



PSC INSURANCE GROUP

# MODERN SLAVERY STATEMENT 2020

(1 July 2019 – 30 June 2020)

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## INTRODUCTION

PSC Insurance Group Ltd (PSC) is a diversified insurance services group with operations in Australia, the United Kingdom, Hong Kong, New Zealand and Bermuda. There are over 40 operating businesses across the Group.

PSC opposes slavery in all its forms. This Modern Slavery Statement is made in accordance with the Australian Modern Slavery Act 2018 (Cth) (The Act). It applies to and describes the steps taken by PSC during the financial year ending 30 June 2020 to seek to minimise the risk of modern slavery occurring in the Group’s businesses and supply chains.

PSC first met the requirements to report under the Modern Slavery Act in September 2019, after the acquisition of a UK based business. PSC is therefore in the early phases of strengthening and refining a Group-wide response to the threats of modern slavery practices across all subsidiary entity supply chains, worldwide.

This Statement is submitted as a joint statement on behalf of all reporting entities within the PSC Group during the reporting period.

## STRUCTURE AND OPERATIONS

PSC started out as a single insurance broking business with five employees in 2006. It is now a diversified ASX listed insurance business evidenced by a market capitalisation of approximately AUD 1 billion, a portfolio of over 100,000 clients, serviced by over 1400 employees and Authorised Representatives across 4 continents.

Our diverse portfolio of businesses range from start-up’s to mature. The Group operates through numerous, separately licenced subsidiaries across multiple jurisdictions, with a strong presence in Australia and the United Kingdom, supported by growing businesses in New Zealand and Hong Kong.

For the 2020 statement period, Abaco Insurance Brokers (UK), Trust Insurance Services (UK), PSC Europe, Charter Gilman (Hong Kong), Globe Insurance Consultants (Hong Kong) and Trans Pacific Insurance Brokers (Hong Kong) are excluded from the reporting scope as they joined the PSC Group post 30 June 2020.

## AUSTRALIA/NEW ZEALAND

Key businesses include:

- » PSC Insurance Brokers, providing commercial insurance broking across Australia and includes a workers compensation business and a life insurance business. This comprises 15 offices, across more than 40,000 clients.
- » PSC Network Insurance Brokers, an Authorised Representative network business across Australia and New Zealand. The Authorised Representatives operate commercial insurance broking businesses in their own right and PSC Network Insurance Brokers provides business support. There are approximately 200 Authorised Representatives providing services to over 50,000 clients.
- » Chase Underwriting provides underwriting services in the construction (property and liability) and plant and equipment industries.
- » Breeze Underwriting provides underwriting services in the hospitality, accommodation, equipment hire and professional risks industries and classes.
- » Medisure Indemnity provides underwriting services across the medical and healthcare industries.
- » An online travel insurance business across multiple brands, including Travel Insuranz and Insure4Less.

## UNITED KINGDOM

Key businesses include:

- » Carrolls Insurance Brokers is a wholesale Lloyd's and London Markets broker with over 1,000 supporting brokers.
- » Breeze Underwriting is a Managing General Agent (MGA) specialising in property and liability classes across a number of underwriters.
- » Turner Insurance, Absolute Insurance Brokers, Abaco Insurance Brokers and Trust Insurance Services are commercial insurance brokers.
- » Easy Broking Online is an MGA specialising in property.
- » Chase Global is a construction based MGA operating predominantly within the UK.
- » Paragon is a specialist insurance broker wholesaler, operating in the Lloyd's of London, Bermuda, European and International specialty markets.
- » PSC Europe is domiciled in Ireland to enable PSC's UK-broking businesses to continue to service European based clients following Brexit.

## HONG KONG

Key businesses include:

- » Charter-Gilman Insurance Group comprises of an insurance broking business specialising in personal, corporate and speciality lines insurance as well as underwriting agency business representing a total of five reputable insurers.
- » Globe Insurance Consultants is an insurance broker with specialist capabilities in emerging risk categories whilst also offering a full range of traditional general insurance products, employee benefits, industrial risks, trade credit and contingency as well as entertainment insurance to local clients.
- » Trans-Pacific Insurance Brokers operates as an independent insurance broker operating across a vast range of general and speciality insurance categories.



**AUSTRALIA/NEW ZEALAND**

Insurance Broking



**AUSTRALIA/NEW ZEALAND**

Underwriting



**UNITED KINGDOM/EUROPE**



**HONG KONG**



## RISKS OF MODERN SLAVERY IN OUR SUPPLY CHAIN

PSC has focused on mapping the supply chain of suppliers engaged directly to provide products and services to PSC Group and its subsidiaries (Tier 1 suppliers). PSC has a global supply chain made up of more than 1000 Tier 1 suppliers, with the majority based in Australia and the UK.

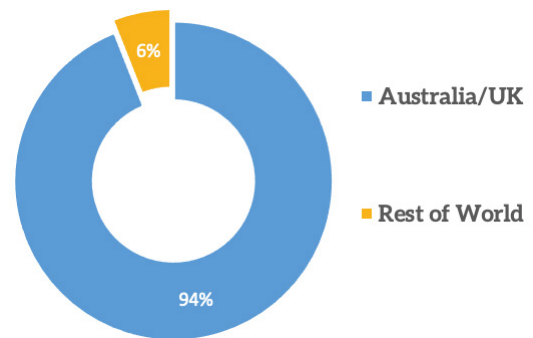
### IN PSC'S OPERATIONS:

PSC has identified the risk of modern slavery in PSC human resource operations as low. All businesses in the PSC Group monitor and address human rights issues in our operations under the PSC Code of Conduct as well as the PSC Diversity Policy. Remuneration for all employees is reviewed on an annual basis in accordance with PSC's Remuneration Policy and starting salaries are determined by market benchmarking. Such remuneration reviews ensure fair pay and adherence to workplace laws which reduces the risk of modern slavery practices. PSC is deeply committed to achieving pay equity between men and women and has achieved gender equity amongst men and women working in like roles. Employee safety is PSC's highest priority and the Group sees the benefits of a continuous focus on providing safe workplaces for all employees across PSC's worldwide operating locations.

### IN PSC SUPPLY CHAINS

PSC and its subsidiaries identified that 94% of Tier 1 suppliers provided goods and services from either Australia or the United Kingdom. Both jurisdictions are rated low risk according to the internationally recognised Walk Free 2018 Global Slavery Index, where both countries ranked in the lowest risk tenth percentile amongst the 167 countries assessed on the Global Prevalence Index.

The following products of Tier 1 suppliers were determined to have higher risks of modern slavery, having regard to the Walk Free 2018 Global Slavery Index:



| Country     | Risk                                    | E.g. of product/service sourced  |
|-------------|---|--|
| Australia   | Migrant labour exploitation             | IT consumables, equipment, infrastructure, conference supplies, merchandise. |
| UK          | Migrant labour exploitation             | IT consumables, equipment, infrastructure, conference supplies, merchandise. |
| Philippines | Excessive overtime, labour exploitation | Outsourced administration/call-centre services.                              |

PSC Group entities have a direct relationship with all Tier 1 suppliers that enables PSC to actively manage these risks. There may be a heightened risk of modern slavery among suppliers which PSC does not maintain a direct relationship with, such as supplier sub-contractors and others further down the supply chain (Tier 2 and Tier 3), where PSC entities do not have as clear visibility.

## PSC GROUP GOVERNANCE

The Group is committed to operating honestly, lawfully and ethically in all its business dealings. To embody this commitment, PSC has adopted an employee Code of Conduct which applies to all Directors, officers, employees, contractors or consultants of the Group. The Code has been prepared having regard to the ASX Corporate Governance Principles and Recommendations and is available on the Group's website.

The PSC Group Audit and Risk Committee has responsibility for overseeing the Group's response to modern slavery risks. Modern slavery risk management is discussed by the Group Board and the Group Audit and Risk Committee. The Board approves the Group's Modern Slavery Policy and Annual Statement.

The PSC Modern Slavery Policy outlines the minimum standards expected of suppliers including:

- » Legal Wages
- » No forced labour
- » Adequate safety & hygiene
- » No bribery
- » No discrimination
- » No child labour.

A full description of these standards is outlined in the Policy which is published on the PSC Group website.

The Group Audit and Risk Committee receives regular reporting on modern slavery risk management. The PSC Group Leadership Team reviews emerging risks and opportunities, leads stakeholder engagement and facilitates the sharing of best practice throughout the Group. Each Group subsidiary management team has responsibility for identifying and managing any material risks in accordance with the Group's procurement standards and delegated authority matrix.

PSC maintains relevant policies including:

- » Group Code of Conduct;
- » Anti-bribery and Anti-corruption Policy;
- » Whistleblowing Policy;
- » Workplace Health and Safety Policy; and
- » Diversity and Inclusion Policy.

## DUE-DILIGENCE PROCESS

Whilst PSC has always remained conscious of mitigating the risks of modern slavery across its supply chains in all forms, the Group commenced proactive consultation with all subsidiary entities immediately following PSC meeting the requirements to report as an organisation under The Act in September 2019. As part of this consultation, Senior Management and Group Compliance engaged all subsidiary management teams and compliance personnel to outline the requirements that need to be met by PSC as a newly reporting entity under The Act.

A core element of the consultation process on modern slavery was the roll-out of the PSC Modern Slavery Policy, which encourages a unified approach to the way all entities across the Group operate to reduce the risks of modern slavery across our international supply chains.

PSC Group has adopted a risk-based approach to modern slavery due diligence. Ethical behaviour, sustainability and social responsibility must be key considerations for all procurement decisions as part of standard procurement due-diligence when assessing the risks of suppliers who provide services to any of the Group entities. Key considerations include:



### ENHANCED DUE-DILIGENCE

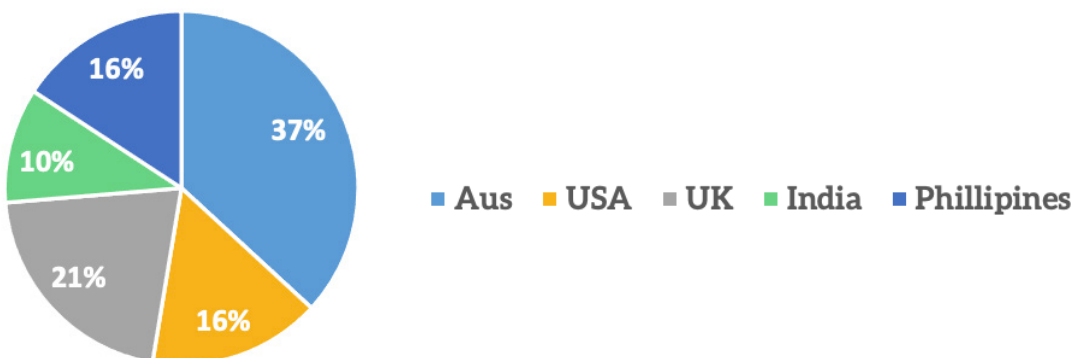
An enhanced due-diligence emphasis was placed on suppliers that accounted for the highest expenditure by PSC entities during the 2020 financial year, identified via our global Enterprise Resource Management system. If the supplier had not published a Modern Slavery Policy or Statement on their public website, the supplier was sent a self-assessment questionnaire to help PSC to identify and assess the risk of modern slavery in our supply chain.

The questionnaire enquired about the supplier’s sub-contracting practices, the nature and geographic source of goods and services provided to PSC entities, employment practices and modern slavery risks (if any) identified in their organisation. In 2020, PSC distributed the questionnaire to 40 of our key suppliers for whom we had not identified a published Modern Slavery Policy or Statement.

### PSC’S TOP 40 SUPPLIERS

| Supplier Countries of Origin | Top Industries              |
|------------------------------|-----------------------------|
| Australia (25)               | Professional Services (9)   |
| UK (11)                      | Real estate (Occupancy) (7) |
| Bermuda (3)                  | Technology (6)              |
| Philippines (1)              | Financial Services (6)      |

### WHERE DO OUR TOP 40 SUPPLIERS SOURCE THEIR GOODS AND SERVICES?

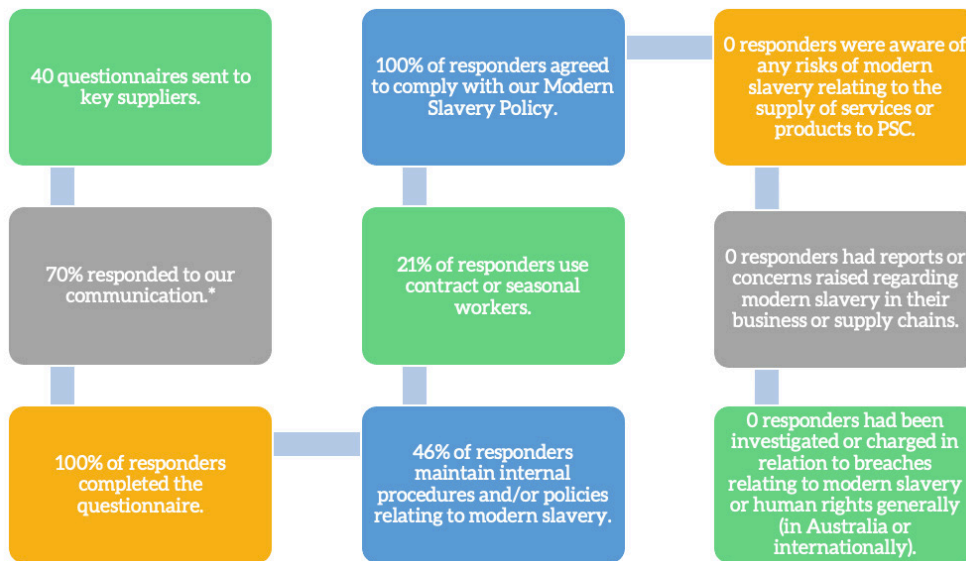


## SPECIFIC RISKS IDENTIFIED BY OUR TOP 40 SUPPLIERS IN THEIR SUPPLY CHAINS

| Supplier Country of Origin | Risk                        | Product/Service                   |
|----------------------------|-----------------------------|-----------------------------------|
| Australia                  | Migrant labour exploitation | Cleaning, Waste management        |
| UK                         | Migrant labour exploitation | Cleaning, Waste management        |
| India                      | Excessive overtime          | IT support, Professional services |
| Philippines                | Excessive overtime          | IT support, Professional services |

## QUESTIONNAIRE INSIGHTS

\*the 30% of contacted suppliers that did not respond to our survey by the reporting deadline will continue to be contacted by PSC and be included in our 2021 statement. PSC will not hesitate to terminate the relationship with any supplier which PSC deem to operate in contravention of the Act and/or PSC's Modern Slavery Policy.



## IMPACTS OF COVID-19

Restrictions on international travel in 2020 prevented Group management and compliance staff from spending time at PSC's inter country and overseas office locations, which would otherwise be a routine procedure to support a consistent operating culture across PSC's global family of entities.

PSC Group employees were able to work from home when required including our Philippines based outsourced team. As the seriousness of COVID-19 emerged we took proactive steps to ensure that our Philippines based team were ready for a move to work from home. Our own technology platforms were already remote working ready.

Like most international businesses, PSC has adapted to using video conferencing technology as a core method for ensuring all businesses across the Group are compliant with all Group policies and procedures, including all policies relevant to preventing and addressing business-related human rights harm.

The distribution of the annual Modern Slavery Supplier Questionnaire in October 2020 using DocuSign has enabled PSC to gain valuable data and insights to re-evaluate the risks of modern slavery to the Group and its suppliers, worldwide.



## PLANNED FOCUS AREAS FOR THE NEXT 12 MONTHS

PSC Group is committed to further strengthening our modern slavery risk management in 2021 as we seek to proactively identify, mitigate and remedy modern slavery risks in our own operations and supply chains.

| Focus Area                    | Actions  | How will we measure our effectiveness?   |
|-------------------------------|--|--|
| Governance and collaboration  | <ul style="list-style-type: none"> <li>» Board and management oversight.</li> <li>» Maintain engagement with industry and other key stakeholders.</li> <li>» Update the Group delegated authority matrix and procurement standards to govern supplier selection.</li> <li>» Establish key performance indicators to monitor effectiveness of modern slavery actions.</li> </ul>  | <ul style="list-style-type: none"> <li>» Discussed at meetings of relevant committees.</li> <li>» Board/management reporting as required.</li> <li>» Application of procurement standards to filter responsible suppliers.</li> <li>» Completion of 2021 supplier questionnaire.</li> </ul>  |
| Policy and procedure          | <ul style="list-style-type: none"> <li>» Implement new contractual provisions to include in all future Tier 1 supplier agreements to obligate adherence to the PSC Modern Slavery Policy.</li> <li>» Launch of a Supplier Code of Conduct</li> <li>» Carry out modern slavery training to all employees and directors. Online training modules will be made available to all employees through the PSC intranet (MyPSC).</li> </ul>  | <ul style="list-style-type: none"> <li>» Policies, procedures and practices reviewed in line with plans and communications with employees and suppliers.</li> <li>» Modern Slavery Statement published.</li> <li>» Supplier adherence to Code of Conduct.</li> <li>» Number of supplier contracts updated with modern slavery clauses.</li> <li>» % of employees and Board members trained.</li> </ul> |
| Due diligence and remediation | <ul style="list-style-type: none"> <li>» Initial Tier 1 supplier risk assessment applying the updated delegated authority matrix.</li> <li>» Broaden our use of international sanction screening services beyond client engagement to identify potential suppliers subject to enforced domestic or international sanctions.</li> <li>» Develop and implement an incident and remediation framework.</li> <li>» Notify breaches to the Board each quarter.</li> <li>» Risk register updates.</li> </ul> | <ul style="list-style-type: none"> <li>» Number of initial risk assessments conducted on Tier 1 suppliers.</li> <li>» Number of breaches identified to the Board.</li> <li>» Ongoing review of the Group's effectiveness in resolving breach incidents.</li> <li>» Risk register updates completed within timeframe.</li> </ul>  |
| Supplier engagement           | <ul style="list-style-type: none"> <li>» Distribution of an annual Modern Slavery Tier 1 supplier questionnaire.</li> <li>» Reinforce to suppliers the PSC grievance channels through the PSC Whistle-blower Policy by re-circulating to all current and new Tier 1 suppliers.</li> </ul>  | <ul style="list-style-type: none"> <li>» Number of Tier 1 suppliers successfully engaged and educated regarding modern slavery.</li> <li>» Number of supplier grievances raised via the PSC Whistle-blower Policy.</li> </ul>  |

## CONSULTATION:

PSC's modern slavery framework represents an ongoing journey. We intend to further mature our processes to keep pace with our growth to ensure we stay aligned with all relevant legislation, corporate standards and community expectations. We recognise the time and focus which is required for this to be meaningful. We have taken the initial steps in building a foundation which we intend to continue to evolve and assess our effectiveness in identifying and managing modern slavery risks within our operations and supply chain.

PSC's overarching policies, systems and processes in this important area have been prepared in consultation with the various functions in our business including our procurement, operations, legal, risk and compliance teams in a collaboration that seeks meaningful progress in the elimination in human rights violations and modern slavery risk. This statement was reviewed by PSC's Group Chief Executive Officer and the Group Governance and Compliance Officer who are responsible for the overarching risk management in this area.

This statement was approved by the board of PSC Insurance Group on 25 March 2021.



Tony Robinson

Managing Director