

AFCA Modern Slavery Statement for the financial year ended 30 June 2022

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 AFCA's Modern Slavery Statement for the reporting period 2021-2022 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 807 employees, 12% of which hold a valid and current Visa (AFCA utilises VEVO work entitlements to validate candidates working rights).

Supply chains

AFCA has approximately 660 vendors, with 31 vendors accounting for 80% of total expenditure, supplying from the following sectors:

- Real Estate (inc Facilities)
- Professional services
- Financial Services (inc Insurance, Corporate Cards)
- Technology

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 a working group in place, 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 continue to be assessed as 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 whistle-blower service.

We acknowledge there is still a potential modern slavery risk within our supply chains despite these risks 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. To further mitigate this risk, AFCA has established a new Supply Agreement template, requiring Vendors to acknowledge and confirm they comply with modern slavery laws and AFCA policies.

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
- all new contingent labour providers contractually agree to verify employee work rights and complete AFCA's required background checks
- published minimum salary ranges above National Employment Standards (NES) and modern award requirements within Remuneration Policy
- annual salary review increases and checks to ensure they are 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 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, professional fees as well as IT purchases.

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.

We have established supplier survey questions for our highest risk/ prioritised suppliers. This survey is designed to improve AFCA's understanding of supply chain management within the supply base, with a focus on modern slavery risk practices.

The analysis of AFCA's top seven (7) highest risk vendors has been completed. The analysis concluded that each Vendor was able to demonstrate a satisfactory level of compliance to the Modern Slavery Act, submitting evidence of structured policies, dedicated resourcing and defined processes enabling staff the ability to identify, assess and respond to any risks associated. Activities are currently underway to survey and assess the remaining 23 Vendors identified in the top 30. Our progress has been slower than anticipated in the reporting year due to impacts on resourcing as a result of the pandemic and staff turnover.

AFCA has also reviewed and updated contracts and agreement templates to require Vendors to acknowledge and confirm they comply with modern slavery laws and AFCA policies.

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

- continuing to raise awareness of modern slavery with all AFCA employees
- continuing to engage with new and existing suppliers and utilise effective contract mechanisms to ensure that AFCA expectations are understood and contractually agreed
- utilising insights from effectiveness assessments to improve and strengthen our modern slavery compliance framework

Assessing effectiveness of actions

Mandatory criterion 5 – s16(1)(e)

Our aim during this reporting period was to review identified modern slavery risks present in our employment practices and supply chains and ensure controls are operating effectively, as well as work to understand and identify any new or emerging risks. Our progress has been slower than anticipated in the reporting year due to impacts on resourcing as a result of the pandemic and staff turnover.

We believe our actions taken to date have established a good foundation for AFCA to identify and manage modern slavery risk. We have assessed and reported on the effectiveness of our employment and supplier risk controls, noted above, that have been rated as effective during risk assessment updates (done quarterly). 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 23 November 2022.

Signature


John Pollaers (Nov 30, 2022 07:36 GMT+11)

Chairperson of the Board
Professor John Pollaers OAM

Date: 23 November 2022