

MODERN SLAVERY STATEMENT

FY2024



**Serving everyone
connected to Defence.**



**Serving
everyone
connected
to Defence.**

Contents

1. Modern Slavery Statement	01
2. Introduction	02
3. Structure, Operation and Supply Chain	03
4. Identifying Modern Slavery Risk	04
5. Actions to Address Modern Slavery Risks	05
6. Measuring Our Effectiveness	06
7. Next Steps	07
Contact Us	08

1 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 2024.

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 5 December 2024.

Michael Julian van Balen, AO
Chair of the Board



2 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 that provides Hospital, and Extras cover to serving and ex-serving members of the Australian Defence forces (ADF), related families and the Defence industry.

Navy Health provides claim processing services for the ADF Family Health program. Navy Health is also an agent for life insurance and travel insurance products.

Governance

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

The governance practices across 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

At Navy Health, we are deeply committed to upholding and promoting human rights in every facet of our business. We recognise that as a healthcare provider, we have both an opportunity and a responsibility to address the risks of modern slavery within our operations and supply chain.

Since issuing our first Modern Slavery Statement in FY21, we have continued to strengthen our efforts by embedding risk assessment and mitigation practices. This year, we've placed a strong focus on integrating these practices into our daily operations and reinforcing awareness among our employees through mandatory training initiatives.

We believe that protecting human rights is a collective responsibility, and we are determined to contribute to meaningful change. Navy Health remains focused on working collaboratively with our partners, suppliers, and stakeholders to ensure ethical practices and safeguard the dignity and rights of all individuals.

Thank you for your continued support as we strive to uphold these important principles.

Ron Wilson
Chief Executive Officer

3 STRUCTURE, OPERATION AND SUPPLY CHAIN

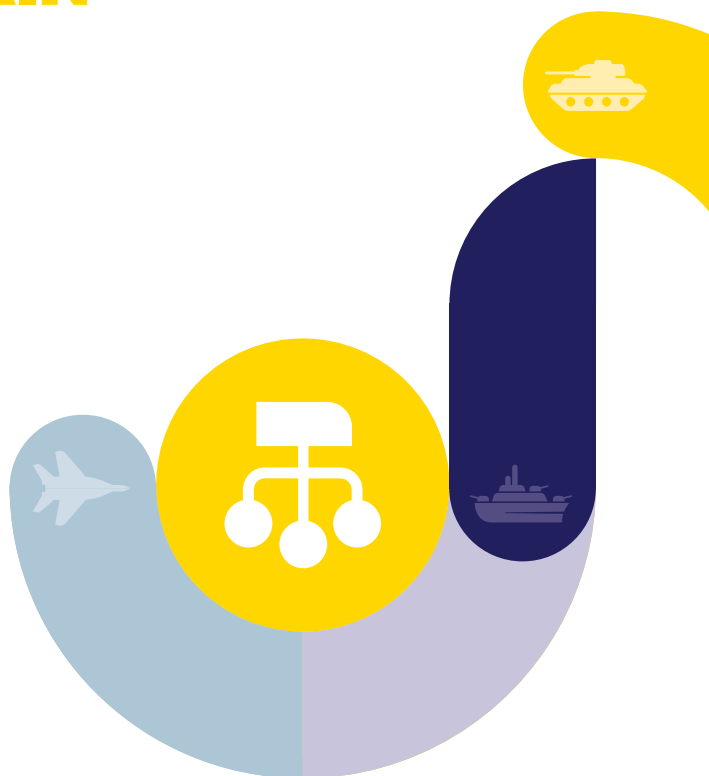
Structure and operation

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 a membership base of 28,000 covering the lives of 55,000 Australians, and employs approximately 55 employees at our Head Office in Surrey Hills, Victoria as at 30 June 2024.

Navy Health's core business is the provision 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.

Navy Health is also an agent for life insurance and travel insurance products.



Supply chain

In our review of suppliers for FY24, Navy Health has identified 139 direct suppliers across services (96%) and goods (4%). Spend is apportioned across key categories shown in the chart below.

Most 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.

4 IDENTIFYING MODERN SLAVERY RISK

Assessment

Navy Health has diligently conducted risk assessments in alignment with the Australian Modern Slavery guidelines by assessing potential risks within our business operations and supply chains for FY24.

Employing a risk-based methodology consistent with Navy Health's Risk Management Strategy, our assessment considers industry practices and international standards. We have identified and assessed potential modern slavery risks across operations and supply chains.

Analysing risks associated with supplier locations, sectors, industries, and product nature, we acknowledge the potential for modern slavery within our supply chain. Less than 8% of our suppliers pose a Medium inherent risk, with a low residual risk profile due to a high proportion of professional services suppliers from low-risk jurisdictions. However, attention is warranted for products procured, particularly in the areas of computer and digital equipment and Sales & Marketing merchandise.

Operations

The overall risk of modern slavery within Navy Health's workforce is deemed low, attributed to the professional, desk-based roles at our Surrey Hills headquarters. Our investment portfolio, managed with ESG considerations is assessed as low risk and is overseen by the Navy Health Investment Committee.

Supply chain

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

In line with our risk assessment performed in FY23, Navy Health did not identify any areas that present high risks of modern slavery. The following two areas continue to have medium inherent risk of modern slavery with our suppliers:

- 1. 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.
- 2. Computer and digital equipment** – Navy Health procure 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.



Findings

Following supplier reviews in these identified areas (sales & marketing merchandise and computer and digital equipment), a low residual risk rating was determined. This aligns with Navy Health's commitment to human rights protection and ethical business practices within our operations. Continuous efforts will be made to uphold these standards and mitigate modern slavery risks in our operations and supply chains.

5 ACTIONS TO ADDRESS MODERN SLAVERY RISKS

Assessing and managing 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 FY23, 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 framework, and introducing a checklist for onboarding new 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

- Risk Management Strategy
- Delegations Policy
- Whistleblower Policy
- Modern Slavery Statement
- Employee Code of Conduct
- Outsourcing Policy
- Incident and Breach Management Policy
- Investment Policy

Due Diligence

- Modern Slavery Clauses in New Contracts
- Updated Suppliers Due Diligence assessment checklist
- Annual Supplier Due Diligence review may be conducted for certain suppliers

Training

- Modern Slavery Training and Awareness Program
- Modern Slavery due diligence refresher
- Risk Culture and Incidents Reporting training

6 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.

Monitoring of key material outsourced providers including suppliers' due diligence and Modern Slavery incident reporting is managed through Navy Health's Risk Management Framework. There was no modern slavery related incidents reported in FY24.

Policy

The Whistleblower Policy was updated in March 2024, with a focus on key principle requirements of ASIC's RG270.

The Outsourcing Policy was updated in September 2023, providing better alignment with regulatory requirements and industry practices, noting policy changes are anticipated to comply with the upcoming APRA Prudential Standard CPS 230 Operational Risk requirements which are effective from 1 July 2025.

Navy Health's fourth annual Modern Slavery Statement highlights the progress we've made since FY23 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 behaviour.

Training

Modern Slavery training program (includes training and awareness initiatives) is completed annually by Navy Health employees. The training is mandatory to 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 material supplier contracts and/or review the supplier's modern slavery risk management process.

We have also updated our supplier due diligence questionnaire to reflect current requirements. Where responses are not acceptable or not aligned to our expectations, we would not proceed with the supplier engagement.



7 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 of 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



1300 306 289

query@navyhealth.com.au