

2020 Modern Slavery Statement

LIFE INSURANCE



MLC Limited recognises human rights as universal and fundamental, preserving the inherent freedom, dignity, and equality of all human beings. Life protection sits at the very heart of everything we do. We are committed to 'a promise for life' and by extension, this includes human rights.

We publish our 2020 Modern Slavery Statement in accordance with Australia's *Modern Slavery Act 2018 (Cth)*. The Statement sets out the steps we have taken to identify and address modern slavery within our operations and supply chains during the financial year ended 31 December 2020.

We are proud to publish this inaugural statement in recognition of the contribution MLC Life Insurance is making towards combatting Modern Slavery. This year we have focused on understanding exposures across our business. A cross-functional working group has been brought together to drive activity, monitor progress, and measure the effectiveness of our efforts to identify and address modern slavery risks.

This statement is submitted by MLC Limited and has been drafted using valuable input from a wide range of internal stakeholders.

The MLC Limited Board of Directors has approved this statement on behalf of the organisation and has authorised it to be signed by myself as CEO and Managing Director.

A handwritten signature in black ink, appearing to read 'Rodney Cook', written in a cursive style.

Rodney Cook
CEO and Managing Director
MLC Limited



About us

At MLC Life Insurance, we make a promise for life to our 1.15 million customers that they and their loved ones will be supported when they need it most.

Our ambition is to become Australia's leading and most trusted life insurer. We aim to be recognised for leading the way our industry should operate. We will always strive to do the right thing; and if we get it wrong, we will own up and make things right. Through our behaviours, we aim to be perceived as a leader by our customers, our business partners, our regulators, our people, and by the broader community.

We are committed to helping our customers and communities thrive in life and health. To deliver on our commitment, we seek to build relationships with suppliers who demonstrate a commitment to operating in a fair, ethical and responsible manner, which we believe to be the foundations of sustainable practice in business.

By integrating sustainable practice into our processes, we can generate positive opportunities and manage risks for sustainable social, environmental, and economic development. We will seek to continuously improve our practices, with the objective of identifying, mitigating and eliminating risk in order to deliver sustainable and responsible life insurance to our customers and partners.

Our business

Our structure

MLC Limited is an unlisted public company and operates under the business name of MLC Life Insurance. MLC Life Insurance does not own or control other entities and its principal activities are the provision of life insurance products and life investment products. Our Australian Financial Services License (AFSL) number is 230694. Our ABN is 90 000 000 402, and our registered address is Level 7, 40 Mount Street, North Sydney, NSW 2060.

Until 2016 MLC Life Insurance was part of NAB Group of Companies. In October 2016 Nippon Life Insurance Company purchased 80% of MLC Limited from NAB, who retain a 20% share. Today, MLC Life Insurance is a part of the Nippon Life Insurance Group and not a part of the NAB Group of Companies. As part of the Nippon Life Insurance Group, we benefit from the financial strength and insurance expertise of the group.

Our operations

MLC Life Insurance provides life insurance products to almost 1.2 million Australians. We issue life, trauma, total and permanent disability (TPD) and income protection insurance products. Product distribution occurs entirely within Australia, and is primarily via partnerships with financial advisers, superannuation funds and other financial institutions. Our AFSL also authorises us to issue products directly to consumers. We currently hold approximately 11%¹ share of the Australian life insurance market.

During the financial year ended 31 December 2020, we recorded \$1.8bn of life insurance contract premium revenue and paid over \$1.1bn in life insurance claims. The company manages \$5.8bn of investment assets and has net assets of \$2.8bn.

We employ 1482² employees and engage 472² people on a contingent basis nationally. Employees and contractors are located across offices located in Sydney, Melbourne, Brisbane, Adelaide, and Perth.

We work with external investment managers who manage our investment assets and invest funds from policy holders. On an annual basis, we request our external managers to explain how they have considered environmental, social and governance (ESG) risks when making investments on our behalf. These ESG considerations are incorporated in our investment strategies.

¹ APRA Quarterly Life Insurance Performance Statistics, December 2020.

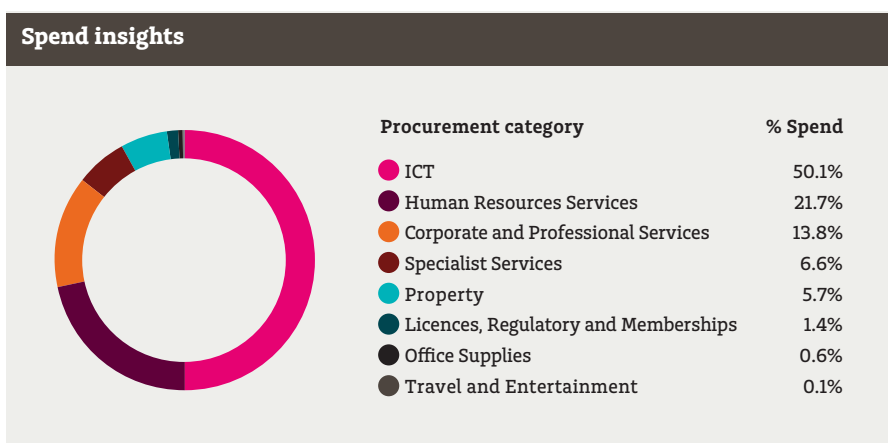
² As at 31/12/2020.

Our business *continued*

Our supply chains

In 2020, MLC Life Insurance spent \$271 million on the procurement of goods and services from over 1240 external suppliers. By quantity, 72% of these suppliers serviced the medical and claims side of our business with the remaining 28% being non-medical related. Our key categories of spend include information, communications and technology (ICT), human resources services and corporate and professional services.

We do not currently outsource the performance of our core insurance services, and most suppliers are located in Australia. A small number of material outsourcing arrangements, predominantly technology services, are delivered from offshore. These services are performed from India by two suppliers, with a third operating from the United Kingdom.



Source: MLC Life insurance

We maintain close oversight of supplier services via our internal governance mechanisms, set up to monitor third party and outsourcing risks through continuous oversight of the service provider portfolio.

Understanding our modern slavery risks

MLC Life Insurance recognises there are risks of involvement in modern slavery practices across our operations and supply chains.

Assessment

To drive action in identifying, assessing, and managing modern slavery risks, we have implemented a cross functional working group. The Modern Slavery Working Group (Working Group) brings together representation from Claims, Compliance, Corporate Affairs, Finance, Legal, Operations, People, Procurement and Risk. A detailed risk assessment conducted in 2020 identified the risk of modern slavery is highest within our supply chains. This is consistent with the findings of the Global Slavery Index 2018.

Findings

The Working Group conducted a company-wide assessment, rating key processes and business units for their risk of modern slavery exposure.

Our **customers** purchase life insurance products from within Australia. As supported by the Global Slavery Index 2018, we consider customers to be at low risk of modern slavery exposure due to several factors including the criminalisation of human trafficking, slavery and slavery-like practices in Australia.

Employees of MLC Life Insurance are based in Australia. Similar to customers, our employees are at low risk of modern slavery exposure based on their location and the skills required of our workforce. All prospective MLC Life employees are required to undertake Probity Checking, which includes an eligibility to work check. It is noted that contingent labour workers do not fall within the category of employees but are considered as part of the direct supply chains risk category.

Understanding our modern slavery risks *continued*

Our modern slavery **supply chain** risk is considered in two parts. Direct suppliers to MLC Life Insurance represent a moderate risk of modern slavery exposure. Exposure is considered moderate as we have visibility and a direct relationship with these suppliers. Separately, our indirect suppliers are considered higher risk due to our low visibility and the high complexity of the supply chains beyond our direct relationships.

Investments are considered moderate to low risk of exposure to modern slavery through our links to third-party fund managers, who are aware of the modern slavery requirements. We conduct annual assessments of ESG risks and will seek to include modern slavery as a topic for discussion.

Following this category assessment, the Working Group focused initial efforts in the supply chain space where we

believe the most immediate difference can be made. As a continuous improvement initiative, this approach will expand into our 2021 activities. We understand low risk does not eliminate our risk of exposure to modern slavery practices and we must build awareness with our employees across all areas of our business via policies, processes, and training.

Addressing our risks

MLC Life Insurance is committed to continually improving our approach to both identifying and mitigating the risks of modern slavery across our operations and supply chains.

We have taken several steps throughout 2020 to commence this journey, focusing primarily on our supply chain actions. Our Working Group holds responsibility for developing and monitoring organisational key performance indicators (KPIs), policies and processes to identify and address modern slavery risks within both our operations and supply chains. This group continues to meet on a fortnightly basis to monitor progress and ensure risks are addressed and mitigated.

Awareness

Our supply chains pose the greatest risk of modern slavery risk to our business. This has led us to introduce training to those most connected to this high-risk area. Introductory **Awareness Training** was conducted with the Procurement team throughout the year and we plan to commence knowledge testing for our supply chain employees in 2021. Additionally, our wider business has had access to modern slavery awareness information, published on our internal intranet. Business wide training has been developed and will be deployed via an e-learning mandatory compliance module for all employees in 2021.

Policies and Process

In 2020, we identified that we did not clearly stipulate the general expectations we have of our suppliers. As a result, we developed a **Supplier Code of Conduct** applicable to all our suppliers. The Code communicates our position on modern slavery and other matters, and includes details of our Confidential Alert Line, which is an anonymous reporting channel for our suppliers and their employees. The implementation of the Code over the coming 12 months will focus on supplier attestation to expectations concerning human rights, governance, and environmental management. The Code is a public document and is available on our website.

New contractual provisions have been incorporated into our standard agreement terms stipulating that service providers are obligated to comply with modern slavery laws. These new contract provisions require suppliers to notify us of any actual or suspected instances of modern slavery in their supply chains or operations and allow us to audit a supplier for compliance.

Our **supplier onboarding and due diligence** process was reviewed in early 2020. The Review, which identified gaps and opportunities to incorporate considerations relating to modern slavery risks. Due diligence now considers the supplier and industry risks associated with governance, social and environmental factors, including corruption and modern slavery together with geographic risk.

The Working Group identified an opportunity to improve MLC Life Insurance's **contract management system** by enabling tracking of inputs to inform our approach to addressing modern slavery risks. A thorough scoping process was completed with the procurement team to determine extensive requirements for contract and supplier management, inclusive of modern slavery monitoring criteria. The foundations have been established, ready for the contract management system sourcing activity to commence in 2021.



Assessing the effectiveness of our actions

We are committed to driving continuous improvement in our assessment and response to modern slavery risks.

This is including developing approaches to measuring the effectiveness of our actions. Our Working Group is focused on better defining these measures as a component of our 2021 and 2022 action plans.

Throughout 2020 we raised the awareness of modern slavery with MLC Life Insurance employees. In future reporting periods, the effectiveness of our awareness strategies will be measured through monitoring the completion rates of business-wide **compliance training**.

We have successfully developed an **attestation** process for the deployment of the Supplier Code of Conduct. We will measure and track the effectiveness of implementation by the number of suppliers that attest to the Supplier Code of Conduct following its deployment in 2021. We believe this process will enable an effective measurement of the alignment of suppliers to our expectations regarding modern slavery among sustainability, security, and human rights. A deep dive assessment will be completed with a targeted group of suppliers using a risk-based approach to ensure compliance with each aspect of the MLC Life Insurance Supplier Code of Conduct.

Our improved supplier onboarding and due diligence process will enable us to understand our suppliers more thoroughly. We will assess the effectiveness of this action by the number of suppliers that have completed modern slavery **due diligence assessments** within high-risk categories. This will help us to identify suppliers who pose a higher risk of modern slavery exposure. This information will enable us to make informed decisions about whether to onboard a new supplier based on the outcomes of this assessment or whether to work with the supplier to implement additional controls to mitigate the risk of exposure.

Impacts of COVID-19

Throughout the 2020 reporting period, we faced significant disruption caused by the COVID-19 pandemic, which affected our customers, employees, and suppliers. We acknowledge that COVID-19 increased the risk of modern slavery globally.

Supply chains

Key suppliers of MLC Life Insurance were individually contacted so that we could inform them of our working from home arrangements and seek an attestation or evidence detailing impacts of COVID-19 and any response plans, supply chain impacts and risk mitigants. Working closely with our Business Continuity and Procurement Teams, these responses were evaluated to ensure no immediate evidence of human rights concerns and no significant impact to MLC Life Insurance's services because of COVID-19. Control measures were implemented with our offshore outsourced service providers, enabling work from home arrangements to ensure the safety of the impacted individuals.

Employees

For our employees, we were able to quickly transition our entire workforce to a working from home arrangement for their safety at the height of the pandemic in Australia. Our people are supported with free access to wellbeing coaches and psychologists through our employee assistance program. Employees directly impacted by the pandemic by illness, carers responsibilities or because of quarantine requirements, have also been supported with special leave options. As we transition to a hybrid working environment, supporting tools and resources continue to be developed and implemented to support our employees to work effectively and enable self-care in all work settings.

Customers

To assist our customers during the pandemic, our Operations teams have implemented a range of measures to simplify administration processes and claims assessment, allowing for greater flexibility. As an example, instead of relying on customers to obtain paper-based medical information to support a claim, we have relied on telephone conversations with medical practitioners. Additionally, MLC Life Insurance supported customers in financial hardship due to COVID-19 by waiving premiums on over 1,300 policies.



Appendix 1: Modern Slavery Statement Mandatory Criteria

This statement has been prepared to meet the mandatory reporting criteria set out by the *Australian Commonwealth Modern Slavery Act 2018*. The following table provides alignment of criteria required by the Act to the corresponding section of this statement:

Australia's <i>Modern Slavery Act 2018</i> (Cth).	Modern Slavery Statement 2020	
(a) identify the reporting entity	Our Business	Page 2-3
(b) describe the structure, operations and supply chains of the reporting entity	Our Business	Page 2-3
(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	Understanding our modern slavery risks	Page 3-4
(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	Addressing our risks	Page 4
(e) describe how the reporting entity assesses the effectiveness of such actions	Assessing the effectiveness of our actions	Page 5
(f) describe the process of consultation with the entity giving the statement	CEO Letter	Page 1
(g) any other information that the reporting entity considers relevant	Appendix 1	Page 6