

Modern Slavery Statement 2023

An aerial photograph of a red dirt landscape. The ground is a vibrant red color, interspersed with various green and greyish-green bushes and shrubs. A prominent feature is a large, intricate, light-colored circular pattern on the ground, which appears to be a traditional Aboriginal artwork or a natural formation. The pattern consists of several concentric, swirling lines that form a complex, organic shape. The overall scene is a mix of natural elements and human-made art.

Smartgroup acknowledges the Custodians of Country throughout Australia. We pay our respects to them and to Elders past, present and emerging and thank them for their ongoing custodianship of this land and community. This always was and always will be Aboriginal and Torres Strait Islander land and seas.

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Our Commitment

This statement is a Joint Modern Slavery Statement made by Smartgroup Corporation Ltd and associated reporting entities in accordance with section 14 of the Modern Slavery Act 2018

A message from Smartgroup's CEO

Our commitment to reducing modern slavery risks

Smartgroup has a zero-tolerance approach to modern slavery within our business and we recognise the important role we can play in ensuring ethical business practices in both our own operations and those of our suppliers.

We are committed to continually reviewing and improving our practices to ensure we are taking all appropriate steps to reduce the risk of modern slavery in all aspects of our business, and contributing to global efforts to eradicate all forms of modern slavery.

Smartgroup's commitment to operating ethically and contributing positively to the broader community in which we operate is reflected in our core business values – Accountability, Care and Team – which give clear direction on what we stand for, across all the geographies in which we operate.

This commitment is also reflected in the ongoing work of the Smartgroup Foundation, which directs annual grants received from Smartgroup Corporation each year to community projects. In CY2022, the Smartgroup Foundation was proud to support 17 projects with nearly \$250,000 in funding.

Smartgroup has a dedicated Group Risk, Internal Audit and Compliance Team and a Group Procurement Manager who are responsible for driving and managing Smartgroup's response to modern slavery risks, with the support of the Group Legal Team, Group Executive Team and the Board.

In 2021, Smartgroup also established a new Environmental, Social and Governance (ESG) Board Committee, which has responsibility for the oversight of modern slavery risk management in our business. The ESG Committee is governed by a Charter which can be viewed [here](#). In 2022, the Board endorsed a formal Sustainability Strategy, containing a comprehensive set of targets and initiatives.

This year we have screened all existing Tier One and Tier Two suppliers through our third party due diligence platform ethiXbase. We are pleased that our reviews have not identified any instances of modern slavery in our own operations and only one instance of a historical high risk practice in our supply chain, which was satisfactorily addressed and resolved.

This Modern Slavery Statement has been approved by both the ESG Committee and the Smartgroup Board.

This Statement outlines the tangible steps and actions that Smartgroup has taken throughout the past year to ensure that we have:

1. A clear insight into the risk of modern slavery throughout our own operations and supply chains;
2. A set process to assist our suppliers to ensure they understand and are appropriately managing modern slavery risk in their operations and supply chains; and
3. A specific action plan to address and reduce any risk of modern slavery practices that is identified in our operations and supply chains.

We are proud to present the outcomes we have achieved throughout the past year and we look forward to continuing to challenge and play our part in helping to eradicate modern slavery in our global communities.



A handwritten signature in black ink, appearing to read 'Tim Looi', written in a cursive style.

Tim Looi
Chief Executive Officer

We believe that good governance is key to ensuring risk is identified, assessed and managed.

Smartgroup believes that good governance is key to ensuring risk is identified, assessed and managed. At Smartgroup, our values guide us in our behaviours and actions, are the foundation for every decision we make, and reflect our commitment to our customers, communities, suppliers, investors and each other.

Our business, structure and operations

Smartgroup simplifies salary packaging, fleet management and a range of employee management solutions for organisations across Australia.

Our commitment to delivering an exceptional customer experience is central to everything we do; from the calls we take in our customer service centres to the industry-leading technology we develop. Underpinning our entire operation is our engaged, customer-focused and highly capable workforce. The link between the engagement of our employees and the satisfaction of our customers is unequivocal, so we continually strive for an innovative environment in which our people can excel in their work.

We have approximately 780 employees working across Australia, with offices in Sydney, Melbourne, Adelaide, Brisbane, Canberra and Perth.

Of these employees, 670 were full-time permanent employees, 45 were part-time permanent employees and 70 were fixed term, temp or casual employees (as at 31 December 2022).

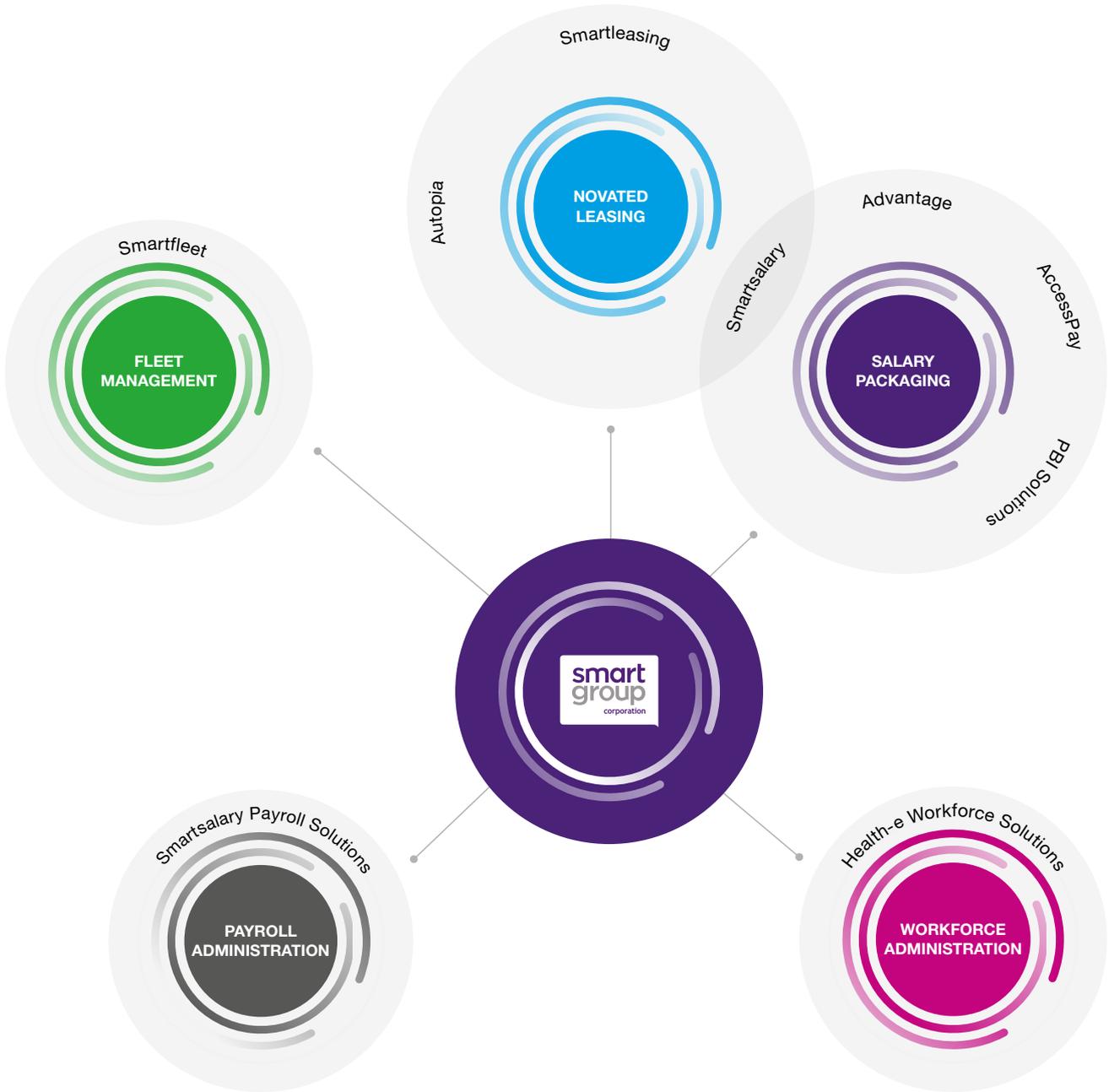
Current Business Landscape

We provide employee and employer management solutions and services that cover the following areas:

- Salary packaging and novated leasing
- Fleet management
- Workforce optimisation
- Payroll services
- Further information can be found at <https://www.smartgroup.com.au/what-we-do>



We continually strive for an innovative environment in which our people can excel in their work, unencumbered by bulky processes.



Goods and services we buy

As a provider of employee management services to employers throughout Australia, Smartgroup procures goods and services for the purpose of managing and delivering our services to clients, as well as managing the offices from which we work.

In 2022, our business sourced goods and services from over 1,000 suppliers predominantly supplying goods and services within Australia. We also work with a small number of overseas suppliers in the areas of outsourced technology and professional services.

Goods and services we buy include:



Corporate real estate leasing



Office facilities and products



Human Resources Services



Financial Services



Information and research services



Marketing and events



Fuel and maintenance for vehicle fleet



Professional services



Travel services and products



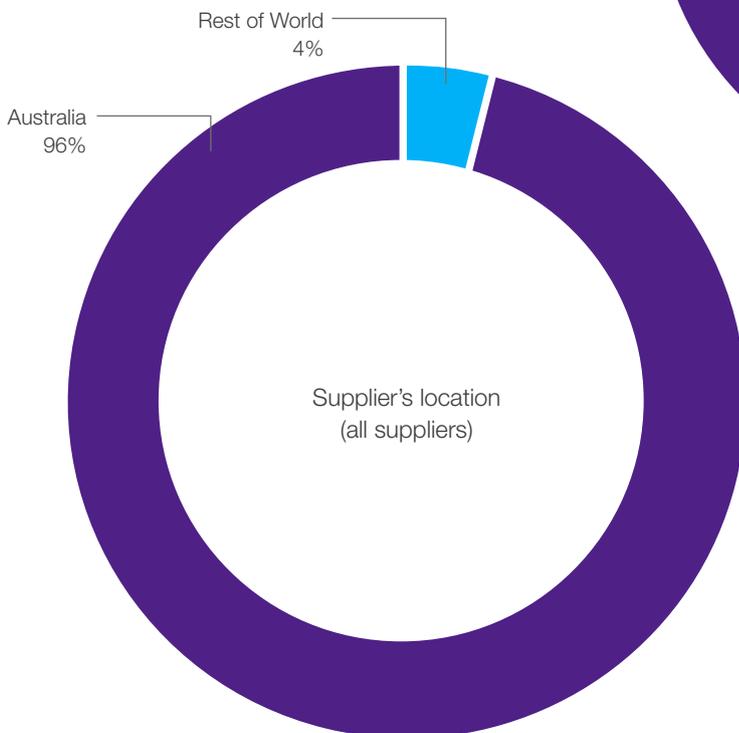
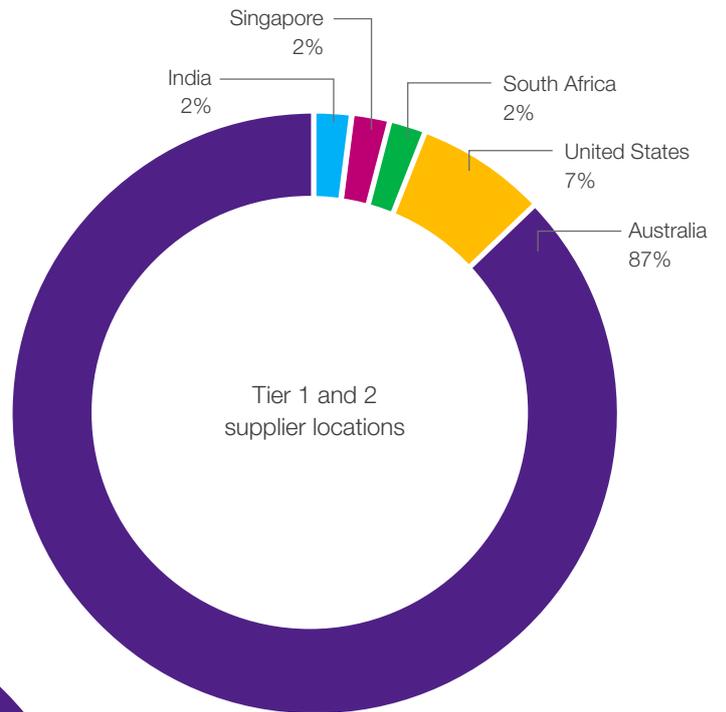
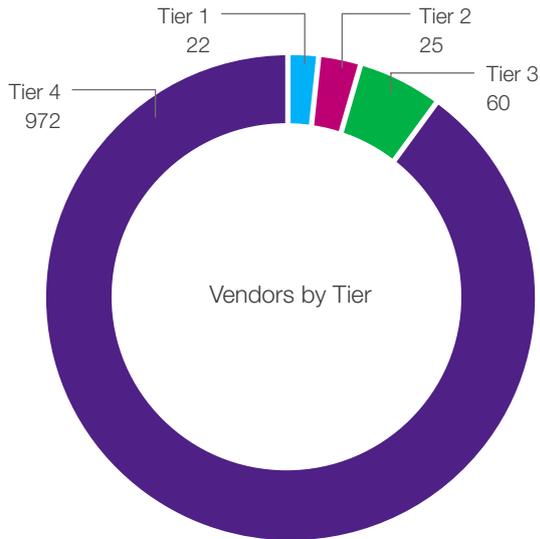
Technology services and products

96%

OF OUR VENDORS ARE AUSTRALIAN BASED

Supply chain

Of our suppliers we have 22 Tier 1 suppliers and 25 Tier 2 suppliers, with 87% of these Tier 1 and 2 suppliers (by number) operating in Australia.



Supplier locations



Assessment of modern slavery risks in our supply chains

We have assessed the categories in which we have material spend in goods and services as having a low inherent risk to modern slavery using the following factors¹:

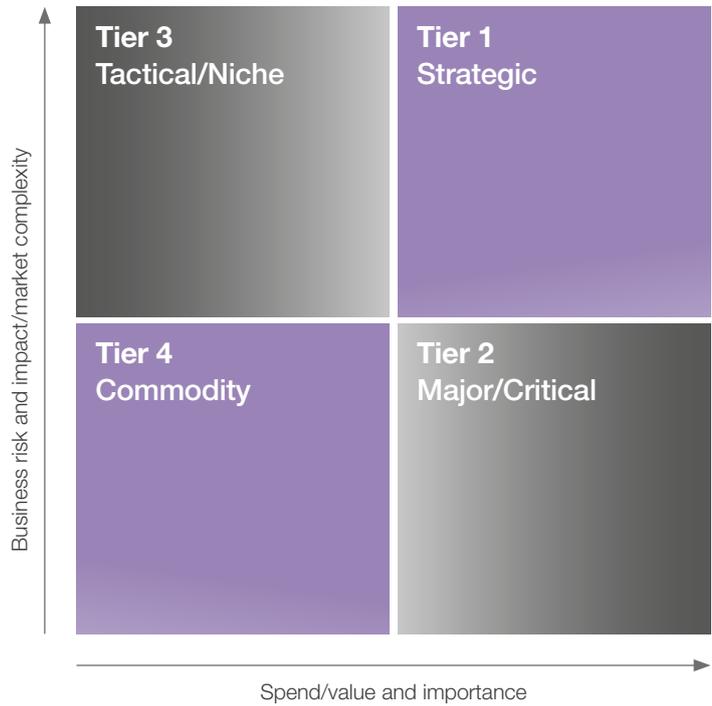
1. **Vulnerable populations** – Personal characteristics or circumstances that may lead people to be more susceptible to harm;
2. **High-risk business models** – Practices that reduce visibility between product or service beneficiaries and the provider's labour conditions;
3. **High-risk geographies** – Locations where human rights protections are weaker or obscured from oversight; and
4. **High-risk categories** – Known high-risk products and services, based on the confluence of the above risk factors, which are often sector specific.

Our assessment further considered:

- All our employees are aged over 18 years;
- As a financial services and employee benefits company, all our employees work in office based and home-based roles or roles which involve travel and sales activities at clients' sites – these are low risk activities for the purpose of modern slavery;
- We undertake annual remuneration reviews, including review of wages to ensure compliance with legislative requirements. We have not identified any material instances of wage underpayments and maintain compliance measures to ensure that this risk is monitored and mitigated on an ongoing basis;
- We continue to undertake gender pay gap reviews and corrections to ensure a reduced gender pay gap and pay equity when comparing salaries for 'like for like' roles;
- We are proud to have been recognised as an Employer of Choice for Gender Equality by the Workplace Gender Equality Agency and as an Inclusive Employer by Diversity Council Australia.

¹ Source: Typologies and Indicators of Modern Slavery Working Paper Edition 1 March 2022 – Australian Banking Association and KPMG

Our assessment process is prioritised according to the materiality of spend as well as strategic value of services that a supplier provides to Smartgroup as follows:



Tier 1	Strategic Partner/Vendor	<p>Spend exceeds \$1 million pa</p> <p>Suppliers are aligned to Smartgroup's IT and business strategy</p> <p>Significant impact on business and provides significant business value</p>
Tier 2	Major Vendor/Leverage	<p>Annual spend between \$500,000 and \$1 million</p> <p>Critical to business operations</p> <p>Reasonably complex and/or deeply integrated into overall business operations</p>
Tier 3	Tactical/Niche Vendor	<p>Annual spend between \$100,000 and \$500,000</p> <p>Low - medium switching cost</p> <p>Limited vendors and/or only readily available from a single source</p>
Tier 4	Commodity	<p>Limited technical complexity or existing capability</p> <p>Goods and services are readily available</p> <p>Existing alternate products and services</p> <p>Low value, small individual transactions or once-off purchase</p>

Identifying modern slavery risks in our supply chains

In 2022, we screened all new and existing Tier One and Tier Two suppliers on our third party platform ethiXbase, using ethiXbase Perceived Risk Indicator (PRI) the Instant Due Diligence (IDD) reporting function and our modern slavery questionnaire.

a. Instant Due Diligence (IDD) Reporting

An Instant Due Diligence (IDD) report gives us a risk indicator for our suppliers based on the following:

- i. **Company Registry Information** – we run a check of the relevant supplier organisation names against a global database of over 170 million online registry records. Where company registry records are available, ethiXbase will verify the organisation is legally registered.
- ii. **Sanctions & Enforcements Lists** – the IDD process checks the company name and any associated individual names during the Company Registration search against a detailed global list of sanctions and enforcements.

More than 1,000 checks were conducted during 2022 on companies in our supply chain.

b. Modern Slavery Questionnaire

Our questionnaire was developed by ethiXbase with the expertise of global law firm Norton Rose Fulbright's Risk Computations for Third Parties.

The Modern Slavery Questionnaire uses advanced analytics to create personalised risk profiles that identifies specific risks relating to Jurisdiction, Activity, Workforce, Policies, Systems, and Human Rights across the supply chain for each of our vendors. It does so by weighing questionnaire responses against a set of criteria and third party databases.



We continuously look to identify, assess and manage the risks of modern slavery within our supply chain, through building awareness, improving policies and process and enhancing due diligence.

The Modern Slavery Questionnaire reviews the following five key areas associated with human rights risk across the supply chain:

1. Business activities (industries)
2. Geographic footprint
3. Second and third-tier supply chains, potential presence of sanctioned products in the supply chain
4. Employee health and safety practices, policies, processes and training
5. Compliance with Smartgroup's Code of Conduct and evidence of adequate procedures

We have rolled out our Modern Slavery Questionnaire to all Tier 1 & Tier 2 Suppliers and begun to extend to Tier 3. We continue to work with our Suppliers to ensure all surveys are completed and submitted as part of our due diligence assessment.

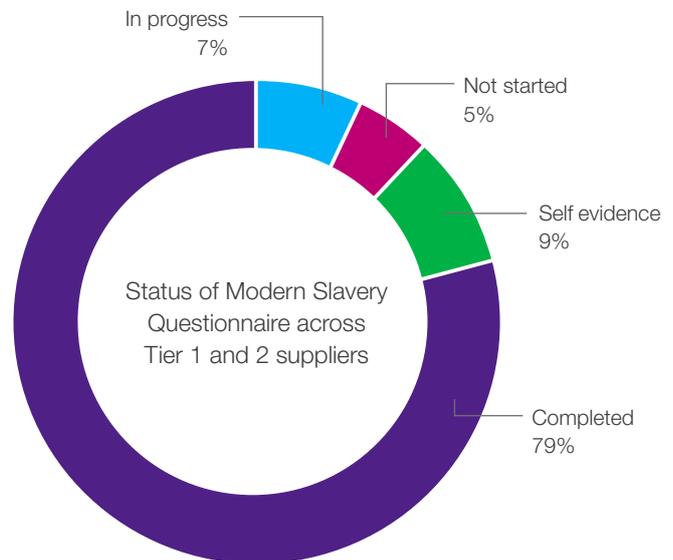
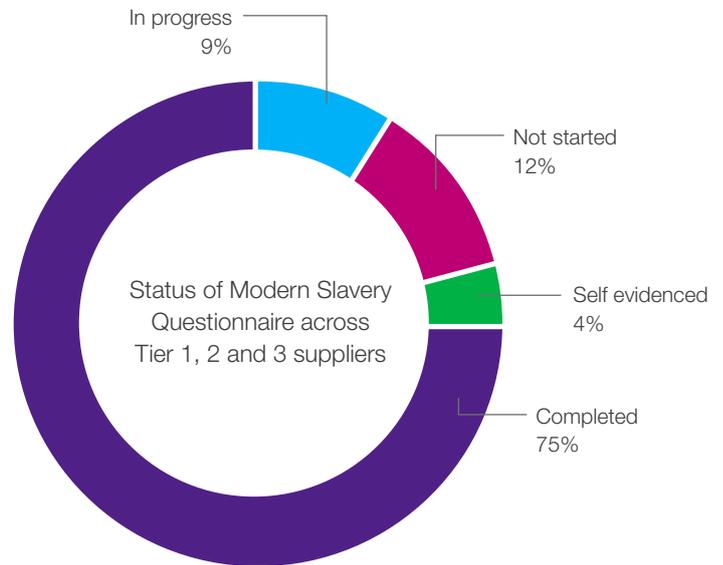
In addition to these assessments, prior to the publication of this statement, we compared our supplier base against the most recent, as of the date of the submission of this statement, International Trade Union Confederation (“ITUC”) Global Rights Index and the Global Slavery Index. This review identified that the locations of two of our suppliers (India and the Philippines) were designated by the Global Slavery Index as having a medium risk of modern slavery and accordingly given a Rating 5 (No guarantee of rights) by ITUC.

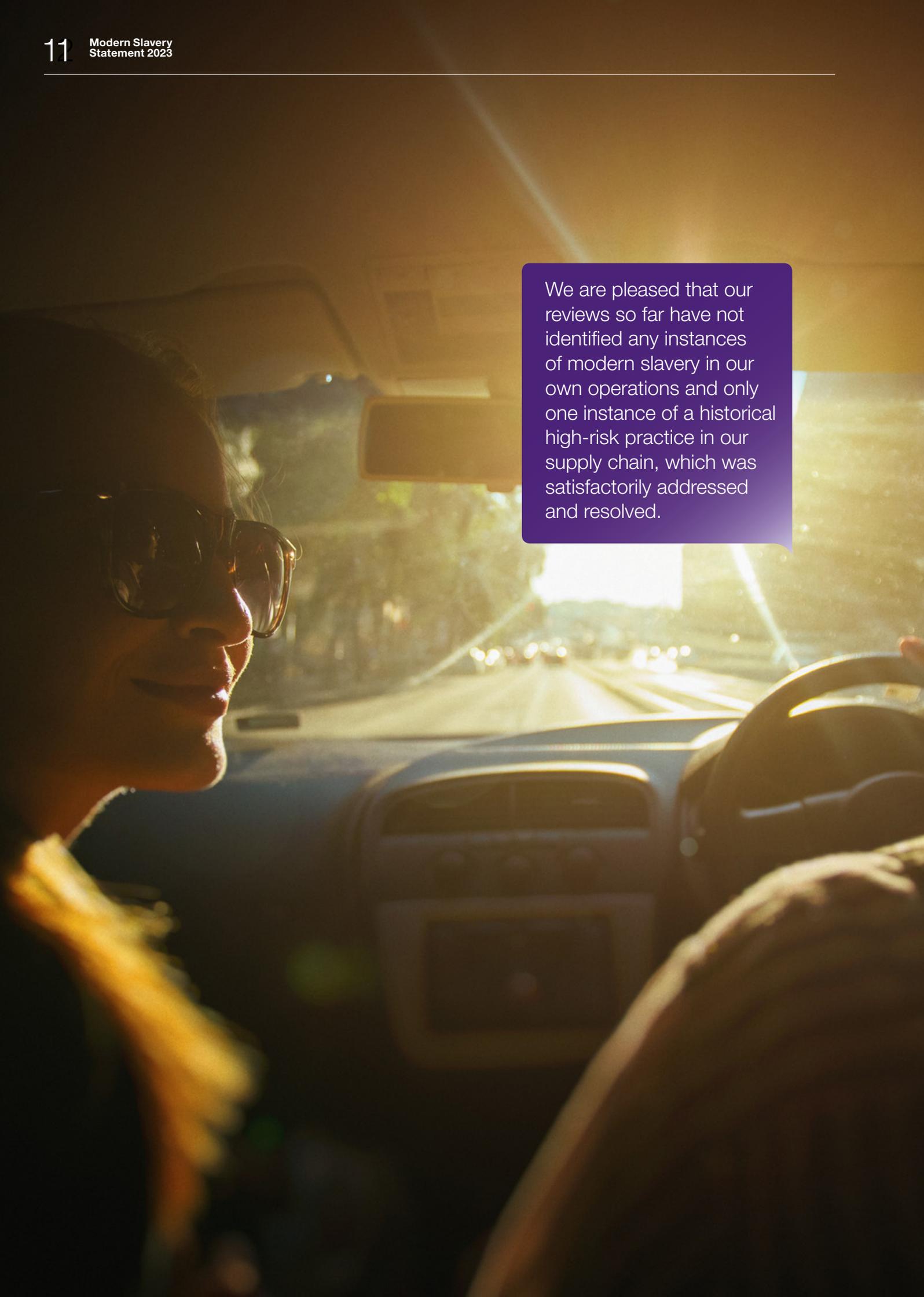
The two relevant vendors located in these locations have completed our Modern Slavery Questionnaire and been assessed by our third party platform. No material risk issues were identified through these assessments.

The above risk assessment process enables us to identify and assess modern slavery risk efficiently and accurately, ensuring we focus our efforts on remediation and supplier improvement where required.

Given our broad supply chain, there is always a potential risk of negative impact on human rights. We have zero tolerance for modern slavery in any form within our business and supply chain. We are committed to continually reviewing and improving our practices to reduce the risk of modern slavery in all aspects of our business and to contributing to global efforts to eradicate all forms of modern slavery.

We are pleased that our reviews so far have not identified any instances of modern slavery in our own operations and only one instance of a historical high-risk practice in our supply chain, which was satisfactorily addressed and resolved.





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Other actions taken to assess and address modern slavery risks

1. Policies

Our Procurement Policy

Smartgroup's Group Procurement Policy outlines risk management, regulatory compliance and guidelines, and commercial and operational considerations in managing suppliers. It also includes a requirement for Group Legal to review all supplier contracts and proposed terms and conditions before they are signed to ensure compliance with the Modern Slavery Act.

As part of this review, the amendments also require Group Legal to review the due diligence processes completed on the relevant supplier.

Speak Up Policy

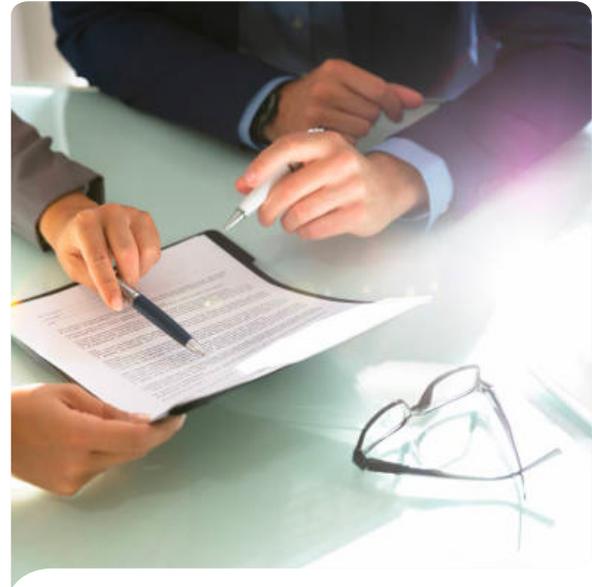
This policy has been developed to encourage both employees and other external partners, including suppliers, to speak up if they have concerns regarding potentially unethical, unlawful or improper practices or behaviours, without fear, knowing that they will be protected from reprisal.

Smartgroup encourages employees and external partners to confidentially report actual or potential instances of reportable misconduct via an independent Speak Up portal and process.

Human Rights Policy

A Board endorsed Human Rights Policy was adopted in April 2023 to set out how Smartgroup ensures it identifies, prevents and addresses any potential human rights impact its operations may have.

Copies of these policies, and a range of other Smartgroup policies are available at our [website](#).



2. Modern Slavery Training

Modern Slavery training

The Executive Team, Senior Leaders and members of the People and Culture Team are required to complete mandatory e-module training on the Modern Slavery Act and Smartgroup's response to modern slavery risks annually.

Amongst other things, the training covers the requirements under the Modern Slavery Act, relevant internal policies and procedures regarding modern slavery, procurement and Smartgroup's response to identifying, assessing and responding to potential modern slavery risks in its operations and supply chains.

Refresher training is run annually.

3. Supplier contracts

Our supplier contracts include modern slavery clauses which require our supply partners to:

1. comply with the Modern Slavery Act and any other legislation prohibiting modern slavery practices;
2. take reasonable steps to ensure there is no modern slavery in the supplier's or its agents, contractors and/or sub-contractors supply chains or in any part of its business;
3. notify us of any issue identified in their supply chains or any relevant convictions or investigations regarding modern slavery; and
4. implement due diligence procedures to ensure there is no modern slavery in their supply chains.

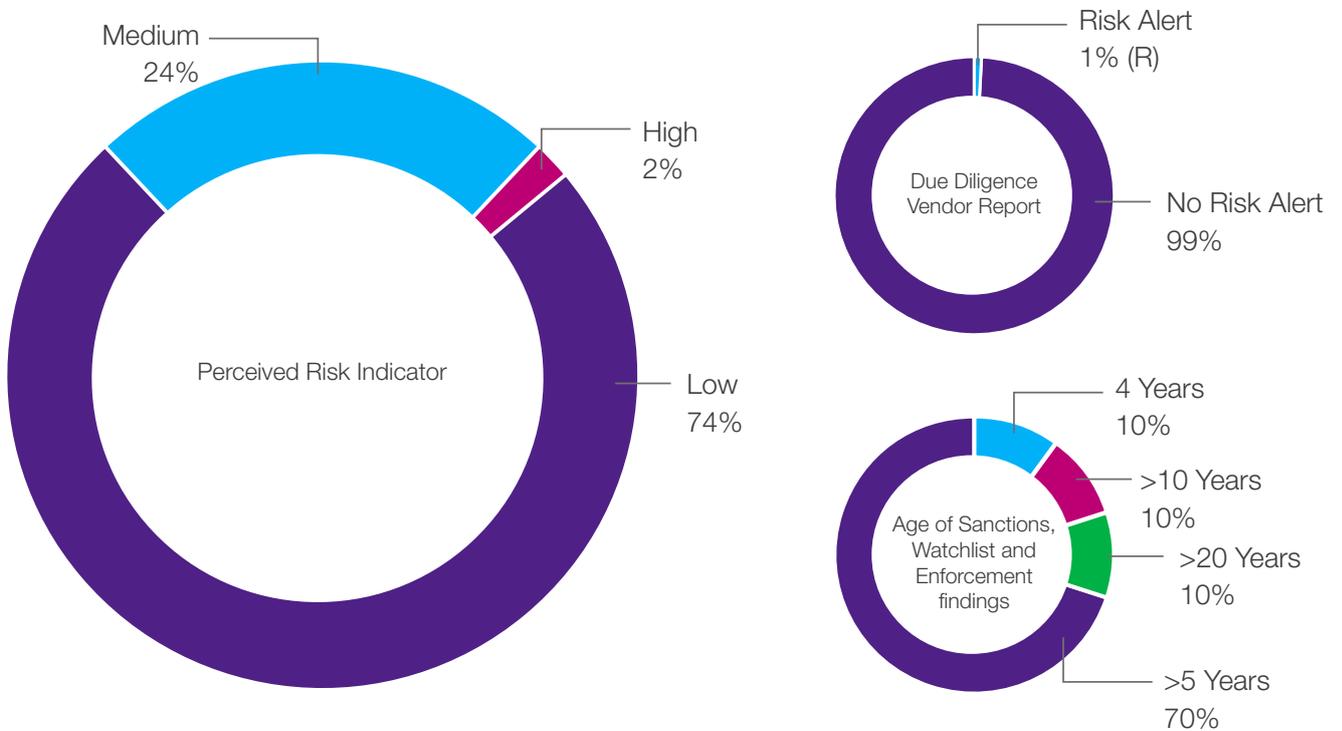
Assessing the effectiveness of our actions

Our process begins with the Perceived Risk Indicator (PRI). The PRI is a grading system that ethiXbase provides to measure the *potential* risk of an entity. It's in essence a rating to help in decision making in due diligence on an organisation.

An example of a PRI risk rating may be based on three factors, each with its weightage:

- The third party's industry (25%)
- Its location (25%)
- Its public risk profile (50%)

Of more than 1,000 suppliers assessed in 2022, we identified 2% with High perceived risk indicators and 24% with Medium perceived risk indicators:



When further investigated and IDD reporting was completed, we found that of the 26% of suppliers flagged with medium and high perceived risk indicators, only 1% of suppliers were identified on a Watchlist or had a valid Sanction or Enforcement.

With further investigation into that 1% it was validated that these risks were aged risks ranging from 4 years to 20 years and have been addressed by the suppliers in question with appropriate policy and frameworks to ensure these risks are managed going forward.



Based on this assessment our average Supplier Risk across our supply chain is 4*

*Supplier Risk is classified as: 1-4 Low, 5-7 Moderate, 8-10 High





Plans for future action

- We will complete a detailed modern slavery risk assessment on all our Tier 1 and Tier 2 suppliers by the end of 2023.
- We will develop a human rights and modern slavery roadmap to drive continuous improvement on understanding and responding to human rights risks in our supply chain by the end of 2023.
- We will include ESG credentials within the procurement due diligence process for all new Tier 1 suppliers by the end of 2023.
- We intend for 20% of our suppliers by number to be diverse suppliers such as B Corps, female-owned companies, Aboriginal and Torres Strait Islander businesses, SMEs, and Not-for-Profit enterprises by the end of 2026.
- We are working to source more sustainable products that meet our environmental and social criteria and support our overall sustainability performance.



Consultation with subsidiaries in preparing this statement

Smartgroup has one, group-wide procurement, finance, risk and legal function that governs procurement, finance, risk and legal matters for all subsidiaries of Smartgroup Corporation. Further, all supply arrangements are channelled through the group wide procurement, finance and legal function.

Accordingly, there is one management team responsible for coordinating Smartgroup's response to Modern Slavery risks in its operations and supply chains and preparing this statement.

Reporting entities

Smartgroup Pty Ltd (ACN) 126 266 831 has made this statement according to section 16 of the Modern Slavery Act 2018. The statement applies to the following Smartgroup entities:

1. Smartgroup Corporation Ltd (ACN 126 266 831)	11. ABM Corporation Pty Ltd (ACN 137 874 741)
2. Smartgroup Foundation Ltd (ACN 631 512 162))	12. Pay Plan Pty Ltd (ACN 086 752 534)
3. Smartgroup Benefits Pty Ltd (ACN 119 344 740)	13. SET Leasing Pty Ltd (ACN 121 686 673)
4. Health-e Workforce Solution Pty Ltd (ACN 122 930 287)	14. Australian Vehicle Consultants Pty Ltd (ACN 088 563 464)
5. Smartfleet Management Pty Ltd (ACN 142 370 643)	15. Fleet West Pty Ltd (ACN 116 808 461)
6. Smartsalary Pty Ltd (ACN 096 796 100)	16. PBI Benefit Solutions Pty Ltd (ACN 099 401 751)
7. Salary Packaging Solutions Pty Ltd (ACN 092 250 989)	17. Smartsalary Software Solutions Pty Ltd (ACN 076 050 283)
8. Salary Solutions Australia Pty Ltd (ACN 083 233 309)	18. AccessPay Pty Ltd (ACN 098 850 803)
9. Autopia Group Pty Ltd (ACN 109 098 008)	19. Smartsalary Payroll Solutions Pty Ltd (ACN 604 853 670)
10. Selectus Pty Ltd (ACN 116 270 501)	20. Autopia Management Pty Ltd (ACN 111 369 049)

Approval of statement

In accordance with section 13 of the Modern Slavery Act, this statement was approved by the Board of Smartgroup Corporation Ltd (ACN 126 266 831) on 22 June 2022.

Cross reference to modern slavery act

Statement Reference (with link)	Act reference	Reporting requirement summary
A Message from Smartgroup's CEO on behalf of the Smartgroup reporting entities	Section 16.1 (a)	Identify the reporting entity
Our Business Structure and Operations	Section 16.1 (b)	Describe the structure, operations, and supply chains of the reporting entity
Modern Slavery Practices in our operations and Supply chains	Section 16.1 (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
	Section 16.1 (d)	Describe the actions taken by the reporting entity and any entity that the reporting entity owns or controls, to assess and address those risks, including due diligence and remediation processes
Assessing the effectiveness of our actions	Section 16.1 (e)	Describe how the reporting entity assesses the effectiveness of such actions
Consultation with subsidiaries in preparing this statement	Section 16.1 (f)	Describe the process of consultation with any entities that the reporting entity owns or controls; and in the case of a reporting entity covered by a statement under section 14 – the entity giving the statement
Plans for future action	Section 16.1 (g)	Include any other information that the reporting entity, or the entity giving the statement, considers relevant

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smart
group
corporation