

Smartgroup  
2022

# Modern Slavery Statement 2022

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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

## 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. 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.

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 CY2021, the Smartgroup Foundation was proud to support a record 22 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](#).

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.

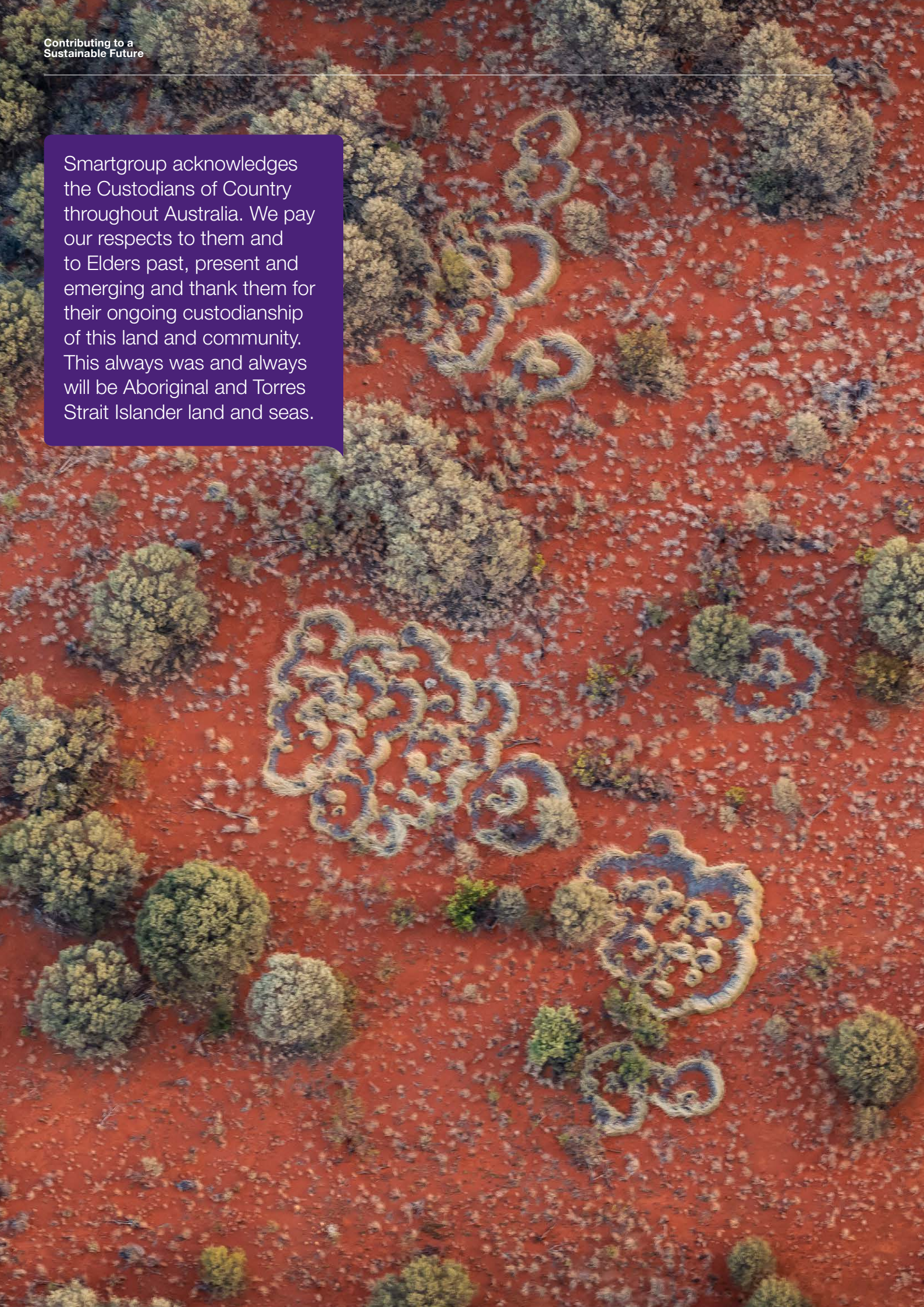
We are proud to present the outcomes we have achieved throughout the past year and we look forward to continuing to challenge and play our part in helping to eradicate modern slavery in our global communities.



**Tim Looi**  
Chief Executive Officer



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.





### Our commitment

Smartgroup believes that good governance is key to ensuring risk is identified, assessed and managed. At Smartgroup, our values guide us in our behaviors 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

At Smartgroup, we simplify salary packaging, fleet management and a range of other employee management solutions for organisations across Australia.

Central to everything we do is our commitment to delivering an exceptional experience to our customers; 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, unencumbered by bulky processes.

We have approximately 700 employees working across Australia, with offices in Sydney, Melbourne, Adelaide, Brisbane, Canberra and Perth.

Of these employees, 576 were full-time permanent employees, 56 were part-time permanent employees and 53 were fixed term, temp or casual employees (as at 31 December 2021).

### Current Business Landscape

Smartgroup provides 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>

### Modern Slavery reporting

This is Smartgroup's second Modern Slavery Statement, following our first Statement in June 2021.

The Modern Slavery Act 2018 (Cth) (the 'Act') requires entities in Australia with an annual consolidated revenue of more than \$100 million to report annually on the risks of modern slavery to their operations and supply chains, and actions taken to mitigate risks.

Modern slavery is defined in the Act as trafficking in persons, slavery, servitude, forced marriage, forced labour, debt bondage, deceptive recruiting for labour or services and the worst forms of child labour.

Smartgroup believes that taking action to combat modern slavery is a responsibility for every organisation and also makes good business sense.



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



~3,700 employer clients

375,000+ salary packaging customers

91,000+ novated leasing and fleet vehicles under management

2014 ASX-listed in 2014 (established 2001)

### Our supply chains

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 2021, our business sourced goods and services from over 2,500 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.

### What we buy:



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

We have assessed the categories in which we have material spend in goods and services as having a low inherent risk to modern slavery type practices.

## Assessment of modern slavery risks in our operations

We have completed a detailed assessment of modern slavery risks in both our own operations and in our supply chains.

We have not identified any modern slavery in our own operations and we believe the risk is low when assessed against the following factors<sup>1</sup>:

- 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 considered:

1. All of our employees are currently employed within Australia, pursuant to Australian employment law protections, contracts and Australian awards;
2. All our employees are aged over 18 years;
3. 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;
4. We undertook an internal Wage Audit in 2020 which identified no material instances of wage underpayments for our employees and subsequently implemented compliance measures to ensure that this risk would be monitored and mitigated on an ongoing basis;
5. 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;
6. 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





### Assessment of modern slavery risks in our supply chains

Rather than pre-categorising our suppliers based solely on perceived risk, providing an incomplete picture rooted in a single point in time, Smartgroup have implemented a third-party risk management platform (ethiXbase 360) which considers both historic events and future risks.

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:

- a. Tier 1 Suppliers – suppliers with a material spend who are critical to delivering on Smartgroup’s strategy;
- b. Tier 2 Suppliers – suppliers with a high spend volume but who provide limited strategic business value.



Our risk assessment process enables us to identify modern slavery risk efficiently and accurately, ensuring we focus on remediation and supplier improvement where required.

### Steps in the pre-award assessment process

#### 1. Instant due diligence reports

Before we commit to any new suppliers, we run instant due diligence (IDD) reports on our suppliers utilising the ethiXbase platform. This assessment has also been run against all existing Tier 1 suppliers in our supply chain. This report provides us with a risk indicator based on the following:

- a. 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.
- b. 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.

To ensure ongoing assessment, all Tier 1 Suppliers have IDD reports run quarterly to continuously assess the risk of modern slavery practices in our supply chain.

#### 2. Modern slavery questionnaire

All Tier 1 Smartgroup suppliers are issued with, and requested to complete, a modern slavery questionnaire which is generated, managed and assessed through the ethiXbase platform. Our questionnaire was developed by ethiXbase with the expertise of global law firm Norton Rose Fulbright *Risk Computations For Third Parties*.

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.

## Actions taken to assess and address modern slavery risks

### Specific actions taken for high-risk suppliers

Where we identify a supplier with high risk indicators through the assessment process, we initiate immediate remediation following the steps outlined below. This process involves the engagement of our Group Risk and Group Legal teams to identify the path to remediation or disengagement of the relevant supplier.

- a. Assess the risk identified and when it occurred;
- b. Communicate to the supplier the risks that have been identified and request a documented correction plan, including details of any policy and training they have implemented since the noted finding to address the identified risk;
- c. Attach all supplied documentation to the supplier's profile maintained in ethiXbase; and
- d. Assess in conjunction with our Group Risk and Group Legal teams the documents provided by the supplier and determine whether all risks have been addressed and are satisfactorily managed.

In 2021, we identified one supplier who was flagged as high risk through this assessment process. We engaged with this supplier to understand the issues in further detail. The supplier provided us with extensive information, policies and supporting materials to verify that appropriate action had been taken to mitigate the identified risk. Following the completion of this due diligence, our Group Risk and Group Legal teams were satisfied of the mitigation and engagement with this supplier was able to proceed.



### Other actions taken

In addition to the specific actions taken for the high-risk suppliers mentioned above, Smartgroup has also implemented the following actions to reduce the risk of modern slavery practices in our operations and supply chains:

#### 1. Policies

##### a. Group Procurement Policy

Smartgroup's Group Procurement Policy, which sets out Smartgroup's requirements for managing the procurement of third party supplied products and services, 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.

##### b. Speak Up Policy

Smartgroup has a Speak Up Policy which 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.

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

## 2. Modern slavery training

All members of Smartgroup's 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.

This refresher training was run in November 2021.



## 3. Review of supplier contractual undertakings

All of our supplier contracts have standard contractual undertakings. At the end of May 2019 these undertakings were reviewed and a new clause dealing with modern slavery risks was inserted into our standard supplier contract template.

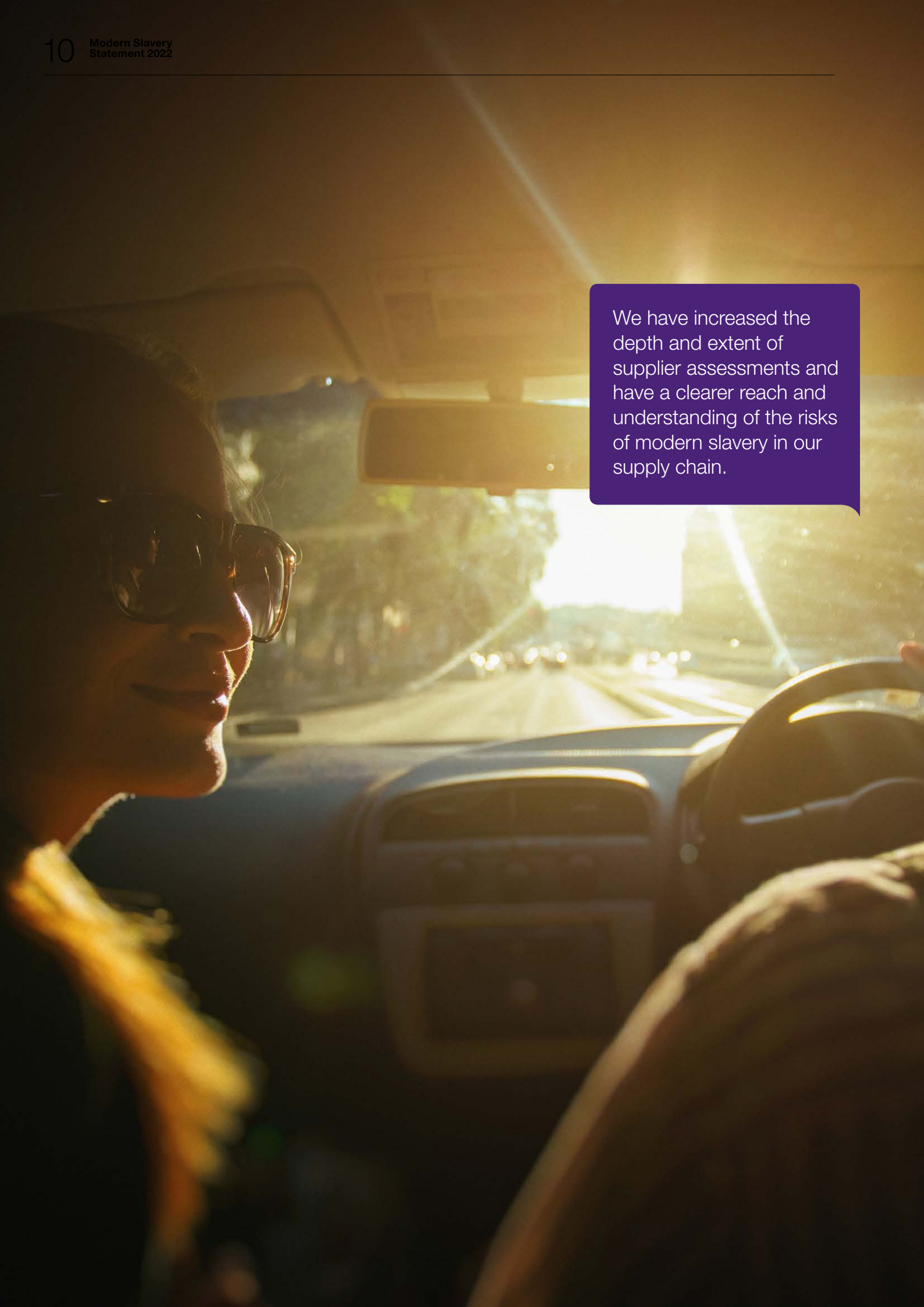
In addition, we seek to include an undertaking in all Tier 1 and Tier 2 supplier contracts requiring our supply partners to:

- a. comply with the Modern Slavery Act;
- b. 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;
- c. notify us of any issue identified in their supply chains or any relevant convictions or investigations regarding modern slavery; and
- d. implement due diligence procedures to ensure there is no modern slavery in their supply chains.

The new clause has been included in some form in all new supplier agreements entered into since the end of May 2019.





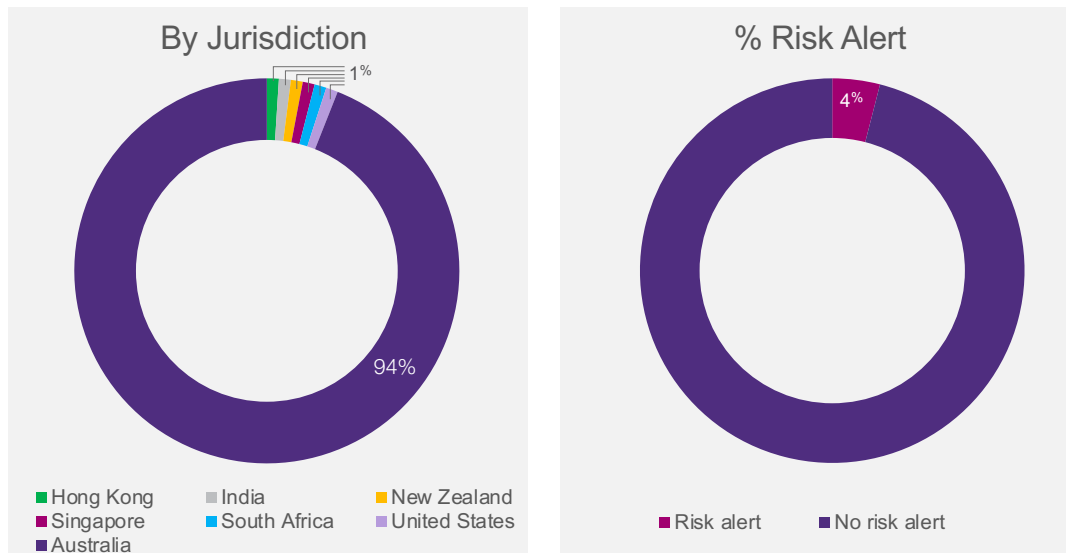
A photograph of a person with long hair and glasses driving a car. The scene is captured from the passenger side, looking towards the driver. The car's interior, including the dashboard and steering wheel, is visible. The background shows a road with other vehicles and trees, bathed in warm, golden light, suggesting a sunset or sunrise. A purple speech bubble containing text is positioned on the right side of the image.

We have increased the depth and extent of supplier assessments and have a clearer reach and understanding of the risks of modern slavery in our supply chain.

### Assessing the effectiveness of our actions

Encompassing the suppliers identified through our first reporting period and extending the assessment to all Tier 1 suppliers, we have increased the depth and extent of supplier assessment and have a deeper reach and understanding of the risks of modern slavery in our supply chain.

Currently 94% of our Tier 1 assessed suppliers are based in Australia. In our total suppliers assessed we identified 4% with a risk alert – all of these were based in Australia and all identified risks were assessed as being satisfactorily addressed and resolved.



Where issues were identified in the assessment, we have understood the risks identified, addressed these with the suppliers and have reassessed these suppliers based on:

1. **Type of risk** identified
2. **Age of risk** (noting that in many cases, the risks identified may be historical and have been appropriately dealt with and closed)
3. **Documentation provided** to verify that the risk has been appropriately managed going forward.

In this review, we have identified 6 material suppliers based in the offshore jurisdictions of New Zealand, Hong Kong, India, Singapore, South Africa and the United States. Each of these suppliers has been assessed as low risk on the following grounds:

1. The ethiXbase assessment identified them as low risk;
2. In most cases, the suppliers are large global organisations with mature due diligence policies and practices;
3. Each of the respective jurisdictions has been identified as either low or low/medium risk in the *Global Slavery Index*.



Our focus in 2022 and 2023 will be on continuing to review all new suppliers as part of our onboarding process and continuing to monitor all existing Tier 1 suppliers.



### Plans for future action

Based on the implementation of ethiXbase in 2021, our focus in 2022 and 2023 will be on continuing to review all suppliers as part of our onboarding process and continuing to monitor all Tier 1 suppliers.

In addition, in 2022 and 2023 we intend to:

- Extend the complete modern slavery assessment, including the modern slavery questionnaire, to all Tier 2 suppliers;
- Continue to roll-out our mandatory modern slavery training to all staff members;
- Work with any suppliers where we identify risks in their supply chain to understand and assist with their remediation efforts as appropriate;
- Complete and adopt a formal Sustainability Strategy incorporating relevant targets; and
- Develop and adopt a formal Human Rights Policy.



## 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 channeled 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 href="#">A Message from Smartgroup's CEO on behalf of the Smartgroup reporting entities</a>	Section 16.1 (a)	Identify the reporting entity
<a href="#">Our Business Structure and Operations</a>	Section 16.1 (b)	Describe the structure, operations, and supply chains of the reporting entity
<a href="#">Modern Slavery Practices in our operations and Supply chains</a>	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
<a href="#">Assessing the effectiveness of our actions</a>	Section 16.1 (e)	Describe how the reporting entity assesses the effectiveness of such actions
<a href="#">Consultation with subsidiaries in preparing this statement</a>	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
<a href="#">Plans for future action</a>	Section 16.1 (g)	Include any other information that the reporting entity, or the entity giving the statement, considers relevant



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