

PSC INSURANCE GROUP

MODERN SLAVERY STATEMENT 2021

(1 July 2020 – 30 June 2021)

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INTRODUCTION

PSC Insurance Group Ltd (PSC) is a diversified insurance services group with operations in Australia, the United Kingdom, Ireland, Hong Kong, New Zealand, and Bermuda. There are over 40 operating businesses across the Group.

PSC opposes slavery in all its forms. This Modern Slavery Statement is made in accordance with the Australian Modern Slavery Act 2018 (Cth) (The Act). It applies to and describes the steps taken by PSC during the financial year ending 30 June 2021 (FY2021) to seek to minimise the risk of modern slavery occurring in the Group's businesses and supply chains.

PSC first met the requirements to report under the Modern Slavery Act in September 2019 and the Group released its initial Modern Slavery Statement for the financial year ending 30 June 2020 in March 2021. PSC is still in the early phases of strengthening and refining a Group-wide response to the threats of modern slavery practices across all subsidiary entity supply chains, worldwide.

This Statement is submitted as a joint statement on behalf of all reporting entities within the PSC Group during the reporting period.

STRUCTURE AND OPERATIONS

PSC started out as a single insurance broking business with five employees in 2006. It is now a diversified ASX listed insurance business evidenced by a market capitalisation of approximately AUD 1.5 billion, a portfolio of over 100,000 clients, serviced by over 1400 employees and Authorised Representatives across 4 continents.

Our diverse portfolio of businesses range from start-up's to mature. The Group operates through numerous, separately licenced subsidiaries across multiple jurisdictions, with a strong presence in Australia and the United Kingdom, supported by growing businesses in New Zealand, Ireland and Hong Kong.

AUSTRALIA/NEW ZEALAND

Key businesses include:

- » PSC Insurance Brokers, providing commercial insurance broking across Australia and includes a workers compensation business and a life insurance business. This comprises 15 offices, across more than 50,000 clients.
- » PSC Network Insurance Brokers, an Authorised Representative network business across Australia and New Zealand. The Authorised Representatives operate commercial insurance broking businesses in their own right and PSC Network Insurance Brokers provides business support. There are approximately 200 Authorised Representatives providing services to over 50,000 clients.
- » Chase Underwriting provides underwriting services in the construction (property and liability) and plant and equipment industries.
- » Breeze Underwriting provides underwriting services in the hospitality, accommodation, equipment hire and professional risks industries and classes.
- » Medisure Indemnity provides underwriting services across the medical and healthcare industries.
- » An online travel insurance business across multiple brands, including Travel Insuranz and Insure4Less.
- » In September 2021, PSC completed the acquisition of the Alliance Insurance Brokers which specialises in all areas of General Commercial Insurance including specific insurance products targeting specific insurance markets such as Porsche Insurance. For the 2021 statement period, Alliance Insurance is excluded from the reporting scope as they joined the PSC Group post 30 June 2021.

UNITED KINGDOM & EUROPE

Key businesses include:

- » Carrolls Insurance Brokers is a wholesale Lloyd's and London Markets broker with over 1,000 supporting brokers.
- » Paragon is a specialist insurance broker wholesaler, operating in the Lloyd's of London, Bermuda, European and International specialty markets.
- » Breeze Underwriting is a Managing General Agent (MGA) specialising in property and liability classes across a number of underwriters.
- » Turner Insurance, Absolute Insurance Brokers, Abaco Insurance Brokers and Trust Insurance Services are commercial insurance brokers.
- » Chase Global is a construction based MGA operating within the UK with clients inside and outside the UK.
- » PSC Europe is domiciled in Ireland to enable PSC's UK-broking businesses to continue to service European based clients following Brexit.

HONG KONG

Key businesses include:

- » Charter-Gilman Insurance Group comprises of an insurance broking business specialising in personal, corporate and specialty lines insurance as well as underwriting agency business representing a total of five reputable insurers.
- » Globe Insurance Consultants is an insurance broker with specialist capabilities in emerging risk categories whilst also offering a full range of traditional general insurance products, employee benefits, industrial risks, trade credit and contingency as well as entertainment insurance to local clients.
- » Trans-Pacific Insurance Brokers operates as an independent insurance broker operating across a vast range of general and specialty insurance categories.



AUSTRALIA/NEW ZEALAND

Insurance Broking



AUSTRALIA/NEW ZEALAND

Underwriting



UNITED KINGDOM/EUROPE



HONG KONG



PROGRESS MADE TO COMBAT MODERN SLAVERY IN FY2021

Focus Area	Planned Actions	How did we measure our effectiveness?	Outcome
Governance and collaboration	<ol style="list-style-type: none"> 1. Board and management oversight. 2. Maintain engagement with industry and other key stakeholders. 3. Update the Group procurement standards and delegated authorities to govern supplier selection. 4. Establish key performance indicators to monitor effectiveness of modern slavery actions. 	<ol style="list-style-type: none"> 1. Discussed at meetings of relevant committees. 2. Board/management reporting as required. 3. Application of procurement standards to filter responsible suppliers. 4. Completion of 2021 supplier questionnaire and enhanced due diligence (EDD) metrics defined. 	<ol style="list-style-type: none"> 1. ESG Steering Committees formed. Action plan and progress on Modern Slavery planned actions discussed at quarterly meetings. 2. FY2021 Statement approved by PSC Board for submission to Australian Border Force and to be published on the PSC Group website. 3. Revised Group Procurement Standards (including Modern Slavery wording requirement in supplier agreements). 4. Questionnaire sent to top 40 direct suppliers. EDD data compiled and reported in Statement.

Focus Area	Planned Actions	How did we measure our effectiveness?	Outcome
Policy and procedure	<ol style="list-style-type: none"> Contractual provisions mandatory for new supplier agreements -obligates supplier adherence to the PSC Modern Slavery Policy. Commitment to carry out modern slavery training to employees and directors. Online training modules will be made available to employees through the PSC intranet (myPSC). 	<ol style="list-style-type: none"> Percentage of new supplier agreements executed with approved modern slavery prevention terms. Percentage of responsible managers and Board Directors trained. 	<ol style="list-style-type: none"> PSC approved Modern Slavery contract terms communicated to staff responsible for procurement across Australia/NZ. Successful inclusion in contracts with Suppliers post introduction in 2021. Aus/NZ staff responsible for procurement decisions completed mandatory online training and quiz assessment.
Due diligence and remediation	<ol style="list-style-type: none"> Annual supplier risk assessment of top spend direct suppliers (global) via questionnaire. Broaden our use of international sanction screening services beyond client engagement to identify potential suppliers subject to enforced domestic or international sanctions. Notify breaches to the Board each Quarter and risk register updates. 	<ol style="list-style-type: none"> Percentage of key suppliers who completed MS due diligence questionnaires. Procedural enhancements to reduce modern slavery risks. Number of breaches identified to the Board. 	<ol style="list-style-type: none"> Questionnaire distributed to top 40 suppliers, across Aus, NZ, UK, HK, Bermuda, Europe. 60% completion rate. Hong Kong Business implemented sanction screening software to support due diligence for new supplier relationships. Nil supply chain breaches notified to the Board.
Supplier engagement	<ol style="list-style-type: none"> Distribution of PSC MS Policy and risk assessment questionnaire to key suppliers. Reinforce to suppliers the PSC grievance channels through the PSC Whistle-blower Policy by directing current and new direct suppliers to the Group website. 	<ol style="list-style-type: none"> Number of direct suppliers successfully engaged and educated regarding PSC's Modern Slavery expectations. Number of supplier grievances raised via the PSC Whistle-blower Policy. 	<ol style="list-style-type: none"> Questionnaire distributed to top 40 Suppliers across Group and response data outlined below. Nil supplier grievances raised via the PSC Whistle-blower Policy.

RISKS OF MODERN SLAVERY IN OUR SUPPLY CHAIN

PSC continued to focus on managing the risks of suppliers engaged directly to provide products and services to PSC Group and its subsidiaries (Tier 1 suppliers) throughout FY2021. PSC has a global supply chain made up of more than 1000 Tier 1 suppliers, with the majority based in Australia and the UK. There may be a heightened risk of modern slavery among suppliers which PSC does not maintain a direct relationship with, such as supplier sub-contractors and others further down the supply chain (Tier 2 and Tier 3), where PSC entities do not have as clear visibility. PSC’s EDD procedures target higher risk direct suppliers by seeking to understand their supply chains and the strategies being adopted to mitigate any risks of modern slavery and human rights contraventions.

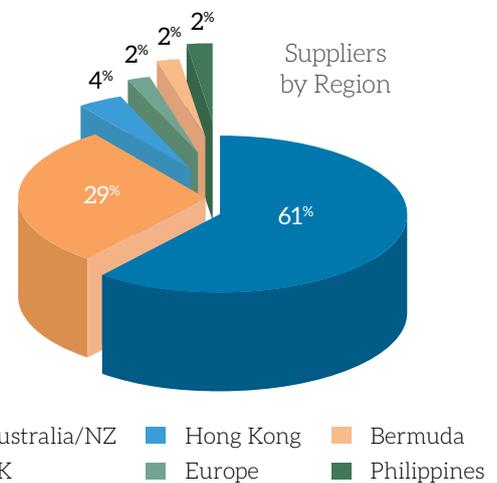
IN PSC’S OPERATIONS

PSC reviews the risk of modern slavery in PSC human resource operations annually, and in FY2021 our risk assessment has remained as low. All businesses in the PSC Group monitor and address human rights issues in our operations under the PSC Code of Conduct as well as the PSC Diversity Policy. Remuneration for all employees continues to be reviewed on an annual basis in accordance with PSC’s Remuneration Policy and starting salaries are determined by market benchmarking. Such remuneration reviews ensure fair pay and adherence to workplace laws which reduces the risk of modern slavery practices. PSC remains deeply committed to achieving pay equity between men and women and has maintained gender equity amongst men and women working in like roles. Employee safety is PSC’s highest priority and the Group sees the benefits of a continuous focus on providing safe workplaces for all employees across PSC’s worldwide operating locations.

IN PSC SUPPLY CHAINS

In FY2021, PSC and its subsidiaries identified that 90% of Tier 1 suppliers provided goods and services from either Australia or the United Kingdom. Both jurisdictions are rated low risk according to the internationally recognised Walk Free 2018 Global Slavery Index, where both countries ranked in the lowest risk tenth percentile amongst the 167 countries assessed on the Global Prevalence Index.

The following products of Tier 1 suppliers were determined to have higher risks of modern slavery, having regard to the Walk Free 2018 Global Slavery Index:



Country	Risk	E.g. of product/service sourced
Australia	Migrant labour exploitation	IT consumables, equipment, infrastructure, conference supplies, merchandise.
UK	Migrant labour exploitation	IT consumables, equipment, infrastructure, conference supplies, merchandise.
Philippines	Excessive overtime, labour exploitation	Outsourced administration/call-centre services.
Hong Kong	Excessive overtime, labour exploitation	Outsourced administration/call-centre services.

The Walk Free Index Report identifies Hong Kong as a stand out example of a wealthy and stable country that has taken little relative action when it comes to combatting modern slavery. According to the Report, following the launch of the 2016 Global Slavery Index, the Hong Kong government began to take some steps to recognise that modern slavery is a problem but more action is required, including criminalising of modern slavery offences and providing those exploited within Hong Kong with alternative options to deportation. PSC has implemented enhanced due diligence measures specifically for our Hong Kong business in order to take proactive action to address the heightened risk of modern slavery breaches occurring in our supply chain in this region.

PSC GROUP GOVERNANCE

The Group remains committed to operating honestly, lawfully and ethically in all its business dealings. To embody this commitment, PSC maintains an employee Code of Conduct which applies to all Directors, officers, employees, contractors or consultants of the Group. The Code has been prepared having regard to the ASX Corporate Governance Principles and Recommendations and is available on the Group's website. Under the Code, all PSC personnel are required to act in a manner that is compliant with all laws, regulations and policies that apply to PSC and its operations including PSC's Modern Slavery Policy. In FY2021, the Code was re-distributed to all employees to attest their agreement to abide by all Code requirements. The Code is also introduced to new employees for their review upon joining PSC.

The PSC Group Audit and Risk Committee has responsibility for overseeing the Group's response to modern slavery risks. In FY2021, a Modern Slavery Steering Committee was established to meet quarterly and drive progress for the planned actions set out in the Annual Modern Slavery Statement. Modern slavery risk management is also discussed by the Group Board who ultimately approves the Group's Annual Statement and any changes to the PSC Modern Slavery Policy.

The PSC Modern Slavery Policy outlines the minimum standards expected of suppliers including:

- » Legal Wages
- » No forced labour
- » Adequate safety & hygiene
- » No bribery
- » No discrimination
- » No child labour.

A full description of these standards is outlined in the Policy which is published on the PSC Group website.

The Group Audit and Risk Committee receives regular reporting on modern slavery risk management via the Modern Slavery Steering Committee. This Committee reviews emerging risks and opportunities, leads stakeholder engagement and facilitates the sharing of best practice throughout the Group. Each Group subsidiary management team has responsibility for identifying and managing any material risks in accordance with the Group's Procurement Policy and Delegated Authority Matrixes.

PSC maintains relevant policies including:

- » Group Procurement Policy (revised in 2021);
- » Group Code of Conduct;
- » Anti-bribery and Anti-corruption Policy;
- » Whistleblowing Policy;
- » Workplace Health and Safety Policy; and
- » Diversity and Inclusion Policy.

DUE-DILIGENCE PROCESS

Following the implementation of PSC’s Modern Slavery Policy in 2020, the Group revised and recommunicated the PSC Procurement Policy in 2021 to incorporate Modern Slavery considerations and procedures designed to reduce the risks of supply chain breaches. A key component of the Policy revision is the requirement for supplier agreements to contain PSC approved wording outlining each party’s intentions to combat modern slavery and corruption. This includes the requirement for the supplier to maintain policies, procedures and systems as are necessary to ensure compliance with Anti-Corruption Rules and Sanctions Requirements as well as maintaining systems to promptly notify PSC in writing if it becomes aware of any breach or suspected breach by the supplier, its subcontractors

or suppliers of Modern Slavery laws. Suppliers who do not comply with any part of the modern slavery terms contained in a service agreement will result in PSC terminating the agreement immediately on written notice and reporting the incident to the PSC Board as a defined material breach.

PSC Group maintains a risk-based approach to modern slavery due diligence. Ethical behaviour, sustainability and social responsibility are key considerations for all procurement decisions, as set out in our Procurement Policies. Standard procurement due- diligence considerations when assessing the risks of suppliers who provide services to any of the Group entities include:



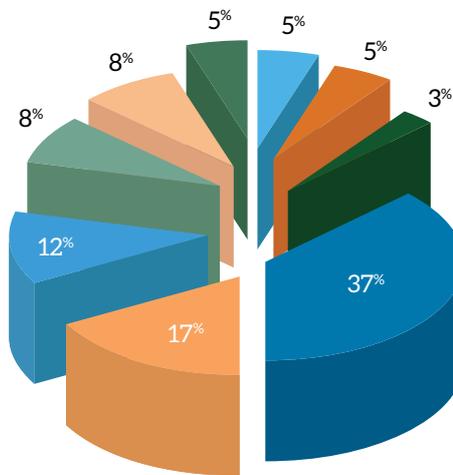
ENHANCED DUE-DILIGENCE

An enhanced due-diligence emphasis was placed on suppliers that accounted for the highest expenditure by PSC entities during the 2021 financial year, identified via our global Enterprise Resource Management system. If the supplier had not published a Modern Slavery Policy or Statement on their public website, the supplier was sent a self-assessment questionnaire to help PSC to identify and assess the risk of modern slavery in our supply chain.

The questionnaire enquired about the supplier’s sub-contracting practices, the nature and geographic source of goods and services provided to PSC entities, employment practices and modern slavery risks (if any) identified in their organisation. PSC increased the distribution of the questionnaire in 2021 to 40 of our key Tier 1 suppliers for whom we had not identified a published Modern Slavery Policy or Statement.

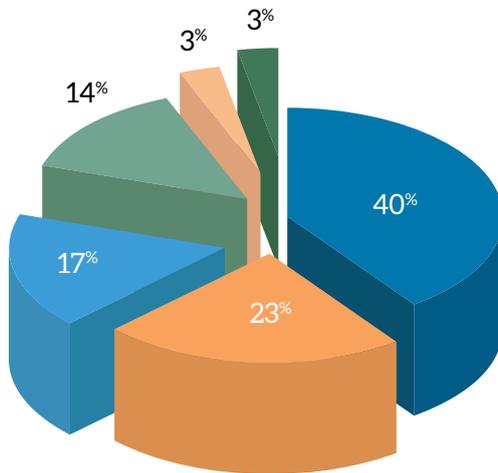
In 2021, PSC also expanded the scope of enhanced due-diligence to include direct suppliers to our Hong Kong business. Although Hong Kong based suppliers make up only a small fraction of PSC’s global Tier 1 supply chain (approximately 4%), a particular emphasis was made to complete enhanced due diligence activities in this region given that Hong Kong is rated as a weak responder (relative to GDP) in combatting the threats of Modern Slavery according to the 2018 Walker Free Foundation Global Slavery index.

Additionally, to better equip PSC’s Hong Kong staff to combat the risks of doing business with suppliers who have previously been investigated or charged in relation to Modern Slavery or Human Rights breaches, the Hong Kong business implemented the use of specialised scanning software to flag prior infringements by prospective clients and suppliers during the on boarding process. The roll out of the software in Hong Kong was supported by training of the risks of Modern Slavery to provide general awareness to broker staff, support service staff and senior management.



PSC's Top 40 Suppliers By Industry

- Office Supplies
- IT
- Recruitment
- Realty
- Financial Services
- Logistics
- Utilities
- HR
- Cleaning



Where do our top 40 suppliers source their goods and services?

- Australia/NZ
- UK
- China/ Hong Kong
- India
- Philippines
- Europe

POTENTIAL RISKS IN THE REGIONS OUR TOP 40 SUPPLIERS SOURCE THEIR PRODUCTS/SERVICES

Supplier Country of Origin	Risk	Product/Service
Australia	Migrant labour exploitation	Cleaning, Waste management
UK	Migrant labour exploitation	Cleaning, Waste management
India	Excessive overtime, forced labour, child labour	IT support, Professional services
China/Hong Kong	Excessive overtime, labour exploitation	Office supplies, Professional services
Philippines	Excessive overtime, labour exploitation	Cleaning, Professional services

QUESTIONNAIRE INSIGHTS

60% of recipients completed the questionnaire (responders).	60% of responders use contract or seasonal workers.	40% of responders had conducted Modern Slavery training with their staff.
100% of responders agreed to comply with the PSC Modern Slavery Policy.	Nil responders had reports or concerns raised regarding modern slavery in their business or supply chains.	50% of responders maintain written policies and procedures relating to Modern Slavery prevention.
80% of responders maintain an internal Whistleblowing Policy.	Nil responders had been investigated or charged in relation to Modern Slavery or Human Rights breaches generally (in Australia or internationally).	

Note: the Suppliers that did not respond to our survey by the reporting deadline will continue to be contacted by PSC and their responses included in our 2022 statement. We acknowledge the extended impacts of COVID restrictions to our supplier operations worldwide has reduced the response rate for the current reporting period. PSC will not hesitate to terminate the relationship with any supplier which PSC deem to operate in contravention of the Act and/or PSC's Modern Slavery Policy.

TRAINING AND EDUCATION FOCUS IN FY2021

In 2021, PSC's Group Manager, Governance and Compliance (steered by the newly formed ESG Committee) led initiatives across PSC to educate management staff of the risks of Modern Slavery in our supply chains and to equip staff responsible for procurement decisions to effectively reduce the risk of modern slavery breaches from occurring.

Key initiatives included:

- » The implementation of a revised Procurement Policy incorporating Modern Slavery considerations and procedures designed to reduce the risks of supply chain breaches occurring.
- » The introduction of mandatory PSC approved Modern Slavery contract wording to be included in new supplier agreements. This wording was distributed to staff responsible for procurement practices across the Group by the Group Manager, Governance and Compliance.
- » The implementation of a revised Delegated Authority Matrix covering Australian and New Zealand operations following the appointment of a new management structure focused on PSC's Asia/Pacific operations.
- » The distribution of Modern Slavery online training content to Senior Management, Branch Managers and Central Service (Finance, Compliance) staff to enhance the awareness of PSC's strategy to combatting Modern Slavery and to provide strategies to identify potential risks in our supply chains and during the procurement process.
- » The distribution of a mandatory Learning Assessment to Senior management, Branch Managers and Central Service (Finance, Compliance, IT, People & Innovation) staff.

CONTINUED IMPACTS OF COVID-19

Continued restrictions on international travel in the latter part of 2020 and into 2021 prevented Group management and compliance staff from spending time at PSC’s inter country and overseas office locations, which would otherwise be a routine procedure to support a consistent operating culture across PSC’s global family of entities.

PSC Group employees across the globe have continued to be able to work from home when required. As the delta variant of COVID-19 emerged and plunged most regions into extended lockdowns from early 2021, PSC’s own technology platforms were already established to enable our ongoing monitoring and reporting functions to perform relatively uninterrupted.

Like most international businesses, PSC uses video conferencing technology as a core method for ensuring all businesses across the Group are compliant with all Group policies and procedures, including all policies considered relevant to preventing and addressing business-related human rights harm.

The distribution of the annual Modern Slavery Supplier Questionnaire in October 2021 using DocuSign has enabled PSC to gain valuable data and insights to re-evaluate the risks of modern slavery to the Group and its suppliers, worldwide.

PLANNED FOCUS AREAS FOR THE NEXT 12 MONTHS

PSC Group is committed to our ongoing modern slavery risk management for 2022 as we seek to proactively identify, mitigate and remedy modern slavery risks in our own operations and supply chains.

Focus Area	Actions	How will we measure our effectiveness?
Governance and collaboration	<ol style="list-style-type: none"> 1. Board and management oversight. 2. Maintain engagement with industry and other key stakeholders. 3. Monitor the effectiveness of the delegated authority matrix and procurement standards to govern supplier selection. 4. Review success of key performance indicators to monitor effectiveness of modern slavery actions. 	<ol style="list-style-type: none"> 1. Emerging issues identified and action plans established at meetings of ESG Steering and Risk and Audit Committees. 2. FY 2022 Statement approved by PSC Board for submission to Australian Border Force and publishing to PSC Group website. 3. Application of procurement standards and enhanced due diligence resources to filter responsible suppliers. 4. Continual monitoring of modern slavery breach data.

Focus Area	Actions	How will we measure our effectiveness?
Policy and procedure	<ol style="list-style-type: none"> 1. Mandating of Modern Slavery contract provisions in Tier 1 supplier agreements. 2. Preparation of FY 2022 Annual Modern Slavery Statement. 3. Carry out Modern Slavery training and learning assessment for new Aus/NZ employees. Mandatory annual refresher training to be provided to key managerial staff and Directors including UK and Hong Kong staff. 4. Annual review of Modern Slavery Policy and related procedures and practices. 	<ol style="list-style-type: none"> 1. Inclusion of PSC approved Modern Slavery contract terms by staff responsible for executing supplier agreements. 2. 2022 Modern Slavery Statement ratified by Group Board and approved by Australian Border Force. 3. Percentage of new employees and key managerial staff and Directors completed training and learning assessment (worldwide). 4. Policies, procedures and practices reviewed for accuracy and effectiveness. Changes communicated to employees and suppliers.
Due diligence and remediation	<ol style="list-style-type: none"> 1. Tier 1 supplier risk assessment applying the procurement standards, enhanced due diligence tools and delegated authority matrixes. 2. Completion of 2022 supplier questionnaire. 3. Broaden PSC's use of international sanction screening services beyond client engagement to identify potential suppliers subject to enforced domestic or international sanctions. 4. Notify breaches to the Board each quarter. 5. Risk register updates. 	<ol style="list-style-type: none"> 1. Number of initial risk assessments conducted on Tier 1 suppliers. 2. Completion rate of 2022 supplier questionnaire. 3. Implement additional sanction screening check of Australian Sanctions Office (ASO) Consolidated List for new supplier relationships. 4. Number of breaches identified to the Board. 5. Risk register updates completed within timeframe.
Supplier engagement	<ol style="list-style-type: none"> 1. Distribution of 2022 Modern Slavery supplier questionnaire to highest risk direct suppliers (enhanced due diligence). 2. Reinforce to suppliers the PSC grievance channels through the PSC Whistle-blower Policy by re-circulating to current and new direct suppliers. 	<ol style="list-style-type: none"> 1. Percentage of targeted direct suppliers who respond and complete questionnaire (including agreeing to follow PSC's Modern Slavery Policy). 2. Number of supplier grievances raised via the PSC Whistle-blower Policy.

CONSULTATION

PSC's modern slavery framework represents an ongoing journey. We maintain a commitment to keep pace with our growth to ensure we stay aligned with all relevant legislation, corporate standards and community expectations. We recognise the importance of obtaining meaningful insights and feedback from our suppliers. We have built a foundation which we intend to continue to evolve and assess the effectiveness of identifying and managing modern slavery risks within our operations and supply chain.

PSC's overarching policies, systems and processes in this important area have been prepared in consultation with the various functions in our business including our procurement, operations, legal, risk and compliance teams in a collaboration that seeks meaningful progress in supporting the elimination of human rights violations and modern slavery risk. This Statement was reviewed by PSC's Group Governance and Compliance Manager who is responsible for the overarching risk management in this area. The policy has been approved by PSC's Board of Directors.

A handwritten signature in black ink, appearing to read "TR", followed by a horizontal line and a vertical line to the right.

Tony Robinson

Managing Director