

# AFCA Modern Slavery Statement for the financial year ended 30 June 2021

## ***Mandatory criterion 1 – s16(1)(a)***

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). AFCA is a single reporting entity under section 5 and for the purpose of section 13 of the Act. AFCA does not own or control any other entities.

This is a AFCA's Modern Slavery Statement for the reporting period 2020-2021 Australian Financial Year.

## About AFCA

### ***Mandatory criterion 2 – s16(1)(b)***

#### **Structure**

AFCA is a not for profit company limited by guarantee, with its principal activity being the external dispute resolution (EDR) provider for the financial services industry in Australia.

#### **Operations**

AFCA provides consumers and small businesses in Australia with fair, free and independent dispute resolution for financial complaints. We consider complaints about financial products and services, this includes credit, finance and loans, insurance, banking deposits and payments, investments and financial advice and superannuation. AFCA's service is offered as an alternative to tribunals and courts to resolve complaints consumers and small businesses have with their financial firms.

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 for different sectors of the financial services industry. The administrative support services that AFCA provides is as employer of the Code Compliance Committees' support staff and provision of office facilities.

AFCA operates out of two centres in Australia – Sydney and Melbourne and employs approximately 786 employees.

### Supply chains

AFCA has approximately 660 vendors with 30 vendors accounting for 80% of total expenditure, supplying from the following sectors:

- Real Estate (inc Facilities)
- Professional services
- Financial Services (inc Insurance)
- Technology
- Travel

Of the above – 93% are based in Australia (in the lowest 7 of 167 countries rated for modern slavery risks by the Walk Free Foundation’s Global Slavery Index).

### AFCA’s modern slavery risk

AFCA has formed a working group, with representation from People & Culture, Finance, Risk, Procurement and Legal, to consider our exposure to, as well as controls, policies and processes to manage, modern slavery risk.

This working group has referred to guidelines and resources published by the Australian Commonwealth, non-government organisations such as the Walk Free Foundation and international organisations such as the International Labour Organisation in assessing our risk exposure.

#### ***Mandatory criterion 6 – s16(1)(f)***

In identifying its areas of potential risk, AFCA does not control or own any other entities and therefore the mandatory criteria to consult is not applicable.

### Areas of risk

#### ***Mandatory criterion 3 – s16(1)(c)***

AFCA, as a values-based organisation, considers it an important responsibility to ensure that we identify and respond to any incidents of modern slavery in an appropriate and timely manner.

The key areas of exposure to modern slavery risk in AFCA relates to employment practices risk and supplier risk. Both risks are assessed to be very low risk in AFCA’s direct business operations.

AFCA employees are all based in Australia with appropriate work rights and with multiple options for raising any concerns including an external whistleblower service.

We acknowledge there is potential modern slavery risk within our supply chains despite these risks still overall being low. These risks have been identified in our supply contracts for real estate management (including cleaning services), enterprise technology, event catering, and the provision of office furniture, office supplies and promotional materials.

### **Actions taken to assess and address risks**

#### ***Mandatory criterion 4 – s16(1)(d)***

#### **Employment practices risk**

AFCA is a people centric organisation that has strong controls in place to reduce the risk of modern slavery that include:

- all employee work rights are verified prior to appointment and background checks completed
- published minimum salary ranges above National Employment Standards (NES) and modern award requirements within Remuneration Policy
- annual salary review increases and checks to ensure in excess of applicable modern award rates
- Recruitment Policy and practices that validate and verify candidates to selection criteria
- AFCA employment agreements and policies in line with legislative changes
- overtime approved by Senior Leader and Executive General Manager based on operational requirements
- Whistleblower Policy and Procedures, including an independent whistleblower service for anonymous reporting
- Wellness Policy and regular wellbeing check-ins with managers
- regular communication, such as Town Halls, across AFCA to support an inclusive and collaborative culture
- staff engagement surveys conducted with results and actions arising discussed by the Leadership and all people managers
- code of conduct setting expectations from all employees, and
- procedures and channels to raise any grievance concerns about any type of problems encountered.

#### **Supplier risk**

Our procurement activity is geared towards vendors based in Australia, but we acknowledge that these vendors may have downstream suppliers that may give rise to the risk of modern slavery.

AFCA uses standard procurement templates and is establishing vendor panels to improve scrutiny of procurement activity. The majority of non-people spend relates to facilities, office furniture for the offices in Melbourne and Sydney as well as professional fees.

We have analysed our vendor base and are undertaking additional analysis of our top 30 vendors that account for over 80% of our spend. This analysis has mapped our suppliers against the following risk factors:

- industry/sector
- category, and
- geographic.

Supplier survey questions have been developed for ongoing use with the highest risk/prioritised suppliers. This survey is designed to improve AFCA's understanding of supply chain management within the supply base, with focus on modern slavery risk practices. Our analysis of Supplier responses is scheduled to be completed in November 2021.

This is alongside current actions to develop partnering and peer comparison activities for an expected completion and implementation date of March 2022.

## AFCA's continuing initiatives

### ***Mandatory criterion 7 – s16(1)(g)***

AFCA is committed to progressing the journey towards understanding, mitigating and remediating modern slavery risk, domestically and within its supply chain.

This activity will include:

- ongoing deployment of supplier surveys with prioritisation and dialogue with vendors that are identified as having exposure to modern slavery risk, including vendor management plans to address any concerns arising
- raising awareness of modern slavery with all AFCA employees
- review of procurement contract templates to ensure that AFCA expectations are understood
- vetting vendors on existing procurement panels.

### **Assessing effectiveness of actions**

### ***Mandatory criterion 5 – s16(1)(e)***

Our aim during this reporting period was to understand and map out any potential modern slavery risks present in our employment practices and supply chains.

We have assessed and reported on the effectiveness of our employment risk controls, noted above, that have been rated as effective during risk assessment updates (done quarterly).

In relation to supplier risk, it was too early in this reporting period to assess the effectiveness of the actions we commenced.

The type of measurements we have introduced to address the modern slavery risks identified are being conducted in line with the UN Guiding Principles on Business and Human Rights. The approach to effectiveness will be:

- reviews of survey results and actions taken by internal governance
- partnering with suppliers, and
- comparison with peer organisations/professional bodies.

Insights will inform continuous improvement to AFCA's modern slavery position and processes.

This statement was approved by the Board of the Australian Financial Complaints Authority Limited as AFCA's principal governing body on 11 November 2021.

Signature



**Chairperson of the Board**  
**Professor John Pollaers OAM**

Date: 11 November 2021