

# JOINT MODERN SLAVERY STATEMENT FY24

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## Introduction

Zip Co Limited is an ASX listed (ZIP: ASX) digital financial company, offering innovative and people-centred products. Operating in two core markets - Australia and New Zealand (“ANZ”) and the United States (“US”), Zip offers access to point-of-sale credit and digital payment services, connecting millions of customers with our global network of tens of thousands of merchants.

This Joint Modern Slavery Statement (“**Statement**”) is Zip’s fifth Statement and covers the reporting period for 1 July 2023 to 30 June 2024 (“**reporting period**”). This Statement applies to Zip Co Limited, ZipMoney Payments Pty Ltd and the Zip Master Trust (as reporting entities under the Modern Slavery Act 2018 (Cth) (the “**Act**”) and the entities that they own or control operating in ANZ, the US, and Canada (“**Zip**”, “**we**”, or “**our**”).

Since the Joint Modern Slavery Statement FY23, Zip has completed our divestment and/or wind down of our businesses in the Middle East, South Africa, Czech Republic, Poland and Canada.

We understand that slavery extends far beyond traditional legal notions of corporate responsibility, as 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.

We are committed to operating our business lawfully and ethically. Zip seeks to do business with suppliers and third parties that have similar ethics, values, and business practices, including those related to human rights (which includes consideration of modern slavery and human trafficking). We are equally committed to upholding all laws regarding corporate social responsibility, workplace health and safety, and diversity, equity, and inclusion. Zip recognises that the business conduct of our suppliers can influence our impact and reputation, particularly within the communities in which Zip operates and more broadly.

## Key initiatives in FY24

Conducting our business in a responsible and ethical manner and making positive contributions to the communities in which we operate, is critical to the way Zip does business.

During this reporting period, we continued to implement and monitor compliance with our modern slavery commitments, including through the completion of the following key steps:

- performing an operational risk assessment to assess the level of modern slavery risk in Zip’s operations;
- identifying:
  - Zip’s existing ‘high-risk’ suppliers (from the prior reporting period and which continued to be engaged by Zip during the current reporting period); and
  - all new suppliers to Zip in the current reporting period,and with the support of an independent firm, determining which of those suppliers should be subject to a modern slavery risk assessment (taking a risk based prioritisation approach). For clarity, the cohort of suppliers that were **subsequently**

selected for risk assessment included both the 'high risk' suppliers and a selection of new suppliers referred to as 'key new suppliers';

- for those suppliers selected for the risk assessment, conducting a risk assessment including by reference to the suppliers' sectors and jurisdictions;
- through the Modern Slavery Working Group (a cross-functional and jurisdictional working group comprising members from business functions, legal, enterprise risk and compliance), undertaking a consultation about Zip's modern slavery plan with representatives of subsidiaries in the Zip group;
- as part of our modern slavery road map, applying internal Key Performance Indicators ("**KPIs**") to demonstrate the continuous improvement approach taken to address modern slavery. Some KPIs include:
  - the number of relevant suppliers disclosing information relating to modern slavery through their completion of our third party due diligence checklist;
  - the rollout and implementation of relevant policies; and
  - the number of employees who have completed modern slavery training;
- completing the update of Zip's Supplier Code of Conduct ("Code") to take account of recommendations made following an independent review of the Code;
- completing the update of Zip's Human Rights Statement;
- continuing to raise awareness of Zip's anonymous whistleblower hotline among employees, contractors and sub-contractors. During the reporting period, no modern slavery incidents were reported through the whistleblower hotline;
- enhancing the focus on risk management in the annual performance plan of each employee; and
- continuing to enhance our risk management processes with a focus on upweighting risk management resources in core markets in the ANZ region and the US and reviewing performance against the risk appetite and risk tolerance framework.

The boards of Zip Co Limited and ZipMoney Payments Pty Ltd have approved this Statement for lodgement, in accordance with the Act's requirements (Zip Co Limited on 5 December 2024 and ZipMoney Payments Pty Ltd on 16 December 2024), and Zip has engaged with relevant trustee of the Zip Master Trust to agree that Zip would include the Zip Master Trust in our Joint Modern Slavery Statement.



**Cynthia Scott**  
Group CEO

## 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 products, customer base and operations. During this reporting period, Zip had 6 million active customers delivering \$10.1 billion in total transaction value to our 79,000 plus merchants, across our core markets in ANZ and the US.

### Structure

Our parent company, Zip Co Limited, is a publicly listed company (ASX: ZIP) that is registered and domiciled in Australia. ZipMoney Payments Pty Ltd, a wholly owned subsidiary of Zip Co Limited, operates Zip's operations in Australia (which includes the consumer products Zip Pay, Zip Plus and Zip Money). The Zip Master Trust is a trust used for the purpose of securitising loans originated by ZipMoney Payments Pty Ltd.

Within the Zip group, our operations, services and products predominantly operate in ANZ and the US. During this reporting period, Zip closed operations in Canada, South Africa, the United Arab Emirates, the Kingdom of Saudi Arabia, and divested from and sold its European business, in Poland and the Czech Republic.

As of 30 June 2024, we employed 791 employees globally. This is made up of 742 full time employees, 17 part time employees, and 32 casual staff.

### Operations

Zip is a leading financial services organisation which offers a range of consumer finance products and services including point-of-sale credit and digital payment services to consumers. Though Zip's operations remained largely the same as set out in the Joint Modern Slavery Statement FY2023 ("**2023 Statement**"), Zip's geographical footprint has changed as a result of Zip closing operations (see above).

### Supply chains

Our top categories of procurement spend (over AUD \$1M) of those key new suppliers identified for a modern slavery assessment in the current reporting period, were suppliers in the following industry categories:

- IT services (including IT consulting, software development and data management/analysis); and
- financial services.

Consistent with our 2023 Statement, our suppliers continue to predominantly consist of providers of professional services including IT (e.g., software applications and subscriptions, sales, advertising and marketing), as well as financial services. This is reflective of the high dependency of our business on technological products, software applications and financial services.

During the reporting period, Zip engaged approximately 300 new suppliers based in the United Kingdom, Australia, the US, Austria, New Zealand, Mexico, South Africa, Singapore, the Czech Republic, Hong Kong, China, the Netherlands, and Switzerland. All key new suppliers were based in Australia and the US.

## Zip's Modern Slavery Risks

Considering the nature of our industry, operations, products and supply chain against the risk assessment methodology that was applied, we consider our overall risk of modern slavery to be moderate to low.

We engaged an independent firm to examine the modern slavery risks for suppliers contracted by Zip in our operations conducted in ANZ and the US.

The scope of the assessment considered the high-risk suppliers from the prior reporting period ("FY23") which continued to be engaged by Zip during the current reporting period and key new suppliers in this reporting period. It found that:

- Zip primarily procured goods and services from suppliers who are inherently low or moderate risk from a modern slavery perspective; and
- while approximately 13% of our newly engaged suppliers operated in sectors with an inherently high risk of modern slavery, none of these operated in an inherently high-risk geography. Although some goods and services procured by Zip are from sectors considered to be at higher risk from a modern slavery perspective (such as computer hardware, IT equipment, and ecommerce retail goods, transport and logistics services), Zip strives to source goods and services from reputable suppliers, and regularly reviews the supply chain selection and management processes with these risks in mind.

To date, there have been no reported cases of actual or suspected modern slavery or associated conduct, made directly to Zip or via our independent and anonymous whistleblower hotline.

## Description of the Modern Slavery Risks in Zip's Operations

We have assessed the modern slavery risk based on the nature and geographical location of Zip's operations and our relationship with our employees. Based on these factors, we have assessed the risk of modern slavery in Zip's operations to be low.

- **The nature of Zip's operations, products and services.** Zip operates in the financial services sector, offering products and services. The risk of modern slavery occurring in the finance sector is generally considered low, mainly because of the use of a skilled, professional workforce.
- **The geographical location of our operations.** During this reporting period, Zip operated through wholly owned subsidiaries in ANZ, Canada, and the US. The majority of Zip's operations are based in jurisdictions which have been assessed by the Global Slavery Index as having a lower prevalence of modern slavery practices. Zip has operations in the US, which has a moderate geographic risk, having a modern slavery prevalence of 3.3 victims per 1,000 population.
- **The relationship with our employees.** Zip has procedures to ensure fair and equitable treatment and remuneration of employees. This is evidenced by the nature of our relationships with our employees. In particular, Zip does not engage:
  - any unskilled and/or seasonal labour; and
  - any staffing agencies for recruitment purposes (we may partner with specialist recruitment specialists to hire niche and critical talent; however new recruits are hired through Zip's established recruitment process).

Zip has a relatively small number of short- and long-term independent contracts with offshore organisations in India and the Philippines. A minority of these independent contracts are with

individuals. There are strict laws relating to employment and workplace safety in these jurisdictions.

All full-time, part-time and casual Zip employees are provided with a written contract with clear terms of employment including remuneration and hours of work. Finally, Zip has implemented clear internal recruitment policies across our business to ensure equitable remuneration and treatment of employees. It further conducts regular external benchmarking of these policies.

### Description of Modern Slavery Risks in Zip's Supply Chain

As noted above, during this reporting period, an independent firm was engaged to perform a risk assessment of modern slavery in Zip's supply chain. The risk assessment comprised an analysis of the high-risk suppliers from the FY23 supply chain risk assessment (and which continued to be engaged by Zip during the current reporting period) and key new suppliers during this reporting period, by reference to the jurisdictions in which suppliers are located, the type of goods or services obtained from the suppliers in each of those jurisdictions, any previous or suspected modern slavery allegations or incidents in relation to each supplier, and, if known, the nature of the suppliers' relationships with their workers. This analysis was carried out with respect to Zip's direct suppliers.

In performing this risk assessment, a number of sources were considered, including:

- the Global Slavery Index 2023, prepared by the Walk Free Institute, the most authoritative guide to global modern slavery risk based on country;
- 'Hidden in Plain Sight', the Commonwealth of Australia's Final Report of the Inquiry into Establishing a Modern Slavery Act in Australia;
- the United States Department of Labor's 2022 List of Goods Produced by Child Labor or Forced Labor (as of 28 September 2022); and
- Verité's 'Strengthening Protections against Trafficking in Persons in Federal and Corporate Supply Chains' report.

For the parts of the supply chain considered as part of the risk assessment, the following industry categories were identified as presenting higher risks of modern slavery:

Industry	Overall	Jurisdictional risk	Industry Risk	Comment
IT / computer equipment	High	Moderate	High	All of Zip's suppliers in this category are located in jurisdictions which are considered low to moderate risk jurisdictions for modern slavery. However, products within this category typically involve complex supply chains which have been identified as at risk of association with forced labour and modern slavery practices. We have less visibility over the lower tiers of these supply chains. Also, where Zip has identified in prior reporting periods, adverse media relating to allegations of modern slavery in the supply chains in this industry sector, Zip has assessed those suppliers within this category as being at a higher risk of modern slavery.
Transport and logistics	High	Moderate	High	All of Zip's suppliers in this category are located in jurisdictions which are considered low to moderate risk jurisdictions for modern slavery. However, the transport and logistics sector are considered to be an inherently higher modern slavery risk category because of the lack of visibility and the significant presence of contractors, agents and other intermediaries in this industry. We have less visibility over the lower tiers of these supply chains. Also, where Zip has identified in prior reporting periods, adverse media relating to

Industry	Overall	Jurisdictional risk	Industry Risk	Comment
				potential unfair employment and industrial relations concerns in respect of any suppliers in this industry sector, Zip has assessed those suppliers within this category as being at a higher risk of modern slavery.
Retail and ecommerce	High	Moderate	High	All of Zip's suppliers in this category are located in jurisdictions which are considered to be low to moderate risk for modern slavery. However, retail and ecommerce supply chains may pose a higher risk of modern slavery because the supply chain usually consists of garments, electronics and accessories which are high risk goods. We have less visibility over the lower tiers of these supply chains. Also, where Zip has identified in prior reporting periods, adverse media in respect of those suppliers in this industry sector, Zip has assessed those suppliers within this category as being at a higher risk of modern slavery.
Interior design, design build and renovation services	High	Moderate	High	All of Zip's suppliers in this category are located in jurisdictions which are considered to have a moderate risk of modern slavery. While interior design, design build and renovation are not generally considered to be a high-risk industry for modern slavery, these services could include construction and manufacturing which presents a higher risk for modern slavery. As such, we have adopted a risk conscious approach and rated this sector to be at a high risk of modern slavery issues.
Event management and hospitality	High	Moderate	High	All of Zip' suppliers in this category are located in jurisdictions which are considered to have a moderate risk for modern slavery. We understand that event management and hospitality may fall into hospitality industries and food related goods which are produced in high-risk supply chains. We have adopted a conscious approach and rated this sector to be at a high risk of modern slavery issues.

We considered the other categories of our supply chain to be lower risk.

### Actions taken by Zip to address Modern Slavery Risks

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

- 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 to the individual.

Our commitment to human rights is supported by an internal governance framework that enables Zip to identify, assess and address the risks of modern slavery in our operations and supply chains. This includes but is not limited to a number of key Zip policies which incorporate requirements to manage human rights risks (including modern slavery risks) such as Zip's:

- Code of Conduct;
- Whistleblower Policy;
- Supplier Code of Conduct; and
- Human Rights Statement.

Our **Code of Conduct** applies to all Zip entities and sets out the standards of behaviour expected of our directors, senior executives and employees. It supports our commitment to identify and mitigate the risk of modern slavery by outlining our expectations on fair dealings with customers, suppliers and acting with high standards of ethics and integrity. All employees are responsible for complying with our Code of Conduct and receive appropriate training on their obligations. The Code of Conduct was updated in June 2024.

Our **Whistleblower Policy** applies to all Zip entities and empowers our people to feel confident about reporting wrongdoing by fostering a safe, supportive and confidential environment. The policy is underpinned by our values including the need to be responsible to the community and to the individual. This Policy applies to personnel including suppliers, contractors and third parties across all Zip's operations and sets out an expansive list of reportable matters under the policy, which includes conduct that is unethical, corrupt or a serious risk to public safety and modern slavery. No issues relating to modern slavery or human rights were reported in this reporting period.

Our **Supplier Code of Conduct ("Code")** sets out our expectations for the conduct of our suppliers including in respect of modern slavery, labour and human rights. The Code is consistent with International Labour Organisation standards. This includes expectations with respect to protection of the human rights of workers in each supplier's operations, the use of child labour, working hours, wages and benefits, anti-discrimination and humane treatment.

The Code was updated and approved by the Board in November 2023. The updates include additional expectations that suppliers report on risks of modern slavery practices where required under legislation, comply with relevant workplace health and safety laws, provide safe environments for workers, visitors and third parties, undertake due diligence on the sourcing of materials and ensure their sourcing practices are ethical and in accordance with human rights and relevant laws. The Code states that all workers in Zip's supply chain deserve to be treated with dignity and respect.

Our **Human Rights Statement** applies to all Zip entities and recognises the importance of respecting and supporting human rights in our business. It applies to our employees and contractors and covers all areas of our operation. The Human Rights Statement sets out the need to prevent or mitigate adverse human rights impacts and to implement appropriate due diligence processes to identify, prevent and mitigate these impacts. The Human Rights Statement was reviewed and updated in November 2023, with updates including Zip's recognition of the need to maintain a workplace that respects employees' human rights and the need to provide training to all employees and contractors on topics relating to human rights, including modern slavery.

Additionally, during the reporting period, we conducted a yearly review of National Employment Standards ("**NES**") and modern awards applicable to employees in Zip's Australian operations. Our ANZ and US People and Culture teams also ensure our operations comply with applicable labour, industrial relations and workplace health and safety standards in their respective regions.

## **1. Modern Slavery Working Group**

During this reporting period, our cross-functional and jurisdictional Modern Slavery Working Group ("**Working Group**") continued to meet to assess the risks of modern slavery, and to develop our modern slavery response as an organisation. The Working Group is composed of members based globally from business functions, legal and enterprise risk and compliance.

During the reporting period, the Working Group continued to focus on a range of modern slavery initiatives, including but not limited to:



- **Assessing effectiveness:** defining what ‘effectiveness’ means in the context of Zip’s modern slavery KPIs and assessing Zip’s performance against the KPIs as set out in our 2023 Statement;
- **Grievance mechanism:** increasing awareness of the anonymous whistleblower hotline in Zip’s offices and implementing appropriate measures to respond to and investigate any reported incidents of modern slavery through the hotline;
- **Third party management:** progressing work on third party management related policies and processes; and
- **Supplier Code of Conduct:** progressing the update of the Code, with the update having been approved by the Board in November 2023.

During the reporting period, Zip also performed:

- an operational risk assessment to assess the level of modern slavery risk in Zip’s operations; and
- a modern slavery risk assessment of Zip’s FY23 high-risk suppliers (which continued to be engaged by Zip during the current reporting period) and key new suppliers from this reporting period.

Our Working Group collaborated to further develop our modern slavery response, this Statement and consulted with independent subject matter experts.

## 2. Due diligence and remediation

Zip engages with relevant suppliers during their initial onboarding (and supplier renewal) process and understands that the risk of modern slavery in our supply chain varies depending on the supplier’s industry, geographic location, and company size.

Zip reviews how it addresses these risks in accordance with its risk management framework and supporting policies and processes. This is supported by ongoing work to embed these risk considerations in day-to-day decision making and to refine the processes and tools for the management of modern slavery risk (for example, Zip’s Third Party Risk Management Policy (US) establishes an ongoing third party due diligence process (which includes reputational considerations)).

Processes continue to be expanded across Zip’s operations to support procurement decision making via tools such as the third party due diligence checklist (“**Checklist**”) to allow Zip to better identify and rate risks of modern slavery in a supplier’s business prior to the commencement of the business relationship. The Checklist facilitates the assessment of modern slavery/human trafficking, reputational, financial, regulatory, and compliance, data and information security, business continuity, and privacy risks in relation to third party relationships.

Zip also undertakes a base level screening (incorporating adverse media monitoring) of relevant suppliers during each reporting period and where a potentially high risk is identified through this process, additional mitigation actions are taken to address risks or issues identified.

## 3. Governance and Policy review

Zip regularly reviews internal governance and risk management frameworks, as well as our core policies and procedures.

During the reporting period, risk management remained a key focus. During the year, investment was made in maintaining and enhancing our risk management practices, to ensure Zip continues to mature our risk culture and approach. Zip continues to proactively **monitor and manage** our risk profile, policies and processes (including those in respect of modern slavery prevention).



#### **4. Modern Slavery related clauses**

During the reporting period, we conducted a review of modern slavery related precedent contract clauses for incorporation in our supplier contracts and confirmed that these clauses remain appropriate.

Where appropriate and practicable, the precedent modern slavery clauses are incorporated in the contracts for those suppliers connected with Zip's ANZ operations. These clauses impose minimum expectations on suppliers to conduct their businesses in a way that mitigates modern slavery risks in respect of their employees and their supply chains and provides contractual mechanisms to compel compliance, review of and notification of issues or concerns that arise and/or provide Zip a right to terminate the contractual arrangement for breach.

#### **5. Whistleblower Reports**

At the time of lodging this Statement, no incidents of modern slavery were identified through Zip's whistleblower processes. As noted in our 2023 Statement, an independent whistleblower service, Convercent, was implemented to enable anonymous lodgement by officers, employees, suppliers and associates, and their relatives, dependents and spouses in all jurisdictions, of whistleblower reports. This facilitates whistleblowers to report serious breaches of Zip's policies and the Code.

Information about this platform was provided to staff and employees via email. Finally, to ensure the availability and accessibility of the whistleblower hotline, updates have been provided to employees about access to the process and how to lodge whistleblower complaints. We have also displayed easy-to-understand posters around global offices with QR codes to the Convercent website.

#### **6. Internal Education & Training**

Compliance training is conducted annually, which includes ensuring employees are aware of our internal policies and how to access them. In ANZ, this includes a standalone training module on Corporate Governance which covers modern slavery and whistleblower reports. The training on modern slavery includes business specific flags and indicators for identifying risks of modern slavery when onboarding suppliers and educating employees on Zip's relevant policies and procedures that prohibit modern slavery and the implications of the Act for our supply chains.

In addition, our Board participated in modern slavery training conducted by an external expert.

#### **7. Risk management**

During the reporting period, Zip continued to invest and enhance our risk management processes, with a particular focus on our core markets in ANZ, and the US. Key activities included:

- enhancing technology, resources, commitments, and programs supporting risk management within Zip with reporting and oversight from the Board;
- monitoring and reporting on the key risks (including third party, compliance, and reputational risks) to our business through global risk appetite statements, risk profiles, and business unit specific risk registers; and
- enhancing the focus on risk management in the annual performance plan of each employee.

Additionally, Zip's operational risk committees have responsibility for reviewing and supporting the treatment of any identified modern slavery related risks.

## 8. Remediation

In line with Zip's values and commitments, Zip will take appropriate steps to address any incidents of modern slavery in our direct supply chain. To date, Zip has not been required to take any such action.

### Assessing the effectiveness of our response

Zip acknowledges that it must be cognisant of modern slavery risks and implement proportionate controls that identify, assess and address modern slavery risks in our operations and supply chains. Zip is committed to proactively mitigating modern slavery risks in our operations.

During the reporting period, Zip assessed the effectiveness of its controls through the following actions:

- **Training completion rates:** we measured completion rates of modern slavery (corporate governance) training by employees; and
- **Modern Slavery Working Group:** our Working Group monitored and oversaw the initiatives set out in this Statement and continued to guide Zip's continuous improvement approach.

Zip developed internal corporate KPIs relating to disclosure of modern slavery risks in our Checklist and reviewed the number of suppliers who completed the Checklist. Zip also monitored the implementation of our policies.

With the support of the Working Group, Zip will continue to focus on our continuous improvement approach to addressing the risk of modern slavery.

### Consultation

Through the Working Group, Zip has consulted relevant Zip representatives in the development of this Statement. This includes annual consultation with the boards of the reporting entities and any relevant work underway to assess the potential of each reporting entity to be exposed to modern slavery risk in its supply chain and plans and progress related to modern slavery risk management across Zip's operations.

Engagement and consultation also occurred with other subsidiaries and entities owned and controlled by Zip on a cross functional basis to ensure they were aware of their modern slavery obligations through the Working Group. Additionally, Zip engaged with the trustee of the Zip Master Trust to agree that Zip would include the Zip Master Trust in our Joint Modern Slavery Statement.

### Next steps

Our Statement is an iterative document which we review and update annually.

We are committed to proactively mitigating and addressing the risks of modern slavery in our supply chain. Over the coming years, we intend to further strengthen our modern slavery controls by:

- continuing to perform an operational risk assessment to assess the level of modern slavery risk in Zip's operations. We note that detailed risk workshops were held with each business unit this reporting period and modern slavery was not identified as a key risk for any business unit;
- continuing to perform a modern slavery risk assessment of Zip's suppliers;

- continuing to enhance and embed tools and processes to address modern slavery risks focusing on suppliers in high-risk sectors and geographic locations;
- continuing to ensure accessibility and awareness of our modern slavery risks and anonymous whistleblower hotline through our intranet and training programs;
- working to further mature the third party risk management process; and
- assessing the need for further policy documents focused on responsible and ethical raw material sourcing and responsible purchasing practices.

We also understand that legislative changes, especially in ANZ, are anticipated and expect to further enhance Zip's approach to the management of the risk of modern slavery to ensure alignment with Zip's values.