

Joint Modern Slavery Statement 2021

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This Modern Slavery Statement is a joint statement (this **Statement**) made by Australian Finance Group Ltd (**AFG**) and Australian Finance Group Securities Pty Ltd (**AFG Securities**) under section 14(1) of the *Modern Slavery Act 2018 (Cth)* (the **Modern Slavery Act**).

AFG and AFG Securities are each a reporting entity under the Modern Slavery Act.

AFG and AFG Securities published their first Joint Modern Slavery Statement in March 2021. This is AFG and AFG Securities' second Modern Slavery Statement.

This Statement relates to the actions for the financial year ending 30 June 2021 (**FY21**). It sets out the steps we have taken to ensure that Modern Slavery practices are not taking place within our organisation or our supply chains.

In FY21 we have focused on:

- Developing our Modern Slavery Supplier Procedure to identify, assess and address Modern Slavery risks in our supply chains; and,
- educating and training our staff about Modern Slavery and the Modern Slavery Supplier Procedure we have developed.

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The AFG Group continues to be committed to upholding the highest level of ethical standards and human rights across our operations and supply chains. We have taken steps to ensure that slavery, human trafficking and human rights abuses play no part in our own business or our supply chain.

Tony Gill
Chairman, AFG

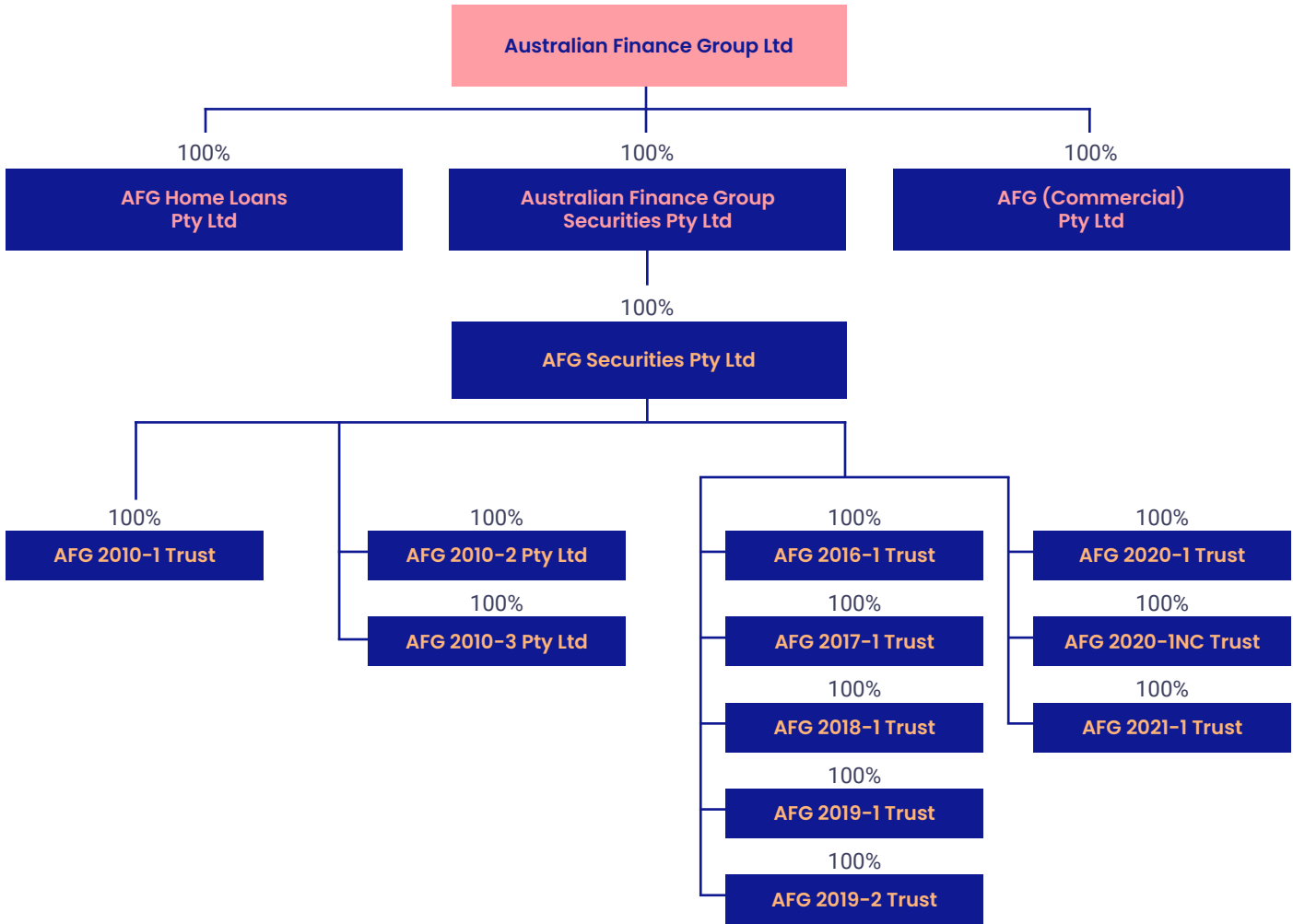


1. Structure of AFG and AFG Securities

AFG and AFG Securities are companies incorporated in Australia. AFG is listed on the Australian Securities Exchange. AFG Securities is a wholly owned subsidiary of AFG.

The following other companies and trusts also form part of the corporate structure of AFG:

AFG Group Structure 30 June 2021



Each of these companies is incorporated in Australia. New Zealand Finance Group Pty Ltd (**NZFG**), a company incorporated in New Zealand, formed part of the corporate structure of AFG during FY21. NZFG was removed from the Companies Register of New Zealand on 24 June 2021.

In this Statement, AFG together with its wholly owned subsidiaries and trusts is referred to as ‘the **AFG Group**’. A reference in this Statement to ‘we’ or ‘our’ is a reference to the AFG Group.

AFG also holds interests in Think Tank Group Pty Ltd, Volt Corporation Ltd and MAB Broker Services Pty Ltd. These companies are not within the scope of this Statement.

2. Process of Consultation

AFG is committed to developing and maintaining a group-wide response to Modern Slavery. AFG prepared this joint Statement in consultation with AFG Securities and each of the controlled entities listed in Section 1 above. AFG consulted with AFG Securities through a Modern Slavery working group. The working group represented key areas of the AFG Group's business including Risk, Finance and Legal together with key personnel including senior management and the Company Secretary. The personnel forming part of the working group operate across all business functions for AFG, AFG Securities and their controlled entities. The consultation process involved consideration of the Modern Slavery risks across the AFG Group, the development and implementation of a supplier due diligence procedure, implementation of modern slavery training and review of this Statement.

3. AFG Group Operations

As at 30 June 2021, the AFG Group employed 238 people. The AFG Group's head office is in Perth. The AFG Group also has offices and employees located in Sydney, Melbourne, Adelaide and Brisbane. Currently AFG's operations and all its offices and employees are located in Australia. Although NZFG was incorporated in New Zealand, AFG did not have any staff or offices located in New Zealand.

AFG staff work across the AFG Group. AFG Securities operates from AFG's offices.

AFG is primarily a mortgage aggregator - an intermediary between lenders and brokers.

AFG facilitates finance brokers accessing loan and financial products (residential mortgages, commercial loans, asset finance products and personal loans) from a range of lenders for their customers. As at 30 June 2021, AFG has 3,050 affiliated brokers throughout Australia who have entered into contracts for AFG's services. These services include facilitating access to over 5,500 finance products from a panel of over 70 lenders.

AFG also provides business tools, support and technology platforms to its brokers to assist with running their businesses.

AFG offers own-branded residential and commercial mortgage products to customers of its brokers under its AFG Home Loans and AFG Commercial brands. This includes residential mortgage and commercial loan products. These loans are funded by third party wholesale funding providers.

AFG Securities is a securitisation funding business with its primary role being arranging and managing home loans funded by securitised vehicles.

AFG also makes available to its brokers a range of insurance products for distribution to customers through a referrer arrangement with an insurer.

Refer to the table in Section 4 for more detailed information about the operations of AFG and each of its controlled entities.

4. Supply Chain

4.1 General information

AFG and AFG Securities operate from offices located throughout Australia. The supply chain of each entity predominantly consists of goods and services purchased by those offices to operate our business.

Key categories of goods and services procured are technology services, insurance, residential property valuation, banking and finance, office space, other professional services (including research and analysis, accounting, legal and consulting), human resources, credit bureaus, travel, cleaning, office consumables, hospitality, and catering services.

The table below summarises the main operations and supply chain of AFG and AFG Securities, and their controlled entities.

Entity / Business	Main Operations	Supply Chain
AFG	Service provider: Aggregation services to mortgage brokers, commercial finance brokers, asset finance brokers and personal loan brokers in Australia.	<ul style="list-style-type: none"> Technology services including lending platforms, customer relationship management systems, software development services and IT hardware. Insurance broking services including insurance for professional indemnity, directors and officers, occupational safety and health, cyber security and workers' compensation. Office space including offices in Perth, Sydney, Melbourne, and Adelaide. Banking and finance services including deposit taking and lending services provided by Australian banks. Credit bureaus including Australian consumers' credit history services provided by Australian credit bureaus. Travel services including domestic and international travel, accommodation and conference management services. Professional services including accounting, legal, and consulting services. Recruitment services for employees and contractors provided by Australian recruitment agencies. Regulatory bodies including ombudsman services. Cleaning, office consumables, hospitality and catering services.
AFG Securities	Originator and servicer of securitised mortgage products to customers in Australia.	<ul style="list-style-type: none"> Insurance services including lenders mortgage insurance providers. Residential property valuation including valuation services for Australian residential properties to support secured lending activity. Mortgage servicing including support and administration services in relation to loan manufacturing and ongoing loan servicing. Banking and finance including domestic and international lenders to contribute to funding of securitised lending activities. Technology services including core banking system functionality, lending platforms and customer relationship management systems. Professional services including legal, accounting, financial research and analysis and Australian property market analysis. Credit bureaus including Australian consumers' credit history services provided by Australian credit bureaus.

4.2 Outsourcing

During FY21, AFG entered into a contract to outsource digital marketing services to a contractor located in Manila, the Philippines, and a contract to outsource web design and development and services to a contractor located in Pune, India. In entering into these contracts, the AFG Group conducted Modern Slavery due diligence in accordance with its process on each of the contractors. Each contract included a provision regarding compliance with relevant Modern Slavery laws.

AFG will continue to monitor its relationship with each of these contractors and assess the COVID-19 impacts before entering into any further outsourcing arrangements.

5. Addressing and Assessing Risks of Modern Slavery

5.1 AFG Group's Policies and Procedures

We continue to be committed to ensuring that there is no Modern Slavery in our supply chains or in any part of our business.

The AFG Group has an established set of policies and procedures that govern the way it operates. Our policies reflect our commitment to acting ethically and with integrity in all our business relationships and to implementing and enforcing effective systems and controls to ensure that we comply with all relevant laws.

The policies listed below are relevant to how the AFG Group manages potential Modern Slavery related issues regarding its business operations and supply chain:

- Risk Management Policy
- Code of Conduct
- Anti-Bribery and Corruption Policy
- Diversity and Inclusion Policy
- Whistleblower Policy

A copy of each of these policies is available on AFG's website at <https://investors.afgonline.com.au/investor/?page=corporate-governance>.

5.2 Risk Management Framework

The AFG Group's risk management framework consists of a Risk Management Policy (referred to in sub-section 5.1) and a Management Risk and Compliance Committee, and Board Risk and Compliance Committee (**BRACC**) (**Risk Management Framework**). The charter of the BRACC (which is available at the website listed above) requires the BRACC to:

- Evaluate the adequacy and effectiveness of the AFG Group's identification and management of economic, environmental, and social sustainability risks, and its disclosure of any material exposures to those risks;
- review policies the AFG Group has in place to monitor and confirm compliance with laws and regulations; and
- review the AFG Group's policies and culture with respect to the establishment and observance of appropriate ethical standards.

5.3 Due Diligence

As an organisation we review our processes regularly to identify opportunities to improve our systems.

In addition to our policies and procedures and Risk Management Framework we have developed a Modern Slavery Supplier Procedure to assist us to:

- Identify and assess potential Modern Slavery risk areas in our supply chain;
- mitigate the risk of Modern Slavery occurring in our supply chains; and
- monitor potential risks of Modern Slavery.

To develop our Modern Slavery Supplier Procedure, we mapped the AFG Group's supply chain to assess product categories and geographical domicile. Our process involves, depending on the type of supply contract, a combination of our employees conducting Modern Slavery due diligence, our suppliers completing questionnaires, and / or audits of existing suppliers. If a Modern Slavery issue is identified, our process has in place a procedure for escalation within our organisation. We also ask our suppliers to agree to contractual provisions which require compliance with relevant Modern Slavery laws.

These processes have been developed over time and continue to be implemented and embedded in our organisation.

6. Actions Taken to Address the Risks of Modern Slavery

The AFG Group continues to be committed to addressing the risks of Modern Slavery within its organisation and its supply chain. Our approach in FY21 to addressing the risks of Modern Slavery practices was to:

- ***Incorporate risks of modern slavery into our Risk Management Framework:*** We have incorporated Modern Slavery risk into our existing Risk Management Framework by updating our risk register to include Modern Slavery as a risk item and including Modern Slavery as an item that is reported to BRACC.
- ***Supplier terms:*** We have and will continue to, where practical, insert a standard clause in our contracts with suppliers requiring our suppliers to comply with applicable Modern Slavery laws.
- ***Modern Slavery Supplier Procedure:*** We have developed and implemented a Modern Slavery Supplier Procedure for our supply contracts. The procedure guides employees involved in procuring services through the process of due diligence to enable the AFG Group to assess the risk of Modern Slavery for that supplier.
- ***Training of staff:*** To ensure an understanding of the risks of Modern Slavery in our supply chains and our business we have provided training to managers and other staff involved in procurement.
- ***Broker training:*** We have introduced Modern Slavery training to our broker network through webinars and made additional training available to all brokers via our e-learning training platform.

7. Risks of Modern Slavery in Operations and Supply Chains

We have undertaken a risk assessment of our operations and supply chain for FY21 and based on our assessment we consider the risk of Modern Slavery in our organisation and supply chain is not high. This has not changed since our 2020 Modern Slavery Statement.

Our evaluation is based upon the following:

- We have assessed our Modern Slavery risks based on the demographics of our suppliers, economic size of supply spend and the nature of the transactions;
- our offices and employees are located in Australia which is a low-risk location;
- goods and services we procure are predominantly from countries that have been identified as not high risk locations;
- where we have entered into contracts with suppliers located overseas, we have followed our Modern Slavery Supplier Procedure to assess the risk of Modern Slavery associated with the relevant suppliers and we have not identified any suppliers that we consider high risk;
- whilst some of the goods and services we procure from our direct suppliers (such as financial services, laptops, computers and mobile phones) are categorised as high risk, the majority of goods and services procured do not fall in the high risk category; and
- in making procurement decisions we take into consideration the values and reputation of the supplier rather than focusing on price alone.

8. Assessing Our Effectiveness

In FY20 we set the following goals with respect to our position on Modern Slavery:

- Effectively implemented our Modern Slavery Supplier Procedure including engaging and informing suppliers of our process to mitigate these risks in our supply chains; and
- managers and staff involved in procurement have received Modern Slavery training.

We have achieved these goals in FY21.

We rely on the AFG Group's Risk Management Framework to assess our effectiveness. Our BRACC conducts quarterly risk analysis and report assessments. As noted in section 6, Modern Slavery has been included in this process. During FY21, no Modern Slavery issues were identified / reported to BRACC.

9. Future Commitments

Our focus in FY22 will be to focus our resources on areas where we may have the maximum possible influence.

Over the next year the AFG Group will continue to:

- Assess and monitor the Modern Slavery risks in our supply chain;
- aim for new and existing supply arrangements to specifically refer to the Modern Slavery laws;
- follow and further embed our Modern Slavery Supplier Procedure; and
- continue to provide Modern Slavery training to employees.

We will also focus on:

- Enhancing our Modern Slavery Supplier Procedure to enable us to delve deeper into our supply chains in relation to high-risk goods and services;
- working with our lender partners on incorporating Modern Slavery clauses in our agreements with lenders; and
- providing Modern Slavery education and training to brokers who are affiliated with AFG in relation to the risks in their own businesses.

This joint Modern Slavery Statement is made by Australian Finance Group Ltd and Australian Finance Group Securities Pty Ltd for the financial year ending 30 June 2021.

This Statement was approved by the Board of Directors of Australian Finance Group Ltd as the parent entity and is signed by a member of the board on 26 November 2021.



Tony Gill

Chairman, Australian Finance Group Ltd