

# FY2022 Modern Slavery Statement

Cash Converters International Limited

## 1. Modern Slavery Statement

This is a joint Modern Slavery Statement (**Statement**) made under section 14 of the *Modern Slavery Act 2018* (Cth) (**Act**) for the reporting period 1 July 2021 to 30 June 2022 on behalf of Cash Converters International Limited ABN 39 069 141 546 and its subsidiaries Cash Converters Personal Finance Pty Ltd ABN 42 110 275 762 and Cash Converters (Stores) Pty Ltd ABN 43 127 343 293 which are each reporting entities under the Act. This Statement sets out the actions taken by Cash Converters to identify, assess and address modern slavery risks across the Group's operations and supply chains for the 2022 financial year.

In this Statement, reference to "Cash Converters Group", "Cash Converters" or the "Group" are used to refer to Cash Converters International Limited and any entities which it owns or controls. This is because Cash Converters adopts a group-wide approach to identifying and managing modern slavery risks in its operations and supply chains.

This Statement has been approved by the Board of Cash Converters International Limited on behalf of the Cash Converters Group. The Board of Cash Converters International Limited and the Cash Converters Group have a zero tolerance for any form of modern slavery and in line with the United Nations Guiding Principles on Business and Human Rights, recognise the duty of States to protect human rights as well as the fundamental responsibility of business to respect human rights.

## 2. Overview of the Cash Converters Group

### About us

Cash Converters was founded in 1984 as a family owned and operated pawnbroking business based in Western Australia. Today the business has grown to become the largest second-hand goods retailer in Australia and is a diversified business, generating revenue from franchising, consumer retail store operations, personal finance and vehicle finance.

Cash Converters is listed on the Australian Securities Exchange (CCV) and is supported by a corporate head office in Perth, Western Australia. The Personal Finance assessing contact call centre (**Assessing Centre**) is based in Taringa, Queensland and is supported by a corporate head office in Perth, Western Australia.

Cash Converters employs 987 people in Australia. Of those, 95% are permanent employees, 4% are casual employees and 1% are contractors.

### Operations

The Cash Converters Group operates across Australia and maintains an international presence through a franchise network in a further 14 countries around the world.

#### i. Corporate owned stores

Cash Converters has 78 corporately owned and operated stores in Australia and has a minority interest in a further 11 stores in New Zealand through a partnership with a New Zealand partner. Revenue from these stores is derived from the retailing of new and second-hand goods both in-store and online, as well as interest from pawnbroking loans.

#### ii. Franchise operations

The global franchise network comprises approximately 600 stores, with 76 franchised stores in Australia, 11 in New Zealand, 188 in the UK and approximately 380 throughout the rest of the world. Countries with franchise stores include Belgium, France, Malaysia, Netherlands, Portugal, Singapore, South Africa, Spain, United Arab Emirates, and United States of America.

Franchisees within this network are not controlled entities of Cash Converters and are independent entities, subject to arms-length commercial arrangements implemented under the trade mark licensing or master franchise agreements.

#### iii. Personal finance

The personal finance operations of the Group are conducted through Cash Converters Personal Finance Pty Ltd which provides unsecured consumer loans, originated online or in store through the franchise and corporate store networks, supported by the Assessing Centre in Taringa, Queensland. The personal finance

products are separated into two categories - personal loans and cash advances. Personal loans are loans of between \$400 - \$5,000 for a term of up to 24 months, while the cash advance product is generally between \$50 - \$2,000 for a term of up to 12 weeks.

Cash Converters notes that some franchisees also offer personal finance products under their own credit licences.

iv. Vehicle finance

The Cash Converters Group offers vehicle financing through its business Green Light Auto Group Pty Limited ABN 71 050 495 095. This business offers a range of secured automotive loans through a network of brokers, car dealerships, Cash Converters stores and direct to customers online.

### Supply chain

In the 2021/2022 financial year, the Cash Converters Group spent approximately \$46.8m procuring goods and services from approximately 1180 suppliers. Spending across all sub-sets of the Group can be broadly categorised into the following areas:

- **Information Technology:** which includes software, professional IT services, infrastructure, telecommunications, support and maintenance.
- **Corporate Services:** which includes advisory, finance and legal services, insurance, office supplies and records management.
- **Marketing** which includes marketing and advertising services.
- **Property and Facilities Management:** which includes leasing services, essential services such as air-conditioning maintenance, electricity, internet, pest control, cleaning and security.
- **Currency, lending and collection services:** which includes currency services, debt collection services, and credit checks.
- **Vehicle Financing:** which includes payments to car dealerships as part of Cash Converters' vehicle finance operations.

The Group's supply chain is based primarily in Australia with one supplier of suppliers being based in the United States of America.

### 3. Identifying and Assessing Modern Slavery Risks

During this reporting period, Cash Converters continued to work on gaining a better understanding of modern slavery risks and how such risks may be present in the Group's operations and supply chains. Cash Converters has adopted a conservative approach in identifying any areas it considers may have exposure to modern slavery risks. Notwithstanding this, the focus has been on tier 1 suppliers to date but will be expanded in future reporting periods. Cash Converters recognises that to comprehensively assess modern slavery risks, it is necessary to go deep in supply chains and maintains its commitment to doing so for future reporting periods. Cash Converters acknowledges that identifying and addressing modern slavery risks requires a continuous commitment from the business and its suppliers. During this reporting period Cash Converters completed a risk assessment which covered its corporate and head office operations. This has assisted in further developing Group's understanding of the risks in its operations and will underpin future approaches to addressing modern slavery risks.

#### Operations

Cash Converters considers the risk of modern slavery within its direct business operations as low given the highly regulated industry in which the business operates and the relatively skilled nature of its employees.

94% of Cash Converters employees are permanent staff, 6% are casual and 0% are contractors. Casual staff are employed to allow for flexibility during peak business periods and predominantly employed for the Assessing Centre. Contractors are largely used across the Information Technology department and across the business for longer-term consultation, project work or provision of IT-related services, predominantly at Cash Converters corporate head office in Perth. All employees are engaged under a written employment agreement which sets out clear terms including pay and hours of work.

Where roles are not specifically covered by an enterprise bargaining agreement, employees are engaged on

common law employment agreements which meet the requirements of any relevant awards.

Cash Converters' domestic operations focus primarily on second-hand retailing, pawnbroking and the provision of small amount regulated consumer lending to an Australian customer base. These products and services are not considered high risk in terms of modern slavery and Cash Converters does not operate within a high-risk jurisdiction (by reference to the Walk Free Global Slavery Index).

The Cash Converters Group provides financial products and services to its customers through three entities. Two of those entities provide personal finance and the third entity provides vehicle finance. Current lending practices are targeted at retail consumers only with the primary use for obtaining a loan assessed at the time of an application.

Customer applications for personal finance are capped at \$2,000 for small amount loans and \$5,000 for medium amount loans. Vehicle finance is capped at \$45,000 and is used exclusively for the purchase of an asset i.e. a vehicle. Given the nature of the financial products offered and the target market, Cash Converters considers its exposure to modern slavery risks through its lending practices to be low risk.

### **Supply Chain**

Cash Converters began and continues to work on an assessment of the risk of modern slavery within its tier 2 and 3 suppliers, building on the work carried out in relation to its tier 1 suppliers, having regard to a range of benchmarking tools.<sup>1</sup> This assessment has been conducted on the basis of supplier industry and jurisdiction. As noted above, all but one of our suppliers are based in Australia with the one foreign supplier in the United States. Australia and the United States are inherently low risk jurisdictions from a modern slavery perspective according to the Walk Free Global Slavery Index.

Cash Converters have again identified the two areas of our supply chain which present an inherently higher risk of modern slavery, those areas are:

#### Cleaning, and security

These supplies present a higher inherent risk of modern slavery due to the relatively low-skilled and labour-intensive nature of the work. Staffing in these industries may also be relatively informal and insecure and is often serviced by a migrant workforce. There have also been reported instances of modern slavery like practices in these industries, particularly the cleaning industry.

#### Electronic products

These supplies present a higher inherent risk of modern slavery because of the undesirable and at times hazardous working conditions (and without adequate safety equipment). As the electronic sector seeks to respond to rapid advancement in products and demand, workers in this industry can often be subject to extended hours without proper remuneration. The substantial migrant workforce, use of casual labour and labour agents present further inherent risks of modern slavery in the industry.

Cash Converters recognises that through its supply chain, it may be directly or indirectly exposed to modern slavery risks. Mapping the supply chain through the various tiers of suppliers is necessary to identifying and assessing risk on areas of the business that could potentially cause, contribute to or be directly linked to modern slavery through Cash Converter's operations and supply chain.

During the reporting year Cash Converters finalised a risk assessment of its suppliers, corporate store operations, franchise store operations and its corporate head office identifying any potential modern slavery risks in its operations and supply chain. This mapping program highlighted that risk of modern slavery within Cash Converters operations and supply chain to be low. Cash Converters remains committed to ongoing development of the program and continuous risk assessments to highlight and assess any risks of modern slavery that may arise within its operations and supply chains.

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<sup>1</sup> This includes: the Walk Free Global Slavery Index (2018); Verite "Strengthening Protections Against Trafficking in Persons in Federal and Corporate Supply Chains: Research on Risk in 43 Commodities Worldwide" (2017); Commonwealth of Australia, Hidden in Plain Sight, Final Report of the Inquiry into Establishing a Modern Slavery Act in Australia (2017); US Department of Labor's 2020 List of Goods Produced by Child Labor or Forced Labor (2020).

#### 4. Controls to mitigate modern slavery risks

Cash Converters is continuing to implement and maintain a program of controls in order to address modern slavery risks in its operations and supply chain. The areas of focus can be broadly categorised into the following categories:

- **Values:** Cash Converters is driven by three core values which helps to build a culture of passion, respect and determination to do the right thing.
- **Increasing supplier controls:** this includes appropriate modern slavery provisions and protections in supplier agreements.
- **Continuing to develop policy frameworks:** this includes reviewing, assessing and (as necessary) uplifting Cash Converters' existing policy framework from a modern slavery provisions and protections perspective.
- **Improving employee awareness of modern slavery:** this includes modern slavery training modules to ensure greater awareness.

The areas of controls are also set out in more detail in the table below.

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| <p><b>Values</b></p>            | <p>During this reporting period, Cash Converters continued to promote its core values. These values are set out below:</p> <ul style="list-style-type: none"> <li>• We're real people who are passionate and proud: We're genuine, friendly and from your neighbourhood. We're passionate and proud to be here helping our customers.</li> <li>• We're caring and respectful: We're here to listen and find ways to help make things possible, supportive of our customers and our colleagues. There's no judgement here. We treat everyone as an individual.</li> <li>• We're tenacious problem solvers: We don't back down. We always try our best to help others, no matter how hard the task seems.</li> </ul> <p>These values help to continually support a culture of integrity, respect and willingness to always try our best. This includes calling out misconduct or any incidents that may give rise to potential modern slavery risks.</p>  |
| <p><b>Supplier Controls</b></p> | <p><b>1. Modern Slavery contractual clauses</b></p> <p>Suppliers are required to enter into a written agreement with Cash Converters with respect to supply arrangements or other engagements. Cash Converters recognises the value of incorporating a suite of modern slavery specific clauses into its supplier contracts and commenced work on preparing a such clauses as appropriate. This continues to be a focus for the future reporting periods.</p> <p><b>2. Supplier due diligence and risk assessment</b></p> <p>Cash Converters is continually improving processes around supplier engagement and associated due diligence requirements.</p> <p>During the reporting year, Cash Converters employed a Procurement Manager, who is responsible in part for ensuring the continual improvement of processes and associated due diligence with respect to supplier engagement and procurement. In addition, Cash Converters began a recruitment process to employ a further procurement officer, who will report through to the Procurement Manager. This role will assist with supplier due diligence and engagement and is expected to be recruited within the FY23 reporting period.</p> |

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|                                    | <p>During the reporting year Cash Converters conducted a risk assessment across the Group. The assessment included:</p> <ul style="list-style-type: none"> <li>• Considering human rights and modern slavery risks within the Company’s operations, supply chains and other business relationships.</li> <li>• An assessment of each risk based on Cash Converter’s risk assessment matrix and the likelihood of potential or actual modern slavery impacts.</li> </ul> <p>The risk assessment concluded that the modern slavery risks within Cash Converter’s operations and supply chains to be low as the operations of the Group are conducted in low modern slavery risk countries such as Australia and deal in low risk products.</p>   |
| <p><b>Policy Framework</b></p>     | <p>Cash Converters' existing policy framework which applies to all employees and suppliers includes:</p> <ul style="list-style-type: none"> <li>• Code of Conduct - which sets out the expectation that all Cash Converters employees adhere to the highest standards of personal and professional business conduct, ethics and integrity, including compliance with all applicable law and regulations;</li> <li>• Third Party Supplier Governance Policy - which sets out the procedure for third party suppliers, including all legal requirements which must be met in order to ensure compliance with financial and legal obligations;</li> <li>• Purchasing and Invoicing Policy - which defines standard methods and procedures for purchasing and invoicing including that those procedures must comply with all legal requirements and those implementing them must adhere to ethical principles such as transparency, fairness, accountability; and</li> <li>• Whistleblower Policy - which sets out Cash Converters' commitment to the highest standards of conduct and ethical behaviour in all business activities, and to promote and support a culture of honest and ethical behaviour, corporate compliance, and good corporate governance in which individuals can safely raise concerns about any misconduct.</li> </ul> |
| <p><b>Employment Practices</b></p> | <p>Cash Converters has robust human resources controls in place which cover all aspects of employment practice.</p> <p>All employees are engaged under a written employment agreement which sets out clear terms including pay and hours of work.</p> <ul style="list-style-type: none"> <li>• Permanent employees are engaged on common law employment agreements or where applicable, an employment agreement based on the relevant award or an enterprise bargaining agreement.</li> <li>• Casual employees are, in most circumstances, engaged under the relevant award.</li> <li>• Fixed-term contractors are engaged on common law employment agreements or an employment agreement based on the relevant award.</li> </ul> <p>From time to time Cash Converters may employ non-resident workers in Australia subject to that person having the appropriate authorisation and right to work in Australia. Cash Converters takes particular care to</p>   |

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|  | <p>ensure that any foreign worker is engaged on the same terms and conditions as Australian citizens and permanent residents.</p> <p>Cash Converters has developed an online modern slavery module, which has been incorporated into mandatory annual training, as part of its e-learning framework.</p> |
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## 5. Assessment of effectiveness

During this reporting period, Cash Converter’s focus was on continuing to build on the understanding of the risk of modern slavery in our operations and supply chain gained during previous reporting periods and developing controls to address those risks where required.

During this reporting period Cash Converters:

- Implemented modern slavery training modules which must be completed annually. The modules enable Cash Converters to monitor and track the number of employees who have undertaken and successfully completed modern slavery training.
- Began reviewing and assessing the number of supplier agreements across the Group’s supply chain that require the incorporation of appropriate modern slavery provisions and protections.

Cash Converters will continue to look for and report on ways in which it assesses effectiveness in future reporting periods.

## 6. Consultations

Cash Converters has worked with and consulted senior management within the Group in preparing this modern slavery statement. Those senior managers sit across core business operations and subsidiaries. Franchisees are independently owned and operated entities.

This statement was approved by the Cash Converters International Limited Board.



Sam Budiselik  
 Managing Director  
 Cash Converters International Limited

8 December 2022