



Modern Slavery Statement for FY2020

May 2021

Adica Insurance

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ADICA's STATEMENT AND COMMITMENT

This statement is made by Aioi Nissay Dowa Insurance Company Australia Pty Ltd ACN 132 524 282 (**ADICA**) pursuant to the *Modern Slavery Act 2018* (Cth) (**Act**). It is made in relation to the financial year commencing 1 January 2020 and ending 31 December 2020. This statement sets out the actions undertaken by ADICA to:

1. assess the risks of modern slavery in its operations and supply chain; and
2. address and reduce those risks.

ADICA has identified that its modern slavery risk profile is low. Nevertheless, ADICA recognises the importance of and is committed to:

1. preventing acts of modern slavery from occurring within in its operations and supply chains; and
2. continuously developing its risk management framework to ensure that it is facilitating a collaborative and safe workplace for its employees and the workers in its supply chain.

ADICA expects the same high standards from its contractors, suppliers and other business partners.

ADICA's OPERATIONS

ADICA is an Australian proprietary limited company. It is a wholly owned subsidiary of Aioi Nissay Dowa Insurance Company Ltd,(Aioi Australia Branch) being a company that is incorporated in Japan. These companies are part of the MS & AD Insurance Group Holdings, Inc. ADICA does not own any other entities, however ADICA has in place a Management Agreement with Aioi Australia Branch pursuant to which ADICA acts as the managing corporate agent of the Aioi Australia Branch.

ADICA's business is providing general insurance products to Australian customers and managing its customers' insurance policies and claims.

ADICA only conducts its operations within and for the Australian market. ADICA's products are primarily distributed, sold and marketed by Toyota Finance Australia Limited and the Toyota dealership network.

ADICA trades under three trading names:

1. Toyota Insurance;
2. Lexus Insurance; and
3. PowerTorque Insurance.

Additionally, Adica also underwrites a variety of wholesale products (some in co-insurance arrangements) that include but are not limited to Motor Vehicle fleet insurance and Motor Vehicle Insurance for carshare arrangements.

ADICA has approximately 200 direct employees who are all based in Australia. The majority of those are employed on a permanent full-time or part-time basis, and a small number are employed on a fixed-term contract or casual basis. In addition, Adica hosts a small number of secondees and has other employment-related agreements with some of its business partners. Each year, ADICA completes two pay reviews to ensure that all of its employees and contractors are paid in accordance with all applicable wage standards and employment awards.

ADICA has carried out a modern slavery focussed review of its workforce and has determined that there is a low level of modern slavery risk arising in relation to its own employees and operations.

ADICA's SUPPLY CHAINS

ADICA engages third parties to assist with ADICA's day-to-day operations (**Suppliers**). These Suppliers are typically located in Australia. ADICA Suppliers include the following:

- property managers;
- employee wellbeing services;
- office supplies and furniture providers;
- building maintenance contractors;
- social event personnel and caterers;
- rental car providers;
- car manufacturers and repairers;
- underwriters;
- external consultants, such as lawyers, accountants, auditors and loss adjusters;
- financial services (including investments);

- office cleaning providers;
- IT hardware and software providers; and
- printing and postal service providers.

ADICA has carried out a modern slavery focussed review of its Suppliers and corresponding supply chains. In carrying out this review, ADICA has considered the below factors for each type of Supplier (**Risk Analysis**) with a view to understanding the Supplier's overall modern slavery risk profile:

1. **Industry Risk** – the modern slavery risks associated with the industry that the Supplier operates in;
2. **Region Risk** – the modern slavery risks associated with the region that the Supplier operates in; and
3. **Dollar Value Risk** – the modern slavery risks based on the importance and value of the relationship between ADICA and the Supplier..

The results of this Risk Analysis, have enabled ADICA to conclude that:

1. The majority of its Suppliers and their respective supply chains present a low level of modern slavery risk.
2. There are a small number of Suppliers that present a medium level of modern slavery risk.

These Suppliers include the following:

- a. providers of office furniture and IT hardware, who procure or manufacture their products from regions where the risks of modern slavery occurring are reported to be comparatively higher; and
- b. small Australian businesses, such as “smash repairers”, who might from time to time procure their replacement parts from third parties who have manufactured these parts in, or obtained them from, higher risk regions.

ADICA's RESPONSIBILITY

In the event that one of ADICA's Suppliers is involved in a modern slavery complaint, ADICA is committed to working with all affected parties to address the issue in a fair and timely manner.

In the event of this occurring, ADICA would take steps to review its relationship with the Supplier and determine the necessary next steps. This may include, for example, working with the Supplier to ensure that appropriate remediation steps are taken and considering whether it should end its relationship with the Supplier in light of the conduct. This latter step will be particularly relevant in circumstances where the Supplier has not taken reasonable steps to address and remediate the conduct that lead to the issue as well as ensuring measures are put in place to prevent the issue from re-occurring.

ADICA's ACTIONS TO DETECT AND COMBAT MODERN SLAVERY RISKS

ADICA has safeguards in place to detect and combat modern slavery risks, including:

1. supplier due diligence;
2. annual reviews of policy and overall modern slavery risk; and
3. employee training and protections.

These examples are discussed in detail below.

1) Supplier due diligence:

ADICA's Risk & Compliance Committee consists of ADICA's non-executive directors, ADICA's Chief Risk Officer reports directly to the Risk & Compliance Committee and maintains day to day oversight of the risk management framework, with assistance from the Risk and Governance Department. The Chief Risk Officer and Risk and Governance Department work closely with each department within ADICA to ensure they identify and assess potential risks that new and existing suppliers may pose to ADICA.

As part of ADICA's risk management framework, and before ADICA engages another entity, that entity must satisfy ADICA's due diligence process and the ADICA Procurement Policy and procurement framework which requires a full risk assessment of potential Suppliers to be undertaken, including a modern slavery risk assessment.

2) Annual reviews of policy:

ADICA's Risk, Compliance and Internal Audit departments annually review ADICA's corporate policies and processes to ensure they are effectively protecting ADICA from a variety of risks.

From time to time, ADICA engages external consultants to assist with its policy and process development as well as annual reviews. This function acts as an added layer of protection. For example, ADICA has engaged with external advisors to assist in its modern slavery risk assessment and the development of this Modern Slavery Statement.

3) ADICA's employees:

To protect against modern slavery risks in its organisation:

- ADICA conducts regular work, health and safety checks on its employees and contractors; and
- ADICA conducts bi-annual pay reviews to assess remuneration with changes in the market and applicable legislation.

ADICA's FURTHER ACTIONS TO DETECT AND COMBAT MODERN SLAVERY RISKS

In addition to the safeguards mentioned above, during the next reporting period (1 January – 31 December 2021), ADICA will implement the following actions to further develop its modern slavery programme and to help detect and combat modern slavery risks:

1. delivery of modern slavery training;
2. enhanced modern slavery screening of Suppliers as part of the ADICA Procurement Policy and Procurement process;
3. evaluation of the effectiveness of ADICA's modern slavery programme; and
4. updating the annual risk analysis

These additional actions are explained in more detail below.

1) Modern Slavery training:

During the next reporting period, ADICA will deliver modern slavery training to employees and contractors who carry out roles within ADICA that present higher levels of modern slavery risk. For example, employees who are responsible for the procurement of ADICA's IT hardware and equipment will be trained.

These employees have been identified as part of the current Risk Analysis. As noted below, ADICA will review the Risk Analysis during the next reporting period to ensure that it remains current. As part of

this review, ADICA will consider whether any employees or contractors of other areas of the business need training in the following year (1 January – 31 December 2022).

Similarly, any new employees and contractors who are engaged to work in areas of the business that present higher risks of modern slavery, will receive modern slavery training.

2) Enhanced modern slavery screening of Suppliers

ADICA's enhanced procurement process and new Procurement Policy include a modern slavery risk assessment of Suppliers. This assessment will be carried out on all new Suppliers and on all existing Suppliers at their contract renewal date or upon re-engagement.

The modern slavery risk assessment of Suppliers will be based upon the same three factors outlined in ADICA's Risk Analysis. New Suppliers will be rated on a scale of low to high risk.

3) Evaluating Effectiveness

ADICA's annual audits will assess the effectiveness of the existing modern slavery programme. This will be reflected in the annual updating of the risk assessment, noted below.

4) Updating of annual risk analysis

ADICA will, as part of its procurement policy, record its due diligence completed upon its Suppliers. ADICA will use this information to update its annual modern slavery risk analysis.

SIGNATURE

This statement was approved on 4 June 2021 by the Board of Directors of Aioi Nissay Dowa Insurance Company Australia Pty Ltd ACN 132 524 282.

Signature: 

Peter Daly, Chair of the Board a responsible member of ADICA