



Australian Government

Australian Reinsurance Pool Corporation

ARPC

Modern Slavery Statement

2023-2024



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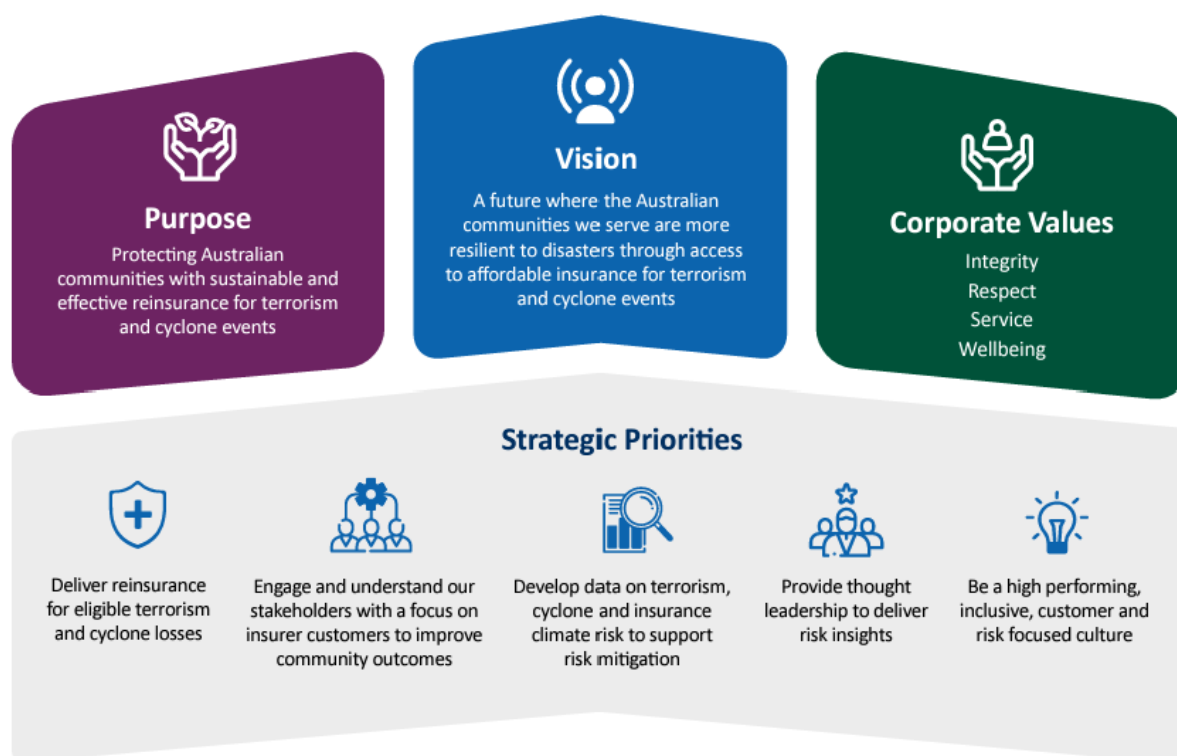
This Modern Slavery Statement has been developed and published in accordance with *The Modern Slavery Act 2018* (Cth) (MS Act) by the Australian Reinsurance Pool Corporation (ARPC), for the financial year ending 30 June 2024.

ARPC's corporate purpose is to perform its statutory functions. ARPC expresses its purpose through its vision and mission, as well as its strategic priorities, the activities it will undertake to deliver them, and the performance measures used to determine success.

ARPC's values of integrity, respect, service and wellbeing underpin its workplace culture. The values also support ARPC's Code of Conduct.

ARPC's functions under section 10 of the *Terrorism and Cyclone Insurance Act 2003* (Cth) (TCI Act) are:

- a) to provide insurance cover for eligible terrorism losses (whether by entering into contracts or by other means); and
- b) any other functions that are prescribed by the Regulations.



About ARPC

The Australian Reinsurance Pool Corporation (ARPC) is a corporate Commonwealth entity established under the TCI Act and subject to the *Public Governance, Performance and Accountability Act 2013* (Cth) (PGPA Act).

ARPC's structure, operations, and supply chains

The ARPC Board - comprising a Chair, up to eight other Members, and optionally two Commonwealth-appointed Board observers - is the accountable authority for the purposes of the PGPA Act. As required by the PGPA Act, ARPC has an Audit, Risk, and Compliance Committee (ARCC) comprising members of the Board.

ARPC is located in Sydney and employed 74 staff as at 30 June 2024.

ARPC is a reinsurer to Australia's property insurers for Declared Terrorism Incidents (DTI's) and Declared Cyclone Events (DCE's). ARPC's purpose is to protect Australia from the economic losses caused by terrorism and cyclone catastrophes.

ARPC's supply chains consist of contracted professional and government services including specialist consulting services for legal, internal audit, information technology, actuarial, insurance and reinsurance brokerage, and building management. ARPC's supply chain also includes suppliers of IT equipment, office supplies (stationery), office maintenance services (including but not limited to cleaning, plumbing, electrical, air conditioning, and pest control services), stakeholder travel-related expenses, food supplies, and ad-hoc catering.

Risks of modern slavery practices in the operations and supply chain of ARPC

As ARPC's supply chain consists mostly of professional, retrocession placements and government services, the risk of modern slavery practices within ARPC's supply chain is low. ARPC suppliers which operate in industries and workforce categories that may have higher risk for modern slavery include the provision of food suppliers, IT equipment purchases, incidental travel, and office supplies. These higher risk suppliers commonly operate in industries susceptible to modern slavery risks such as agriculture, hospitality and tourism, and manufactured goods from overseas. However, ARPC's transactions in these areas are low in volume and value.

ARPC experienced an increase in supplier spending activity in 2023-2024 compared to the previous year. However, the categories of spend remained consistent with previous years. The increase in supplier spending activity was indirectly driven by the increase in the number of staff, resulting in an increase in payroll as well as associated staff expenses for equipment and IT software licences and office fit-out. Spend on professional services also increased. This is associated with projects to support the cyclone pool and facilities to support the increase in staff numbers.

Actions taken by ARPC to assess and address modern slavery risks

ARPC continues to apply the criteria developed during 2019-2020 to identify, assess and rank suppliers in terms of modern slavery risk. Based on the nature and operations of the supplier against the criteria, suppliers were ranked into high, medium, and low risk to modern slavery. The assessment of ARPC's supplier activities in 2022-2023 was consistent with the assessment of ARPC's supply chain in previous years.

ARPC's reinsurance vendors supporting the terrorism pool are required to provide annual assurance of their commitment to the principles of the MS Act. ARPC placed its 2023 retrocession program in January 2023, and its reinsurance vendors acknowledged their Modern Slavery obligations and committed to inform us if they faced any supply chain risk with Modern Slavery impacts.



In December 2022, ARPC's Reinsurance Broker on behalf of ARPC, sent to our retrocession reinsurance markets (a total of 67 reinsurers) an Addenda to the current retrocession agreements requesting their confirmation of compliance with the MS Act.

The current ARPC retrocession program contains clauses enforcing compliance and notification relating to the MS Act, which have been reviewed and updated during 2024 to better align with requirements for the Public sector. The revised clauses will go to market for negotiation and incorporation into the wordings for the 2025 retrocession program.

The reinsurance agreement for the cyclone pool includes a clause on modern slavery requiring that each party to the agreement comply with their Modern Slavery obligations to identify and address the risk of modern slavery in their operations and supply chains. The agreement also stipulates that each party may request information from the other to comply with its reporting obligations and imposes a requirement on each party to notify the other if they become aware of any suspected or confirmed instances of modern slavery in their operations or supply chains.

In mid-2023, ARPC introduced a new form as part of its vendor onboarding and management process to collect relevant information pertaining to Modern Slavery. This form requires vendors to confirm their annual consolidated revenue in accordance with the MS Act and provide assurance that where applicable they comply with the requirements of the MS Act (or equivalent if in another jurisdiction). ARPC's contract template and accompanying information sheet also require suppliers to comply with the MS Act.

Where ARPC identifies any concerns with suppliers regarding modern slavery risk, due diligence is conducted by raising these matters with the supplier, with a view to them adjusting their approaches to modern slavery risks by implementing best-practice approaches. If the supplier chooses not to engage in corrective measures being implemented or assurance being provided, ARPC may consider discontinuing the relationship with the supplier. ARPC has not yet had to take any such remediation action.

How ARPC assesses the effectiveness of such actions

ARPC's Compliance Plan will include an annual assessment of ARPC's modern slavery compliance and effectiveness. This will include checking:

- Due diligence requirements in procurement procedure have been applied.
- Staff training has been implemented.
- ARPC Contracts include the provision of the modern slavery information sheet.
- Relevant legislative changes are monitored and implemented.

Processes of consultation with reporting entities

ARPC does not own or control any other entities.

Include any other relevant information

While not a requirement under the legislation, ARPC's commitment to the principles of the MS Act is displayed on the ARPC website through the following message:

'ARPC is committed to making sure that our operations and supply chain is free from modern slavery practices.

ARPC is dedicated to acting ethically, honestly, and with integrity in all business relationships and expect our supply chain to comply with similar values.



We strive to continually improve our processes of due diligence through the use of risk-based practices and controls throughout our procurement processes.

All staff have been trained on what modern slavery is and how it can impact individuals and groups within industries, organisations, and workplaces.

As a reporting entity under the Modern Slavery Act 2018, ARPC reports annually on its actions to assess and address modern slavery risks.'

This Modern Slavery Statement 2023-2024 has been approved by the Australian Reinsurance Pool Corporation Accountable Authority 3 December 2024.



Signed by
Ms Julie-Anne Schafer
Board Chair