



Modern Slavery Statement

FY2021



This statement has been authorised by the Board of Insurance Australia Group Limited, 25 November 2021

ABN 60 090 739 923

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CEO's Introduction

Respect for Human Rights underpins IAG's purpose, 'to make your world a safer place' and its conduct as a responsible and ethical business.

We are committed to meeting customer and community expectations, demonstrating the highest standards of business ethics and managing our relationships in a transparent and responsible manner.

This year COVID-19 continued to disrupt our lives. In these uncertain times, IAG's purpose is more important than ever. Our four strategic pillars provide focus, inform IAG's new operating model and underpin IAG's strategy:

- Grow with our customers.
- Build better businesses.
- Create value through digital.
- Manage our risks.

We have a responsibility to manage the environmental, social and governance risks and opportunities impacting our business. As a large financial institution, we focus on the risks in our operations, as well as in our value chain and investments.



We will not tolerate Modern Slavery in any of its forms in our operations and supply chains. We support the need for change and increased corporate accountability, including greater transparency and accountability for the management of human rights within organisations, operations, supply chains and investments.

Our key achievements during the Reporting Period include:

- Clearly articulating our commitment to the protection of Human Rights, through our new Board-approved Social and Environmental Framework.
- Updating our Code of Ethics & Conduct to specifically reference Modern Slavery and human rights.
- Creating a Responsible Investment Policy which articulates our expectations in relation to Modern Slavery, Human Rights and labour controversies.
- Developing and deploying an Anti-Slavery Training module.

We understand that this reporting requirement is just one part of Australia's response to Modern Slavery, and we are committed to playing our role in respecting Human Rights and supporting the eradication of all forms of Modern Slavery.

This joint Statement has been reviewed and approved by the IAG's Board of Directors on 25 November 2021.

A handwritten signature in black ink that reads "Nick Hawkins". The signature is written in a cursive, slightly stylized font.

Nick Hawkins

Managing Director and CEO, IAG
December 2021

About our Statement

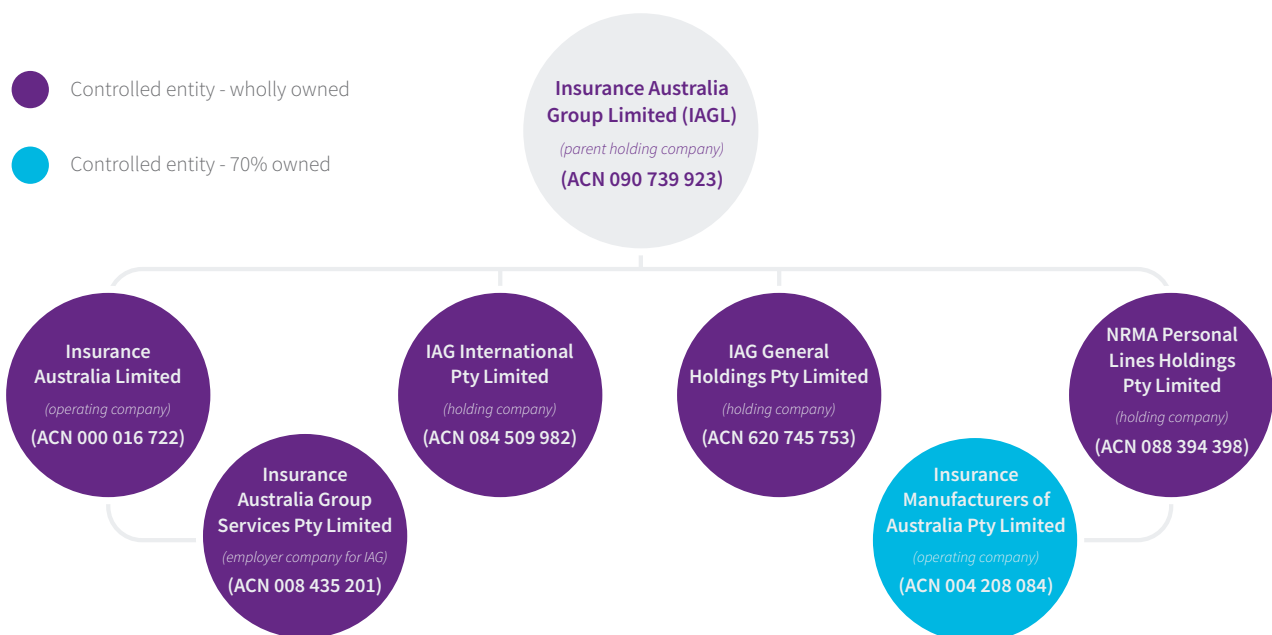
IAG has prepared this Modern Slavery statement (Statement) as a joint statement in compliance with the *Modern Slavery Act 2018 (Cth)* (the Act). This is IAG’s second Statement and covers the reporting period 1 July 2020 to 30 June 2021 (Reporting Period) for IAG and the other reporting entities listed below.

This Statement explains actions we have undertaken to date to identify, assess and remediate Modern Slavery risks in our operations, supply chains and investments.

This Statement uses the Act’s definition of Modern Slavery - conduct which would constitute a criminal offence under Australian law ¹ or international law including trafficking in persons ² and the worst forms of child labour.³ The worst forms of child labour mean extreme forms of child labour that involve the serious exploitation of children, including through enslavement or exposure to dangerous work.

The reporting entities covered by this Statement are set out below and include majority-owned and/or controlled subsidiaries of those entities that meet the definition of reporting under the Act.

References to ‘our’ and ‘we’ in this Statement are references to the IAG Group. This Statement describes practices that are common to IAG’s majority-owned and/or controlled subsidiaries, and that are also common to subsidiary entities owned and controlled by the reporting entities.



¹ An offence under Division 270 or 271 of the Criminal Code.

² Trafficking in persons as defined in Article 3 of the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime, done at New York on 15 November 2000 ([2005] ATS 27).

³ Child Labour as defined in Article 3 of the ILO Convention (No. 182) concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour, done at Geneva on 17 June 1999 ([2007] ATS 38).

Our Organisation & Corporate Structure

About us

IAG is the largest general insurance company in Australia and New Zealand. The company underwrites approximately \$12.5 billion of premium per annum. We have operations in Australia, New Zealand, Singapore, Malaysia and Vietnam.

IAG is headquartered in Sydney, Australia, is listed on the Australian Securities Exchange and is a constituent of the S&P/ASX 50 index.

We employ 13,559 people across the Group, including permanent employees, casual employees and workforce contractors across Australia (9,569), New Zealand (3,943), Vietnam (2), Malaysia (2) and Singapore (43).⁴



Operations in Australia, New Zealand, Singapore, Malaysia and Vietnam



13,559
total people
across IAG

Our brands & operations

IAG is the name behind some of the most trusted and respected insurance brands in the regions in which we operate. Our businesses provide a wide range of general insurance products to protect the homes, lifestyles and businesses of our millions of customers.

- In Australia – IAG has market-leading insurance lines, with products sold under brands including NRMA Insurance, CGU, WFI, Coles, ROLLiN', SGIO, SGIC and RACV.
- In New Zealand – IAG is the largest general insurer, trading under the State, NZI, AMI and Lumley brands.
- In Asia – IAG has subsidiaries based in Vietnam, Malaysia, and Singapore.⁵

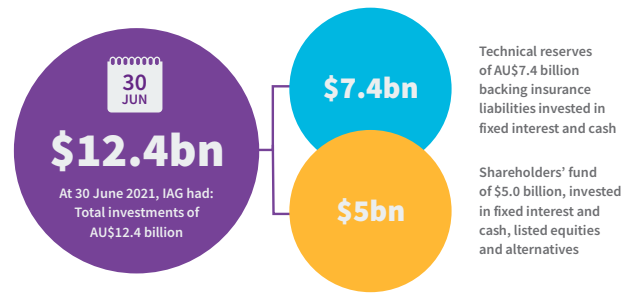


⁴ Employee numbers as of July 2021. Employee numbers exclude our subsidiaries to keep consistent with our FY21 Annual Review and Safer Communities Report.

⁵ IAG announced on 19 July 2021 that AmGeneral Holdings Berhad, the Malaysian business in which it holds a 49% interest, had signed an Implementation Agreement for the proposed sale of its wholly-owned insurance business AmGeneral Insurance Berhad to Liberty Insurance Berhad. IAG continues to weigh up options for its remaining Asian general insurance interests, including divestments where appropriate.

Our investments

Our Capital Markets team provides investment management and consulting services, investment administration services and investment risk and performance services to IAG.



Our supply chain

Our supply chain is complex and is broadly divided into two areas – corporate procurement and insurance claims (or claims) procurement.

Our corporate spend is ~\$1bn with ~3,000 suppliers. During the Reporting Period, our largest corporate procurement suppliers by spend provided the following goods and services:

- Business advisory services
- Contingent labour
- IT partner delivery / services
- Business process outsourcing
- Advertising and media

Our claims spend is typically over \$2bn. The number of suppliers that we contract with and actively manage in this space is ~1,000. A large proportion of our claims spend is with suppliers that are chosen by our customers and that we do not contract with directly.

During the Reporting Period, our largest claims procurement suppliers by spend provided the following goods and services:

- Vehicle repairs
- Property repairs
- Hire cars



Our approach to managing Modern Slavery risks in our operations and supply chains

We recognise the causes of Modern Slavery are complex, often with several factors combining to create conditions that constitute Modern Slavery. Locations, types of products or services and contracting models, are some of the key factors we consider when mapping our exposure to Modern Slavery risks. We recognise that worker vulnerability is often the primary contributor to Modern Slavery, and we continue to learn more about the facets of vulnerability – including poverty and inequality, discrimination (gender, racial and ethnic), corruption and more recently COVID-19 often playing an exacerbating role.

Since 2019, we have adopted the continuum of conduct approach outlined in the United Nations Guiding Principles on Business and Human Rights (UNGPs) to identify, assess, and manage our Modern Slavery risks.

Our Modern Slavery Programme (Programme) is centred on 3 pillars: Commitment, Management Systems and Controls, Grievance and Remediation. This approach identifies risks that may be caused by, contributed to, and directly linked to our activities, and enables a holistic consideration of Modern Slavery risks.

Respect for human rights underpins IAG's purpose and its enterprise-wide Safer Communities business plan, which includes a focus on responsible and ethical business. We take responsible and ethical decision making very seriously. We expect our employees and Directors to do the same, as reflected in our policies and frameworks around ethics, conduct, diversity, social and environment commitments, and insider trading.



Assessing our Modern Slavery risks

Assessing Modern Slavery risks is ultimately linked to The IAG Way, which is one of the key elements of our Group Risk Management Strategy (RMS). Following on from last year's review of our governance processes, delivery landscape and approach to investments; this year we made key updates in our frameworks and policies which enabled an uplift in our operations and supply chain risk assessment processes.

At IAG we acknowledge that we have to take risks in an informed manner in pursuit of our strategic objectives and to meet expectations of our stakeholders, including customers, industry and regulators. We clearly articulate the levels, boundaries and nature of risks we are willing to accept, actively manage or avoid in pursuit of the Company's strategic objectives.

We use an enterprise-wide approach to risk management and our Risk Management Framework (RMF) is a core part of our governance structure, which includes internal policies, processes and culture. Last year we disclosed in our first Modern Slavery Statement key policy-level modifications relevant to Modern Slavery including the review of our Group Procurement Policy, the creation of a specific Supplier Code of Conduct, and the update to our Mergers and Acquisitions Procedure. Since then, we have supplemented the Mergers and Acquisitions Procedure with a Mergers and Acquisitions Transaction Playbook which considers Environmental, Social and Governance issues, including human rights issues, as part of our due diligence activities.

Last year a review of policies and procedures highlighted some gaps that we subsequently addressed and reported in our FY20 Statement. We continued policy-level updates during the Reporting Period, as follows:

- Reviewed and relaunched IAG's Social and Environmental Policy as a Board-approved Social and Environmental Framework (which includes IAG's commitments to community engagement and impact, human rights, supporting its people and addressing climate change and environmental impacts);
- Updated our Code of Ethics and Conduct to specifically reference Modern Slavery and human rights; and
- Developed a Board approved Responsible Investment Policy which clearly articulates our expectations in relation to Modern Slavery, human rights and labour controversies when making and managing investments.

Having policies, procedures and frameworks in place provides us with strong foundations for assessing and taking action to address our Modern Slavery risks. Our policies support our actions across all business areas and are guided by our purpose: we make your world a safer place.



Assessing our internal operations

We acknowledge that recruitment practices, more particularly through external agencies, can be linked to Modern Slavery risks. Workers from migrant, socioeconomic, culturally and linguistically diverse backgrounds, or simply working remotely are particularly vulnerable to systemic issues such as underpayment, withholding of wages, and excessive working hours. Our recruitment agencies are subject to the same procurement processes and Modern Slavery risk assessment as any of our suppliers and vendors (as described in Assessing our supply chain).

Our wholly-owned and controlled subsidiaries, following a period of integration for recent mergers or acquisitions, are considered part of the IAG Group for governance purposes and are subject to the same commitments, risk management framework, policies and procedures.

Assessing our investment landscape

Risks associated with Modern Slavery have the potential to arise through our investment activities, our use of external fund managers and associated suppliers.

IAG is a signatory to, and committed to implementing, the Principles for Responsible Investment. The Responsible Investment Policy reflects that commitment and complements existing policies and governance structures that IAG uses to manage its environmental, social and governance (ESG) risks.

In November 2020, IAG formalised its commitment to responsible investment by publishing our Responsible Investment Policy on our website. This Policy applies to investments made from IAG's technical reserves or shareholders fund for controlled IAG entities. It describes our approach to managing ESG risks and opportunities, including Modern Slavery, human rights, and labour controversies in relation to those investments.

IAG has assessed the risk of Modern Slavery in IAG's investment management operations and supply chains of our external fund managers and other associated suppliers as low because of their jurisdiction of operations, regulatory oversight, policy frameworks and practices.

Assessing our supply chain

In FY21 we deepened our understanding of Modern Slavery risks relevant to our supply chains. This involved building on our initial risk scoping exercise and undertaking targeted consultations with key internal stakeholders (managers and business owners) across our corporate and claims supply chains to further understand where the risks are the highest in our sphere of influence. We updated our inherent risk assessment against the below refined contextual factors:

- **High risk locations** – Countries or geographical regions in our operations and supply chains where a service is provided, or where a product is sourced, may present exposure to Modern Slavery risks. This exposure may be due to gaps in legislation and law enforcement, high levels of corruption or discrimination, or weak rule of law.
- **High risk product and service categories** – Raw materials and product components will generally not be sourced directly from tier one suppliers. We acknowledge that certain materials and components may be sourced from high-risk locations. Similarly, certain categories of services procured directly or indirectly carry with them higher risks of Modern Slavery (see 'worker vulnerability' below).
- **Third party management** – Modern Slavery risks can be exacerbated by third-party arrangements which create multiple layers between IAG and the workforce, thus limiting visibility over labour practices.
- **Worker vulnerability** – Overlapping with the above factors, some workers involved in providing services or products to IAG, who are in precarious situations and/or experiencing financial hardship (e.g. migrant workers, base-skilled workers, temporary / casual / apprentice workers) are likely to be more prone to exploitation and Modern Slavery risks.

Two of these contextual factors (High risk locations and High risk product and service categories) have been formally embedded into our Group-wide supplier risk assessment process update due to be adopted in early FY22 (see Embedding our supplier risk assessment activities). We intend to continue to accompany our formal supplier risk assessment process with targeted discussions with managers in key Business Areas in consideration of the two other contextual factors (Third party management and Worker vulnerability).

We acknowledge that the economic and social impacts of COVID-19 have most likely exacerbated these factors and increased people's exposure to Modern Slavery risks around the globe: factory shutdowns, order cancellations, workforce reductions and sudden changes to supply chain structures, coupled with the fear of loss of income, low awareness of workplace rights, requirements to work excessive overtime to cover capacity gaps, or the inability to safely return to home countries, can disproportionately affect some workers and increase their exposure to Modern Slavery and other forms of exploitation. We have taken this into consideration in our approach to assessing Modern Slavery risks.

Areas of inherent risk in our delivery landscape

Based on the application of contextual factors described above we identified inherent Modern Slavery risk hotspots within our supply chain and operations.

- We identified the following risk hotspots in our **corporate supply chain**:
 - Labour services: Offshore partners (call centres), onshore care workers / agencies, property maintenance (security, cleaning, catering).
 - ICT hardware, software, and cloud services.
 - Sponsorships, promotional items, and event associated activities.
 - Goods not for resale, such as corporate wardrobe, stationery, office supplies, and food and beverages.
- Our **claims supply chain** is complex, often based on customer preference and managed indirectly. We identified the following risk hotspots:
 - Motor, smash repair and towing services.
 - Property repair services.
 - Motor and property-related products associated with the above services (e.g. paint, timber, drywall / gypsum, nails, fasteners, lubricants, oils batteries, glass, tyres, smart windshields, solar panels).
- Within our **operations** we identified recruitment practices as an area of risk. This risk is increased where we have acquired businesses with a higher proportion of vulnerable workers (e.g., temporary migrant, base-skill, minimum wage, casual, apprentice workers).
- Risks associated with Modern Slavery have the potential to arise through our **investment activities**, our use of external fund managers and associated suppliers.

We recognise that assessing Modern Slavery risks is a constantly evolving process and we strive to keep up to date with, and deepen our understanding of, relevant contributory factors on an ongoing basis through media monitoring as well as engagement with industry associations and peers.

Addressing our Modern Slavery risks

As a general insurer that operates in Australia, New Zealand, and Asia, we are exposed to economic, environmental, and social sustainability risks, including with respect to Modern Slavery. During the Reporting Period we have taken a range of actions to improve our management of Modern Slavery risks.

Economic, environmental, and social sustainability risks are identified and managed as part of IAG's risk management framework as overseen by the Board. Through risk profiling and ongoing trend analysis, information on these risks is collected and reported to our Group Leadership Team (GLT) and Board and used to update our strategy at appropriate intervals. Risk management is the responsibility of all employees. To support this, IAG has adopted a Three Lines of Defence model that allows risk management to be

embedded in business processes, decision making and the way we work, and all risk activities are designed in that context.

During the Reporting Period we have been able to build on the foundations laid in FY20 and achieve good progress, especially across the Commitment and the Management Systems and Controls' pillars of our Modern Slavery Programme.



Committing to the protection of Human Rights

We believe that making a formal commitment to the protection of Human Rights is fundamental to Modern Slavery risk management and underpins IAG's purpose and conduct as a responsible and ethical business. This year, we replaced our Social and Environmental Policy with the Board approved Social and Environmental Framework which now clearly articulate our commitment to human rights. This Framework outlines IAG's commitments to managing sustainability and social and environmental risks and opportunities as well as our respect for human rights, through:

- Recognising IAG's corporate responsibility to respect human rights as outlined in the United Nations Guiding Principles on Business and Human Rights (UNGPs).
- Identifying and managing the human rights and Modern Slavery risks in our operations and supply chains and reporting on our activity annually in line with relevant regulatory frameworks.

Addressing risks in our internal operations

Within our operations we identified that recruitment practices are an area of risk. This risk is increased where we acquire businesses in industries with a higher proportion of vulnerable workers. Strengthening our internal policies and procedures such as our Code of Ethics and Conduct, recruitment practices and our mergers and acquisitions process has enabled us to better understand and manage these risks.

Updating our Code of Ethics & Conduct

Our Code of Ethics and Conduct is fundamental as it makes clear the behaviour that we expect from everyone at IAG. It applies to all our people in every part of our business, including our Board. It also sets out how we expect our external partners to behave. It outlines our commitment to upholding the United Nations Universal Declaration of Human Rights and the UNGPs. This year we updated our Code of Ethics and Conduct to specifically include our commitment to preventing and ending all forms of modern

slavery, child labour and human trafficking and to never tolerate any abuse of human rights, including modern slavery, child labour or human trafficking anywhere in our operations or supply chain. Our Code of Ethics and Conduct online training module provides specific examples to illustrate how our people can uphold our commitments.

Working with recruitment agencies

We acknowledge that recruitment practices, more particularly through external agencies, can be linked to Modern Slavery risks. Workers from migrant, socioeconomic, culturally and linguistically diverse backgrounds, or simply working remotely, are particularly vulnerable to systemic issues such as underpayment, withholding of wages, and excessive working hours.

Our use of recruitment agencies is overseen by our Talent Acquisition and Procurement teams and subject to the same controls and level of scrutiny as any other supplier:

- Our Standard Contracts and Purchase Order Terms and Conditions include Modern Slavery clauses.
- Our Supplier Code of Conduct, which sets out IAG's ESG expectations, is shared with our suppliers.
- We ask that non-workforce contractors undergo similar checks as our own employees, such as references, criminal history and probity record before commencing working for IAG which helps us to understand any areas of potential vulnerability.

Aligning new acquisitions to IAG policies & procedures

Our mergers and acquisitions process includes considering human rights as part of our non-financial risk assessments. Our internal procedures also now specifically address indicators for Modern Slavery risks and human rights in due diligence processes that apply. Once the Mergers and Acquisitions Transaction team has obtained final approval, we move to the integration planning stage, which involves developing a plan and establishing an integration committee which oversees the acquired entity's strategic alignment and integration of IAG's policies and procedures, including those with specific Modern Slavery considerations.



Addressing risks in our investments

IAG believes that people have inalienable human rights and that support of these fundamental rights forms the foundations of a successful and prosperous economy.

- a) IAG aims to monitor Investments for potential exposure to human rights and labour standard issues, including Modern Slavery; and
- b) if, human rights or labour standard issues are identified, IAG aims to engage with the Investment to seek to improve their practices.

Due to the scale and complexity of IAG's Investments, some Investment strategies are accessed through collective vehicles where IAG has limited control and/or influence over investment decisions.

The stage of development of, and relevance of ESG issues to each Investment will depend on the Investment. Non-traditional or alternative asset classes may be less developed in their approach to ESG. There may be limitations on data availability for some Investments, particularly outside public markets. Subject to these constraints, IAG aims to identify and manage material ESG investment-related risks.

During the reporting period IAG:

- Employed third party ESG research to identify potential supply chain issues including labour issues in our investments.

- Required external fund managers to respond to a due diligence questionnaire covering their ESG practices including assessment of the risks of Modern Slavery in their operations, supply chain and investment activities.
- Engaged with investment managers on investment holdings demonstrating poor ESG characteristics.
- Provided the IAG Supplier Code of Conduct to external managers and associated suppliers, who were required to confirm they meet our minimum ESG requirements.
- Delivered training to Key Capital Markets investment, operational and governance employees to drive awareness and build capability in identifying, managing and reporting on incidents of Modern Slavery.

Enhancements to our supplier risk processes

We have processes that enable us to monitor the risk of Modern Slavery in our suppliers within our corporate and claims supply chains, assess areas of high risk and put plans in place to mitigate those risks. Over recent years, we have improved our procurement systems to have a better understanding of Modern Slavery risks within our supply chain and increased oversight of our suppliers.

Sharing our Supplier Code of Conduct

In 2019 we launched our Supplier Code of Conduct (Supplier Code) outlining expectations we have of our suppliers in relation to ESG-related issues, including Modern Slavery, our commitment to the UNGPs and to preventing and ending all forms of modern slavery, child labour and human trafficking in our supply chain.

We have taken a staged approach in rolling out the Supplier Code of Conduct and assessments to our suppliers, focusing first on material and high risk rated suppliers.

Our Supplier Code is being embedded into our supplier onboarding and contracting processes. To date, we have actively shared the Code with 2,426 suppliers across Australia and New Zealand. We continue to engage with our suppliers on the Supplier Code, and have discussions with them on the ESG expectations that we have set out.

Last year we introduced responsible business assessments as part of our supplier onboarding and third-party risk management due diligence activities. We have now completed 1,186 responsible business assessments, with a significant focus this year in New Zealand with our contracted supply chain providers.

FY20

996

Suppliers received the code (**540** Corporate and **456** Claims suppliers)

89

Responsible business assessment completed (**81** corporate and **8** Claims suppliers)

FY21

2,426

Suppliers received the code (**1,446** Corporate and **980** Claims suppliers)

1,186

Responsible business assessment completed (**491** Corporate and **695** Claims suppliers)

Embedding our supplier risk assessment activities

Our Procurement team has been working with our Operational Risk team on the design and development of a ServiceNow vendor risk management (VRM) module to embed a specific Modern Slavery risk rating into our Group-wide supplier risk assessment process. Adoption of the new VRM module is intended to create a more consistent and standardised approach for supplier risk management at IAG, in order to help drive appropriate supplier risk assurance across the entire Company.

We find that, in practice, new supplier risk assessment processes and controls are most impactful when accompanied by discussion and engagement with relevant stakeholders, this is why this year:

- We had targeted discussions with Managers in key Business Areas to raise awareness of Modern Slavery risks, identify potential gaps in controls, and progress IAG's understanding of Modern Slavery exposure;
- We aligned to our enterprise-wide Safer Communities business plan, which includes a focus on responsible and ethical business by embedding ESG topics, including Modern Slavery into our supplier Quarterly Business Review templates, and commenced direct engagement with suppliers on this topic; and
- We conducted various senior executive awareness sessions and briefings with IAG's GLT and Boards at key stages of our Modern Slavery Programme.

We firmly believe that discussion is critical in advancing our response to Modern Slavery issues and we will continue to extend our internal and external engagement activities on the topic of Modern Slavery in the future.

Adjusting our supplier monitoring tools

Over the last couple of years, uBuy (an internal purchasing site based on SAP Ariba, which enables buyers to purchase the items they require in compliance with company policies) has provided us with greater control over our procurement behaviour and improved the quality of our data to help us understand who our suppliers are. Our Procurement team utilises uBuy's Supplier Risk module to actively monitor adverse media for a broad range of supply chain risks such as fraud, corruption and human rights violations, providing real time alerts on our procurement suppliers. We do recognise that in the Australian and New Zealand markets our suppliers are often distributors and the real risks lie within the complexity of our supply chain. In addition to uBuy we also utilise a more focused tool for Modern Slavery monitoring, called FRDM. FRDM is an online platform which provides greater supply chain transparency of forced labour from suppliers down to raw materials. It uses vetted and harmonised risk factors along with trade data to

highlight Modern Slavery risks. Our Procurement team has been working with FRDM since 2018 and we were the first Australian entity to use the platform. This allows us to drill deeper into the supply chain to where additional Modern Slavery risks could lie. During the Reporting Period we worked with both systems to enhance adverse media alerts functionality and to broaden the focus to industry news alerts and country alerts, in addition to supplier-specific alerts, and communicate these alerts directly to our Managers daily.

As with many financial services organisations, many of our suppliers deliver services rather than products. We believe that industry collaboration will bring value not just to our unique supply chain, but also contributes to other businesses in the broader sector. We have started collaborating with our peers this year on the topic of Modern Slavery and hope to include an update regarding our collaboration in our next Statement.

Case Studies: Supplier risk assessments of New Zealand Light Motor Vehicle repairers

In everything that we do we aim to adopt consistent ways across the Group whilst at the same time recognising that there are differences related to where we operate. IAG New Zealand is supportive of our Modern Slavery Programme and various initiatives. During the Reporting Period, our NZ Claims Supply Chain team integrated specific and tailored Modern Slavery Risk Assessment questions to the Supplier information Management software used to manage risk within our New Zealand Light Motor Vehicle repairer supplier pool.

At the time of this Statement 366 repairers have completed the Questionnaire. An initial analysis of responses shows that while practical pre-employment checks are consistently disclosed and relevant, higher-level controls such as policy commitment, risk management and due diligence is more sporadic.

We also note, thanks to suppliers' openness in responding to the Questionnaire, that some of the repairers employ temporary migrants and apprentices and pay some of their employees the minimum wage. Although common practice in the motor repair industry, we understand that these are contextual factors to be aware of in our engagement with repairers and management of Modern Slavery risks.

We also recognise that requiring suppliers to adopt a stringent and bureaucratic process to manage Modern Slavery risks may simply not be feasible especially when engaging small to medium enterprises. We have identified that collaboration, notably with industry associations will be more effective in mitigating Modern Slavery risks.



Case Studies: On-site assessment of a high-risk supplier

To strengthen our approach to managing Modern Slavery risks in our supply chain we are always looking for opportunities to engage more actively our suppliers on the topic.

In April 2021, IAG selected a supplier in our Property Procurement category, to be the subject of a pilot Modern Slavery Assessment, which more specifically targets the provision of cleaning services. The decision was based both on the cleaning industry's inherent exposure to modern slavery risks but also on the established and open supplier relationship with this supplier.

The assessment was conducted as a 'pilot' exercise with the intention to create, test and improve an assessment process that is repeatable and feasible on a larger scale.

The assessment found that there was good alignment between IAG's Modern Slavery expectations and the supplier's commitments, policies, and risk assessment processes. The assessment also found that in practice, the relationship between cleaning contractors, service providers, building owners and building tenants can be convoluted and lead to uncertainties in controls. Opportunities to clarify or improve some controls were identified, including regarding grievance mechanisms, vulnerable worker identification and general coordination of controls between the various parties.

We will continue to engage with the various parties involved.

Taking action to support our suppliers during COVID-19 disruptions

Our Business Process Outsourcing (BPO) providers are in the Philippines, South Africa and India. We have over 900 people working on our account in the Philippines, 194 people in South Africa and over 480 people in India. These locations and operations, which include managing customer calls and processing payments, continued to be heavily impacted by COVID-19. The programs and initiatives that we had developed in 2020 in consultation with the Australian Prudential Regulation Authority, which allows our BPO employees to work from home, have been extended where possible in this Reporting Period. In some instances, these initiatives turned into permanent arrangements. We also

looked for opportunities to learn from our BPO partners' current practices with regards to Modern Slavery, as our key providers report under the UK Modern Slavery legislation and we monitored their compliance through our ongoing partner risk management activities.

In Australia, we established a COVID-19 related risk forum to monitor industry trends and risks in the motor and property insurance supply chains, including disruptions and opportunities to support our repairer network in the pandemic environment. An additional \$25 COVID Cleaning fee per repair was introduced in March 2020 to support our repairers with vehicle cleaning and disinfection. Due to the reductions in repair volumes, we agreed to temporarily adjust our partners' cost model.



Improving our communication and awareness channels

Collaboration is key to how we deliver our purpose and one part of this is communicating our expectations with our people and with our suppliers. This year we continued to update our Supplier Portal <https://www.iag.com.au/supplier-portal> to include essential information for suppliers currently working with IAG, or those who want to work with us. The Supplier Code of Conduct and Purchase Order Terms and Conditions, which contain provisions addressing Modern Slavery, are available via the Supplier Portal as well as information regarding IAG's approaches to Responsible Sourcing and Building Safer Communities. We created a similar page on our New Zealand website with our Supplier Code of Conduct (<https://www.iag.co.nz/financial/Supplier-Code-of-Conduct>).

Developing an online learning module


This year we developed an Anti-slavery Training module. This online module is part of IAG's multi-year Modern Slavery Programme and constitutes a key control against Modern Slavery risks. The training module is available on our intranet learning library and is available to all employees across Australia and New Zealand. The training module provides a great introduction to the topic of Modern Slavery, practical and tailored scenarios as well as a description of the key controls IAG currently has in place.

During the Reporting Period, the training has been completed by employees in key purchasing roles and we intend to roll out on a larger scale in FY22.

Introduction

Welcome to IAG's Modern Slavery training. At IAG we are guided by our purpose; we make your world a safer place. Respecting human rights and addressing issues such as Modern Slavery underpins our ability to deliver our purpose and to continue to be an ethical and responsible business.

In this training you will learn about Modern Slavery, its context and what you can do to support IAG's commitment to prevent and end all forms of Modern Slavery.



Case studies




Anni
I came to Australia to complete a Master of Engineering in the hopes of securing a job at the end of my studies and a sponsorship. The money I had saved up to come to Australia wasn't enough to cover both my studies and my living expenses, so I needed to work. After a long search (my English is not great) I was finally able to get some work through a construction labour hire firm. They offered to take care of my housing, transportation and food. This seemed great at first, but I never seemed to be able to pay them back within the 20 hour per week my student visa allowed. I now must work beyond the allowed time to pay back the debt I accumulated with the labour hire firm. I have put my student on hold to be able to work more. I can't possibly go back home without money or a degree. I feel trapped.



Annelia
I was backspiking around Australia with friends. I was starting to run out of money. At that point, one of the girls in the backpacker's introduced me to a man who had his own cleaning business. He gave me a job. I had to do those aren't too many jobs in this remote part of Australia. We often work at night in shopping centres or public spaces, where people can't see them or we can do our work before. Usually, I was asked to hand over my passport, I assumed it was for a security check. The pay, at 10 per hour, it not great, so I want to leave soon and see if I can get a better job in the next town. When I transferred this to my bank, he got mad and told me I should be happy with what he is paying me which is well beyond what I would get in my country. He may be right, maybe he is a saint, and now I'm stuck to keep asking for my passport. I don't know what to do.

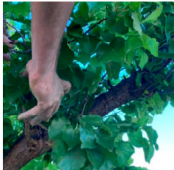


Modern Slavery risk variables

There are many variables which when combined can impact on the likelihood and incidence of Modern Slavery.



Identifying Modern Slavery

Modern Slavery is unfortunately an issue that is relevant to our people and businesses. It is likely to be occurring somewhere in our supply chain, whether within Australia, NZ or across other regions. Following are some examples that you will have seen in the news:

Assessing the effectiveness of our actions

We are committed to continuous improvement around our actions on Modern Slavery and have put in place measures to understand the effectiveness of our actions.

The Board of IAG has responsibility for monitoring all key risk and compliance matters by ensuring the implementation of an adequate and effective risk management and internal controls framework. This includes overseeing the development and implementation of our approach to the management of risk that drives sustainable outcomes, and how effectively we respond to stakeholders.

Roles and responsibilities of the Board and its standing committees, the Risk Committee, the Audit Committee, the People and Remuneration Committee and the Nomination Committee, are set out in the Corporate Governance section of the IAG website.

In addition to our overarching Governance structure, the following measures are in place to specifically review and assess our Modern Slavery Programme progress:

- IAG's Chief Operating Officer is responsible for the delivery of the Modern Slavery Programme of work.
- Our Procurement function is responsible for the execution of the Programme and has dedicated resources to manage it.
- This Programme is supported by a Modern Slavery Working Group, comprising participants from various functions across IAG Australia and New Zealand including Corporate Affairs, People and Culture Operations, Safer Communities, Procurement, Claims Supply Chain, Legal and Operational Risk.

We established Key Performance Indicators (KPIs) in FY20 which were reported in our first Modern Slavery Statement and used internally with IAG's Chief Operating Officer and IAG's GLT to communicate progress. While we have made good progress in FY21, our ability to assess the effectiveness of our actions continues to be impacted by COVID-19 exacerbating vulnerabilities, shifting priorities and limiting our movements and interactions with key stakeholders:

- We have now rolled out the Supplier Code of Conduct to 2,426 suppliers, this represents an increase of 100% from last year.
- We have completed 1,186 responsible business assessments, which is a significant increase from last year but more importantly represents ~50% of the supplier base that we directly contract with and actively manage.
- We recognise the vital role that internal training and development plays in promoting awareness of Modern Slavery risks and responses. We have developed an Anti-slavery Training module that has been completed by employees in key purchasing roles.
- We continued to undertake discussions and awareness sessions with stakeholders across the Group in the areas of Procurement, Partnering & Commercial, Property Services, Capital Markets, Operational Risk & Assurance, People Culture & Operations, Safer Community, Corporate Affairs, and DIA Insurance Supply Chain.
- During the Reporting Period, we also carried out education sessions on Modern Slavery with our Group Leadership Team and the Boards of IAG and Insurance Manufacturers of Australia Pty Ltd (IMA).

We recognise monitoring effectiveness can be challenging and we intend to expand our methods in the coming years.

Reporting and remediation

This year we continued to leverage our existing Whistleblower Policy and mechanism. Set up as an independent whistleblower line, ActionLine, is managed by a third-party provider. This service allows our employees and suppliers to report alleged misconduct in a confidential manner and helps facilitate the protection of the identity of the whistleblowers where they wish to remain anonymous. Last year we prepared guidance for the ActionLine manager to support them if a Modern Slavery incident is reported. We used, during the reporting period, an incident reporting system to manage incidents internally.

More broadly, the policies and procedures we have in place, like our Social and Environmental Framework and our Code of Ethics and Conduct, outline and underpin what it means to work at IAG. We support the implementation of these policies and procedures through a robust framework which includes management and employee support structures such as one-on-one meetings, specialist support from our People and Culture tiered service teams and our employee wellbeing portal. This is in addition to incident reporting channels including our Whistleblower ActionLine. Our employees also have the opportunity to call out issues through our quarterly culture surveys. The survey results are followed through by management and the Board as a key people metric within the Group Balanced Scorecard. We have principles in place for remediation that are

people-centred and based on international good practice. If any Modern Slavery issue is identified, our attention is on performance management of the offending supplier with a focus on improving practices. While our specific activities in remediation may vary, and are tailored to the situation, our key focus is to ensure that any victims and survivors identified are removed from further harm.

Consultation

IAG consulted with the reporting entities covered by this Statement, and together we consulted with the entities we own or control, in the process of preparing this joint Statement, communicating our approach and commitments. For reporting entities which are holding companies that do not have any actual substantive business operations or assets, we communicated via a Board circular. The two reporting entities which are operating companies – IAG and IMA, use IAG's Group Procurement function and have a shared supply chains.

We operate as an integrated Group of companies with policies, systems and approaches that apply to each entity. This Statement was circulated to the IAG GLT and the Board of IMA for comment and endorsement, prior to being put to the Board of IAG for review and approval. We look forward to collaborating further with others in our industry, other business sectors, governments and the community in identifying and responding to Modern Slavery.



Looking forward

At IAG we are focused on developing enduring, effective partnerships with organisations and communities to bring to life our purpose - to make your world a safer place. We know it takes time to establish and build trust with our stakeholders and to achieve impact on an issue like Modern Slavery. Addressing Modern Slavery risks is a complex and challenging undertaking and needs to be a process of continuous improvement. Above all, we want to ensure we continue to have a victim and survivor-centred approach in all our activities, along with actionable remediation plans where issues are identified. During these first two years, we have focused our Modern Slavery work on getting our foundations right, we intend to now shift our attention to practical implementation and collaboration. Our aim is to continually improve, demonstrating progress and refinement of our approach in future years.

