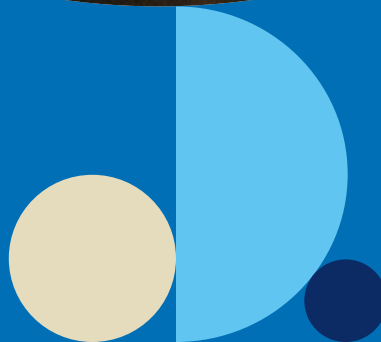


Modern Slavery Statement 2021



Entities covered by this joint Statement

This Modern Slavery Statement (**Statement**) outlines Zurich Financial Services Australia Limited's (**ZFSA** or **Zurich**) submission in response to the *Modern Slavery Act 2018* (Cth) for the period 01 January 2021 – 31 December 2021 (**reporting period**). This Statement is ZFSA's second Statement, with the first Statement submitted to the Australia Border Force in June 2021.

ZFSA has decided to submit a joint statement covering ZFSA, ABN 11 008 423 372, and its Australian subsidiaries, including:

- 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 Life Australia Holdings Pty Limited ABN 31 099 145 552
- OnePath General Insurance Pty Limited ABN 56 072 892 365
- Zurich Australian Insurance Limited ABN 13 000 296 640

Our commitment to combatting modern slavery

We oppose modern slavery and human trafficking in all its forms and are committed to continuously improving our modern slavery framework.

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

We take modern slavery to include trafficking in persons, slavery, servitude, forced marriage, forced labour, debt bondage, child labour, and deceptive recruiting for labour or services.

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Zurich's Values

We are committed to supporting a fairer, more open and sustainable society and aim to generate positive social impact in the communities within which we operate. ZFSA's parent company, Zurich Insurance Group Ltd, is a signatory to the following commitments in support of ethical, social and environmental principles:

- United Nations Global Compact (2011)
- Principles for Responsible Investment (2012)
- United Nations Environment Programme Finance Initiative (UNEP FI) Principles for Sustainable Insurance (PSI) (2017)
- United Nations Sustainable Development Goals (SDGs)
- United Nations Business Ambition for 1.5c (2019)
- UN-Convened Net-Zero Asset Owner Alliance (2019)

Locally within Australia we have adopted Zurich Insurance Group Ltd's commitment with respect to human rights as part of Zurich's Code of Conduct, which applies to all Zurich employees globally:

- We respect the protection of international human rights within our sphere of influence and will work hard to avoid being complicit in human rights abuses.
- Zurich is committed to fair and responsible business and prohibits all forms of bribery and corruption by employees and representatives, as well as any business conduct that could create the appearance of improper influence.
- By signing the UN Global Compact in 2011, we committed to aligning our strategy, culture and day-to-day operations with the Global Compact's ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.



A presence in more than **210** countries and territories

Zurich's Corporate Structure and Operations

About us

Zurich Insurance Group Ltd is a leading multi-line insurer that serves its customers in global and local markets. With about 56,000 employees, it provides a wide range of property and casualty, life insurance products and services in more than 210 countries and territories (**Zurich Insurance Group**).

Zurich Financial Services Australia and its subsidiaries form part of Zurich Insurance Group. Zurich's customers include individuals, small businesses, and mid-sized and large companies, as well as multinational corporations. Opposite is an outline of Zurich Australia's corporate structure.¹



Zurich Financial Services Australia

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 Australian Insurance Properties Pty Limited

A property company (non-reporting entity).

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 Australia Holdings Pty Limited

Holding company of OnePath Life Limited.

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.

Current as of 31 December 2021

1. Zurich Australia Limited has submitted an application to the Federal Court of Australia to transfer the life insurance business of OnePath Life Limited to Zurich Australia Limited under Part 9 of the *Life Insurance Act 1995* (Cth). The transfer will have effect on or from 01 August 2022.

Zurich's Supply Chain

At Zurich, we expect our suppliers to contribute to society in a positive way by respecting human rights and embracing diversity and inclusion. We encourage our suppliers to go further and generate positive social impact by seeking out opportunities to engage with social enterprises and implementing broader social impact programs.

Our supplier expenditure for 2021 is approximately \$320m, with just under 750 suppliers contracted directly to support Zurich's business operations across Australia and New Zealand. Figure 1 below, shows a breakdown of supplier expenditure between categories.

Figure 1. Supplier Categories

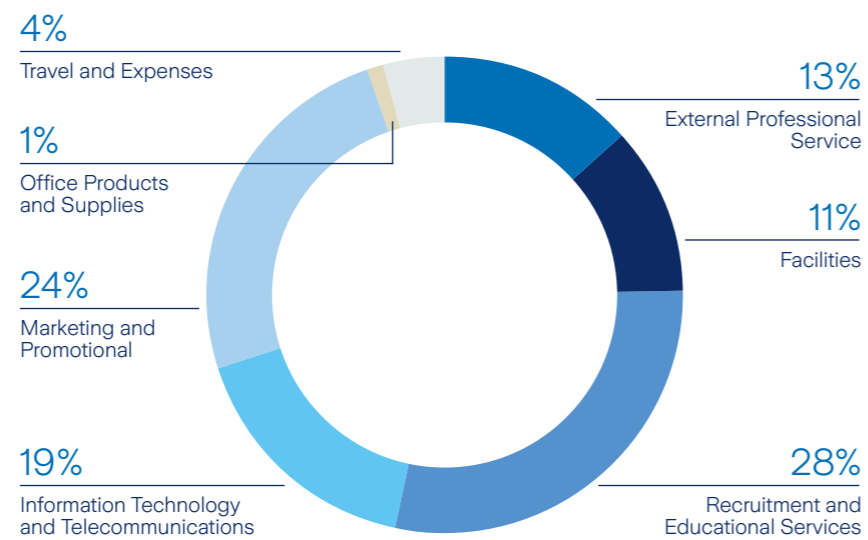
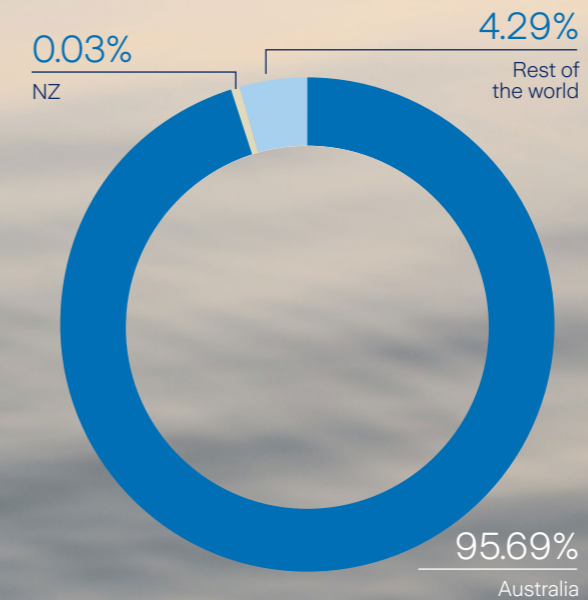


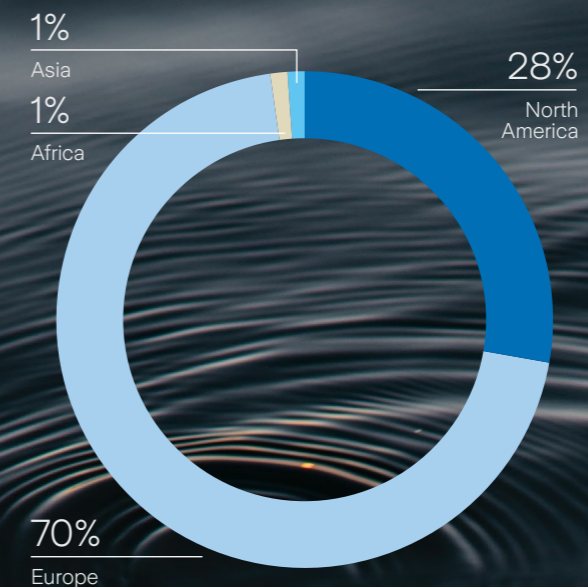
Figure 2. Supplier Geography



96%
of our suppliers are based in Australia

The remaining suppliers are located across 11 other countries, mainly in Europe and North America, (figures 2 and 3).

Figure 3. Supplier Geography – Rest of the world



98%
of our remaining suppliers are based in Europe and North America



Supplier expenditure in 2021 approx.

\$320m

with just under

750

suppliers contracted directly

Building on our efforts in 2020

During the course of 2021, Zurich has taken the opportunity to reflect on the modern slavery risks specific to our business and work closely with our internal operations teams and supply chain, and other Zurich businesses globally, to assess the effectiveness of our Modern Slavery Framework (**Framework**).

The following key actions have been undertaken:

Operations & People

Zurich has made a concerted effort to better understand the potential modern slavery risks that may exist within our operations and the impact these may have on employees. Actions include investigations into Zurich's vulnerable employee population to better understand Zurich's internal risk, providing a more robust remediation process for addressing internal modern slavery risks and conduct, as well as releasing Zurich's new Diversity Equity Inclusion & Belonging Strategy setting out Zurich's vision for diversity and inclusion over the next three years.

Supply chain

During the previous reporting period, we identified the absence of transparency within our supply chains as a key risk. Zurich has implemented a number of measures to provide greater oversight of our supply chains and business partners, namely additional validation and screening systems during the procurement and supplier onboarding process, compliance-led investigation into key supplier risk areas and also introducing a new standard for our suppliers on environment, social & ethical factors.

Investment

To further ZIM's commitment towards more sustainable and ethical investment, Zurich's manager selection process includes consideration of each manager's Environmental Social Governance (**ESG**) credentials.



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

Zurich understands that modern slavery risk refers to the potential adverse impact an organisation can have on labour related rights, whether caused directly or indirectly.

We have undertaken an assessment of modern slavery exposure for the 2021 period, building on the risks and triggers identified in last year's review, whilst also identifying new exposures. Three areas were considered separately:

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

Operations & People

We have assessed whether across Zurich's operations an employee could be subject to conditions amounting to modern slavery. The assessment considered risks associated with our processes for recruitment and management of employees, particularly those managed by third party recruiters. We have also considered the adequacy of our Framework and training, and the effectiveness of established grievance reporting channels to pick up and swiftly resolve modern slavery concerns.

The assessment included analysis into the vulnerable sectors of Zurich's workforce, utilising Human Resource data to identify any factors which would suggest an additional level of exposure to modern slavery conditions or poor employment conditions.

3.5%	4%	0%	0%
of employees operate on a short term or contract basis	of employees are under the age of 25	of workers are outside of Australia and New Zealand	of workers are low skill migrant workers

Risk

The risk associated with Zurich's Operations & People is considered to be **Low**.

100% of permanent staff are based within Australia and New Zealand, meaning Zurich staff are governed by mature employee protections. Zurich provides a safe work environment and has processes in place to comply with all relevant labour laws within each region.

Staff protections and human right considerations are embedded into our policies and procedures, with staff having access to multiple channels to report any grievances.

Further, Zurich's Employee Enterprise Agreements meet all requirements of the *Fair Work Act 2009* (Cth), including minimum standards on remuneration, benefits and working conditions. Senior management are required to attest periodically that their internal measures are designed and operating effectively, with attestations subject to assurance testing.

Case study

Staff employed on short term contracts or managed by 3rd party labour hire

Due to our agreements with third-party recruitment agencies and the short-term nature of their employment, there is limited oversight for staff employed on short term contracts or managed by 3rd party labour hire groups.

Zurich acknowledges the additional risk level but has specified measures to manage the risk, including due diligence of recruitment firms and as standard, clauses requiring adherence with the *Modern Slavery Act 2018* (Cth) and local regulation, including the *Fair Work Act 2009* (Cth).

Supply Chain

The assessment of supply chain risks poses a degree of challenge due to the arm's length nature of third-party suppliers and lack of transparency to Zurich in respect of supplier's internal processes both during the onboarding process and also throughout the lifetime of the arrangement.

Understanding this, the assessment took an adaptive approach with specific higher risk suppliers issued a questionnaire on how the supplier assessed their own modern slavery risks. The assessment examined Zurich's supply chain systemically, taking into account size, sector and geographical considerations, as well as internal measures implemented.

Risk areas within Zurich's supply chain have been examined more carefully to consider where limited information about the supply chain is available, such as one-off purchases or where the supply chain integrates intermediaries between Zurich and the manufacturer. The assessment has also considered where products or services are sourced from regions that may have limited worker protections or where the protections are not strictly enforced.

Higher risk supplier questionnaire

Compared to the previous reporting period, the supplier response rate was marginally lower at 74% – this was particularly prevalent in our smaller suppliers. The number of neutral or negative responses has declined since the preceding year.

Discouragingly, a small percentage of our suppliers did not make adjustments to their existing modern slavery framework from the preceding year. Zurich acknowledges that supplier fatigue

is an emerging risk. This is likely attributable to an increase in the number of organisations issuing questionnaires in their supply chain as a control measure. While a non-response from a supplier does not necessarily mean the supplier is involved in modern slavery conduct, these suppliers are being followed up for a response.

The majority of suppliers not bound by the *Modern Slavery Act 2018* (Cth) confirmed that they had implemented a control framework or policies to meet human right standards. It is positive to see that smaller organisations are considering modern slavery risks within their operating models – despite not being technically required to comply.

The overall rating identified that Zurich suppliers are aware of modern slavery concerns and have embedded operational controls.

Risk

The risk associated with Zurich's supply chain is **Low-Medium**.

Zurich has embedded risk management control measures across its Procurement function to identify risk areas – these include a robust Supplier Due Diligence framework and ongoing monitoring processes. During the reporting period, responses to due diligence questionnaire and supplier review templates have not identified any significant concerns or risks, or actual instances of modern slavery.

An analysis of responses to Zurich's modern slavery questionnaire suggests a greater awareness of modern slavery risk across Zurich's supply chain than was present in the 2020 reporting period. The majority of suppliers reported having established internal framework and procedures covering management of modern slavery or human right concerns and incorporation of these frameworks into their sourcing models.

Investments

Zurich Investment Management Limited's (**ZIM**) key area of exposure arises through the actions of appointed external fund managers. Our analysis assessed the risk of ZIM inadvertently investing in an organisation or industry with significant modern slavery risk exposure as **Low**.

All of Zurich's fund managers have integrated ESG considerations into their investment processes and most are also signatories to their own modern slavery statements within their jurisdiction. Additionally, during the manager selection stage, ZIM asks fund managers to provide their ESG credentials to evidence their investment strategies, commitment to ethical investment, internal ESG or sustainable policies, a code of ethics and governance framework.

Case study

Zurich's International Programs

Zurich's International Programs (**IPZ**) is a specialised co-insurance program which supports our General Insurance customers to provide a consistent approach to measuring and managing risk wherever their business is across the world. During the reporting period, Zurich Australia, via IPZ, provided insurance services to customers operating in countries located in Europe, Africa, Asia and South America.

An assessment of the co-insurance partners found that Zurich Australia had outsourced insurance operations to partners operating in countries with varying levels of human rights and worker's rights protections. Further, based on an index rating, it was found that over 50% of the network partners engaged by IPZ are incorporated in a region which is considered medium or higher risk for poor human rights protection.

The Program's risk has been assessed as **medium** considering Zurich's exposure to jurisdictions with poor human right standards.

To mitigate the potential modern slavery risks, IPZ has implemented extensive screening of our insurance partners covering adverse media, sanctions and other open-source material. Arrangements with insurance partners include contractual clauses designed to ensure business co-insurers adhere to Zurich's expectations. Due diligence of our co-insurance partners has not uncovered any adverse screening results over the period.



Actions taken to address risks identified within Operations and Supply Chains

Over the reporting period, Zurich has introduced various new measures to manage modern slavery risks, whilst also developing existing controls that were reported on in 2020.



Operations

People & Culture and Whistle-blower Framework

Zurich employees are supported in the workplace by an integrated framework of policies and procedures which comply with the local regulatory requirements, including the *Fair Work Act 2009* (Cth) and industry standards.

Over the reporting period, the People & Culture department has introduced a number of enhancements to its internal employee support processes and policies, with these actions allowing us to better support employees and ensure they are working in a safe environment, such as:

- People & Culture training modules including Equal Opportunity, Sexual Harassment and Workplace Bullying have been updated ensuring relevant and alignment with industry standards.
- Zurich has released its new Diversity Equity Inclusion & Belonging Strategy to set a clear direction on Zurich's outcome for diversity and as a business.

In addition to the above, People & Culture are currently in the process of updating the layout of employee contracts to be more succinct and easier for new employees to read and understand.

Zurich's whistleblowing framework includes an independently operated phone line and online portal, allowing all employees to report their concerns confidentially and in good faith. Zurich also provides other avenues for employees to raise any concerns, including through their manager, by lodging the concern in the incident management database or with People & Culture, Legal or Compliance directly.

Modern Slavery Training

Employees undertaking roles which require a higher level of understanding of modern slavery risks have been provided with annual targeted training. Rather than provide a single approach, separate sessions were conducted, with content dependent on the function's exposure areas.

Zurich's internal policy and employee conduct

Zurich's strengthened employee-facing Modern Slavery & Human Trafficking Policy and Framework continues to assist employee awareness by providing an overview of Zurich's modern slavery risks and controls and also a call to action around employee responsibility for preventing, detecting and reporting modern slavery risks or conduct in any part of our business or supply chains.

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. The behaviour objective has undergone a dedicated review to ensure it is meeting its success outcomes.

Supply Chain

Zurich's Supplier Code of Conduct

In 2019, Zurich introduced its Supplier Code of Conduct, outlining Zurich's minimum requirements and expectations of suppliers and third-party providers in their delivery of products and services to Zurich. In 2021, ZFSA's parent company approved a global Supplier Code of Conduct strategy, which introduced additional requirements in respect of environmental, social and ethical factors. Included within Zurich's social expectations is a commitment to the UN Global Compact and also eight international labour organisations conventions which provide minimum standards in respect of rights of humans, workplaces and fair and equal employment for all workers.

Supplier due diligence, outsourcing framework and ongoing monitoring of suppliers

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

To support due diligence outcomes, Procurement has introduced a supplier validation system. The system adds an additional layer of oversight by screening global news sources for a variety of supply chain risks that may not be identified through traditional due diligence processes.² The results from the screening are assessed against the due diligence questionnaire results to validate results.

Due Diligence

The supplier selection process includes specific questions on modern slavery and other ESG factors. Prospective suppliers are asked to confirm that they do not use forced labour, and that they have processes in place to minimise forced labour within their business and through their own partnered suppliers. If a negative response is received, the matter is referred to Compliance to consider the appropriate next steps.

Fund managers, like suppliers are expected to be aware of modern slavery risk to avoid Zurich funds causing or contributing to modern slavery through investment choices. As part of the fund manager selection criteria, our due diligence template considers the external Funds Manager's investment strategies, internal policies, processes and governance framework and prospective managers are also asked specific questions on their actions to manage modern slavery risk.

2. Supply chain risks: labour unrest, corporate social responsibility incidents and legal stress. Labour unrest screens for labour strikes, labour protests, labour disputes, worker suicide.

Ongoing Monitoring

Through the issue of questionnaires throughout the lifecycle of the arrangement, suppliers and fund managers are required to re-attest that they have a process in place for managing modern slavery risk. Funds managers are required to attest to how they adhered to Zurich's investment mandate.

As part of the ZIM business, Zurich's first line assurance function also performs a review of external funds managers every six months. Findings are escalated to management to consider the next course of action.

Annual attentions

Key executives within Zurich must attest annually that due diligence processes are in place and are being performed properly. As above, regulatory compliance and supplier's reputational factors are considered as part of the attestation, driving accountability from the top.

Remediation Strategy

Zurich's Remediation Framework outlines the actions which Zurich may consider implementing where modern slavery risks or conduct are identified. Zurich's Modern Slavery Remediation Policy takes a risk-based and tailored approach to combating modern slavery risks, with instances of modern slavery conduct within Zurich's supply chain, requiring a customised remedial plan to be agreed between Zurich and the supplier.

Zurich's remedial strategy is performed over three steps:

- Raising potential modern slavery concern and triaging risk.
- Developing specialised remediation approach depending on the risk level and impact
- Implementing a remediation plan.



Effectiveness of Zurich's actions

Zurich's focus during the previous reporting period was primarily on the uplift and development of our Framework and greater analysis and understanding of our operations and supply chain. As our Framework has matured, the focus now turns to how effective Zurich's key measures have been in the prevention of modern slavery conduct. The measures below outline the key processes which Zurich implemented to gauge the effectiveness of its modern slavery controls and actions.

Governance

The ZFSA Board as well as its subsidiary Boards provide top-down oversight of modern slavery risks, as the principal governing bodies responsible for approving the Statement. Risk Assessment outcomes and an overview of Zurich's approach in addressing these risks, are submitted alongside the Statement.

All fundamental changes to Zurich's modern slavery approach requires the Board's endorsement.

Risk Assessment review of the risks

We consider the annual risk assessment fundamental to tracking Zurich's threat levels. Identified risks are assessed year to year allowing oversight of the risk levels within our operations and supply chain, with the outcome from the assessment used to develop and support overall management of Zurich's Framework.

Annual review of Zurich's framework

To ensure that Zurich's approach to modern slavery continues to meet community expectations, Zurich's risk methodology and Framework are subject to an annual review by the Compliance Team. Defined review criteria ensure that the review is conducted to target key legislative and risk requirements.

Training

Training rates are tracked by the Compliance Team to ensure a level of knowledge and understanding of modern slavery risk within our operations and supply chains. This process has uplifted the average employee's understanding of the Framework and assists Zurich in its identification of new modern slavery risks.

Employee raised concerns

Grievance reporting channels, which allow employees to confidentially raise concerns, are monitored for reports which indicate a systemic issue.

Consultation

In developing this Statement and Zurich's Framework, key stakeholders across the business, including Executive Management have been actively consulted. The content of this Statement has also been endorsed by the ZFSA Board and subsidiary boards.



2022 and beyond

We are committed to continuously improving our approach to combatting modern slavery. Zurich's focus now shifts to applying the Framework more effectively and working with our front-line teams to better understand the changes in both our operations and supply chain which impact Zurich's Risk levels.

Planned for 2022:

- Conduct greater analysis into our supplier's sourcing practices by mapping further down the supply chain. This will assist to better understand the production and labour risks that exist along the supply chain.
- Relationship Managers to work more closely with our material and critical suppliers through greater engagement and a more focussed agenda to elicit modern slavery risks.
- Assess the modern slavery risks associated with the introduction of Zurich's new advice business, Zurich Assure.
- Implement a new training module for all Zurich Australia employees, covering a general awareness of Zurich's Modern Slavery Framework and the types of risk Zurich may face.
- Zurich Australia has appointed a Head of Sustainability, supporting Zurich's global ambition to be one of the most responsible and impactful businesses in the world.

Endorsement

This joint Statement has been reviewed and approved by the Boards of Zurich Financial Services Australia Limited and its Australian subsidiary entities:

-
- 22 June 2022**
- Zurich Financial Services Australia Limited
 - Zurich Australia Limited
 - Zurich Investment Management Limited
 - OnePath Life Limited
 - OnePath General Insurance Pty Limited
 - Zurich Australian Insurance Limited

-
- 27 June 2022**
- Zurich Services (Australia) Pty Limited

-
- 28 June 2022**
- OnePath Life Australia Holdings Pty Limited

The Statement is signed by the Chief Executive Officer of Zurich Australia and New Zealand, covering each reporting entity:



Justin Delaney
Chief Executive Officer,
Zurich Australia and New Zealand

29 June 2022

Zurich Financial Services Australia Limited
ABN 11 008 423 372, AFSLN 232510
118 Mount St, North Sydney NSW 2060
www.zurich.com.au

The trademark depicted is registered in the name of Zurich Insurance Company Ltd
in many jurisdictions worldwide.

ORKI-018778-2022

