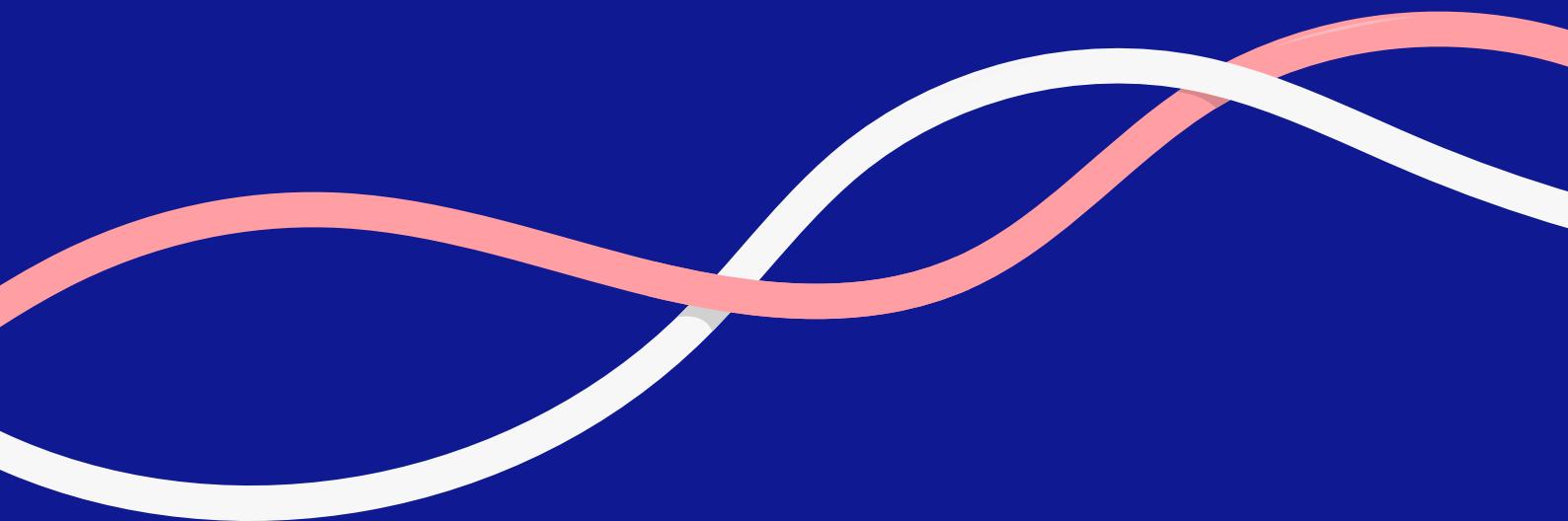


Joint Modern Slavery Statement 2020



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This Modern Slavery Statement is a joint statement (this **Statement**) made by Australian Finance Group Ltd (**AFG**) and Australian Finance Group Securities Pty Ltd (**Australian Finance Group Securities**) under section 14(1) of the *Modern Slavery Act 2018 (Cth)* (the **Modern Slavery Act**).

AFG and Australian Finance Group Securities are each a reporting entity under the Modern Slavery Act.

This Statement sets out the steps we are taking to ensure that modern slavery practices are not taking place within our organisation or our supply chains.

The AFG Group is committed to the highest level of integrity and ethical standards in all business practices. We are committed to upholding human rights across our operations and supply chains,

Tony Gill, Chairman, Australian Finance Group Ltd.

1. Structure of AFG and Australian Finance Group Securities

AFG and Australian Finance Group Securities are each a company incorporated in Australia. AFG is listed on the Australian Securities Exchange.

Australian Finance Group Securities is a wholly owned subsidiary of AFG.

The following other companies also form part of the corporate structure of AFG:

- AFG Home Loans Pty Ltd (**AFG Home Loans**);
- AFG (Commercial) Pty Ltd (**AFG Commercial**);
- New Zealand Finance Group Pty Ltd;
- AFG Securities Pty Ltd;
- AFG 2010-2 Pty Ltd; and
- AFG 2010-3 Pty Ltd.

Each of these companies is incorporated in Australia other than New Zealand Finance Group Pty Ltd which is incorporated in New Zealand. Each is a wholly owned subsidiary of AFG. Seven trusts also form part of AFG's corporate structure. AFG also holds interests in Think Tank Group Pty Ltd and MAB Broker Services Pty Ltd.

In this Statement AFG together with its wholly owned subsidiaries and trusts is referred to as 'the **AFG Group**'. A reference in this Statement to 'we' or 'our' is a reference to the AFG Group.

Think Tank Group Pty Ltd and MAB Broker Services Pty Ltd are not within the scope of this Statement.

2. Process of Consultation

AFG, Australian Finance Group Securities and each controlled entity have acted in consultation to make this Statement. We consulted with key areas of our business to prepare this Statement including Risk, Finance and Legal and consulted with key personnel including senior management and the Company Secretary. These teams and personnel operate across all business functions for AFG, Australian Finance Group Securities and their controlled entities.

3. AFG Group Operations

The AFG Group employs approximately 204 people. The AFG Group's head office is in Perth. The AFG Group also has offices and employees located in Sydney, Melbourne, Adelaide and Brisbane. Currently AFG's operations and all its offices and employees are located in Australia. Although New Zealand Finance Group Pty Ltd is incorporated in New Zealand, AFG does not have any staff or offices located in New Zealand.

AFG staff work across the AFG Group. Australian Finance Group Securities operates from AFG's offices.

AFG is primarily a mortgage aggregator - an intermediary between lenders and brokers.

AFG facilitates finance brokers accessing loan and financial products (residential mortgages, commercial loans, asset finance products and personal loans) from a range of lenders for their customers. AFG has over 2,975 affiliated brokers throughout Australia who have entered into contracts for AFG's services. These services include facilitating access to over 4,250 financial products from a panel of over 55 lenders.

AFG also provides business tools, support and platforms to its brokers to assist with running their businesses.

AFG offers own-branded residential and commercial mortgage products to customers of its brokers under its AFG Home Loans and AFG Commercial brands. This includes residential mortgage and commercial loan products.

These loans are funded by third party wholesale funding providers and by Australian Finance Group Securities.

Australian Finance Group Securities is a securitisation funding business with its primary role being the funding of home loans to AFG Home Loans through the process of securitisation.

AFG also makes available to its brokers a range of insurance products for distribution to customers through a referrer arrangement with insurers. Insurance offerings include life insurance and general insurance.

Refer to the table in Section 4 for more detailed information about the operations of AFG and each of its controlled entities.

4. Supply Chain

4.1 General Information

AFG and Australian Finance Group Securities operate from offices located throughout Australia. The supply chain of each entity predominantly consists of goods and services purchased by those offices to operate our business.

Key categories of goods and services procured are technology services, insurance, residential property valuation, banking and finance, office space, other professional services (including research and analysis, accounting, legal and consulting), human resources, credit bureaus, travel, cleaning, office consumables, hospitality and catering services.

The table below summarises the main operations and supply chain of AFG and Australian Finance Group Securities and their controlled entities.

Entity / Business	Main Operations	Supply Chain
AFG	Service provider: Aggregation services to mortgage brokers, commercial finance brokers, asset finance brokers and personal loan brokers in Australia.	<ul style="list-style-type: none"> • Technology services including lending platforms, customer relationship management systems, software development services and IT hardware. • Insurance broking services including insurance for professional indemnity, directors and officers, occupational safety and health, cyber security and workers' compensation. • Office space including offices in Perth, Sydney, Melbourne, Adelaide and Brisbane. • Banking and finance services including deposit taking and lending services provided by Australian banks. • Credit bureaus including Australian consumers' credit history services provided by Australian credit bureaus. • Travel services including domestic and international travel, accommodation and conference management services. • Professional services including accounting, legal, and consulting services. • Recruitment services for employees and contractors provided by Australian recruitment agencies. • Regulatory including ombudsman services. • Cleaning, office consumables, hospitality and catering services.
Australian Finance Group Securities	Originator and servicer of securitised mortgage products to customers in Australia.	<ul style="list-style-type: none"> • Insurance services including lenders mortgage insurance providers. • Residential property valuation including valuation services for Australian residential properties to support secured lending activity. • Mortgage servicing including support and administration services in relation to loan manufacturing and ongoing loan servicing. • Banking and finance including domestic and international lenders to contribute to funding of securitised lending activities. • Technology services including core banking system functionality, lending platforms and customer relationship management systems. • Professional services including legal, accounting, financial research and analysis and Australian property market analysis. • Credit bureaus including Australian consumers' credit history services provided by Australian credit bureaus.

4.2 Outsourcing and COVID-19

During FY20, AFG entered into a contract to outsource support services. The support services were to be performed by a contractor located in Manila. In entering into this contract, the AFG Group conducted due diligence on the contractor. The contract included a provision regarding the local labour code and laws and compliance with relevant modern slavery laws. The contractor had in place staff policies based on the local labour code and laws which it provided to AFG. Due to the COVID-19 global pandemic, the contractor was not able to access its offices. The contractor's staff were not equipped to work from home. AFG exited the outsourcing arrangement in March 2020.

5. Addressing and Assessing Risks of Modern Slavery

5.1 AFG Group's Policies and Procedures

We are committed to ensuring that there is no modern slavery in our supply chains or in any part of our business.

The AFG Group has an established set of policies and procedures that govern the way it operates. Our policies reflect our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure that we comply with all relevant laws.

The policies outlined below are relevant to how the AFG Group currently manages potential modern slavery related issues regarding its business operations and supply chain:

- **Risk Management Policy**

The AFG Group has a risk management policy that sets out how the AFG Group: identifies, assesses, monitors and manages business risk and opportunity; identifies material changes to the AFG Group's risk profile; and implements and monitors the effectiveness of the risk framework.

- **Code of Conduct**

This code guides board, management and staff conduct. The code outlines how the AFG Group expects its representatives to behave and conduct business in the workplace. It includes legal compliance and guidelines on appropriate ethical standards. Importantly the Code of Conduct requires board, management and staff to be aware of and comply with their duties and obligations under all laws. The code also sets out the AFG Group's commitment to equal opportunity and fair employment practices, a workplace free from discrimination, and to maintaining a healthy and safe environment for its employees.

- **Anti-Bribery and Corruption Policy**

This policy applies to employees, contractors, consultants, secondees and directors of the AFG Group. It prohibits bribes and facilitation payments and outlines the AFG Group's requirements for the management of political and charitable donations.

- **Diversity and Inclusion Policy**

This policy demonstrates the AFG Group's commitment to the maintenance and promotion of workplace diversity and inclusion. The policy sets out the AFG Group's aim to foster and maintain a diverse work environment, providing access to equal opportunities based on merit and promoting a culture of respect. Diversity at AFG focuses on gender, ethnicity/culture, sexual orientation and promoting flexible work practices.

- **Whistleblower Policy**

This policy sets out the procedures and protections available to whistleblowers. A whistleblower includes current or former employees, officers or suppliers or individual associates of the AFG Group, as well as a relative, spouse or dependent of any of those people. The purpose of this policy is to provide a framework for disclosure by a whistleblower of misconduct; an improper state of affairs or circumstances within the AFG Group; or contravention of the law by an entity in the AFG Group, an employee or officer of the AFG Group.

A copy of each of these policies is available on AFG's [website](#).

5.2 Risk Management Framework

The AFG Group's risk management framework consists of a Risk Management Policy (summarised in sub-section 5.1) and a Management Risk and Compliance Committee and Board Risk and Compliance Committee (**BRACC**) (**Risk Management Framework**). The charter of the BRACC is set out in the Risk and Compliance Committee Charter (**BRACC Charter**). Relevantly, the BRACC Charter requires the BRACC to:

- evaluate the adequacy and effectiveness of the AFG Group's identification and management of economic, environmental and social sustainability risks and its disclosure of any material exposures to those risks;
- review policies the AFG Group has in place to monitor and confirm compliance with laws and regulations; and
- review the AFG Group's policies and culture with respect to the establishment and observance of appropriate ethical standards.

5.3 Due Diligence

Our policies and procedures and Risk Management Framework show that we currently have in place systems to:

- identify and assess potential modern slavery risk areas in our supply chain;
- mitigate the risk of modern slavery occurring in our supply chains;
- monitor potential risks of modern slavery; and
- protect whistleblowers.

As an organisation we have a policy of continuous improvement and review our processes regularly to identify opportunities to improve our systems.

As part of our initiative to identify modern slavery and associated risks in our business and supply chain we are:

- mapping the AFG Group's supply chain to assess product categories and geographical domicile;
- asking suppliers to agree to contractual provisions which require compliance with the Modern Slavery Act; and
- developing a modern slavery supplier procedure for future supply contracts to assist employees involved in procuring goods and services to assess the risk of modern slavery.

6. Actions Taken to Address the Risks of Modern Slavery

The AFG Group is committed to addressing the risks of modern slavery within its organisation and its supply chain. Our approach to addressing the risks of modern slavery practices is set out below.

- **Incorporating risks of modern slavery into our Risk Management Framework:** We are incorporating modern slavery risk into our existing Risk Management framework by updating our risk register to include modern slavery as a risk item and including modern slavery as an item that is reported to BRACC.
- **Supplier terms:** The AFG Group regularly reviews our arrangements with suppliers. In each new agreement, where practical, we are inserting a standard clause which requires our supplier to comply with the Modern Slavery Act.
- **Modern Slavery Supplier Procedure:** We are developing a modern slavery supplier procedure for our future supply contracts. The procedure will guide employees involved in procuring services through the process of assessing the risk of modern slavery.
- **Training of staff:** To ensure an understanding of the risks of modern slavery in our supply chains and our business, we are providing training to staff involved in procurement.

7. Risks of Modern Slavery in Operations and Supply Chains

We have undertaken a risk assessment of our operations and supply chain and based on our assessment we consider the risk of modern slavery in our organisation and supply chain is not high.

Our evaluation is based upon the following:

- our offices and employees are located in Australia which is a low-risk location;
- goods and services we procure are predominantly from countries that have been identified as not high-risk locations;
- the goods and services we procure from our direct suppliers are predominantly not high-risk (other than financial services and laptops, computers and mobile phones); and
- in making procurement decisions we take into consideration the values and reputation of the supplier rather than focusing on price alone.

We note, as stated above in section 4.2, because of COVID-19 AFG exited an overseas outsourcing arrangement in March 2020. Accordingly, we have not included this in our evaluation of risks as set out above.

8. Assessing Our Effectiveness

We will measure how effective we have been to ensure that modern slavery is not taking place in any part of our business or supply chain by the following mechanisms:

- effectively implementing our new modern slavery supplier procedure; and
- ensuring a minimum number of staff receive training each year.

We will rely on the AFG Group's Risk Management Framework to assess our effectiveness. Our BRACC conducts quarterly risk analysis and report assessments. As noted in section 6, modern slavery will be included in this process.

9. Future Commitments

Over the next year the AFG Group will focus on:

- Assessing and monitoring the risks in our supply chain using our Risk Management Framework;
- Aiming for new and existing supply arrangements to specifically refer to the Modern Slavery Act;
- Developing our modern slavery supplier procedure and implementing this process throughout our business; and
- Providing modern slavery training to relevant employees.

This joint Modern Slavery Statement is made by Australian Finance Group Ltd and Australian Finance Group Securities Pty Ltd for the financial year ending 30 June 2020.

This Statement was approved by the Board of Directors of Australian Finance Group Ltd and Australian Finance Group Securities Pty Ltd and is signed by a member of each board on 25 February 2021.



Tony Gill

Chair of Board of Directors of Australian Finance Group Ltd



Lisa Bevan

Director of Australian Finance Group Securities Pty Ltd