



Keystart Loans Limited

(ABN 27 009 427 034 | Australian Credit Licence 381437)

Modern Slavery Statement 2022

We wish to acknowledge the Traditional Custodians of the land we operate on, the Whadjuk people of the Noongar nation. We also wish to acknowledge and respect their continuing culture and the contribution they make to the life of this city and region.



Message from our Chief Executive Officer

Our vision at Keystart is to make the dream of affordable home ownership a reality for more people.

The right to housing is more than shelter, it encompasses access to affordable and secure homes that help individuals and families live happy and healthy lives. This has become more important than ever, as we learn to live with COVID-19 and now face economic conditions in Western Australia that make the journey to home ownership even more challenging, including through increased costs of living, increased building costs and higher interest rates.

Despite these challenges we consider ourselves lucky to live and work in Western Australia, and as a business and public company we constantly reflect on our role to uplift and protect members of our community.

We recognise our duty to respect the International Bill of Human Rights, and our responsibility as an employer to respect the International Labour Organisation Core Conventions.

We acknowledge our business impacts the lives and fundamental rights of people in Western Australia and beyond. This includes the risk of links between our business and modern slavery and human rights issues, through our products or our general corporate operations. The decisions we make and the suppliers we choose to deal with can affect the risk that a person becomes a victim of modern slavery.

It can be difficult to identify perpetrators and even the victims of modern slavery. The size of Keystart also means we have limited leverage in the markets and industries we operate. Despite these challenges it is important – and consistent with our purpose and culture – that we continue to improve our practices to better address the risks of modern slavery.

We are pleased that, as shown in this statement, we have continued to take meaningful steps towards better identifying and addressing the risk of modern slavery in the past financial year.

A handwritten signature in black ink that reads "Paul".

Paul Graham
Chief Executive Officer

This statement was approved by the board of Keystart Loans Limited, as trustee for the Keystart Housing Scheme Trust, in its role as principal governing body on 24 November 2022.

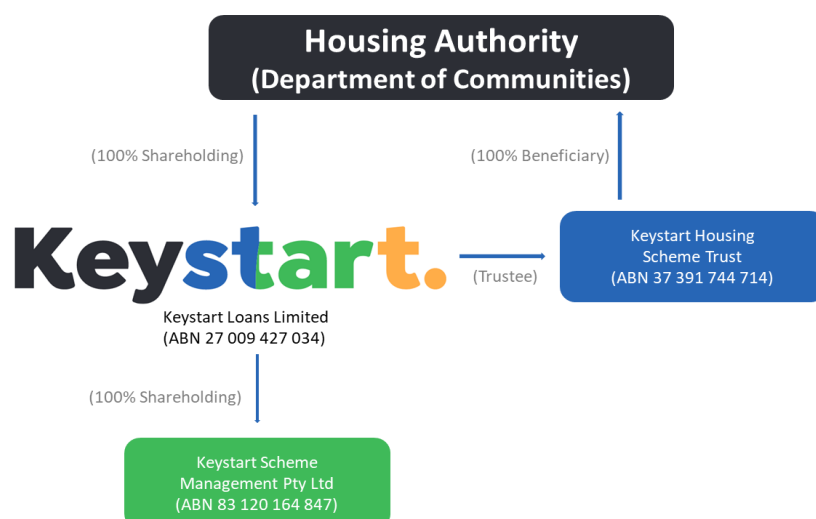
1. Reporting entity

This statement is prepared on behalf of Keystart Loans Limited (ABN 27 009 427 034), together with its controlled entities, as trustee for the Keystart Housing Scheme Trust (ABN 37 391 744 714) (**Keystart, our or we**).

This statement outlines our actions to identify and the risk of modern slavery occurring in our business and supply chains, over the financial year ending 30 June 2022 (**FY22**). This statement has been prepared to comply with the requirements of the *Modern Slavery Act 2018* (Cth) (the **Act**).

2. Reporting entity's structure, operations and supply chains

Structure



Keystart, trustee for the Keystart Housing Scheme Trust, is a non-listed public company incorporated under the *Corporations Act 2001* (Cth) and regulated by the Australian Securities and Investments Commission. Keystart holds an Australian Credit Licence under the *National Consumer Credit Protection Act 2009* (Cth).

Keystart Housing Scheme Trust is a trust established to provide housing finance to eligible borrowers. The Housing Authority (Department of Communities) is the sole beneficiary of the Keystart Housing Scheme Trust, and 100% shareholder of its trustee, Keystart.

Keystart Scheme Management Pty Ltd is a subsidiary of Keystart and performs operational functions (including the employment of Keystart employees) associated with the performance of Keystart's role as trustee for the Keystart Housing Scheme Trust.

Operations

Our mission is to provide transitional finance solutions for affordable home ownership in a sustainable way for the benefit of our Western Australian community.

Established in 1989 as an initiative of the Government of Western Australia, we provide low deposit home loans to West Australians unable to meet the deposit requirements of mainstream lenders.

We do this through providing a range of home loans that have low entry costs, with low deposit requirements and no lender's mortgage insurance, so West Australians can get into their own home sooner.

We also facilitate shared ownership home loans, working with a range of partners that fund a portion of the purchase price of a house. This means the customer only requires a loan for the remaining share of the property, reducing the loan amount.

We have arrangements with other organisations to provide broader access to home loans for West Australians. These include:

- Managing a portfolio of home loans for Bendigo Bank following an equitable assignment of these loans to Bendigo Bank in September 2016
- An arrangement with the Housing Authority (Department of Communities) to provide shared-ownership home loans
- An arrangement with Access Housing (now merged with Housing Choices Australia) to provide shared-ownership home loans to customers with permanent disabilities that affect housing needs or that care for dependants with permanent disabilities
- An arrangement with Nyamba Buru Yawuru to provide shared-ownership home loans to its members in Broome

We raise funds for our lending and operations through the issue of redeemable preference shares to the Housing Authority (Department of Communities).

We provide our loans directly to customers and through a network of mortgage brokers.

Our office is located at Level 3, 502 Hay Street, Subiaco, Western Australia 6008. We employ approximately 130 people working across seven business areas:

- Credit Decisioning
- Credit Management
- Customer Experience
- Finance
- Information, Communication and Technology
- Legal and Risk
- Organisational Capability

As a public company under the *Corporations Act 2001* (Cth), a board of directors oversees our operations.

Supply chain

We engage a broad range of suppliers to help enable our business and assist our staff to remain connected and engaged with our customers.

Most of our supplier arrangements are stable long-term relationships governed by a contract. For regularly used services including recruitment, marketing, legal and valuation services we look to establish panel arrangements with several suppliers for a term of three to five years. However, when the need arises, we do engage suppliers on a short-term basis or for one-off purchases.

The main types of goods and services we purchase to support our operations are in the following areas:

- Office stationery
- IT hardware
- IT software
- Consulting services (e.g., audit, legal, software development and support and professional services)
- Marketing services (e.g., graphic design, web design and merchandise)
- Property services (e.g., real estate services and maintenance)

3. Risk of modern slavery

Higher risk goods and services

In our previous statement we identified four areas of higher risk based on the goods or services we purchase. We used a total of 18 suppliers in these higher risk areas in FY22:

- **IT hardware (four suppliers)**
 - geographic risk due to production location of laptops, computers and mobile phones
 - product risk due to use of products associated with risk of forced labour, e.g., laptops, computers and mobile phones
- **Property services (five suppliers)**
 - sector risk due to use of low skilled workers and hazardous work
 - supply chain risk due to use of sub-contracting
 - product risk due to use of products associated with risk of forced labour, e.g., bricks and timber
- **Marketing services (four suppliers)**
 - geographic risk due to production location of apparel and merchandise
 - product risk due to use of products associated with risk of forced labour, e.g., apparel and clothing accessories
- **Fresh fruit and coffee (five suppliers)**
 - sector risk due to use of seasonal and low skilled workers
 - product risk due to use of products associated with risk of forced labour, e.g., coffee.
 - geographic risk due to production location

During FY22 we took actions to better understand and identify any modern slavery risk in our operations and supply chain, with a particular focus on identifying and assessing suppliers in the above areas, as well as progressing due diligence on all active suppliers.

Of the 231 suppliers used in FY22, we completed due diligence on 144 of them prior to or during FY22. Due diligence was based on a combination of supplier responses to our modern slavery questionnaire, a review of suppliers' own disclosures, including modern slavery statements for those suppliers that are reporting entity, and information publicly available on suppliers from third party sources such as Know the Chain and the Business & Human Resources Centre. While supplier due diligence was not complete on all suppliers used, we did complete it on all new suppliers brought on in FY22.

Based on the areas of higher risk identified above, we used 18 higher risk suppliers in FY22. We had not completed due diligence on six of these suppliers by the end of FY22. Of those six, we are working with three to improve their understanding of our modern slavery requirements and to complete due diligence. We are no longer using the other three suppliers following expiry of our arrangements with them. We are not aware of any incidence of modern slavery relating to these six suppliers.

Geographic risks

Whilst most of our suppliers are based in Australia, in FY22 we also used suppliers based in the USA (three suppliers), the UK (two suppliers) and New Zealand (one supplier). Based on due diligence responses and/or the nature of the services provided we consider these overseas suppliers to be low risk.

Limitations on our understandings of risk

We do acknowledge we currently have limited direct visibility over second tier and beyond suppliers.

We also have limited visibility on credit card spend. The above analysis does not include a consideration of suppliers used and solely paid for by credit card. While we acknowledge spend is not an indicator of the risk of modern slavery, spend on such suppliers is minor compared to our overall procurement activities.

4. Actions to address risk

In our previous statement we expressed an intention to commence a range of initiatives in support of identifying and managing modern slavery risk. These initiatives, and the progress towards them during FY22, were as follows:

Initiative	Outcome
Perform a high-level risk assessment on all current suppliers (beyond tier one or direct) to better understand any additional aspects of risk to inform our modern slavery strategy	The results of this work are set out above in <i>Section 3 Risk of Modern Slavery</i> . Work is ongoing in this regard.
Work with any suppliers that may need further support to address anything raised in the completion of the modern slavery questionnaire that forms part of our governance process	The results of this work are set out above in <i>Section 3 Risk of Modern Slavery</i> . Work is ongoing in this regard.
Update terms and conditions and supplier contracts to address modern slavery	We updated our template supplier terms and tender documents to require suppliers to support us identify and address any modern slavery concerns. We have negotiated similar terms into non-standard supplier contracts entered in FY22.
Create a supplier taxonomy and staff training on the taxonomy	We completed a basic taxonomy to aid categorising suppliers, including by location and industry. This has assisted us in identifying higher risk suppliers based on location or the nature of the goods and services provided as set out in <i>Section 3 Risk of Modern Slavery</i> .
Identify and assess actual and potential human rights impacts.	During FY22 we started high-level work with the aid of a consultant towards understanding and assessing the human rights impacts of our operations. We intend to continue this as part of our development of a broader environment, social and governance strategy

In addition to the above, we took several other actions during FY22 in support of identifying and managing modern slavery risk:



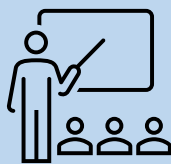
We had an independent audit conducted of our procure-to-pay process, including consideration and review of how we were addressing our modern slavery obligations when entering procurement arrangements.



We expanded our supplier due diligence questionnaire. The previous questionnaire was based on the template questionnaire made available as part of the Australian Government's response to modern slavery. We added additional questions focusing on: (i) modern slavery related certifications and memberships a supplier may have; and (ii) the make-up of the supplier's work force. This assists us in performing our initial new due diligence on the modern slavery risk of potential new suppliers.



During FY22 we developed a new whistleblower policy. We adopted this policy shortly after the end of FY22 supported by an independent whistleblower hotline. This will aid the anonymous and protected disclosure of suspected misconduct or improper activities of Keystart or any connected persons. These disclosures may relate to potential incidences of modern slavery. A copy of our whistleblower policy, which includes contact details for reporting disclosable matters, is available at <https://www.keystart.com.au/whistleblower-policy>



During FY22 we provided staff-wide training on modern slavery through our learning management system as part of on-going risk and compliance training. This promotes a base level understanding of modern slavery among all staff, including how to identify the risks of modern slavery. Work commenced on developing more advanced module-based training on modern slavery, which will build on this base level understanding.

5. Assessing the effectiveness of our actions

During FY22, our focus was to continue to improve our understanding of our modern slavery risks and how such risks could be present in our operations and supply chains.

At this stage, it is difficult to assess the effectiveness of measures we have undertaken.

However, we have commenced and will continue to work on developing frameworks and processes to ensure we can review the effectiveness of the actions we are taking to assess and address modern slavery risks in our operations and supply chains.

We continued to implement a roadmap, which outlines actions on a quarterly basis for FY22 and FY23, however we can only assess the effectiveness of these actions after implementation.

We have also established a modern slavery working group and an operating rhythm of regular meetings to track the progress of actions.

Going forward we expect to be able to measure effectiveness through additional measures including:

- Number of contracts including modern slavery clauses
- Completion of due diligence as part of the consideration of all new suppliers, with actions to manage any modern slavery risk identified prior to any decision to appoint that supplier
- Investigation and management of any complaints relating to modern slavery or human rights impacts more broadly, including as disclosed through whistleblowing

6. Consultation

This statement was prepared with the benefit of consultation with Keystart Scheme Management Pty Ltd, the one entity we own and control. All persons used by us to carry out our business are employed by Keystart Scheme Management. Our board and the board of Keystart Scheme Management Pty Ltd consist of the same individuals. As such, Keystart Scheme Management Pty Ltd was actively involved in all matters covered by this statement throughout FY22 and in the preparation of this statement.