



# Modern Slavery Statement FY2022

# Modern Slavery Statement

This Statement provides background information on Navy Health's business operations and sets out the actions taken by Navy Health to identify, assess and address modern slavery risks across our operations and supply chains in the financial year ended 30 June 2022.



This Modern Slavery Statement (Statement) is made on behalf of Navy Health Ltd ABN 61 092 229 000 of 601 Canterbury Road, Surrey Hills VIC 3127 (Navy Health) pursuant to section 13 of the Modern Slavery Act 2018(Cth) (the Act).

Navy Health is a reporting entity for the purposes of the Act. This Statement has been prepared in consultation with senior executives across the business.

This Statement was approved by the Board of Navy Health at its Board meeting on 7 December 2022.

A handwritten signature in blue ink, appearing to read 'Adam Grunsell', written over a light blue horizontal line.

**Adam Grunsell, AM CSC**  
Chair of the Board

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# Introduction

**At Navy Health, our purpose is to open the door to better health and wellbeing.  
Our vision is to be the natural choice in health insurance for the Defence family.**

We pride ourselves on providing expert knowledge, compassionate service and understanding for our members. As a purpose-led organisation, we aim to embed sustainable and responsible business practices.

We strive to work with suppliers that are aligned with our values and principles and that have appropriate policies and procedures in place to mitigate against the modern slavery risk in our operations and supply chain.

## About us

Navy Health was established in 1955 for the family members of the Royal Australian Navy. We now operate as an independent not-for-profit restricted private health insurer, whilst maintaining our close links to the Australian Defence Force by providing cover to the wider Navy, Army and Air Force communities.

Navy Health also provides claim processing services for the ADF Family Health program.

## Governance

Navy Health is committed to strong corporate governance that meets its obligations and responsibilities as a responsible corporate citizen.

The governance practices across the Navy Health's operations comply with prudential standards as an Australian Prudential Regulation Authority regulated entity. The Board of Directors of Navy Health has overall responsibility for our corporate governance.

Underpinning Navy Health's decision-making is doing the right thing for our members, employees and community. Navy Health has established a framework supported by internal controls, risk management processes and governance practices designed to promote ethical conduct.



## CEO's message

Navy Health remains committed to supporting and respecting human rights across all our endeavours.

Since the issue of our first Modern Slavery Statement in FY21, we have continued to take further steps to identify, assess and mitigate modern slavery risks within our operations and supply chain. Our efforts this year focused on enhancing employee awareness through mandatory training and strengthening suppliers' due diligence by incorporating Modern Slavery requirements in contractual agreements with our suppliers.

We firmly believe everyone should play a part in driving real change to protect human rights.

**Ron Wilson**  
Chief Executive Officer

# Structure, operation and supply chain

## Structure and operation

Navy Health is a single entity and a public company limited by guarantee under the Corporations Act 2001 (Cth) and governed by a Board of Directors elected by members of the Company. It is also registered under the Private Health Insurance Act 2007 (Cth).

Navy Health provides health insurance products to over 25,000 members, and employs approximately 50 employees at our Head Office in Surrey Hills, Victoria as at 30 June 2022.

Navy Health's core business is the sales and underwriting of private health insurance, and includes claims management of the ADF Family Health Program. We offer hospital and extras health insurance policies to members in Australia.

## Supply chain

In our review of suppliers for FY22, Navy Health has identified 122 direct suppliers comprising of services (96%) and goods (4%). Spend is apportioned across key categories shown in the chart below.

The majority of Navy Health's suppliers are reputable suppliers based in Australia. All procurements of supplies are conducted in line with our Procurement Policy and associated business procedures.



# Identifying modern slavery risk

## Assessment

Navy Health undertook risk assessments to identify potential risks of modern slavery in our business operations and supply chains for FY22.

Navy Health adopted a risk-based approach in undertaking the risk assessment process, identifying potential areas of modern slavery risks across our operations and supply chains. The risk assessment approach has regard to industry practices and internationally recognised principles including the UN Guiding Principles on Business and Human Rights. The risk rating methodology is consistent with Navy Health's Risk Management Strategy.

In assessing modern slavery risks within our supply chain, we analysed the risks associated with the geographical locations of suppliers, their sectors and industries and nature of products and services.

## Operations

We recognise that our investment portfolio may give rise to modern slavery risks, as such, we also worked with our portfolio manager to adopt responsible investing. We consider the risk of modern slavery occurring through our investments to be low; ESG consideration is a key part of our investment approach in addition to having contractual modern slavery clauses in place. Navy Health's Investment Committee provides ongoing oversight of its investment strategy and performance.

## Supply chain

We recognise that modern slavery may occur in our supply chain. Our assessment of Navy Health's supply chain showed that less than 8% of our suppliers have a medium inherent risk of modern slavery.

The residual risk profile of our suppliers is generally low, given the high proportion of suppliers providing professional services from lower risk jurisdictions. It is recognised however the risks of modern slavery may exist further within our supply chain in respect of the products that we procure from our direct suppliers.

In line with our risk assessment performed in FY21, Navy Health did not identify any areas that present high risks of modern slavery. However, the following two areas have been identified as posing medium inherent risk of modern slavery with our suppliers:

1. Computer and digital equipment – Navy Health procures computer and digital equipment such as laptops and monitors to support our operations. These goods are manufactured in countries with risks of exploitative labour practices and using conflict minerals in earlier stages of their supply chains.
2. Sales & Marketing merchandise – Navy Health procures products and promotional merchandise which are sourced indirectly via resellers. Although the resellers are located in Australia, reasonable practical measures need to be undertaken to ensure that the products are ethically manufactured.



## Findings

As a result of the risk assessment, further reviews of our suppliers for the previously mentioned areas were conducted. The reviews resulted in a low residual risk rating, taking into account the nature of our business and the extensive work done to date to protect human rights and encourage ethical business practices within our operations as outlined in this statement.

# Actions to address modern slavery risk

Assessing and addressing the risks of modern slavery within Navy Health is ongoing, and we remain committed to working in partnership with our suppliers to drive change.

In line with our approach during FY21 we undertook further actions to strengthen contractual arrangements with our suppliers to incorporate modern slavery clauses and enhance our supplier due diligence processes including assessing our medium risk suppliers, establishing an incident reporting portal, and introducing a checklist for onboarding suppliers. We have also continued to improve our Modern Slavery statement and relevant policies, introduce mandatory annual modern slavery compliance training for our staff and maintain governance oversight through regular reporting to the Board and Risk and Compliance Committee.

Our actions are focused on the four key areas shown in the following:

## Governance

- Board
- Risk and Compliance Committee
- Investment Committee
- Change Management Committee
- Incident Management Framework

## Policy

- Whistleblower Policy
- Modern Slavery Statement
- Employee Code of Conduct
- Outsourcing Policy

## Due Diligence

- Modern Slavery clauses in New Contracts
- Supplier Due Diligence assessment draft checklist
- Supplier Due Diligence review

## Training

- Modern Slavery Training and Awareness Program

# Measuring our effectiveness

Creating credible effectiveness measurements for how our actions are addressing modern slavery risks remains challenging. However, we have monitored our progress across the four key focus areas as outlined in the following.

## Governance

Reporting to the Board and Risk & Compliance Committee to provide oversight on Modern Slavery risks. Modern Slavery risk is incorporated into Navy Health's risk registers.

Navy Health's Risk Management Framework is designed to effectively identify, assess, manage, monitor and report risks including Modern Slavery. A three lines of defence approach is adopted to define risk management roles, responsibility and accountability.

Modern Slavery incident reporting is managed through Navy Health's GRC system. There was no modern slavery related incidents reported in FY22.

## Policy

The Whistleblower Policy was updated in January 2022, with a focus on key principle requirements of ASIC's RG270.

The Outsourcing Policy was updated in August 2021, providing better alignment with regulatory requirements and industry practices, as well as integration of Modern Slavery and ESG risk considerations and principles.

NH's second annual Modern Slavery Statement highlights the progress we've made since FY21 including the steps we have taken to identify, assess and mitigate modern slavery risks within our operations and supply chain.

The Employee Code of Conduct sets out the way employees, including Executives, work and the practical principles and minimum standards of expected behavior.

## Training

Modern Slavery training program (includes training and awareness initiatives) was implemented in 2022. The training was mandatory for all employees to foster awareness and drive ethical actions and decision making as part of their roles in addressing modern slavery risks across Navy Health's operations.



## Due Diligence

As part of our onboarding process, we have introduced Modern Slavery related clauses for new supplier contracts.

Initial supplier due diligence draft questionnaire assessments draft checklist is completed. If responses are not acceptable or not aligned to our expectations, we would not proceed with the supplier engagement.

# Next Steps

Navy Health recognises that our business has the potential to impact surrounding communities and the environment, and therefore it is important that we consider environmental and human rights issues when making business decisions.

Whilst we are encouraged by the work completed to date in identifying and assessing the risk of modern slavery within our operations and supply chain, we recognise more can be done. We look to continually enhance our ongoing monitoring and control environment for this risk.



# Contact Us

To find out more about Navy Health's approach to addressing modern slavery, contact: [query@navyhealth.com.au](mailto:query@navyhealth.com.au)

