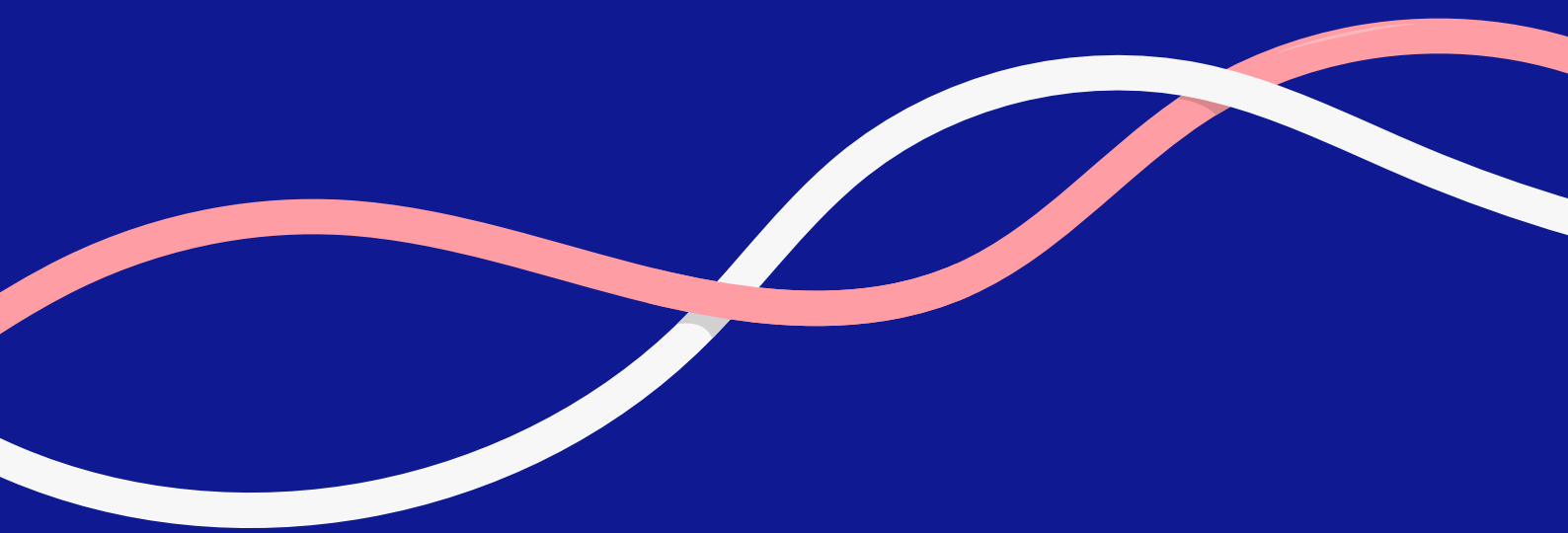


Joint Modern Slavery Statement 2022



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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 (**AFG Securities**) under section 14(1) of the *Modern Slavery Act 2018 (Cth)* (the **Modern Slavery Act**).

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

AFG and AFG Securities published their first Joint Modern Slavery Statement in March 2021 (relating to the financial year ending 30 June 2020). This is AFG and AFG Securities' third Modern Slavery Statement. It sets out the actions taken during the financial year ending 30 June 2022 (**FY22**) by AFG and AFG Securities to ensure that modern slavery practices are not taking place within our organisation or our supply chains.

In FY22 we have focused on:

- continuing our commitment to identifying, assessing and addressing modern slavery risks in our supply chains;
- educating our staff about modern slavery;
- enhancing our Modern Slavery Supplier Procedure to add in additional questions for our employees and suppliers to complete relating to Anti-Bribery and Corruption;
- ensuring, where possible, that new and any existing supply arrangements that have been renegotiated specifically refer to the modern slavery laws;
- establishing a Management Sustainability Committee which includes modern slavery within the governance stream. We have also employed a Sustainability Communications Specialist; and
- conducting a targeted risk assessment on modern slavery within our existing operations and supply chain.



We set clear expectations that our employees should be alert to the possible involvement of modern slavery and human trafficking risks within our organisation. We also continue to work with our suppliers to detect and eradicate any possible modern slavery in our supply chain. As a signatory to the UN Sustainable Development Goals, we commit to meeting recognised human rights standards and to contributing towards the achievement of the UNSDG, in particular Goals 8 and 10.

Tony Gill

Chairman, AFG

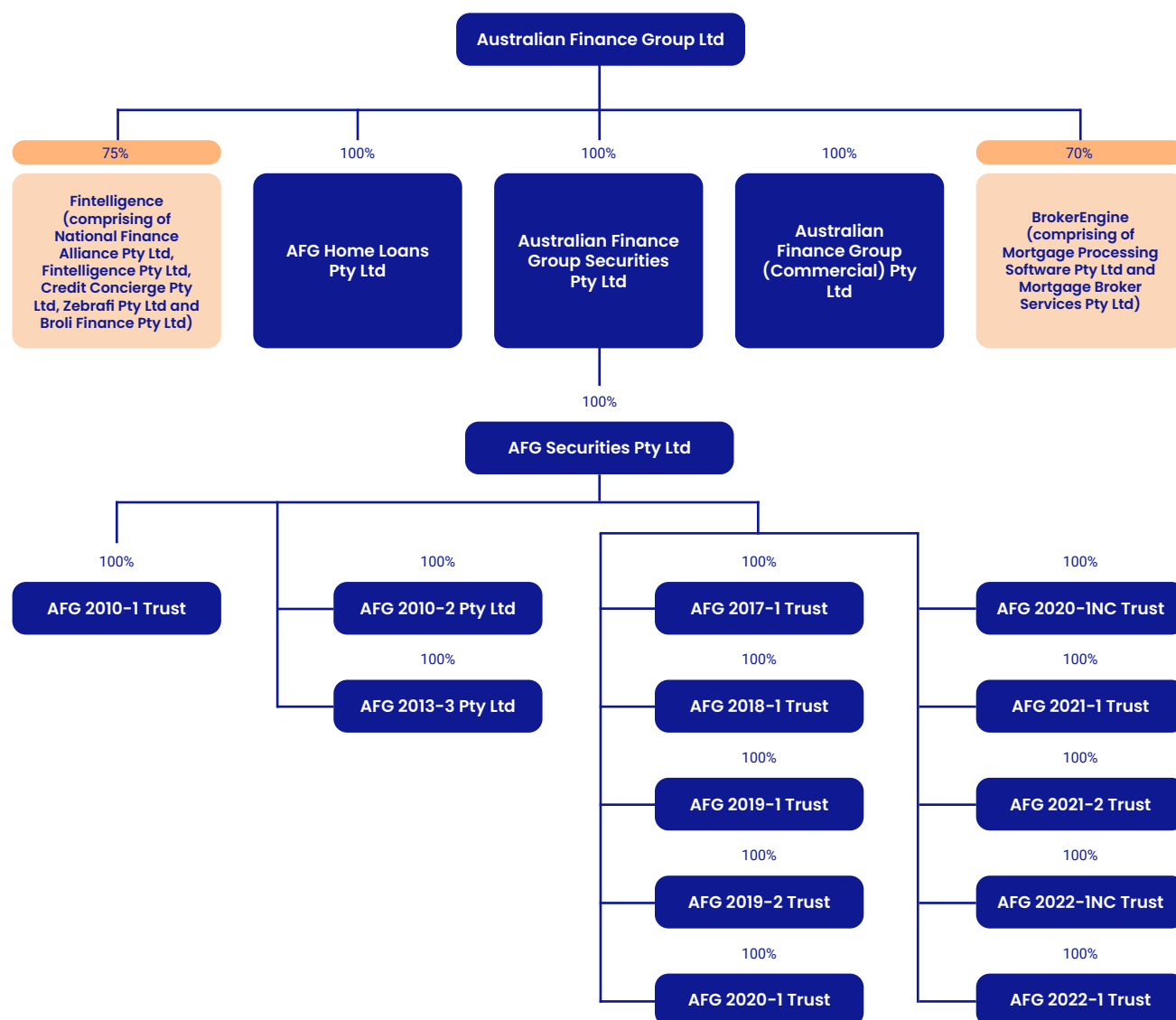


1. Structure of AFG and AFG Securities

AFG and AFG Securities are companies incorporated in Australia. AFG is listed on the Australian Securities Exchange. AFG Securities is a wholly owned subsidiary of AFG.

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

AFG Group Structure 30 June 2022



Each of these companies is incorporated in Australia

In this Statement, AFG together with its majority 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.

AFG also holds interests in the following entities: Think Tank Group Pty Ltd, MAB Broker Services Pty Ltd and Volt Corporation Ltd. These companies are not within the scope of this Statement.

2. Process of Consultation

AFG is committed to developing and maintaining a group-wide response to modern slavery. AFG prepared this joint Statement in consultation with AFG Securities and each of the controlled entities listed in Section 1 above (other than the recently acquired Fintelligence group and BrokerEngine group entities). AFG consulted with AFG Securities through a modern slavery working group. The working group represented key areas of the AFG Group's business including Risk, Finance and Legal together with key personnel including senior management and the Company Secretary. The personnel forming part of the working group operate across all business functions for AFG and AFG Securities. The consultation process involved consideration of the modern slavery risks across the AFG Group, reviewing our supplier due diligence procedure, reviewing modern slavery training and preparing this Statement.

3. AFG Group Operations

As at 30 June 2022, AFG and AFG Securities employed 284 people. The AFG Group's head office is in Perth, Western Australia. The AFG Group also has offices and employees located in Sydney, New South Wales; Melbourne, Victoria; Adelaide, South Australia; and Brisbane, Queensland. Currently the AFG Group's operations and all its offices and employees are located in Australia. AFG Securities operates from AFG's offices.

3.1 AFG

AFG is primarily an aggregator - an intermediary between lenders and mortgage and finance brokers. AFG facilitates brokers accessing loan and finance products (residential mortgages, commercial loans, asset finance products and personal loans) from a range of lenders for their customers. As at 30 June 2022, AFG (including Fintelligence) has over 3,700 affiliated brokers throughout Australia who have entered into contracts for AFG's services. These services include facilitating access to over 7,000 finance products from a panel of over 75 lenders.

AFG also provides business tools, support and technology 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.

AFG also makes available to its brokers a range of insurance products for distribution to customers through a referrer arrangement with an insurer.

In FY22, AFG acquired a 70% stake in the entities that make up mortgage broker software business Broker Engine (Mortgage Processing Software Pty Ltd and Mortgage Broker Services Pty Ltd). AFG also acquired a 75% stake in asset finance aggregator Fintelligence (comprising of National Finance Alliance Pty Ltd, Fintelligence Pty Ltd, Credit Concierge Pty Ltd, Zebrafi Pty Ltd and Broli Finance Pty Ltd).

3.2 AFG Securities

AFG Securities is a securitisation funding business with its primary role being arranging and managing home loans funded by securitised vehicles.

The table in Section 4 below provides more detailed information about the operations of the AFG Group.

4. Supply Chain

4.1 General information

AFG and AFG 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 the AFG Group business.

Key categories of goods and services procured by AFG and AFG Securities 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. AFG and AFG Securities recognise that there are modern slavery risks across these categories and they are committed to identifying and addressing them.

The table below summarises the main operations and supply chain of AFG and AFG Securities, and their controlled entities (other than the recently acquired Fintelligence group and BrokerEngine group 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. Provision of mortgage broker CRM platform via BrokerEngine.	- 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, and Adelaide. - 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 bodies including ombudsman services. - Cleaning, office consumables, hospitality and catering services.
AFG Securities	Originator and servicer of securitised mortgage products to customers in Australia.	- 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

During FY22, the AFG Group entered into outsourcing arrangements with a small number of overseas suppliers related to IT and employment services. In entering into these contracts, the AFG Group conducted modern slavery due diligence in accordance with its process on each of the contractors. Each contract included a provision regarding compliance with relevant modern slavery laws. AFG will continue to monitor its relationship with each of these contractors.

5. Addressing and Assessing Risks of Modern Slavery

5.1 AFG Group's Policies and Procedures

We do not tolerate any form of human trafficking, slavery or child labour within our operations or that of our suppliers and we continue to be committed to ensuring that there is no modern slavery in any part of our business.

The AFG Group relies on a range of established policies and procedures to ensure that it operates ethically and with integrity in all of our business relationships and to ensure compliance with all relevant laws. These policies are also designed to protect the human rights of our people and manage the potential risk of modern slavery in our business operations and supply chain. These policies include AFG Group's:

- Risk Management Policy
- Code of Conduct
- Anti-Bribery and Corruption Policy
- Diversity and Inclusion Policy
- Whistleblower Policy

A copy of each of these policies is available on AFG's website at <https://investors.afgonline.com.au/investor/?page=corporate-governance>.

5.2 Risk Management Framework

The AFG Group's risk management framework consists of a Risk Management Policy (referred to in sub-section 5.1), a Management Risk and Compliance Committee, and a Board Risk and Compliance Committee (**BRACC**) (**Risk Management Framework**). The charter of the BRACC (which is available at the website listed above) 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

As an organisation we review our processes regularly to identify opportunities to improve our systems.

In addition to our policies and procedures and Risk Management Framework we have a Modern Slavery and Anti-Bribery and Corruption Supplier Procedure, which uses a risk-based approach based on product categories and geographical domicile, to assist us to:

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

Our Modern Slavery and Anti-Bribery and Corruption Supplier Procedure involves, depending on the type of supply contract, a combination of our employees conducting modern slavery and bribery and corruption due diligence, our suppliers completing questionnaires, and / or audits of existing suppliers. If a modern slavery or bribery and corruption issue is identified, our process has in place a procedure for escalation within our organisation. We also ask our suppliers to agree to contractual provisions which require compliance with relevant modern slavery and anti-bribery and corruption laws.

These processes have been developed over time and continue to be implemented and embedded in our organisation.

During FY22, targeted modern slavery reviews were conducted for a portion of existing suppliers (entered into prior to the establishment of the Modern Slavery and Anti-Bribery and Corruption Supplier Procedure) for which the AFG Group had high expenditure. No modern slavery issues were identified.

6. Actions Taken to Address the Risks of Modern Slavery

The AFG Group's commitment to addressing the risks of modern slavery within its organisation and its supply chain has continued in FY22. Our approach in FY22 to addressing the risks of modern slavery practices was to:

- **Ensure the risks of modern slavery are embedded in our Risk Management Framework:** We have ensured that modern slavery risk is embedded in our Risk Management Framework and that any modern slavery issues are reported to BRACC.
- **Supplier terms:** We have and will continue to, where practical, insert a standard clause in our contracts with suppliers requiring our suppliers to comply with applicable modern slavery laws.
- **Modern Slavery and Anti-Bribery and Corruption Supplier Procedure:** We have continued to implement a Modern Slavery and Anti-Bribery and Corruption Supplier Procedure for our supply contracts. The procedure guides employees involved in procuring services through the process of due diligence to enable the AFG Group to assess the risk of modern slavery for that supplier. We also updated the procedure in FY22 to include questions relating to Anti-Bribery and Corruption.
- **Training of staff:** We ensured in FY22 that our staff were provided with training to assist them to understand what modern slavery is and the risks of modern slavery in our business.
- **Broker training:** We have made modern slavery training available to our broker network through our e-learning training platform.

- **Audit:** We have conducted targeted audits of some of our existing suppliers to assess the risk of modern slavery practices. We did not identify any concerns with the suppliers reviewed and all reviewed fell within a low-risk category.
- **Integrate modern slavery into sustainability considerations:** We have integrated modern slavery considerations into our Sustainability Committee and employed a Sustainability Communications Specialist to oversee our sustainability workstream.

7. Risks of Modern Slavery in Operations and Supply Chains

We have undertaken a risk assessment of our operations and supply chain for FY22. Based on our assessment, and given the nature of the services provided by the AFG Group, we consider there to be a low risk of modern slavery in our organisation and supply chain. This has not changed since our 2021 Modern Slavery Statement.

Our evaluation is based upon the following:

- we have assessed our modern slavery risks based on the demographics of our suppliers, economic size of supply spend and the nature of the transactions;
- 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;
- where we have entered into contracts with contractors located overseas, we have followed our Modern Slavery and Anti-Bribery and Corruption Supplier Procedure to assess the risk of modern slavery associated with the relevant contractors and we have not identified any suppliers that we consider high risk;
- 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.

8. Assessing Our Effectiveness

We have achieved the following goals with respect to our position on modern slavery for FY22:

- assessing and monitoring the modern slavery risks in our supply chain;
- aiming for new and existing supply arrangements to specifically refer to the modern slavery laws;
- following and further embedding our Modern Slavery and Anti-Bribery and Corruption Supplier Procedure into our organisation;
- enhancing our Modern Slavery and Anti-Bribery and Corruption Supplier Procedure to enable us to delve deeper into our supply chains in relation to high-risk goods and services;
- continuing to provide modern slavery training to employees; and
- providing modern slavery training to brokers who are affiliated with AFG in relation to the risks in their own businesses.

We 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 issues are included in this process. During FY22, no modern slavery issues were identified or reported to BRACC.

9. Future Commitments

The eradication of modern slavery in our business and supply chain is an ongoing process, and our focus in FY23 is to continue to develop our response to support actions to combat modern slavery risks.

Over the next year the AFG Group will continue:

- assessing and monitoring the modern slavery risks in our supply chain;
- aiming for new and existing supply arrangements to specifically refer to the modern slavery laws;
- further embedding our Modern Slavery and Anti-Bribery and Corruption Supplier Procedure within our business;
- to provide modern slavery refresher training to managers and other staff involved in procurement and ensure that new starters are provided with training;
- to integrate human rights and modern slavery considerations into our sustainability considerations; and
- to monitor relevant government and industry guidance on the assessment of modern slavery risks.

We will also focus on:

- integrating the Fintelligence and BrokerEngine businesses into our assessments of modern slavery risks including applying the Modern Slavery and Anti-Bribery and Corruption Supplier Procedure to the supply chains for these businesses;
- enhancing our Modern Slavery and Anti-Bribery and Corruption Supplier Procedure to enable us to delve deeper into our supply chains in relation to high-risk goods and services;
- providing modern slavery education and training to brokers who are affiliated with AFG in relation to the risks in their own businesses; and
- conducting further risk assessments and due diligence on existing suppliers.

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 2022.

This Statement was approved by the Board of Directors of Australian Finance Group Ltd as the parent entity and is signed by a member of the board on 24 November 2022.



Tony Gill

Chairman, Australian Finance Group Ltd