
Joint Modern Slavery Statement 2020



Introduction

This joint Modern Slavery Statement ("**Statement**") is Zip's first Statement and covers the reporting period for 1 July 2019 to 30 June 2020. This Statement applies to Zip Co Limited and Zip Money Payments Pty Ltd (as reporting entities under the Modern Slavery Act 2018 (Cth) ("**the Act**") and Zip Co Limited's subsidiaries in Australia and New Zealand (including Zip Business Australia Pty Ltd, Pocketbook Australia Pty Ltd, Zip Business New Zealand Ltd, ZipMoney Payments (NZ) Ltd ("**Zip**", "**we**", or "**our**").

We acknowledge that modern slavery can occur in many forms, including forced labour, child labour, domestic servitude, and human trafficking. In this Statement, we refer to 'modern slavery' as defined by the Act.

Our approach to addressing modern slavery reflects the purpose and values that are integral to our business operations:

- Treat each other with respect and dignity;
- Respect the law and act accordingly;
- Be fair and honest in your dealings;
- Be responsible for your actions and accountable for their consequence; and
- Be responsible to the community and the individual.

Our commitment to human rights is supported by an internal governance framework that enables us to effectively identify, assess and address the risks of modern slavery in our operations and supply chains. These include:

- Code of Conduct;
- Whistleblower Policy; and
- Supplier Code of Conduct.

We are committed to operating our business lawfully and ethically. We expect our suppliers to do the same, including operating under all applicable modern slavery laws. We are committed to upholding all laws regarding corporate social responsibility, workplace safety protection and staff inclusion and diversity.

Steps that we have undertaken during the reporting period, and are continuing to implement, to ensuring compliance with our modern slavery commitments include:

- Assessing the potential modern slavery risks in our operations and supply chains with emphasis on high-risk geographical locations and business transactions;
- Developing and reviewing Zip's policies on modern slavery in operations and supply chains;
- Preparing to conduct due diligence on local and global supply chains;
- Drafting terms for supplier contracts to ensure they contain terms that are consistent with the Act and beginning the process of incorporation of these terms in contractual arrangements; and
- Conducting specified training in modern slavery requirements and testing participants to measure effectiveness.

Our Board has approved this Statement for lodgement, in accordance with the Act's requirements.



Larry Diamond
CEO & Co-Founder, Zip Co



Zip's Structure, Operations and Supply Chains

Zip's journey began in 2013, when we launched our first product, Zip Money. Since that time, Zip has expanded its product and customer base and globalised. As of 31 December 2020, in Australia and New Zealand we had a customer base of 2.5 million.

Our parent company, Zip Co Limited, is publicly listed (ASX: Z1P) registered and domiciled in Australia. Our services and products span various countries, including Australia, the United States, the United Kingdom, and New Zealand. We have focused on the wholly owned subsidiaries for the reporting period (Australia and New Zealand entities) for this joint statement. However, we will continue to broaden the scope of our modern slavery commitments to our global footprint.

In Australia and New Zealand, Zip's service offerings broadly include:

- the provision of point-of-sale credit, credit line facilities, and digital payments solutions;
- financial management and tracking services; and
- merchant service offerings.

As of this statement's date, these products include Zip Pay, Zip Money, Zip Business (which includes Zip Business Trade, Zip Business Trade Plus and Zip Business Capital), and Pocketbook.

Zip employs over 650 people globally. Over one-third of our employees work within Product and Software Engineering, driving the innovation of our product and services, as well as employees that support our operational aspects of our business.

As a fintech, our suppliers are predominantly professional services, including IT (e.g., software applications and subscriptions, sales, advertising and marketing). We also source goods and services, such as office supplies consisting of printing and stationery supplies, travel related expenses and telecommunication services for our employees.

This reflects our business's dependency on technological products, software applications, finance and office related goods and services, which our staff use and operate from. Our Suppliers are based both in Australia and globally.

Zip's Modern Slavery Risks

Considering the nature of our industry, operations and products, the overall risk of modern slavery has been assessed as being **relatively low**. We did not identify any cases of actual or suspected modern slavery or associated conduct over the reporting period and post this period.

However, we fully acknowledge that modern slavery risks may be hidden at much lower tiers of the supply chain, into which visibility is greatly restricted. We have focused the results of our risk assessment results on the entity with the largest overall number of suppliers (ZipMoney Payments Pty Ltd). This entity operates our Zip Pay, Zip Money, Zip Trade and Zip Trade Plus products and merchant service offerings.

We have identified the following areas as the top four high risk industries in our supply chain. These industries have also been selected because potential modern slavery risks are likely to accumulate closer to direct suppliers of the supply chain:

- Computer and technical services;
- Business services;
- Advertising services; and
- Software services in India.

Although the above industry categories were in the three highest risk industries, most of our 15 highest risk industries did not produce an elevated relative slavery risk. Our risk assessment identified computer and technical services as having a relatively higher risk compared to other industries.



Steps taken by Zip to address its Modern Slavery Risks

1. Establishment of Modern Slavery Working Group

During the reporting period, we established a cross-functional and jurisdictional Modern Slavery Working Group (“**Working Group**”) to assess and address the risks of modern slavery and continue to develop our modern slavery response as an organisation. Members of this group have included representatives of subsidiaries.

As a Working Group, we strive to ensure an appropriate, pragmatic, and business-wide response to modern slavery issues. We meet regularly to identify and roll out our targets to meet our commitments (as outlined below) and report to senior management on our ongoing modern slavery-related efforts.

To date, a high-level modern slavery roadmap has been developed to establish Zip’s key initiatives to improve our response to modern slavery over time. The roadmap guides progress on our efforts and includes input from external subject matter experts in modern slavery to develop our capability in this area.

2. Due Diligence

Initial Risk Assessment and Supply Chain Mapping

As part of our due diligence process over the reporting period and to date, we have undertaken a detailed mapping of our operations and supply chain. We have engaged with our relevant subsidiaries for the reporting period to undertake a modern slavery risk assessment of our business operations and supply chains. This has involved engaging subsidiaries in Australia and New Zealand for critical supplier data to map each of their respective supply chains.

This culminated in an initial risk assessment being carried out for key entities including Zip Co Limited and Zip Money Payments Pty Ltd. Using the proprietary technology of external subject matter experts, we have been able to assess the inputs and potential risks of our suppliers down to Tier 10 of our supply chains. This risk assessment has assisted us in identifying where we should concentrate our due diligence efforts for subsequent reporting periods.

Supplier Self-Assessment Questionnaires

We commenced the process of additional supplier engagement and due diligence through the preparation of supplier self-assessment questionnaires. These questionnaires will be provided to higher risk suppliers that have been selected from our risk assessment. The supply questionnaire data is managed through a digital platform that allows us to identify, assess and address modern slavery within our operations and supply chains.

Responses from these questionnaires will assist us undertake further due diligence in developing supplier awareness on our expectations around modern slavery.

Policy and Document Review

We have also undertaken a detailed review of our internal governance frameworks, including the proposed updating of core policies and procedures. This will result in the development of a Human Rights Policy, the inclusion of key clauses in our existing suite of policies, and the drafting of additional documents addressing modern slavery. These documents will form part of our Corporate Governance Manual.

Supplier Code of Conduct

A Supplier Code of Conduct (‘Code’) is in the process of being drafted. It will be tailored to address modern slavery issues and seek to influence our suppliers and their supply chain to identify, address and mitigate these risks.

Modern Slavery related Clauses

We have commenced the drafting of key modern slavery related clauses that will apply to selected suppliers where we have leverage or bargaining power. The modern slavery clauses seek to impose minimum expectations on suppliers to conduct their businesses in a way that effectively mitigates modern slavery risks in their supply chain.

In circumstances where we become aware that a supplier has breached a modern slavery related term, Zip may enforce contractual mechanisms to compel compliance or exercise the power to terminate the contractual arrangement where relevant.



Whistleblower Policy

We will be updating a key clause of our Whistleblower Policy to ensure reportable conduct is defined to expressly capture conduct associated with or involving modern slavery or contraventions of human rights standards. Personnel that may report under this policy include former or current officers or employees, suppliers, associates (within the meaning of the Corporations Act) or relatives, dependant, or spouses of the above-mentioned persons. The Supplier Code of Conduct will make specific reference to our Whistleblower Policy, to ensure that our own workers and workers of suppliers may report wrongdoing to us.

Internal Education & Training

The Working Group completed modern slavery training during the reporting period. We have also commenced preparing bespoke modern slavery training for Australian employees, which is due to roll out at the end of the financial year 2021.

As part of our education and training we will seek to ensure that suppliers and relevant personnel are aware of any key updates to our policies and procedures that prohibit modern slavery and how it applies to them.

Assessing the Effectiveness of our Response

Like many organisations, our formal efforts under the Act to combat modern slavery are a relatively new feature of our corporate responsibility landscape. Nevertheless, we are committed to continually improving our efforts to assess and address modern slavery risks in our operations and supply chains. Our roadmap includes a three-year plan with input from external subject matter experts to guide our continuous improvement approach to modern slavery.

A core part of this plan consists of Key Performance Indicators (**KPIs**) and assessment benchmarks that will allow us to measure our action's effectiveness over subsequent reporting periods. We will continue to develop relevant indicators as we build our modern slavery capability within our business. We will seek to ensure that our continuous improvement approach to modern slavery is multidimensional and does not concentrate on one area alone but includes top-down and bottom-up approaches that address our governance, workers and practices and procedures.

The effectiveness of the training that the Working Group underwent was performed through testing (and resitting of the training if the test was failed).

We will also continue to engage and educate our employees and suppliers, as we believe this is an effective means to influence, prevent and mitigate modern slavery risks.

Any Other Relevant Information

Zip enacted a COVID-19 response plan focused on the safety and wellbeing of employees and contractors, business continuity and management of the pandemic's economic impact. Our business operations were maintained through a fully remote workforce. Our Australian office locations were closed for a 3-month period. We proactively engaged with technical and property services and contractors to help manage the impacts of office closure on their workforces.





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