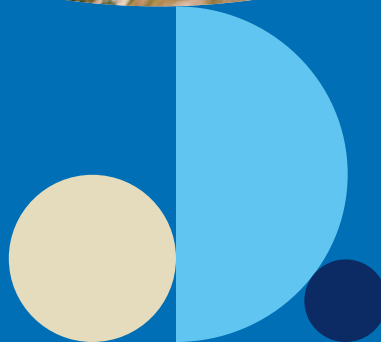


# Modern Slavery Statement 2020



# About this Statement

This Modern Slavery Statement (**Statement**) describes Zurich Financial Services Australia Limited's (**ZFSA** or **Zurich**) response to the *Modern Slavery Act 2018 (Cth)* and the measures Zurich has undertaken to identify and prevent modern slavery risks within its operations and supply chain. Zurich has prepared this Statement in compliance with the *Modern Slavery Act 2018 (Cth)*. The Statement covers the 01 January - 31 December, 2020 calendar year.

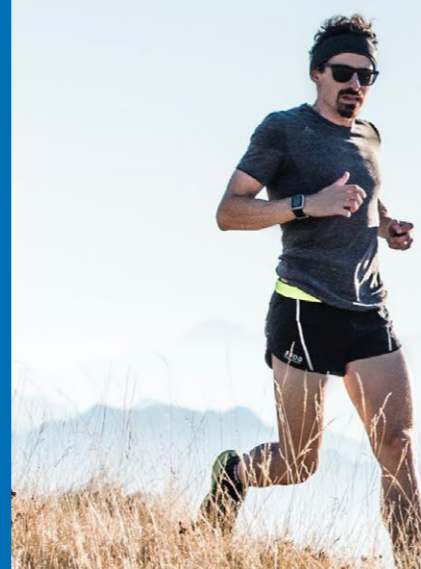
As a joint Statement, it applies to ZFSA, ABN 11 008 423 372 and its Australian subsidiaries, namely:

- Zurich Australia Limited ABN 92 000 010 195
- Zurich Services (Australia) Pty Limited ABN 17 627 298 337
- Zurich Investment Management Limited ABN 56 063 278 400
- OnePath Life Limited ABN 33 009 657 176
- OnePath General Insurance Pty Limited ABN 56 072 892 365
- Zurich Australian Insurance Limited ABN 13 000 296 640

References to 'our' or 'we' used in this statement refer to the reporting entities.

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## Our Values

We at Zurich understand that modern slavery includes trafficking in persons, slavery, servitude, forced marriage, forced labour, debt bondage, the worst forms of child labour, and deceptive recruiting for labour or services.

We are committed to combatting modern slavery and oppose modern slavery and human trafficking in all its forms.

Modern slavery is not tolerated within any part of the Zurich business or supply chain.

We are deeply committed to being a good corporate citizen. Our corporate values – at a global level – include specific phrases around “caring” and “togetherness.” This includes an emphasis on the protection and rights of our workers, as well as a consideration of our impact across our customers and communities of influence.

Our Code of Conduct reinforces this commitment by requiring that all Zurich subsidiaries provide:



healthy and safe workplace for employees



protection of our workers from harassment, discrimination or bullying, regardless of the position held within the company



avenues for employees to voice their concerns



treatment of each other with respect and understanding

Embedded within our community strategy is the protection of vulnerable people and commitment to the preservation of human rights.

Zurich endorses sustainable sourcing policies and upholds our commitment to these practices through the ethical sourcing and management of products and services we provide, as well as our contractual arrangements.

ZFSA's parent company, Zurich Insurance Group Ltd, has made the following commitments in support of ethical, social and environmental sourcing, with the expectation that local Zurich businesses will adopt and comply with the commitments:

- United Nations Global Compact (July 2011)
- Principles for Responsible Investment (July 2012)
- The United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Sustainable Insurance (PSI) (2017)
- Zurich's Global data commitment (2019)



A presence in more than **215** countries and territories

# Zurich's Corporate Structure and Operations

## About us

Zurich Insurance Group is a leading multi-line insurer that provides services to customers in both global and local markets. With a presence in more than 215 countries and territories, our customers include individuals, small businesses, mid to large sized companies as well as multi-national corporations.

ZFSA is the Australian arm of Zurich Insurance Group, offering an extensive range of insurance and investment products, to retail and commercial customers. An overview of the operations of each subsidiary is outlined on the next page.

Zurich's products are distributed either direct to customers or via intermediary channels. Zurich Investment Management Limited's products are sold direct to customers, with assets being managed through external fund managers.



### Zurich Financial Services Australia Limited

Ultimate holding company for the Australian group, principal employer and service provider.

### Zurich Australian Insurance Limited

Is a general insurance provider specialising in wholesale insurance for small business and to corporate and multinational companies.

### Zurich Australia Limited

Is a provider of direct and retail life insurance products, offering a broad range of benefits for our customers, including income protection, TPD and trauma cover.

### Zurich Investment Management Limited

Is a fund manager for retail and commercial clients across a range of asset classes.

### Zurich Services (Australia) Pty Limited

Employment Services Company.

### OnePath Life Limited

Is a provider of life insurance, superannuation and investment solutions, and offers products to direct, retail and also to group customers.

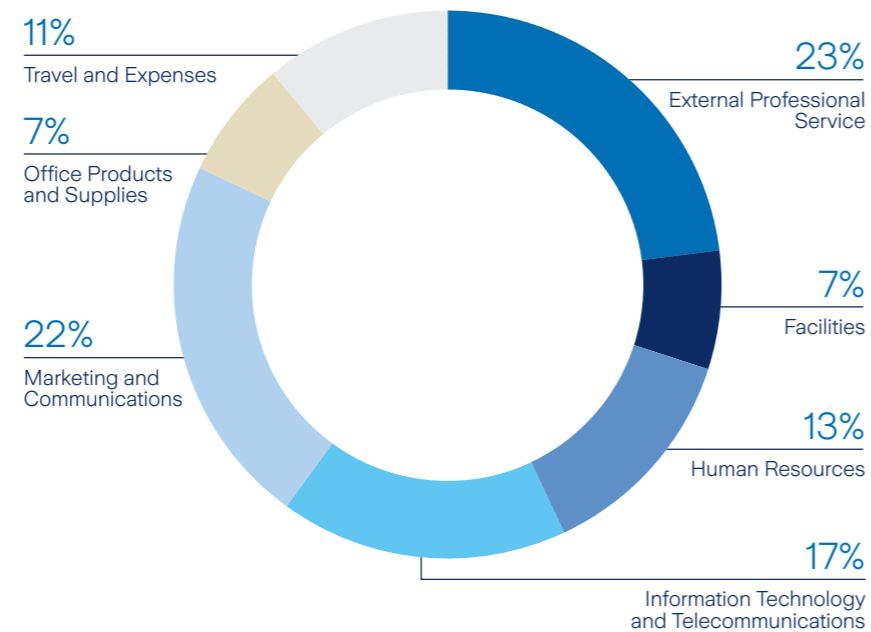
### OnePath General Insurance Pty Limited

Is a general insurance provider specialising in Consumer Protection insurance.

## Zurich's Supply Chains

In 2020, Zurich's supplier expenditure was approximately \$500m, with just over 1,000 suppliers contracted directly to support business operations across the various functions within the Zurich business. (figure 1)

Figure 1. Supplier Categories



Supplier expenditure in 2020 approx.

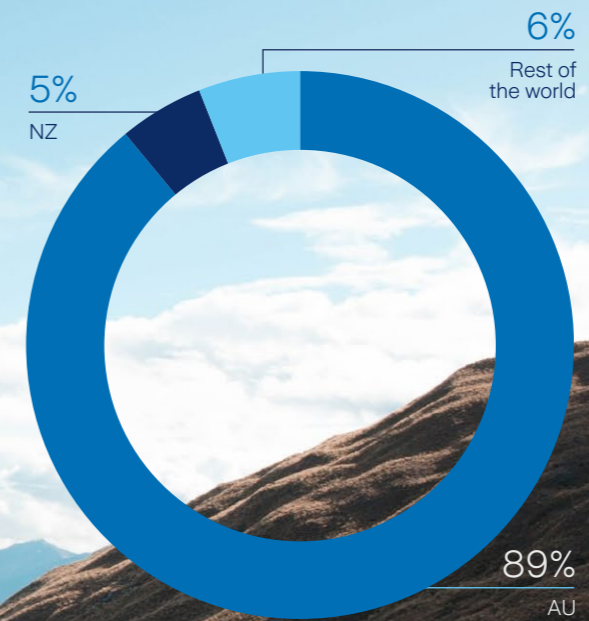
**\$500m**

with over

**1,000**

suppliers contracted directly

Figure 2. Supplier Geography

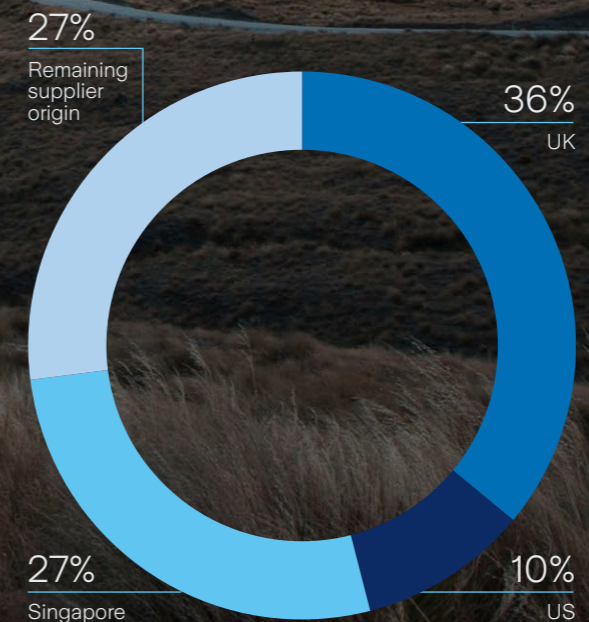


**94%**

of our suppliers are based in Australia and New Zealand

Most of Zurich's suppliers are located within Australia and New Zealand, with the suppliers categorised as 'rest of the world' largely located in the UK, US and Singapore. The remaining suppliers are located across 10 other countries: located in North America, Europe, and Asia. (figure 2 and 3)

Figure 3. Supplier Geography - Rest of the world



**73%**

of our remaining suppliers are based in the UK, US and Singapore

# Identification of modern slavery risks across ZFSA's Operations and Supply Chains

At Zurich, our risk assessment looked at inherent risks with a residual risk rating assigned based upon the design and effectiveness of controls. There were three specific areas of risk that were considered:

- 1 Risks within our own operations
- 2 Risks across our supply chains
- 3 Risks within our investments

## Risks within our Operations

Our operational risk assessment examined the modern slavery risks existing within ZFSA. These risks included recruitment processes, the adequacy of our training and the extent to which our grievance reporting channels are working effectively. This assessment concluded that the internal processes and controls are suitable and effective in mitigating modern slavery risks, and that our operations are categorised as low risk.

## Risks identified across Supply Chains

As part of the risk assessment Zurich categorised its suppliers based on four risk indicators:

Risk Indicator	Examples
Sector & Industry Risk	<ul style="list-style-type: none"> <li>• Use of unskilled, seasonal or foreign workers, or children</li> <li>• Hazardous conditions</li> </ul>
Product & Service Risk	<ul style="list-style-type: none"> <li>• Cost requirements or delivery timeframes requiring suppliers to work an excessive number of hours</li> <li>• Products or components of products made in countries where there is a high risk of labour exploitation</li> </ul>
Geographic Risk	<ul style="list-style-type: none"> <li>• Country has not ratified international conventions relating to modern slavery or country is reported to have high prevalence of modern slavery</li> </ul>
Entity Risk	<ul style="list-style-type: none"> <li>• Entity has previously been reported as non-compliant with human rights or labour standards</li> </ul>

Where a supplier was categorised as higher risk then additional factors were considered including the sophistication and maturity of the supplier. Further information was then obtained from individual suppliers and analysed to ensure risks could be understood and managed.

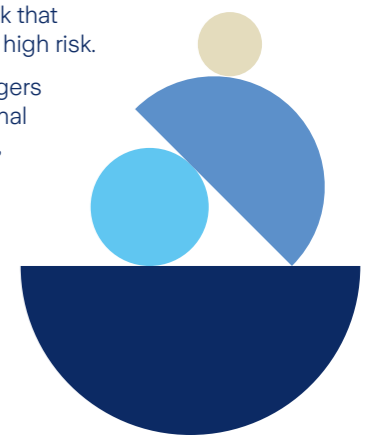
This work identified our high-risk supplier categories including facility cleaners, caterers, marketing and merchandise, hardware and printer services, and outsourced data and digital wellness services.

Furthermore, we identified key areas of risk within our supply chain including visibility risks existing where the supply chains are noticeably opaque, lengthy, or where suppliers have an operations model which include outsourced and offshore functions. Visibility concerns, coupled with poor procurement and human resources practices, further down the supply chain, and inadequate supplier resourcing, pose exposure and reliance risks for Zurich. Consideration of the risks within our supply chain and suitability of our controls, indicated that Zurich is operating in a low-risk environment. We did not identify any material concerns.

## Risks within our Investments

Our analysis of Zurich's investment business identified a potential risk that we are inadvertently investing in an organisation or industry which is high risk.

This risk is considered relatively low, as Zurich appointed fund managers must have investment strategies mandating ethical investment, internal Environmental, Social and Governance (ESG) or sustainable policies, a code of ethics and governance framework.



# Actions taken to address risks identified within Operations and Supply Chains

Zurich has taken steps to address and manage the identified modern slavery risks, constituting our Modern Slavery Framework (Framework).



## Operations

### Human Resource and Whistleblower Framework

Zurich employees are supported through a robust framework of Human Resource policies and procedures which comply with industry standards and applicable regulations, such as the *Fair Work Act 2009 (Cth)*. Where an employee does have a concern, they are able to raise this through a dedicated whistleblower phone number and online portal, as well as via other avenues including through their manager, by lodging the concern in the incident management database or with Human Resources directly.

Employees are supported through a robust framework of Human Resource policies and procedures.

### Training

Targeted training has been provided to employees who have increased exposure to modern slavery risks including contract managers and Zurich's internal governance functions. The training outcomes ensure employees have a detailed knowledge of modern slavery objectives and Zurich's procedures to assist with identifying, managing, and remediating modern slavery risks.

### Internal Policy

To support wider employee education on modern slavery obligations, the ZFSA Board approved Zurich's Modern Slavery and Human Trafficking Policy, which has been distributed to staff via a dedicated modern slavery page on Zurich's internal intranet site. This action is reinforced by ongoing refresher communication.

### Employee Conduct

To ensure that we have the right culture within our organisation, all Zurich employees have a mandatory risk and governance behaviour objective which operates as a potential overall remuneration outcomes modifier. Each Manager has a specific expectation to be a leader who consistently models and drives strong risk and governance behaviours.

## Supply Chains

### Zurich's Supplier Code of Conduct

Zurich's Supplier Code of Conduct outlines Zurich's minimum requirements and expectations of its suppliers and third-party providers in their delivery of products and services to Zurich. The document is available on Zurich's [website](#) and has been provided to Zurich's Relationship Managers to share with new and existing suppliers.

### Supplier Due Diligence, Outsourcing Framework and Ongoing Monitoring of Suppliers

A robust outsourcing framework has been implemented by ZFSA which includes supplier due diligence and ongoing monitoring requirements.

### Due Diligence

Our supplier selection process has a component designed to consider the supplier's regulatory compliance (including anti-modern slavery) frameworks. Modern slavery-oriented questions have been incorporated into the process.

Within Zurich Investment Management Limited, our selection due diligence template considers an external Funds Manager's investment strategies, internal policies, processes and governance framework. Modern slavery-oriented questions have been integrated into the process to ensure that risks are identified and considered prior to engaging in the business relationship.

### Ongoing Monitoring

We undertake ongoing monitoring of the supplier once they are appointed. Third-party reviews are conducted on suppliers to assess the adequacy of the arrangements, with modern slavery-specific questions introduced into the annual oversight requirements to facilitate discussion about suppliers' modern slavery-prevention processes and to identify any modern slavery incidents.

Our Relationship Managers are required to participate in training and to develop management plans with their suppliers. Zurich's Relationship Managers monitor suppliers in line with Zurich's Modern Slavery and Human Trafficking policy and Framework, enabling suppliers to report any concerns of modern slavery risk within the supply chain directly to Zurich.

As part of the Zurich investment management business, Zurich's assurance function performs on-site reviews of external funds managers every six months. Modern slavery-oriented questions have been incorporated as part of the process providing an independent review separate to that being performed by the Relationship Manager.

### Remediation Strategy

Zurich has created a remediation process to document required actions when modern slavery risks are identified within its supply chains. Zurich's remediation strategy includes steps to:

- a. work with any suppliers to assess the scale of the modern slavery risk and assist them to resolve the concern;
- b. use Zurich's established framework to assist suppliers to uplift their frameworks and controls; and
- c. tailor our approach to prevent further harm to the victim, with a preference for improvement rather than termination of the relationship.

Whilst the effectiveness of our remediation strategy is reliant on our influence and rapport with our suppliers, we are comfortable that our escalation procedure enables Zurich to enact positive change within the supply chain.

The objective of our approach and escalation model is to ensure modern slavery concerns are investigated and resolved properly, in a manner which is consistent with the *Modern Slavery Act 2018 (Cth)*.





# Effectiveness of Zurich's controls

Being the first Statement, we have centred our efforts on the development of our Framework and the assessment of our operations and supply chain.

The below actions enable us to assess the effectiveness of our Framework to support continuous enhancement:

- 1 Established leadership structures from the ZFSA Board through to the subsidiary Boards provide top-down oversight of modern slavery risks.
- 2 Mechanisms are in place so that any modern slavery incidents will be reported to senior management ensuring awareness of risks.
- 3 In the past 12 months, Zurich's Assurance and Audit functions have undertaken reviews of our material suppliers and outsourcing partners and Framework, including examination of training models for specific material outsource providers.
- 4 We will conduct an annual review of our Framework and the categorisation of Zurich's high-risk suppliers, ensuring that our approach remains current and effective.
- 5 We understand the key role that training has in ensuring Zurich's employees can identify modern slavery risks within our operations as well as interactions with third parties, inviting feedback to further refine the content for the audience. We continue to roll out training to a broader range of employees and provide employees with material highlighting modern slavery issues.
- 6 Zurich has continued to foster a speak up culture which encourages employees to raise concerns, ensuring oversight and feedback across our operations and supply chain.

As we continue to implement our Framework throughout our operations and supply chain, we will focus on uplifting practices to meet newly identified or heightened risks.

# Consultation

The content of this statement has been endorsed by all subsidiary Boards and has also been distributed to executives of each of the subsidiaries. In developing the processes and procedures which compose Zurich's Framework we have consulted with representatives of the subsidiaries.

ZFSA and all subsidiary entities will continue to collaborate as our efforts in combatting modern slavery continue.



## Next steps

As this is our first reporting period, the scope of our review of Zurich's supply chain has been confined to direct suppliers of products and services. In subsequent years, we will look to expand this scope to incorporate supply chains of our global business partners, such as partnered insurers.

ZFSA has the ability to learn from other businesses within the Zurich Insurance Group Ltd network, and especially those operating within jurisdictions with similar modern slavery legislative requirements. We will also work with insurance industry groups such as Insurance Council of Australia to collaborate on how modern slavery enforcement is dealt with across the industry.

Zurich opposes modern slavery and human trafficking in all its forms. It is not tolerated in any part of the Zurich business or supply chain. Whilst addressing modern slavery risks is a challenging undertaking, by working with our internal business and suppliers, Zurich can build awareness of the impacts of modern slavery on victims and help prevent such practices across ZFSA, its subsidiaries and supply chain.

## CEO signatures

This joint Statement was reviewed and approved by the Boards of Zurich Financial Services Australia Limited and its Australian subsidiaries on 1 June 2021. The Statement has been signed by the Chief Executive Officers for each of the reporting entities.



A handwritten signature in blue ink, appearing to be 'JD'.

Justin Delaney  
Chief Executive Officer,  
Life & Investments,  
Australia  
14 July 2021



A handwritten signature in blue ink, appearing to be 'TP'.

Tim Plant  
Chief Executive Officer,  
General Insurance,  
Australia & New Zealand  
14 July 2021

Justin Delaney has signed for Zurich Financial Services Australia Limited, Zurich Australia Limited, Zurich Services (Australia) Pty Limited, Zurich Investment Management Limited, OnePath Life Limited and OnePath General Insurance Pty Limited.

Tim Plant has signed for Zurich Australian Insurance Limited.

Zurich Financial Services Australia  
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ORKI-016963-2021

