

## Modern Slavery Statement

### ScotPac Group

This Statement is submitted on behalf of Scottish Pacific Group Pty Ltd (ABN 45 164 013 110) (**ScotPac**) under section 13 of the *Modern Slavery Act 2018* (Cth) (**MSA**) to cover the reporting period of 1 July 2021 to 30 June 2022. In this Statement, ScotPac Group refers to ScotPac and all entities within its ownership and control structure, as outlined in Appendix A.

## 1. Identification, Structure, Operations and Supply Chain

### 1.1. Operating structure

ScotPac Group is a privately owned Australian Group with a long history dating back to 1988. ScotPac Group supports small to medium Australian and New Zealand businesses by offering a comprehensive range of working capital solutions, including debtor finance, trade finance, asset finance, property finance and business loans. ScotPac Group is headquartered in Sydney and has offices in most major cities around Australia and Auckland. ScotPac Group is ultimately owned by a Singaporean based private equity firm.

ScotPac Group's operating structure consists of a main trading entity within each jurisdiction as well as a securitisation structure to support the business. The main trading entities within the ScotPac Group structure are as follows:

- Scottish Pacific Business Finance Pty Ltd (Australian entity);
- Business Fuel (Cash Advance) Pty Ltd (Australian entity);
- Scotpac Property Finance Pty Ltd;
- Scottish Pacific Business Finance Ltd (New Zealand entity); and
- Scottish Pacific Trade Ltd (Hong Kong entity).

Nearly the entirety of ScotPac Group's revenue is derived through the abovenamed entities. The Australian and New Zealand entities also directly employ staff, and all five entities engage directly with suppliers. Appendix A lists all entities in the ScotPac Group, and we confirm that none of the other entities listed in Appendix A employ staff or engage directly with suppliers. ScotPac, the reporting entity, only owns and controls the entities listed in Appendix A.

Scottish Pacific Trade Ltd has its central management and control in Australia and its main purpose is to assist in engagement with Chinese and other international suppliers as part of ScotPac Group's trade finance offering.

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ScotPac Group had annual consolidated revenue in excess of \$100 million during the reporting period and is therefore subject to the reporting requirements under the MSA. Therefore, none of the other entities within the ScotPac Group structure will be reporting under MSA separately.

### **1.2. Employment structure**

ScotPac Group employs approximately 320 staff across Australia, New Zealand and China under the following types of employment arrangements:

- Agency - 5.6%;
- Contractors - 0.9%;
- Part-time – 5.0%;
- Casual - 1.6%;
- Sponsored - 0.9%; and
- Full time - 85.9%.

### **1.3. Customer base**

ScotPac Group's customer base is primarily comprised of small and medium sized enterprises across a range of different sectors in Australia and New Zealand (refer to Appendix B for a comprehensive list of sectors supported by ScotPac Group). ScotPac Group also has some larger mid-sized corporate relationships.

### **1.4. Supply chain**

ScotPac Group directly engaged contractually with approximately 743 suppliers in the 2021-2022 Financial Year, based in a variety of geographic locations, detailed further below. A large portion of suppliers are brokers located within Australia. ScotPac Group also engages with suppliers for a range of goods and services including recruitment; professional services such as accounting and legal; insurance; marketing; transport; archiving and storage; maintenance and cleaning; information and technology; postage and printing; entertainment; stationery; telecommunications; and training. Contracts with suppliers range from short term (e.g. for professional service providers) to longer term (e.g. for information and technology software providers).

## **2. Risks of Modern Slavery**

We understand that due to the prevalence of modern slavery throughout the world every entity has risks of modern slavery within its operations and supply chains. We are building upon our risk identification approach, and continue to improve how we assess and address the risks in our operations and supply chains.

### **2.1. Operational structure risk**

We consider that due to the nature of our business as a financial service provider and our operational structure being predominantly based in Australia and New Zealand, there should be a relatively low risk of modern slavery to the ScotPac Group. Furthermore, this risk is managed by ensuring the majority of our staff are on permanent full-time or part-time employment contracts. This ensures that our staff have greater job stability and security and are considerably less vulnerable to exploitation.

We do acknowledge that business carried out in China (through our Hong Kong entity) is considered to pose a higher risk of modern slavery. However, as ScotPac Group conducts the management, oversight and control of its Chinese operations from Australia, this risk is more easily managed. Whilst we do have a small number of staff in our Chinese office that are employed under agency arrangements, the staff members have worked with ScotPac for a number of years thus ensuring they enjoy a level of job stability and security.

ScotPac Group recruits for new staff from the market directly in the first instance. After going to market, a select cohort of recruitment agencies may also be engaged where required. All recruitment is centralised through the People & Culture team internally to ensure that we are only working with recruitment agencies that understand our business and culture. This ensures that we have a high degree of visibility over all recruiting practices.

### **2.2. Customer risk**

We understand under the MSA we are not required to report on risks associated with how our customers use our services. Similarly, we do not have control over the actions of any investees, but we understand that we are expected to assess at an overarching thematic level whether we may be exposed to modern slavery risks through our financial lending practices. Our customers are based in Australia and New Zealand – places considered to pose a low risk of modern slavery. However, the following sectors that our customers operate in have been linked to higher risks of modern slavery: manufacturing; labour hire; agriculture; food services and construction. In section 3 below we detail the actions we are taking to assess and address the risks of modern slavery in our operations and supply chains, and we believe many of these action items will also assist us in relation to risks in our customer base. We have rolled out modern slavery training to all our staff to have a better understanding of what modern slavery is, how we can minimise the risks of being involved in it and what are the reporting obligations. This training also highlights the customer risk involved and the importance of this being considered during the credit risk application process.

### **2.3. Supply chain risk**

ScotPac Group has approximately 743 suppliers. The following key data has been gathered to date in relation to our supply chain:

- Of the suppliers to the Australian entity (691 in total), 94.9% are based in Australia (a decrease from the prior financial year), 0.4% are based in low-risk countries outside of Australia (Ireland, the Netherlands, and United Kingdom), and 0.1% are based in higher risk countries.
- Of the suppliers to the New Zealand entity (52 in total) all are based in either Australia or New Zealand.
- ScotPac also provides credit lines within its trade business (known as 'Tradeline') and asset finance to its clients. This includes directly paying various suppliers within Australia and overseas on behalf of clients to procure various items e.g., plant & machinery, industrial vehicles, building products, IT peripherals and other items. ScotPac has initiated processes to collect information to assess the existence of any modern slavery risks in this area and is considering how to address and mitigate those risks effectively.

We acknowledge that we engage with the following sectors that are identified as posing a higher risk of modern slavery: recruitment agencies; maintenance and cleaning; information and technology goods and services; postage and printing; food and drinks and stationery. We are examining these suppliers based in higher risk locations to determine whether they are also in a high risk sector.

### **3. Actions to Assess and Address Modern Slavery, Effectiveness**

ScotPac Group is committed to taking further steps to assess and address the risks of modern slavery into the future. ScotPac Group has continued to engage with experts to assist in navigating this journey.

#### *Staff and training related*

We are committed to conducting our business in line with Australian workplace laws as to wages, hours, contracts and health and safety. We have a Code of Conduct that clearly steps out our business and ethical expectations of our staff.

We understand that the nature of modern slavery means that victims need to feel safe to report on their circumstances. In this regard we are committed to the continuous improvement of all codes of conduct and policies including enhancing our Whistleblower Policy. Through the Policy relaunch we now provide opportunity to ScotPac's staff and contractors to report any wrongdoings across the business via an independent party on an anonymous basis. This provides a best practice whistleblowing approach in support of a safe and protected reporting environment for whistleblowers. Furthermore, we have undertaken modern slavery workshops in February 2022 for key stakeholders, delivered by external subject matter experts, to assist in raising awareness and understanding around modern slavery risks, including how to identify and report modern slavery within our end-to-end supply chain.

We have also successfully rolled out our all-staff mandatory training on modern slavery in late 2022. As at the time we submit this statement we have reached a completion rate of 88%, expected to rise above 90% prior to calendar year end. The training includes high-risk or low-risk indicators of modern slavery among operations and supply chain of an organisation, high risk modern slavery jurisdictions and

industries and mandatory reporting requirements of modern slavery. The course is mandatory for all new joiners in future.

#### *Supply chain related*

We have rolled out changes to our IT systems which include the ability to send out a Modern Slavery questionnaire. This questionnaire has been tailored to Australian Modern Slavery requirements with the help of external subject matter experts and will be rolled out in the near future. We have the ability to further tailor the questionnaire to our preferences and the evolving modern slavery risks we may be exposed to. We will undertake a risk-based assessment approach in consideration of the rollout of this questionnaire to relevant suppliers in our supply chain. We have collated a detailed listing of all our suppliers broken down by geographic location and spend to enable us to identify where higher risks of modern slavery may be. We are working on adding sector details to this list to increase the accuracy of our risk assessments.

With respect to our major outsourcing arrangements (for example information and technology services) we carry out Requests for Proposals including detailed due diligence on the preferred bidder covering aspects such as financial due diligence, information and technology security, business continuity plans and the request of references.

As part of new vendor onboarding process, we have started collecting some information about modern slavery such as overseas operations/supplies. We will continue to enhance this approach to ensure we are making a robust modern slavery risk assessment in our supply chain.

We are currently in discussions regarding precedent supplier contracts and have prepared specific modern slavery clauses for insertion in those contracts so that we may contractually compel cooperation and compliance by our suppliers.

ScotPac also provides credit lines (named as 'Tradeline') and asset financing to its clients. This includes directly paying to various suppliers within Australia and overseas on behalf of clients to procure various items e.g., plant & machinery, industrial Vehicles, building products, IT peripherals and other items. ScotPac has initiated a process to collect information to assess the existence of any modern slavery risks in these areas and how to address and mitigate any risks effectively.

We also have processes in place across the group to ensure our Anti-Money Laundering and Know Your Customer requirements are met, and we undertake credit analysis as appropriate on customers.

#### **4. Consultation**

ScotPac, oversees the governance of all Australian entities listed in Appendix A. The ScotPac Board is therefore responsible for the decisions and governance of all.

Given the central governance structure, consultation between ScotPac and its subsidiaries happens automatically as business is conducted.



**From Our Principal Governing Body**

ScotPac makes this Statement in accordance with section 13 of the *Modern Slavery Act 2018* (Cth). ScotPac's Board of Directors is its principal governing body for the purpose of the Act.

This Modern Slavery Statement was considered and approved of by the Board of ScotPac.

A handwritten signature in black ink, appearing to read "Jon Sutton".

Jon Sutton

Chief Executive Officer

Responsible Member of ScotPac's Principal Governing Body

## **Appendix A – Entity Listing**

The following entities are owned and or controlled by ScotPac Group:

### ***Australian entities:***

- Tartan Bidco Pty Ltd;
- Scottish Pacific Holdings Pty Ltd;
- Scottish Pacific (BFS) Pty Ltd;
- Integral Collections Pty Ltd;
- Scottish Pacific Business Finance Pty Ltd;
- Scottish Pacific Trade Pty Ltd;
- Benchmark Debtor Finance Pty Ltd;
- Scotpac Property Finance Pty Ltd;
- SPPF Pty Ltd;
- Business Fuel Holdings Pty Ltd;
- Business Fuel (Cash Advance) Pty Ltd;
- Business Fuel Finance Pty Ltd;
- Scottish Pacific Business Finance Master Trust;
- ScotPac Property Warehouse Trust 2021;
- ScotPac Business Fuel Warehouse Trust 2022 and
- Scottish Pacific Equipment Finance Warehouse Trust.

### ***New Zealand entities:***

- Scottish Pacific Business Finance Ltd;
- Scottish Pacific Business Finance Administration Ltd; and





- Scottish Pacific Benchmark New Zealand Trust.

***United Kingdom entity:***

- Scottish Pacific Business Finance Ltd (this entity is in the process of being wound up).

***Hong Kong entity:***

- Scottish Pacific Trade Ltd.

## **Appendix B – Customer Segments**

ScotPac Group's customer base operate broadly within the following industries:

- wholesale trade;
- manufacturing;
- transport and logistics;
- labour hire;
- agriculture;
- food services;
- administrative and support services;
- construction;
- health care;
- information,
- media and telecommunications;
- mining;
- professional services,
- scientific and technical services;
- public administration and safety;
- rental, hiring and real estate;
- retail trade; and
- transport, postal and warehousing.