



# MODERN SLAVERY STATEMENT

UNDER THE MODERN SLAVERY ACT 2018 (CTH)

REPORTING PERIOD: 1 July 2020 – 30 June 2021

## RACT INSURANCE PTY LTD

ABN 96 068 167 804

This Modern Slavery Statement has been approved by the Board of RACT Insurance Pty Ltd, ABN 96 068 167 804 on 15 DECEMBER 2021, in its capacity as the principal governing body of RACT Insurance Pty Ltd.

This Statement has been signed by PETER KOLKERT, DIRECTOR

Signature

A handwritten signature in black ink, appearing to be "PETER KOLKERT", written over a horizontal line.

Date

15 DECEMBER 2021



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# Mandatory reporting requirements

## Preliminary information

### *Identify the reporting entity*

This modern slavery statement made pursuant to the requirements of the *Modern Slavery Act 2018* (Cth) (the **Act**).

The mandatory reporting entity under the act is RACT Insurance Pty Ltd – ABN 96 068 167 804 (“**RACT Insurance**”).

The key factors relating to our assessed modern slavery risks have not materially changed since we lodged our First Statement. It remains, in relative terms, very low.



## Structure, Operations and Supply Chain

### *Describe the reporting entity's structure, operations and supply chains*

- ✓ RACT Insurance is a Tasmanian based general insurance provider. We are the only locally based general insurer in Tasmania. We are a member-based organisation and have a keen interest in supporting and advocating for our communities within Tasmania.
- ✓ RACT Holdings is the distributor of RACT Insurance's products.
- ✓ RACT Insurance does not own or control any other entities.
- ✓ We employ over 130 staff.
- ✓ RACT Insurance is a joint venture between GIO Insurance Investment Holdings A Pty Limited ABN 48 082 094 291 (a member of the Suncorp Group) and RACT Holdings Pty Ltd ABN 47 067 492 497 (a member of the Royal Automobile Club of Tasmania) (“RACT”), with each entity holding a 50% shareholding in RACT Insurance. This modern slavery statement is independent to those lodged by the Suncorp Group, who is, itself, a reporting entity. RACT was not a reporting entity in FY21.<sup>1</sup>



<sup>1</sup> On 30 November 2021, RACT acquired 100% of the shares in RACT Insurance (RACT Transaction). RACT will therefore be a reporting entity in FY22 and will be required to report on behalf of the RACT Group.

The insurance services and products we provide remain the same as the previous reporting period, namely:



**Vehicle insurance** – covering:

- Comprehensive Motor Vehicle;
- Collectors Car;
- Third Party Property Damage; and
- Caravan and Trailer.



**Home insurance** – covering:

- Building;
- Contents; and
- Personal Effects.



**Boat Insurance**



**Investor Insurance**



**Strata Insurance**

During the current reporting period, RACT Insurance has continued to support our community initiatives focused on making public transport more accessible and improving road safety in Tasmania through providing free driver safety awareness education.

Our suppliers are primarily based in Australia. We have direct procurement relationships with many suppliers, that support our daily operations, including from the following types of industries:

- ✓ Business services;
- ✓ Computer and technological services;
- ✓ Market research & advertising services;
- ✓ Motor vehicle repair services;
- ✓ Home-building repair services; and
- ✓ Finance services.



# Assessing and addressing modern slavery risk

## ***Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns and controls***

No actual or suspected incidences of modern slavery were identified in our operations and supply chains during the reporting period.

RACT Insurance’s operations and supply chains have remained materially unchanged since we lodged our First Statement under the Act. The analysis set out in our Initial Statement at Part Three, detailing the potential areas of modern

slavery risk in our operations and supply chains

remains applicable to the description of our modern slavery risks for the current reporting period.

As a provider of insurance and related services, the risks of modern slavery practices occurring in our direct operations and first-tier supply chains is, overall, very low. Our operations and tier-one suppliers remain primarily based in Australia.

## **Low-risk factors**

Our operations primarily involve the sale of insurance products and processing insurance claims for our members. The following factors contribute to the overall description of our operations as low risk:

- ✔ We are a professional services industry and do not have immediate operational involvement with more traditionally high-risk sectors, such as agriculture, textiles, or construction. Indeed, consistent with our First Statement, we do not directly provide physical product-based services such as motor vehicle repairs.
- ✔ We are not reliant upon a migrant and other such vulnerable workers.

- ✔ We manage recruitment services internally with limited engagement of third-party recruitment agencies and therefore have a high level of transparency over our operational workforce.



## PART TWO –ASSESSING AND ADDRESSING MODERN SLAVERY RISK

**As reported in our First Statement, it is the deeper tiers of several of our product and service-based supply chains that represent the primary potential source of modern slavery risk.**

The general industry categories that, through our initial risk assessment process, were identified as potential modern slavery risk areas in our insurance claims operations (which is our primary business operation and comprise a large proportion of total spend) include:

- ✓ Builders
- ✓ Carpet / floor coverings
- ✓ Motor vehicle repairers

### Identified Potential Risk Areas

In supply chains relating to business operations (as opposed to our insurance claims operations) the following categories were identified as potential modern slavery risk areas:



**Computer and technical services**



**Market research & business management services**



**Advertising services**



**Uniform suppliers**



**Stationary suppliers**

None of these industry categories are assessed as presenting a significant risk in relation to the operations of our direct suppliers.

Rather, the identified risk primarily lies at the stages of manufacturing and production of basic component parts, or the sourcing of raw materials.

Several of these industries (including those involving the provision of professional services) are reliant upon electronic products, such as computers and tablets, in their everyday operations. A proportion of electronic and computer products in global supply chains feature component parts and/or raw materials that originate from known high-risk geographies for modern slavery, including Malaysia or China.

# Addressing Modern Slavery Risks

***Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes.***

As noted above, due to the lack of material change in our supplier base and key procurement relationships since the last reporting period, we have not repeated the process of Initial Risk Assessment that we undertook during the first reporting period.

RACT Insurance has outlined below our measures that are relevant to addressing our modern slavery risks.

RACT Insurance’s previous Modern Slavery Statement identified a number of policies and approaches which were intended to be completed in this reporting period. FY21 saw the introduction of a substantial volume of regulatory change in the financial services sector. Many of these changes were targeting recommendations in the Financial Services Royal Commission which was completed in 2019 and focused on how insurance products are sold, commissions, claims handling and settling services and a host of additional changes around terminology and reliance on the duty of disclosure.

Regulatory changes in 2021 also included a new General Insurance Code of Practice which was adopted in 2021 and saw substantial changes requiring insurers to take extra care with vulnerable customers and customers experiencing financial hardship. Other changes were aimed at improving customer experiences with handling complaints and managing claims.

Overall FY21 required a lot of work for RACT Insurance (and all financial services institutions) and this workload necessitated an adjustment to the planned rollout of other activities.

In addition to the regulatory changes, the RACT Transaction was announced in FY21 and will require expansion of the RACT Insurance approach to managing modern slavery risks to apply to the broader RACT Group (as the RACT Group will need to report as a consolidated entity for FY22). Further work is required to implement these policies across the Group and as a result, implementation by RACT Insurance (including the implementation of the Human Rights Policy, Supplier Code of Conduct and Human Rights Grievance Policy and Procedure) has been delayed beyond the original intended implementation timeframe of FY21.





## Human Rights Policy

Our Human Rights Policy details our commitment in a broad range of areas that have a direct nexus with modern slavery concerns, including:

- Compliance with legislation and broader respect for internationally recognised human rights in all areas of our organisation.
- Avoid causing or contributing to any human rights issues in an adverse manner, both throughout our direct business activities and indirectly through our operations and services with our business relationships. If we become aware of linkages to human rights issues, we seek to mitigate and address any harm.
- **Incorporating** due diligence processes to identify areas of improvement.
- Engaging with internal and external stakeholders to help us better assess, address and remediate human rights

related issues, including modern slavery.

- Providing training to our employees and contractors and continually raise awareness throughout our organisation in relation to human rights issues.
- Using our compliance and public reporting obligations as a vehicle to meaningfully engage in modern slavery action.
- Maintaining our human rights grievance mechanism (set out below).

*The Human Rights Policy was drafted during the previous reporting period and our intention is for the policy to be implemented in FY22 as a RACT Group policy subject to adoption by the RACT Group Board. Our Chief Risk Officer will have responsibility for this Policy, including the day-to-day implementation.*







## Supplier Code of Conduct

Our Supplier Code of Conduct (“Code”) sets out expectations for our suppliers in relation to the modern slavery issues, such as fair working conditions and child labour issues.

The Code was prepared during the previous reporting period and our intention is for the Code to be implemented in FY22 as a RACT Group Code subject to adoption by the RACT Group Board. Our Chief Risk Officer will have responsibility for the Code, including the day-to-day implementation.

Since the end of the FY21 reporting period, RACT Insurance has implemented the Code with our key suppliers. Circulating the Code to those suppliers identified in the higher risk categories along with a due diligence questionnaire on how those suppliers are managing modern slavery risks. We have explained to those suppliers RACT Insurance’s expectation that suppliers adhere to the Code.

The Code requires suppliers to:

- Comply with legislation, including the Act and various international human

rights bills and fair employment practices;

- Ensure that the human rights of workers in their supply chains are being upheld;
- Provide their employees with modern slavery training;
- Guarantee that modern slavery is not relied upon in their operations and supply chains; and
- Keep us informed of any breaches of the Code in a timely and transparent manner.

*The implementation of the Code, and associated communications with our existing suppliers surrounding its importance, is also intended to facilitate greater engagement with our suppliers, with a view towards long-term collaborative efforts to meaningfully address modern slavery risks.*





## Human Rights Grievance Policy and Procedure

The Human Rights Grievance Policy and Procedure Policy allows grievances and concerns relating to human rights issues to be raised by our employees, and a range of stakeholders including our suppliers, contractors, parties with direct or indirect business relationships, trade unions, regulators, customers, and interested community members. Complaints can be made in relation to suspected breaches of legislation including the Act, our Supplier Code of Conduct, and our Human rights policy, which all have modern slavery related provisions.

The Policy is designed to operate in conjunction with our anonymous 24-hour whistle-blower hotline, which is monitored by a neutral third party.

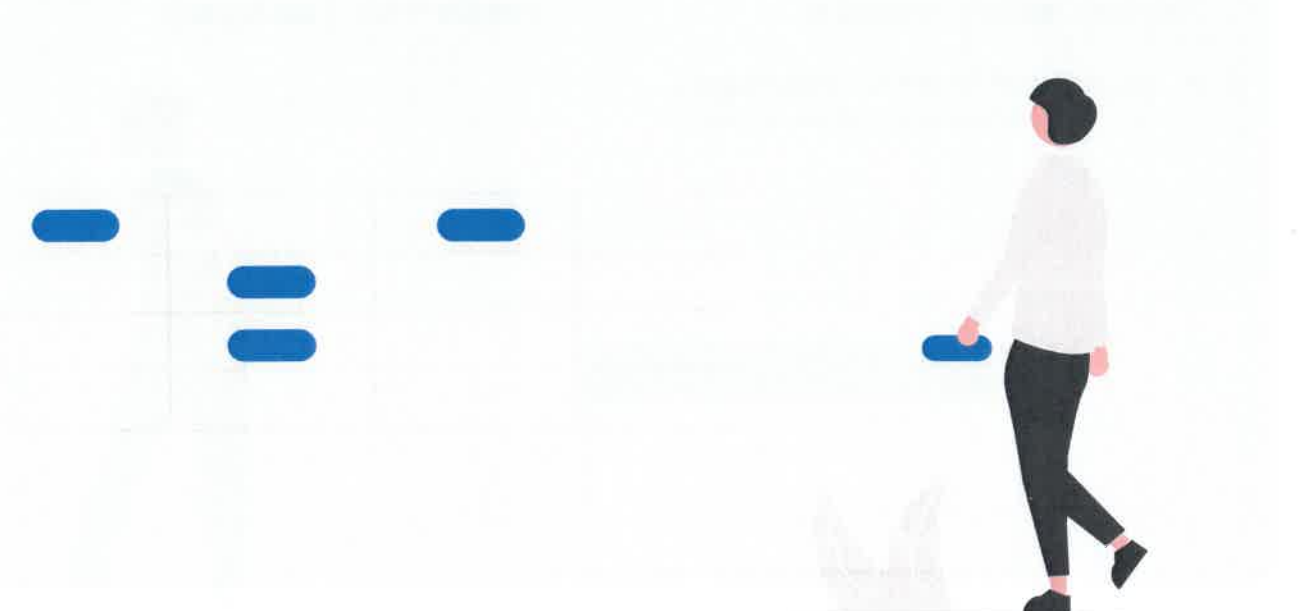
The Chief Risk Officer is responsible for reviewing grievances and contacting the relevant stakeholders in determining the

appropriate course of action, including investigating, monitoring, and resolving.

The Policy does not contain a prescriptive remedy formula that applies in all cases. Rather, it focuses on prioritising dialogue and achieving appropriate remediation that is case-specific.

The Human Rights Grievance Policy and Procedure was drafted during the previous reporting period and our intention is for the policy to be implemented in FY22 as a RACT Group policy subject to adoption by the RACT Group Board. Our Chief Risk Officer will have responsibility for this Policy, including the day-to-day implementation.

We are committed to reviewing this policy, once operational, on a biennial basis, to ensure that our mechanisms are effective.



# Supplier Engagement

RACT Insurance has also developed our modern slavery contract provisions and created a modern slavery 'check list' for our high-risk suppliers within the subject reporting period.



## Modern Slavery Contract Provisions and Work Order Terms

In our First Statement, we noted that we were in the process of developing new modern slavery provisions to incorporate into our supplier contracts. We have continued to refine these provisions, focusing on high risk and large spend contracts but will be looking to implement across the RACT Group in FY22 rather than implementing to RACT Insurance only suppliers. These contract provisions will operate in conjunction with our Supplier Code of Conduct (and as noted above, key suppliers have been informed of the Code as part of the due diligence on those suppliers in FY22).

The model provisions require our suppliers to warrant:

- Compliance with all relevant legislation, including the Act;
- An absence of convictions relating to any modern slavery related offence or having been the subject of any modern slavery investigation or enforcement proceedings.
- They taking reasonable steps to assess and mitigate against modern slavery

practices occurring in their supply chains, including with their subcontractors.

RACT Insurance also has the authority to request our suppliers to take further reasonable action to assess and evaluate their supply chains, if required.

The contract provisions also require our suppliers to agree to undertake the following modern slavery related action:

- Notifying us of any possible breaches of the Act, or any activity occurring that relates to human trafficking or slavery;
- Completing periodic self-assessment questionnaires relating to modern slavery issues; and
- Implementing provided modern slavery training for employees.

We are also developing work order terms and conditions, that relate to modern slavery due diligence and mitigation measure and will be employed in circumstances where separate contracts are not entered into with those suppliers.



## Modern Slavery Questionnaire High Risk Suppliers

During the current reporting period we drafted a questionnaire for high-risk suppliers to engage with those suppliers on their approach to managing modern slavery risks. Suppliers have been identified as requiring completion of the questionnaire based on whether they fall within one of the higher risk categories of suppliers noted above and the proportion of spend on that contractor.

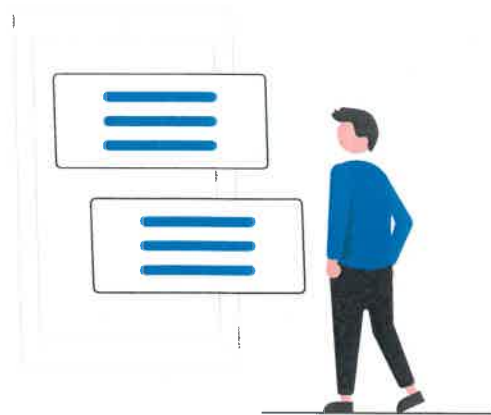
During the current reporting period the Questionnaire was not implemented but since the end of the reporting period, the Questionnaire **has been** sent to relevant suppliers to complete. The Chief Risk Officer will be responsible for reviewing Questionnaires returned.

The Questionnaire assesses the following key areas in relation to an individual supplier:

- Awareness of modern slavery risks in their supply chain
- Nature and extent of any remediation processes;
- Internal governance framework, including modern slavery policies and processes in operation;
- Level of modern slavery awareness and training within the supplier's entity at large.



# Measuring effectiveness



## **Describe how the reporting entity assesses the effectiveness of these actions**

Our First Statement, outlined key indicators designed to review and evaluate the effectiveness of our modern slavery measures. These indicators remain our intended approach to self-assessment and include:

- ✓ Review of supplier self-assessment surveys provided to high-risk suppliers (and subsequent engagement);
- ✓ Increasing industry collaboration – RACT Insurance engages with other state-based

auto clubs and the insurance industry (through engagement with the Insurance Council of Australia) and has continued that engagement during the reporting period including discussions around approaches to supplier due diligence and risk assessments;

- ✓ Investigating any reports of possible modern slavery and human rights grievances.



## **Consultation and further information**

### **Describe the process of consultation with any entities the reporting entity owns or controls**

- ✓ RACT Insurance does not own or control any other entities and therefore this criterion is not applicable.
- ✓ All appropriate internal consultation between RACT Insurance’s key departments and personnel has occurred in relation to the preparation of this Modern Slavery Statement, and is ongoing as part of our continuing modern slavery response.

### **Any other relevant information**

- ✓ There is no other relevant information to provide.

