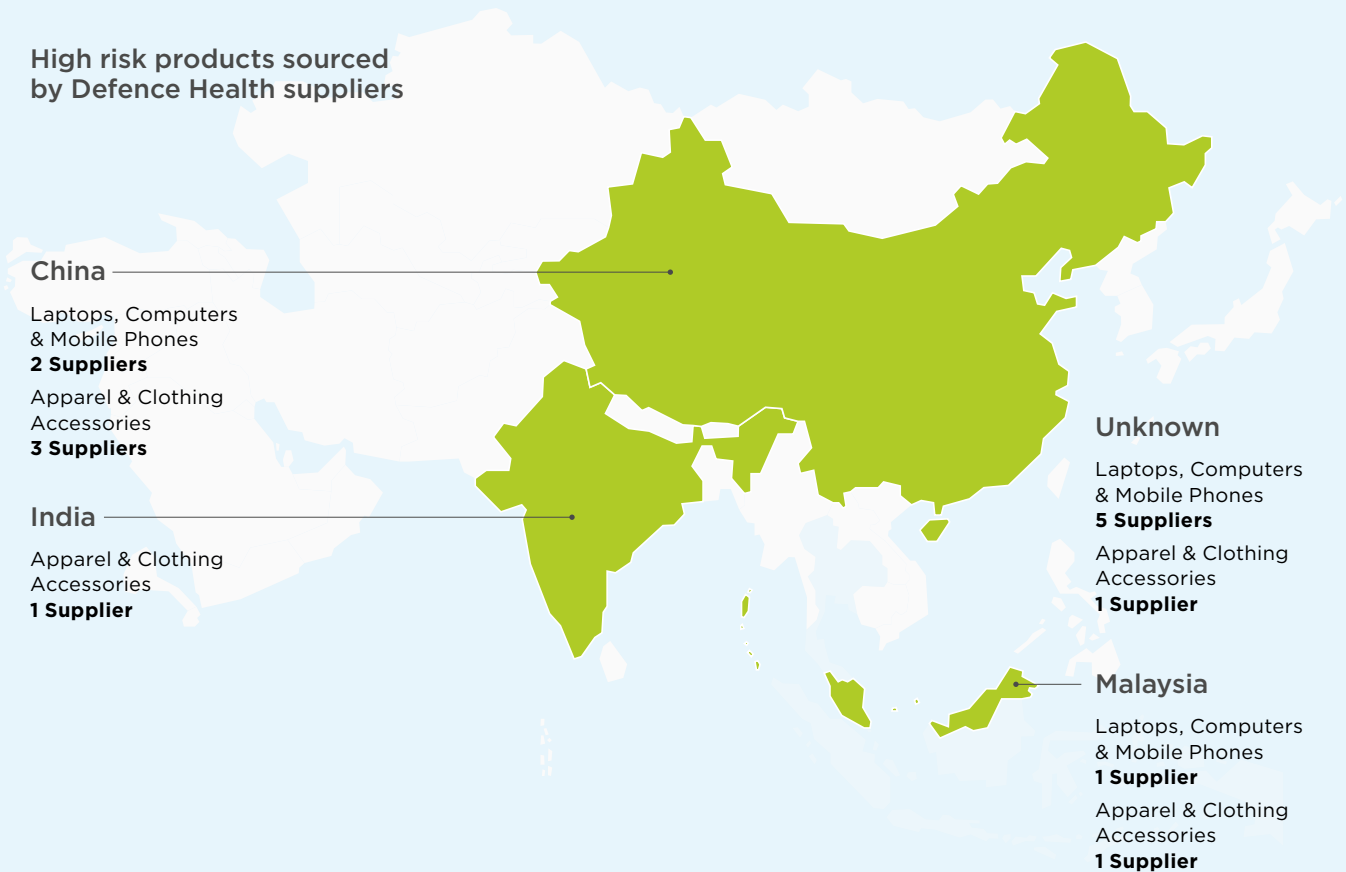
to these suppliers, covering their core operations, policies and procedures, supply chain management, ethical recruitment practices, human rights and modern slavery training.

The survey had a response rate of 97%. We believe this indicates our suppliers' increased familiarity with our annual survey and our ongoing expressed expectation for completion.

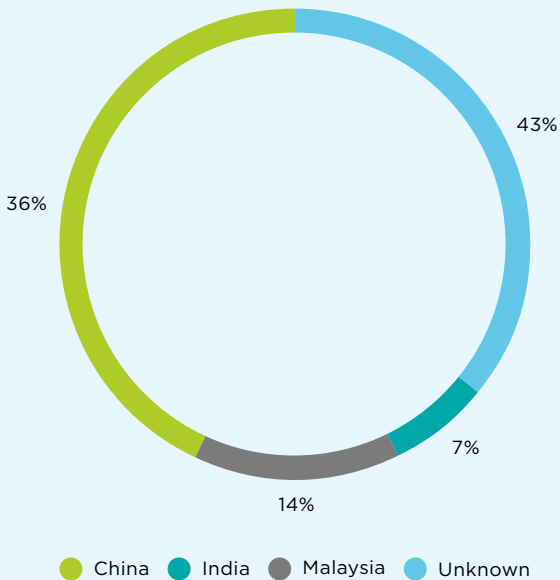
Although the majority of our expenditure is for services, responses to our survey indicate that our suppliers source a small number of products from three main countries outside of Australia: China, India and Malaysia. It's important to note that our direct spend within these product categories is minimal.



High risk products sourced by Defence Health suppliers



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 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.

Professional Services and Modern Slavery

Each year, Defence Health undertakes a comprehensive review of various spend categories to ensure that areas identified as high risk for modern slavery are being appropriately managed by our suppliers. In 2024, this process focused on our highest-risk indirect category, our Private Hospital network.

We've now identified the key risks within our second highest utilised category – Professional Services. The key areas of risk for Defence Health are as follows;

RISK AREA	WHY IT MATTERS/EXPOSURE	EXAMPLES
Tiered/ Subcontracted Labour	When a supplier uses subcontractors, especially in lower cost locations, oversight is often weaker. Workers may be underpaid, have poor conditions, or be coerced.	If legal or accounting firms, auditing, IT consultants subcontract certain tasks (e.g. data entry, basic admin) to third parties (especially overseas), those subcontractors may engage in modern slavery without Defence Health's direct knowledge.
Visa/Migration Status Risks	Migrant workers (local or overseas) are often more vulnerable to exploitation (e.g. because of debt, dependence on employer for visa, limited language skills).	Professional services using overseas labour (or relying on firms whose workforce includes migrant labour) may expose Defence Health indirectly.
Procurement of Goods and Materials	Even professional services require goods – IT hardware/software, furniture, office supplies, marketing materials, stationery, promotional items. These often come from global supply chains where modern slavery risks are higher.	Buying laptops, mobile phones, branded merchandise, print materials, etc. For example, suppliers may source components from factories with forced labour.
Service Delivery in Remote or High-Risk Geographies	Subcontractors based in higher risk countries (with weaker labour protections, less regulatory oversight) increase exposure.	If professional services (audit, consultancy, IT support) are delivered or partly delivered offshore in countries with known labour rights issues.
Low Visibility Beyond Tier 1 Suppliers	Many organisations have good data on their direct suppliers, but much less on Tier 2/ Tier 3: the suppliers of their suppliers.	A legal firm subcontracting transcription or research work overseas through a local contractor, who in turn uses further subcontractors.
Contractual Controls and Due Diligence Gaps	If contracts don't require modern slavery risk assessments, auditing, reporting; or if the fund lacks adequate monitoring, risk increases.	Professional services supplier may not have clauses requiring them to certify no forced labour, or to disclose their own supply chain.

There are a number of key challenges/limitations in order to reduce this risk;

- Lack of visibility beyond direct suppliers. Tier 2 and deeper suppliers are often opaque.
- Some suppliers may not yet have robust internal systems for managing modern slavery, especially smaller firms.
- Balancing cost pressures with ethical procurement – lower cost may mean higher risk.
- Pressure from members, fund managers, regulators increasing – more expectations, but also more cost and resource requirements.
- Disparities in labour and regulatory standards across jurisdictions (both within Australia – state by state – and overseas).
- Cleaning and security services (though not strictly “professional services” in the sense of consultancy or legal/financial) are often identified as higher risk, especially when subcontracted labour and migrant workers are involved.

We have a number of mitigation/best practice strategies that look to minimise our risk;

- Conduct risk assessments of the full supply chain (including subcontractors, lower tiers) for professional services.
- Incorporate contractual clauses requiring compliance with modern slavery standards; right to audit; requiring suppliers to provide modern slavery statements themselves.
- Use supplier questionnaires/due diligence tools to assess how professional service firms manage their labour, subcontracting, visa/migration labour, etc.
- Prioritise suppliers/vendors in higher risk geographies or industries for more intensive monitoring or phasing out if non compliant.
- Provide training for staff procuring professional services so they can spot modern slavery risks.

3 Year Action Plan

Defence Health's 2023-2025 action plan has concluded, and a new three year plan has now been implemented. This updated action plan reinforces Defence Health's ongoing commitment to addressing modern slavery and human trafficking within our operations and across our supply chain.

Key achievements from the 2023-2025 Action Plan include:

- Development of a Modern Slavery training video for suppliers.
- Ongoing enhancement of our Modern Slavery risk survey.
- Targeted assessments of high-risk categories to deepen our understanding and address modern slavery risks.

2026 - 2028

Governance	<ul style="list-style-type: none"> ➤ 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 onsite audits ➤ Continue adding industry specific Modern Slavery questions for tender respondents
Supply Chain	<ul style="list-style-type: none"> ➤ 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	<ul style="list-style-type: none"> ➤ Director and employee on-boarding and induction ➤ Internal campaigns ➤ Board and executive training
Sector Collaboration	<ul style="list-style-type: none"> ➤ 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	<ul style="list-style-type: none"> ➤ Track improvement/change across survey responses year on year ➤ Keep scoring consistent and complete annual reconciliation of Modern Slavery risk categories

Supplier Feedback Examples



- ▶ The process of Cleaning Accountability Framework (CAF) Building Certification addresses modern slavery risk by working with entities at the top of the supply chain. Although these lead firms may not directly employ cleaners, they still have significant power to determine their working conditions. In FY24 this supplier maintained its focus on ethical cleaning practices within its supply chain. In line with the standard cycle, they commenced their annual health check process for our three existing CAF-certified assets across Melbourne and Sydney.

The CAF Annual Health Check assessment is designed to identify and remedy any issues that have arisen during the course of the year. Any issues raised are identified and remediated through CAF-facilitated dialogue amongst all stakeholders: The supplier, the building managers, the tenants, the cleaning contractors and the union representing cleaners, the United Workers Union (UWU)

Property Management/Development Group

- ▶ In countries identified as higher risk e.g. Fiji and PNG, this company's Pacific Region Modern Slavery policy continues to apply, and staff training on modern slavery remains in place (which includes details of how to raise modern slavery concerns). This supplier has rolled-out a modern slavery e-learning module to all colleagues in the Pacific Region. Approximately 95% of new Pacific Region colleagues completed the e-module as part of the on-boarding process during the Reporting Period.

This supplier also completed a risk assessment of 109 new suppliers, issued modern slavery questionnaires to all new Australian and New Zealand suppliers providing goods or services in industries with a higher inherent risk, as well as equivalent Fiji and PNG suppliers. Modern slavery contractual clauses are now included in all standard global purchase order terms and conditions. They also use standardised request for proposal (RFP) templates, including ESG related questions which cover modern slavery risk assessment

Investment Advisory Service



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.

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