

# AFCA Modern Slavery Statement

For the financial year ended 30 June 2025

## Introduction

### Message from our Chair, and Chief Ombudsman & Chief Executive Officer

We are proud to present AFCA's Annual Statement for 2025, outlining AFCA's actions to identify and address Modern Slavery Risk. This statement was endorsed by our Audit & Risk Committee and our Board in November 2025.

AFCA remains committed to ethical practices and transparency in addressing modern slavery risks across our operations and supply chains.

We note the significant work that has been done this year to progress Australia's modern slavery response. We welcome the Federal Government's comprehensive response to its statutory review of the *Modern Slavery Act 2018* (Cth) (the Act). We strongly support the proposed reforms to accountability under the Act and the increase of due diligence requirements to help identify and prevent modern slavery risks in Australia. We also note and welcome the appointment of Australia's first Anti-Slavery Commissioner. Considering these milestones, AFCA remains committed to uplifting and evolving its response to modern slavery.

As part of this commitment, we engaged KPMG, our internal auditors, to conduct an audit of our modern slavery response, considering our modern slavery risk areas, reviewing and raising awareness of our grievance mechanisms, considering our human rights and modern slavery learning tools and our engagement with our stakeholders. The results of that audit and the management actions arising have guided our key actions for 2026.



Prof John Pollaers  
Independent Chair



David Locke  
Chief Ombudsman &  
Chief Executive Officer

## Background

This Modern Slavery Statement is made pursuant to the Modern Slavery Act 2018 (Cth) (the Act) by the Australian Financial Complaints Authority Limited (ACN 38 620 494 340) (AFCA), a single reporting entity under sections 5 and 13 of the Act.

AFCA is the sole member of Compensation Scheme of Last Resort Ltd (ABN 17 669 477 052) (CSLR), a public company limited by guarantee that commenced operations on 2 April 2024.

Following an independent assessment under AASB 10 Consolidated Financial Statements, AFCA does not exercise control over the management or operation of CSLR.

Consequently, AFCA is not required to prepare *Consolidated Financial Statements* under Australian Accounting Standards, and subsection 295(3A)(a) of the *Corporations Act 2001* (Cth) does not apply. Accordingly, CSLR is excluded from this Modern Slavery Statement.

## Mandatory reporting criteria

This table outlines where each criterion in the *Modern Slavery Act 2018* (Cth) is addressed within this statement.

Mandatory reporting criteria under section 16(1) of the Modern Slavery Act 2018 (Cth)	Statement page
(a) Identify the reporting entity	Page 2
(b) Describe the structure, operations and supply chains of the reporting entity	Page 4
(c) Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity, and any entities that the reporting entity owns or controls	Pages 5-7
(d) Describe the actions taken by the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes	Pages 8-11
(e) Describe how the reporting entity assesses the effectiveness of such actions	Pages 8-11
(f) Describe the process of consultation with any entities that the reporting entity owns or controls  In the case of a reporting entity covered by a statement under section 14 – the entity giving the statement	Page 12
(g) Include any other information that the reporting entity, or the entity giving the statement, considers relevant	Page 13

# Summary of FY25 actions

Actions undertaken to meet the commitments from our previous Modern Slavery Statement are summarised below, with further detail provided in the section 'FY25 – Our actions to address modern slavery risk'. Our forward commitments for the next reporting period are set out at pages 20-22 of this statement.

## Our commitments over the last year

	Status	Statement page reference
<b>Vendor assurance and due diligence</b>		
<ul style="list-style-type: none"> <li>Continue to uplift vendor surveys and engagement with vendors that are identified as having exposure to modern slavery risk, including vendor management plans to address any concerns.</li> </ul>		Page 8
<ul style="list-style-type: none"> <li>Update contract terms and conditions for new arrangements to mandate compliance with modern slavery laws.</li> </ul>		Page 9
<ul style="list-style-type: none"> <li>Undertake a comprehensive evaluation of AFCA's contract management process to ensure identification of modern slavery risk.</li> </ul>		Page 9
<b>Policy and process enhancements</b>		
<ul style="list-style-type: none"> <li>Implement a structured review process to ensure that all policies appropriately address modern slavery risks</li> </ul>		Page 9
<ul style="list-style-type: none"> <li>Implement Contract Management Plans across AFCA's Facilities, IT, and People and Culture teams to assist identifying and assessing modern slavery risk.</li> </ul>		Page 10
<b>Education, awareness and grievance mechanisms</b>		
<ul style="list-style-type: none"> <li>Conduct review of whistleblowing policy to ensure modern slavery risk reporting is encompassed.</li> </ul>		Page 10
<ul style="list-style-type: none"> <li>Conduct review of AFCA's employment relations complaint handling procedures to encompass modern slavery risk and reporting.</li> </ul>		Page 10
<ul style="list-style-type: none"> <li>Mandate a modern slavery e-learning module for employees with financial delegation</li> </ul>		Page 11
<ul style="list-style-type: none"> <li>Implementation of a single ESG management platform to cover all policies and resources in relation to sustainability matters, including modern slavery and human rights commitments.</li> </ul>		Page 11

Status: Achieved



Working towards



# AFCA's structure, operations and supply chains

## About AFCA

The Australian Financial Complaints Authority (AFCA) was established to operate an external dispute resolution scheme known as "the AFCA Scheme" under the authorisation of the Minister for Revenue and Financial Services pursuant to section 1050 of the *Corporations Act*. AFCA is a not-for-profit public company limited by guarantee, as required under s1051(3).

AFCA is Australia based, operating out of Sydney and Melbourne. We employ over 1,447 employees across the country.

## How we operate

AFCA's purpose is to provide fair, independent, and effective solutions for financial disputes. We are Australia's financial industry ombudsman. Our service is offered as an alternative to tribunals and courts, to resolve complaints that individual consumers and small businesses have with their financial firm over issues such as banking, credit, general insurance, financial advice, investments, life insurance and superannuation.

Our role is to assist individual consumers and small businesses to reach agreements with financial firms about their complaints. We are impartial and independent. We do not act for either party, or advocate for their position.

AFCA also provides administrative support services for the Code Compliance Committees, which are independent committees that monitor compliance with, and provide guidance on, industry codes of practice for different sectors of the financial services industry.

## Where we source

AFCA has transacted with approximately **374 vendors** in the FY25, with 40 vendors accounting for 85% of AFCA's total expenditure across the following sectors:

- Real Estate
- Insurance
- Media and Advertising
- Professional services (including Consulting)
- Employee Assistance Programme
- Financial Services (including Insurance)
- Travel
- Facilities Management
- Construction and Property Services
- Technology (including hardware and software)
- Recruitment

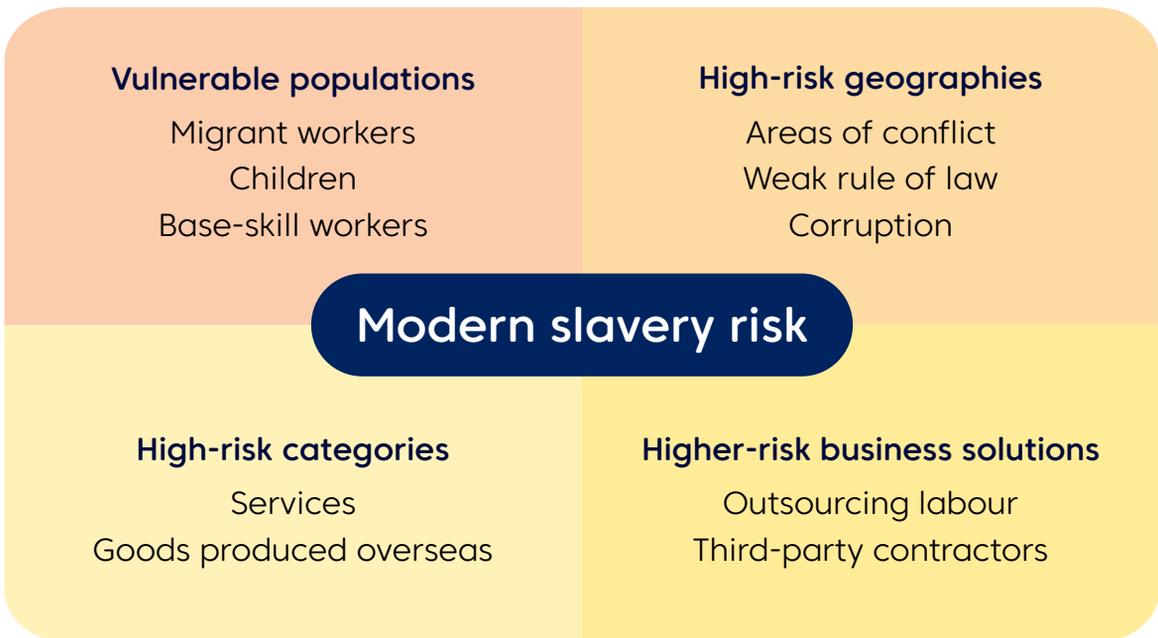
Of the above, all have operational offices and ABN registrations in Australia.

Referencing the Global Slavery Index by the Walk Free Foundation (2023), Australia ranks 149th out of 160 countries globally in terms of prevalence of modern slavery (with 1 being the highest prevalence). Within the Asia-Pacific region, Australia ranks 26th out of 27 countries, second only to Japan, indicating a relatively low prevalence of modern slavery.

# Our modern slavery risk factors

We note that the Act defines modern slavery as including eight types of serious exploitation: trafficking in persons; slavery; servitude; forced marriage; forced labour; debt bondage; deceptive recruiting for labour or services; and the worst forms of child labour.

In line with industry best practice, AFCA considers four key factors that elevate the risk of, or the perception of, the potential for modern slavery.



As a values-driven organisation committed to fairness, integrity, and accountability, AFCA recognises its responsibility to prevent and address modern slavery risks within its operations and supply chains. AFCA acknowledges that no organisation is immune to these risks, and we are committed to identifying, assessing, and mitigating potential risks in a timely and transparent manner.

AFCA's operations are solely based in Australia, with a highly skilled workforce and strong employment controls. Therefore, geographical risk and risks posed from vulnerable populations is likely to be low.

However, considering the abovementioned high-risk categories and higher risk business solutions, we have identified two key areas where exposure to modern slavery risks may arise for AFCA:

- **Employment practices**, particularly in relation to contingent or outsourced workforce arrangements; and
- **Vendor relationships**, including indirect risks within extended supply chains where visibility may be limited.

# AFCA FY25 risk areas

## Operations

### Employment practices

All AFCA employees are based in Australia with appropriate work rights and pathways to raise concerns, including an external whistleblower service.

While our employment practices risk is low due to our highly specialised workforce, our contingent workforce presents an elevated risk of modern slavery. Although limited in number, we employ some workers in administrative or clerical roles that may not require formal education. These individuals may be more vulnerable and less aware of their rights.

As a predominantly people-based service organisation, there is also the risk of overtime or excessive hours. AFCA requires timesheets to be completed from our contractors to minimise the risk of contractors working excessive hours.

## Supply chain

### Vendors

AFCA primarily contracts with vendors based in Australia; however, we acknowledge the possible lack of visibility of downstream vendors and supply chains, and the elevated risk of modern slavery this presents. AFCA's risk ratings are informed by sector-specific vulnerabilities, supply chain visibility, and the presence of vulnerable populations, as outlined in the UN Guiding Principles and the Australian Government's procurement toolkit.

**The following areas and industries are deemed as medium or high risk based on our internal assessment of supply chain risks from the Walk Free Global Slavery Index.**

## Medium risk

### Data storage

Data storage services often involve complex global supply chains, including offshore data centres and hardware manufacturing in countries with higher modern slavery prevalence than Australia.

AFCA mitigates these risks by requiring the majority of data be stored in Australia under most of its contracts. In addition, our physical data storage provider has robust modern slavery policies in place to further reduce the risk of modern slavery within Australia.

### Technology – Hardware

Hardware components are often produced in countries with known modern slavery risks, particularly within electronic supply chains. Most of AFCA's hardware relates to end-user computing.

AFCA mitigates these risks by sourcing hardware through vendors that partner with reputable manufacturers, such as Microsoft and Logitech, which maintain modern slavery compliance across multiple jurisdictions.

# AFCA FY25 risk areas (continued)

## High risk

### Recruitment

Recruitment, particularly for contingent or surge workforces, can involve vulnerable populations such as migrant workers or individuals in lower-skilled roles. These groups may be at greater risk of exploitation due to limited awareness of their rights or reduced access to grievance mechanisms. The use of third-party labour hire firms can also create distance between AFCA and the employment practices of those firms, increasing the risk profile.

AFCA mitigates this risk through utilising recruitment partners with stringent modern vetting and background checking practices. AFCA ensures our recruitment processes are compliant with fair work commission awards and conducting Police Checks, Bankruptcy Check, Anti-Money Laundering (AML), Counterterrorism, Financing and Work Entitlement (VEVO) checks for all full-time staff.

### Commercial real estate and facilities management

AFCA's commercial real estate activities primarily involve leasing and property management arrangements for office spaces. While these are generally low-touch and regulated environments, the risk arises from indirect labour, such as cleaning, maintenance, and building services. These roles may be filled by low-skilled or migrant workers, who are statistically more vulnerable to exploitation. The use of subcontractors can reduce visibility into employment practices, elevating the risk profile.

AFCA manages these risks by assessing our landlords' modern slavery protocols for both the Melbourne and Sydney offices. Both landlords are mandated modern slavery reporting entities and have policies in place to mitigate modern slavery risks.

To manage the increased workflow in AFCA's core business, we have been engaging several reputable employment organisations to assist with our surge workforces. Known for their adherence to ethical standards and labour regulations, AFCA explicitly outlines these requirements within our agreements to ensure the vendors are acknowledging and committing to their modern's slavery necessities at a contractual level. The roles procured via this surge workforce require individuals to be qualified, ensuring that all personnel meet the necessary professional standards.

Additionally, AFCA acknowledges that several of our suppliers work with subcontractors, such as cleaning staff, who indirectly support AFCA. In these cases, we mandate that these organisations ensure all employees and subcontractors are vetted for modern slavery and are contractually bound to comply with these standards.

# AFCA’s actions to address modern slavery risk

AFCA assessment and response to modern slavery risk is informed by the *UN Guiding Principles on Business and Human Rights* (UNGPs)

## FY25 actions and effectiveness

### 1. Vendor assurance and due diligence

Continue to uplift vendor surveys and engagement with vendors that are identified as having exposure to modern slavery risk, including vendor management plans to address any concerns.

Action taken in FY25	Effectiveness of action 
<p>AFCA continues to use the Australian Government’s modern slavery procurement toolkit vendor questionnaire annually to identify, manage and monitor modern slavery risks. This improves our understanding of supply chain management with a focus on modern slavery risk practices. The toolkit supports us to uncover:</p> <ul style="list-style-type: none"> <li>the vendor’s reporting status under the <i>Modern Slavery Act 2018 (Cth)</i>,</li> <li>their level of visibility over their supply chain,</li> <li>how they gain visibility, screen, and implement policies to support mitigation of risk in their supply chain.</li> </ul> <p>In financial year 2024-2025, we analysed the top 40 vendors (identified by spend) that account for approximately 85% of our spend. Through this, we mapped our vendors against the following risk factors:</p> <ul style="list-style-type: none"> <li>industry / sector</li> <li>category, and</li> <li>geographic.</li> </ul> <p>This analysis concluded that the vendors demonstrated a satisfactory level of compliance to the Act. This included submitting evidence of structured policies and providing staff access to resourcing and processes to identify, assess, and respond to any associated risks.</p>	<p>Annual supplier questionnaire continues to align with Australian Government template and regulatory expectations.</p>

Status: Achieved  Working towards 

## FY25 actions and effectiveness (continued)

Update contract terms and conditions for new arrangements to mandate compliance with modern slavery laws.

### Action taken in FY25

Completed – suppliers are required to take active steps to reduce modern slavery risks, and to implement appropriate due diligence within their supply chains. They must also participate in AFCA-led initiatives, such as surveys, aimed at addressing modern slavery. These arrangements were also subject of a recent internal audit.

### Effectiveness of action

Modern slavery compliance clauses widely accepted by vendors with no amendments requested, indicating strong supplier acceptance. Any potential uplifts noted in the internal audit are already underway.



Undertake a comprehensive evaluation of AFCA's contract management process to ensure identification of modern slavery risk.

### Action taken in FY25

Evaluation completed – as a result of this, AFCA has signed an agreement to implement a new Contract Management System which will be launched next financial year.

### Effectiveness of action

By implementing the Contract Management System, AFCA will gain enhanced visibility and reporting capability regarding modern slavery compliance. The system will enable us to better track which vendors have been reviewed, and whether they have agreed to or incorporated modern slavery contractual obligations.



## 2. Policy and process enhancements

Implement a structured review process to ensure that all policies appropriately address modern slavery risks.

### Action taken in FY25

Completed – all policies, including our Code of Conduct, Grievance Policy and the Recruitment Policy, are regularly updated to reflect current legal requirements, organisational needs, and appropriate internal controls to address modern slavery risks.

### Effectiveness of action

Updates to Code of Conduct, Grievance Policy, and Recruitment Policy have maintained compliance and strengthened internal controls.



Status: Achieved



Working towards



## FY25 actions and effectiveness (continued)

Implement Contract Management Plans across AFCA’s Facilities, IT, and People and Culture teams to assist identifying and assessing modern slavery risk.

Action taken in FY25	Effectiveness of action	
Completed – we have introduced supplier segmentation using Kraljic methodology to identify strategic partners and assess modern slavery risk. This is recorded in a central contract register.	Implementation of Contract Management System underway, and Kraljic-based segmentation has been applied. These are expected to enhance automation and tracking of due diligence.	

### 3. Education, awareness and grievance mechanisms

Conduct review of whistleblowing policy to ensure modern slavery risk reporting is encompassed.

Action taken in FY25	Effectiveness of action	
Completed.	Embedding of modern slavery reporting in whistleblowing policy improves accessibility and transparency for reporting concerns.	

Conduct review of AFCA’s employment relations complaint handling procedures to encompass modern slavery risk and reporting.

Action taken in FY25	Effectiveness of action	
Completed – AFCA has undertaken to map existing procedures to identify gaps and ensure they can effectively accommodate and respond to reports related to modern slavery, in alignment with legislative and ethical obligations.	Employment relations complaint handling processes are enhanced to accommodate modern slavery investigations which will enhance responsiveness.	

Status: Achieved



Working towards



## FY25 actions and effectiveness (continued)

Mandate a modern slavery e-learning module for employees with financial delegation.

### Action taken in FY25

Underway – employees with financial delegation has been identified, and the rollout of targeted regulatory compliance training modules with specific content on modern slavery risks and obligations under the Act is planned to be implemented in FY26.

### Effectiveness of action

Compulsory training for employees with financial delegation will increase awareness and accountability, strengthening our capacity to identify and mitigate modern slavery risks in procurement and financial decision-making.



Implementation of a single ESG management platform to cover all policies and resources in relation to sustainability matters, including modern slavery and human rights commitments.

### Action taken in FY25

AFCA has implemented the Diligent ESG / One platform to track ESG metrics, including modern slavery governance, supporting greater transparency and accountability.

### Effectiveness of action

Implementation of Diligent ESG / One platform integration of modern slavery governance will improve data transparency and oversight in the coming 1-2 years.



Status: Achieved



Working towards



## Consultation process

AFCA's Modern Slavery Working Group (Working Group) comprises of executive and management staff from across the organisation, including operations, people and culture, procurement, legal, risk and compliance, and membership. Working group members are actively engaged and consulted, and they contribute to the development of this Statement.

Additionally, this Working Group regularly reports to the Audit and Risk Committee and the AFCA Board. This governance process ensures that the Board remains updated and maintains oversight of the assessment of the effectiveness of actions undertaken in the previous reporting period, as well as providing input into the proposed initiatives included in this Statement.

Given the existence of a Shared Services Agreement with CSLR, the Working Group has actively engaged with key executives within CSLR to ensure transparency within each organisation's supply chain. This collaboration mutually supports each organisation's commitment to respecting human rights and taking meaningful action to address the global issue of modern slavery.

During the reporting period, AFCA also engaged KPMG to undertake an internal audit, which scope a review of the robustness of AFCA's modern slavery response and the policies and procedures in place to address modern slavery risk. As part of that internal audit, KPMG consulted a wide range of internal stakeholders and reported its findings to both the Audit & Risk Committee and the AFCA Board. AFCA is committed to implementing the recommendations made as part of the internal audit review to uplift its modern slavery response.

# Continuous improvement – FY26 commitments

AFCA is committed to continuous improvement of our modern slavery response, with our priorities for FY26 set out here.

<p><b>Policy and process enhancements</b></p>	<p>Develop a policy and procedure to guide AFCA’s response when modern slavery practices are identified in its supply chain. AFCA will develop a policy and procedure to guide its response when modern slavery practices are identified within its supply chain. This policy will outline what modern slavery looks like in the current context, key risk indicators, and the internal roles and responsibilities when identifying a perceived or actual breach. It will also provide direction on when to engage with external authorities.</p>
<p><b>Vendor assurance and due diligence</b></p>	<p>Revise onboarding processes to require for high and medium risk vendors to complete the modern slavery questionnaire.</p> <p>Update vendor agreements to state that failure to participate in a review within a defined period post-execution may constitute a breach of contract. AFCA will update its vendor agreements to state that a failure to participate in a modern slavery review within a defined period post-execution may constitute a breach of contract. This approach ensures that vendors entering agreements mid-cycle are not excluded from review activities.</p> <p>Ensure consistent review of modern slavery questionnaires and upscale the Modern Slavery Tracker. This new action mandates a review of responses in the first quarter of the financial year, to confirm all 40 vendors have completed their assessments in full. This verification will occur before the final Modern Slavery report is prepared for Board approval, typically in November.</p> <p>Apply modern slavery due diligence to all new vendors regardless of spend level. All newly engaged vendors in FY26 will undergo modern slavery due diligence at onboarding, regardless of spend level or inclusion in the top 40 suppliers.</p>
<p><b>Education, awareness and grievance mechanisms</b></p>	<p>Develop further education / awareness programs for broader range of employees, particularly those within the People &amp; Culture area to increase understanding and awareness of modern slavery risk and grievance mechanisms.</p>
<p><b>Statutory review recommendation readiness</b></p>	<p>Explore the recommendations supported by the Government as part of the Statutory Review into the Act to ensure AFCA’s readiness to support / comply with any uplift to the scope of the modern slavery regime in Australia.</p>