



Keystart Modern Slavery Statement FY2020-21

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1. Message from the CEO

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 in a world learning to live with the COVID-19 pandemic.

We therefore acknowledge our business impacts the lives and fundamental rights of Western Australians. We further recognise our duty to respect the International Bill of Human Rights, and our responsibility as an employer to respect the International Labour Organisation Core Conventions¹. We consider ourselves lucky to live and work in Western Australia, and as a business and public company we are taking the time to reflect on our role to uplift and protect members of our community.

The Commonwealth *Modern Slavery Act 2018* ('the Modern Slavery Act' or 'the Act'), is a unique challenge for Australian businesses to reflect on how the decisions we make as a business can have substantial global impacts, such as how we use suppliers to provide for our customers. Modern slavery is an inexcusable crime that preys on socio-economic vulnerabilities for financial gain. It is vital for businesses to consider how we can be part of the solution, restore dignity to victims and survivors, and disrupt the cycle to ensure that future generations are not vulnerable to the same exploitation.

Following the acceptance of our inaugural modern slavery statement on 31 March 2021 we have begun our journey to understand our role in the eradication of modern slavery. We have analysed our supply chain and taken steps to educate our suppliers and employees while understanding any potential modern slavery impacts our activities may cause, contribute or are linked to. This updated statement is made in accordance with sections 13 and 16 of the Modern Slavery Act and details our actions from 1 July 2020 to 30 June 2021.

In the spirit of the Modern Slavery Act, we are committed to continuously learn and improve year after year. We are aligned with the Western Australian government's support of the Modern Slavery Act and are prepared to engage with the Housing Authority and other government entities to minimise the likelihood and address the impacts of modern slavery. We look forward to engage, collaborate and consult with our peers, subject matter experts and the broader community to ensure a robust and holistic response to this issue.



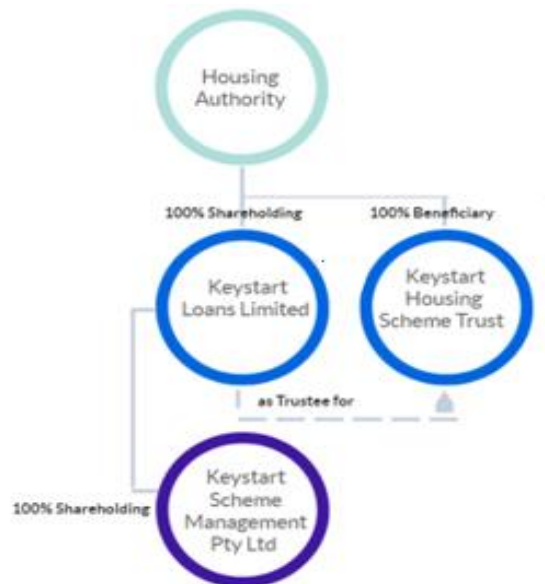
Paul Graham CEO

Approved by the board on: 29 December 2021

¹ ILO Declaration on Fundamental Principles and Rights at Work (1998); Forced Labour Convention, 1930 (No. 29); Freedom of Association and the Right to Organize Convention, 1948 (No. 87); Right to Organize and Collective Bargaining Convention, 1949 (No. 98); Equal Remuneration Convention, 1951 (No. 100); Abolition of Forced Labour Convention, 1957 (No. 105); Discrimination (Employment and Occupation) Convention, 1958 (No. 111); Minimum Age Convention, 1973 (No. 138); Worst Forms of Child Labour Convention, 1999 (No. 182). Source: <https://libguides.ilo.org/c.php?g=657806&p=4649148>

2. Reporting Entity

Keystart Housing Scheme Trust is a reporting entity under the Modern Slavery Act. This modern slavery statement relates to the activities of Keystart Loans Ltd ABN 27 009 427 034, as trustee for the reporting entity Keystart Housing Scheme Trust, and Keystart Scheme Management (Keystart Scheme Management) Pty Ltd ABN 83 120 164 847.



3. Keystart Business

Keystart Housing Scheme Trust is a trust established to provide housing finance to eligible borrowers. The Western Australian state government Housing Authority is the sole beneficiary of the Keystart Housing Scheme Trust, and 100% shareholder of its trustee, Keystart Loans Ltd.

4. Structure

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

Keystart Scheme Management is a non-listed public company incorporated pursuant to the *Corporations Act 2001* (Cth). Keystart Scheme Management is wholly owned by Keystart Loans Ltd and is established to perform operational functions (including the employment of Keystart employees) associated with the performance of Keystart Loans Ltd's role as trustee for the Keystart Housing Scheme Trust.

Keystart reports to the Housing Authority, as the capital beneficiary of the Keystart Housing Scheme Trust.

5. Operations

Keystart was established in 1989 as an initiative of the Government of Western Australia to provide low-deposit home loans to Western Australians unable to meet the deposit requirements of mainstream lenders.



Today, our mission is to provide transitional finance solutions for affordable home ownership in a sustainable way for the benefit of our community. Our office is located at Level 3, 502 Hay Street, Subiaco, Western Australia 6008. We employ 140 staff, who support our customers to make the dream of affordable home ownership a reality. Our employees work across seven business units:

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

Keystart raises funds through the issuance of redeemable preference shares to the Housing Authority. This funding is used to run and extend Keystart's lending operations in the Western Australian market. The Keystart Board oversees the operations of Keystart Scheme Management.

6. Supply Chain

Keystart engages a broad range of suppliers to help enable our business and assist our staff to remain connected and engaged with our customers. A majority of our supplier arrangements are stable long-term relationships governed by a contract and may be part of a preferred vendor panel arrangement with a term between three and five years. However, when the need arises, we do engage some short-term suppliers via purchase order or one-off purchases. Whilst the majority of our suppliers are based in Australia, we have eleven overseas suppliers listed in four countries, the UK, USA, New Zealand and Ireland.

Our key areas of spend include:

- Office stationery;
- IT hardware;
- IT software;
- Consulting services (for example: audit, legal, ICT and professional services);
- Marketing services (for example: graphic design, web design and merchandise); and
- Property services (for example: real estate services and maintenance).

Keystart also engages a handful of other businesses to provide broader access for West Australians. These include:

- managing a portfolio of home loans for Bendigo and Adelaide Bank (BEN) following an equitable assignment of these loans to BEN in September 2016;
- an agreement with Access Housing (now a wholly incorporated subsidiary entity of the Housing Choices Australia Group of Companies) to provide shared-ownership home loans; and
- an agreement with Nyamba Buru Yawuru to provide shared-ownership home loans to its members in Broome.

7. Modern Slavery Risks

We recognise that no business is immune to modern slavery risk; it is a pervasive criminal activity that impacts various sectors worldwide. Considering the definition of modern slavery in the Modern Slavery Act and the ongoing conversation on labour exploitation in Australia, we consider our supply chain to pose a greater risk for modern slavery than in our operations.

Our business is conducted by a highly trained and professional team based in our Subiaco office, and our practices, policies and procedures comply with or exceed the standards of our regulators. We will look for opportunities to continually strengthen our practices in this area, such as reviewing our reporting and complaints procedures to ensure our staff are aware of our grievance mechanisms and are encouraged to report ethical and labour rights concerns.

In our supply chain, we recognise that certain products may be exposed to higher rates of forced labour reported in production, such as electronic equipment, while some services are considered more at risk for labour exploitation, such as cleaning services. After reviewing our spend data, and informed by research conducted by the Global Slavery Index, we have identified the following categories of spend represent as higher risk:

IT Hardware:

- Computers, mobiles and laptops are manufactured through a complex supply chain where raw materials and factories can increase modern slavery risk². The Global Slavery index estimates the Australia imports over \$7 billion USD of laptops, computers and mobile phones from Malaysia and China; both considered high risk.³

Property Services:

- Cleaning services have been a priority health service during 2020, however the workforce that has supported our community is known to be vulnerable to exploitation. There are ongoing reports of underpayment and staff have faced barriers to access entitlements such as superannuation and leave.⁴

Marketing Services:

- As part of our marketing strategy, we commission custom apparel and clothing. The Global Slavery Index estimated in 2018, Australia imported over \$4.5 billion USD of apparel from overseas⁵. Fashion is one the most labour-intensive sectors and has been subject to reports of underpayment, hazardous work conditions and sexual violence against workers by supervisors.⁶

² <https://knowthechain.org/#:~:text=The%20KnowTheChain%20benchmarks%20aim%20to,companies%20have%20performed%20over%20time>

³ <https://www.globallslaveryindex.org/2018/findings/country-studies/australia/>

⁴ <https://www.business-humanrights.org/en/latest-news/cooperation-between-building-owners-contractors-tenants-is-vital-in-protecting-cleaners-rights-suggest-surveys/>

⁵ <https://www.globallslaveryindex.org/2018/findings/country-studies/australia/>

⁶ <https://www.business-humanrights.org/en/latest-news/asia-manufacturers-from-six-countries-launch-a-collective-campaign-calling-on-western-brands-to-guarantee-ethical-business-practice-amid-covid-19/>

Fresh Fruit and Coffee:

- We engage with local small businesses to supply fresh fruit and coffee beans for our employees. Modern Slavery risks in food supply chains are well documented and may include engagement of labour hire contractors who recruit backpackers and seasonal workers for fruit and vegetable picking on farms, without express obligations concerning ethical recruitment and retention of labourers; poor conditions, passport retention and bonded labour in food processing; and procurement of high risk foods across maritime borders, particularly from emerging economies, including forced labour risks involved in shipping, and transport of these products.⁷

8. Impact of COVID-19

The COVID-19 pandemic has continued to have an impact on our business, as with other organisations across Australia and more globally. We consider ourselves lucky to be in Western Australia, where the impact has been less significant than elsewhere. We understand that such events can exacerbate inequalities and increase vulnerabilities in our society. We have continued to support our customers through periods of hardship related to COVID-19. With the introduction of mandatory vaccinations in Western Australia, we will continue to monitor and support our suppliers, in line with lawful directives of government and by following the advice of the Western Australia Department of Health.

9. Actions Taken

To draft this updated statement, Keystart engaged leadership across all Keystart functions to provide insight on the potential modern slavery strategy, with the assistance of an external consultant.

For the period of July 2020 to June 2021, Keystart has undertaken several steps to review and improve our procurement function through the review of policy, organisation wide training and increased governance controls. These have assisted in the analysis of our risks, the development of the inaugural statement for Keystart and the contribution to this current and revised statement

Keystart has conducted a high-level risk assessment of our tier one, or direct suppliers, which has informed our understanding of our greatest areas of risk and shape our modern slavery strategy.

We have also:

- Updated our procurement policies and procedures to better incorporate modern slavery risks into our decision making;
- Conducted training for procurement experts to monitor, detect, and respond to modern slavery risks; and
- Engaged suppliers on modern slavery risk management appropriate to their business.

⁷ <https://www.nortonrosefulbright.com/en-au/knowledge/publications/9cb18e6c/food-for-thought-the-modern-slavery-acts-impact-in-fresh-food-retail-wholesale-and-agriculture>

For the subsequent reporting period (July 2021 to June 2022), Keystart intends to:

- 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;
- 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;
- Update terms and conditions and supplier contracts to address modern slavery;
- Create a supplier taxonomy and training on the taxonomy for staff; and
- Identify and assess actual and potential human rights impacts.

10. Assessing effectiveness

Since the development of our inaugural statement, we have implemented a number of governance mechanisms to track the implementation and effectiveness of the actions taken, including:

- Agreeing the Legal and Risk function, under the Chief Risk Officer, will be accountable for the governance of the modern slavery statement;
- Implementing a roadmap, which outlines the actions due on a quarterly basis for the financial year 2021/22;
- Establishing a modern slavery working group and an operating rhythm of regular meetings to track the progress of actions; and
- Including modern slavery in our internal audit plan by FY2022/23.

11. Consultation

Under 16(f)(i) of the Modern Slavery Act, this statement must be made in consultation with any entities owned and controlled by Keystart Housing Scheme Trust. Keystart owns one entity, Keystart Scheme Management. All persons employed for the purpose of carrying out the business of Keystart Housing Scheme Trust are employed by Keystart Scheme Management and the boards for Keystart Loans Ltd and Keystart Scheme Management are constituted of the same individuals.