



Lawcover

Modern Slavery Statement

Reporting Period: July 2022 – June 2023

Prepared: October 2023



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Lawcover is committed to identifying and responding to modern slavery risks in our operations and supply chain.

We will continue to develop and improve our processes to prevent modern slavery in connection with our business. This, our first, modern slavery statement, and our ongoing work in this area, supports Lawcover’s overarching values of transparency, integrity, accountability, sustainability, excellence and customer focus.

About this statement

Lawcover Insurance Pty Ltd (ABN 15 095 082 509) (Lawcover) has developed this Modern Slavery Statement ('Statement') in line with the *Modern Slavery Act 2018* (Cth) ('the Act'). This Modern Slavery Statement (Statement) is the first Statement prepared by Lawcover and outlines the actions that Lawcover has taken to identify, assess and address modern slavery risks in our operations and supply chain during the reporting period 1 July 2022 to 30 June 2023.

In the preparation of this statement Lawcover has taken steps to understand modern slavery in the context of our business operations and supply chains. This includes engaging external human rights specialists to consider our inherent modern slavery risks and existing risk frameworks for retrofitting with modern slavery controls.

Our reporting entity

The reporting entity for the purposes of this Statement is Lawcover. In the FY23 reporting period Lawcover's revenue exceeded \$100 million (AUD). Lawcover's registered office is located at level 13, 383 Kent St, Sydney NSW 2000. While it primarily operates in New South Wales, Lawcover also provides services to members and other practitioners located interstate or operating nationally.

Our structure, operations, and supply chain

Structure and Operations

Lawcover is an APRA authorised and regulated insurer, and a wholly owned, independent subsidiary of The Law Society of New South Wales (ACN 000 000 699) ('the Law Society'). It is the single provider of approved professional indemnity insurance policies to over 21,000 lawyers in law practices based primarily NSW, in addition to the ACT, NT and national law firms with a presence in NSW. Lawcover does not own or control any entities.

Lawcover's focus is protecting and supporting the professional indemnity needs of our insured law practices and the lawyers who practise within them. Lawcover employs a team of 42 employees including 35 full-time employees, 8 part-time employees, and 3 contractors. The team operates out of a single Sydney office.

Lawcover's operations are set out in Figure 1 below. They centre on its professional services teams, which comprises three inter-related areas

- Insurance Services: experienced underwriters and customer support staff ensuring the professional indemnity insurance needs of insured law practices are addressed as efficiently as possible.
- Claims management: internal claims solicitors, often working in conjunction with an expert panel of external solicitors.
- Practice Support Services: experienced professionals providing risk management education and claims prevention strategies to insured law practices.

These three teams are supported by internal operations teams comprising:

- Finance and capital management: experienced professionals ensuring Lawcover's financial operations and investments are managed within APRA Prudential standards
- Business Solutions: IT experts supporting Lawcover's core insurance, finance and related systems
- Legal Risk & Compliance: internal legal, risk and company secretarial support for the business
- CEO office and Administration: ancillary support for client-facing business units

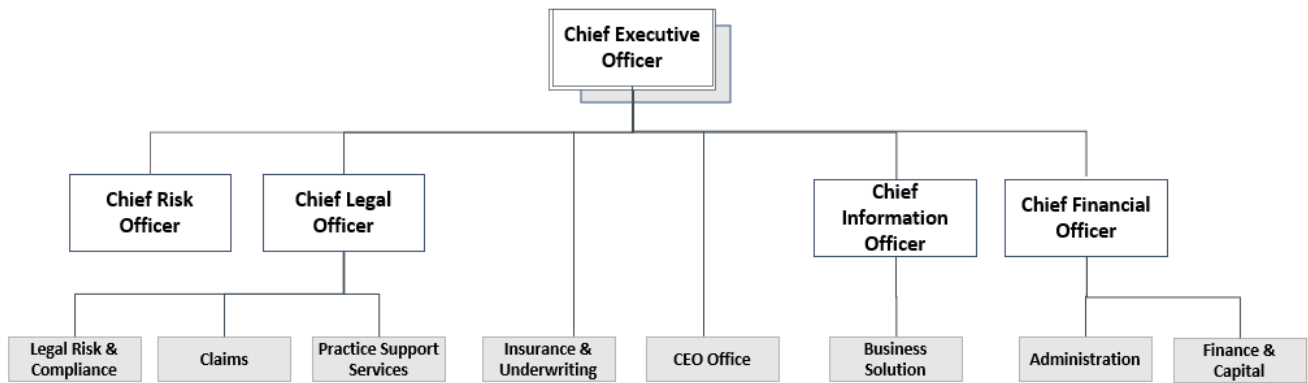


Figure 1 – Lawcover’s operating structure

Supply Chain

Lawcover’s direct supply chain consists of procuring goods and services that facilitate Lawcover’s operations, client services and investments.

Our largest categories of spend are, in order:

- Claim defence costs
- Information Technology (IT)
 - IT/data security services
 - IT hardware, telecom/internet, and cloud services
 - IT professional services
- External consulting fees
- Reinsurance
- Investments
- Occupancy costs
 - Building management services
- Brand and publications
- Membership and regulatory expenses
 - Law Society commissions
 - ASIC fees
 - APRA fees
 - Public Sector Superannuation expenses

The majority of suppliers engaged by Lawcover are located within Australia, with some that outsource services to offshore facilities. Lawcover has highlighted our primary offshore procurement activities below.

Technology

An example of this is IT procurement, which Lawcover sources from Australian-based suppliers with personnel operating out of India. Whilst data is generally located in Australian, in respect of one accounting software arrangement, data is located in the US. Lawcover treats this arrangement as a material, offshore outsourcing arrangement.

Investments

Lawcover engages external investment managers to actively manage its portfolio of investments supporting its capital and insurance liabilities to policyholders.

Reinsurance

Lawcover is regulated by APRA and must comply with certain standards as to the use of authorised reinsurers. Reinsurance is provided by local and global reinsurers, who may be located in the EU and UK.

Our modern slavery risk

Lawcover has not assessed for modern slavery risk in its operations and supply chains but understands that modern slavery risk will intersect with our value chain and recognise our responsibility to respect human rights in our actions and relationships. Our current risk management system identifies key risks across the entity's business functions, and an established risk appetite statement and procedure covering internal and external compliance requirements of the insurance sector.

For this inaugural modern slavery statement, Lawcover has consulted with an external provider of human rights risk advisory services to identify broadly the operational and supply chain areas that present inherent modern slavery risk, such that we can begin to take steps to assess the appropriateness of existing policies and procedures, taking a risk-based approach. The findings of this risk identification are detailed here.

Operations

Services provided by Lawcover are delivered by a small team of skilled, professional staff based largely in our one Sydney office, with select team members working remotely in other Australian states. According to the Global Slavery Index 2023 (GSI), Australia is considered a low-risk geography for vulnerability to modern slavery.¹ We recognise that despite this, modern slavery can still occur in our Australian operations and supply chain but given the nature of our business operations, in consultation with our human rights risk advisors, Lawcover has determined internal operations to be low risk.

Supply chain

- **IT procurement:** IT equipment and services procurement represents a significant spend category for Lawcover given the nature of our services. In particular, we outsource software development and the management of our cloud-based insurance system used to conduct the majority of our work. We have engaged Australian companies to provide these services, however, most are supported by related bodies corporate and teams in other countries, largely India or the United States (US). Given the geography in which some of Lawcover's primary suppliers operate, and reduced visibility inherent to offshore contracts, this supplier category presents a heightened risk of modern slavery.
- **Occupancy:** Our property management services including cleaning, security, plant maintenance and office fit out services are provided through an Australia-based property investment and funds management group that manages, on behalf of the owner, the Sydney-based property out of which Lawcover conducts business. We recognise that cleaning and property management supply chains can include more vulnerable workers, such as base skilled workers and workers from migrant or low socio-economic backgrounds. The property investment and funds management group that provides our building services produces their own Modern Slavery Statement, acknowledging that this does not constitute evidence of effective modern slavery risk management on their part.
- **Brand and publication:** Lawcover produces print publications as well as other branded paper products, such as letter heads. Other branded merchandise products are procured such as pens and umbrellas. We recognise the procurement of these products may present a modern slavery risk due to our lack of visibility of these supply chains, which may source goods from high-risk geographies or rely on vulnerable worker populations.

¹Minderoo Foundation, *Global Slavery Index 2023* (Report 2023), ii.

- **Investments:** Lawcover perceives our risk of modern slavery in our investment practice is low, however we recognise that Lawcover is exposed to a range of risks given our connection to a range of assets and businesses. The complex value chain and reduced visibility inherent to investment activities presents a heightened risk of becoming complicit to or facilitating modern slavery, as noted in the GSI and the Australian Modern Slavery Act official guidance for reporting entities.²

Addressing our modern slavery risk

Lawcover acknowledges our duty to respect human rights as set out in the United Nations Guiding Principles on Business and Human Rights (UNGPs). Aligned to that duty, we are committed to continuously improving our approach to modern slavery risk.

Lawcover has a suite of policies and processes for procurement, and investment, which respectively consider working conditions and investment decisions such as scrutiny of sensitive sectors. Auxiliary policies such as our Code of Conduct and our Fraud Awareness and Management Policy are aligned with our key values including honesty and integrity, professionalism, and compliance, demonstrating our commitment to ethical behaviour and compliance. However, as Lawcover has only recently become engaged in modern slavery risk management, there are currently no specific modern slavery risk-related controls. Our existing policies and processes provide a strong foundation that may be enhanced to embed a risk-based approach to modern slavery risk management.

Operations

Lawcover has a range of policies to protect employees from harm. Although not directly related to modern slavery, these policies demonstrate our commitment to a safe work environment and provide avenues to report wrongdoing.

- **Human Resources (HR) Policy & Procedure Manual:** Our HR procedures include standard entitlements in alignment with applicable employment regulations including leave entitlements and remuneration. Lawcover also offers other programs such as Health and Wellbeing Benefits, and an Employee Assistance Program.
- **Equal Employment Opportunity Policy:** Lawcover seeks to provide a safe and positive work environment where employees can work effectively without fear of bullying, discrimination, harassment, vilification, or victimisation.
- **Grievance Policy:** Lawcover's grievance policy provides employees with guidance on how to raise a grievance internally to a HR representative or management.
- **Whistleblower Policy:** Lawcover has a 24/7 independent website, email and hotline reporting service. We have communicated the policy to employees at an all-staff meeting and the policy is available on Lawcover's website and intranet. During the reporting period Lawcover updated the Whistleblower Policy to offer a hotline number in addition to the website and email channels for reporting and made the policy accessible to vendors via the Lawcover website.

Supply Chain

- **Procurement Guidelines:** Procurement process requires vendors being considered for contracts of \$20k+ to undergo assessment of compatibility with Lawcover's values. For example, consider whether the vendor has implemented policies such as a modern slavery policy, code of conduct, bullying, harassment and discrimination policy, complaints process, or diversity policy. This due diligence checklist is not mandated but aims to support managers to make more responsible purchasing decisions. Once onboarded Lawcover monitors supplier contract compliance regularly. This process does not include modern slavery controls

²Minderoo Foundation, *Global Slavery Index 2023* (Report 2023), 172.

explicitly at this time. This process may be leveraged for the purpose of modern slavery risk management in the future.

- **Outsourcing:** Our Outsourcing Policy builds on the Procurement Guidelines to include specific requirements for sourcing goods and services material to the operation of Lawcover, consistent with APRA’s definition of ‘material outsourcing’. General risk monitoring requirements apply to these arrangements, and additional obligations apply in respect of vendors providing material outsourced services outside Australia. Our suppliers with offshore personnel provide visibility on working hours, such as timesheets, for their offshore staff. For one IT service provider, we explicitly cap the number of hours for each resource at 45 hours per week, unless approval is provided by Lawcover. Lawcover’s IT procurement lead holds this data and could use this to engage with suppliers if an issue concerning working conditions arose, but to date we have not had to use this data as a management control for modern slavery risk.
- **Risk Appetite Statement:** In alignment with APRA regulations, Lawcover has established a clear risk appetite for various aspects of its insurance risk. As such, we promote effective due diligence for the purpose of making responsible investment and reinvestment decisions.
- **Investment Policy:** As part of Lawcover’s Responsible Investment Commitments, we review the Environmental, Social and Governance (ESG) integration approach of our investment managers both on selection and as part of the regular review process. Modern slavery is not explicitly named as a social consideration but is captured in our ESG approach. We ask our investment managers and advisors to assess ESG risks and opportunities, and to manage them accordingly.

Measuring the effectiveness of our actions

Lawcover’s focus in this first year of reporting on modern slavery is understanding our intersections with modern slavery risk across our value chain and identifying opportunities to enhance existing risk management policies and process to embed modern slavery risk considerations. In future reporting periods, Lawcover will be better positioned to assess the effectiveness of these actions.

Lawcover regularly reviews the appropriateness of risk policies and processes, which can lead to changes such as the inclusion of modern slavery within the Outsourcing Policy.

In the preparation of this statement, Lawcover engaged external human rights specialists to assess our risk policies and processes and support the identification of opportunities to retrofit modern slavery into our risk management framework.

Looking forward

Lawcover is in the early stages of developing our modern slavery approach, will remain abreast of changes to the Modern Slavery Act 2018 (Cth) (the Act) and any changes in legislation or guidance issued by the incoming Office of the Anti-Slavery Commissioner, likely to come into force in the next reporting period. In FY24 we will take steps to improve our modern slavery approach in alignment with requirements under the Act.

Annexure

Annexure 1: Principal governing body approval

Approved by the Board of Lawcover Insurance Pty Limited



Kerrie Lalich, Chief Executive Officer



Peter Harmer, Chair

Annexure 2: Mandatory criteria

Please indicate the page number/s of your statement that addresses each of the mandatory criteria in section 16 of the Act:

Mandatory Criteria	Page Number
a) identify the reporting entity	2
b) describe the structure, operations and supply chains of the reporting entity	2
c) describe the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls	3
d) describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes	4
e) describe how the reporting entity assesses the effectiveness of such actions	5
f) describe the process of consultation with: i. any entities that the reporting entity owns or controls; and ii. in the case of a reporting entity covered by a statement under section 14—the entity giving the statement*	Do not own or control any other entities
g) include any other information that the reporting entity, or the entity giving the statement, considers relevant.**	NA

* If your entity does not own or control any other entities and you are not submitting a joint statement, please include the statement 'Do not own or control any other entities' instead of a page number.

** You are not required to include information for this criterion if you consider your responses to the other six criteria are sufficient.

