



Australian Government

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Modern Slavery Statement

Financial Year 2019-2020

This statement is made in respect of Export Finance Australia (ABN 96 874 024 697) for the financial year ending 30 June 2020 (FYE20). It is our first report under the *Modern Slavery Act 2018* (Cth).

We are committed to continuously improving the way we identify and mitigate the risk of modern slavery occurring within our business operations, supply chain and customer relationships. This statement sets out our approach to modern slavery and how we are tracking in terms of identifying and mitigating this risk.

Modern Slavery

'Modern slavery' describes situations where coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom. Modern slavery involves serious exploitation of people and includes human trafficking, slavery, servitude, forced marriage, forced labour, debt bondage, deceptive recruiting for labour or services and the worst forms of child labour.

We recognise that modern slavery can be linked to other crimes and activities that adversely impact human rights, including bribery, corruption and environmental damage. We have a responsibility to respect human rights in our operations and activities as part of our responsible business conduct.

Export Finance Australia

Our structure

We are a corporate Commonwealth entity with an independent Board that is responsible for managing our affairs. This includes determining our strategy, defining our risk appetite and monitoring our performance. We are governed by the *Public Governance, Performance and Accountability Act 2013* (Cth). Although we form part of the DFAT portfolio of agencies, we do not form part of any corporate group, nor do we own or control any other entities. Our responsible Minister is the Minister for Trade, Tourism and Investment.

Export Finance Australia is also known as the 'Export Finance and Insurance Corporation' and 'EFIC'. Our registered office is located at 22 Pitt Street, Sydney NSW 2000.

As the Australian Government's export credit agency, we are an integral part of Australia's international trade focus – supporting businesses, jobs and the community. A breakdown

of our governance structure (current as of January 2021) is set out below (Figure 1: Our Governance Structure). Our remuneration strategy, structure and governance arrangements are detailed in our [FYE20 Annual Report](#).

As at 30 June 2020, we had 99.5 permanent full-time equivalent employees. Our workforce profile and employee breakdown by location is set out in Figure 2: Workforce Profile.

We provide financing solutions to support Australian exporters and overseas infrastructure development that delivers benefits to Australia.

We play a critical role for our customers and partners by using our commercial financing capability to support viable exporters and overseas infrastructure development when financing from the private sector is unavailable.

We work closely with banks, other financial institutions and partners, such as DFAT and Austrade, to support exporters and our international partners on their growth journey.

By doing so, we encourage and catalyse private market financing. Our mandate and capital base enable us to support a wide range of exporters (especially SMEs), assist other government entities and finance overseas infrastructure development (especially in the Indo-Pacific region).

We help customers with financing solutions, which typically involve loans, bonds (such as performance bonds) and guarantees. We deliver our support through our Commercial Account and the Government's National Interest Account.

Outside of our ordinary business of providing finance, we invest in securities and issue debt instruments in order to raise capital to deploy on our transactions. We issue debt instruments through professional capital market arrangers. Our investment in securities is limited to a specific class of securities permitted by the *Public Governance, Performance and Accountability Act 2013* (Cth) and associated instruments.

FIGURE 1: OUR GOVERNANCE STRUCTURE

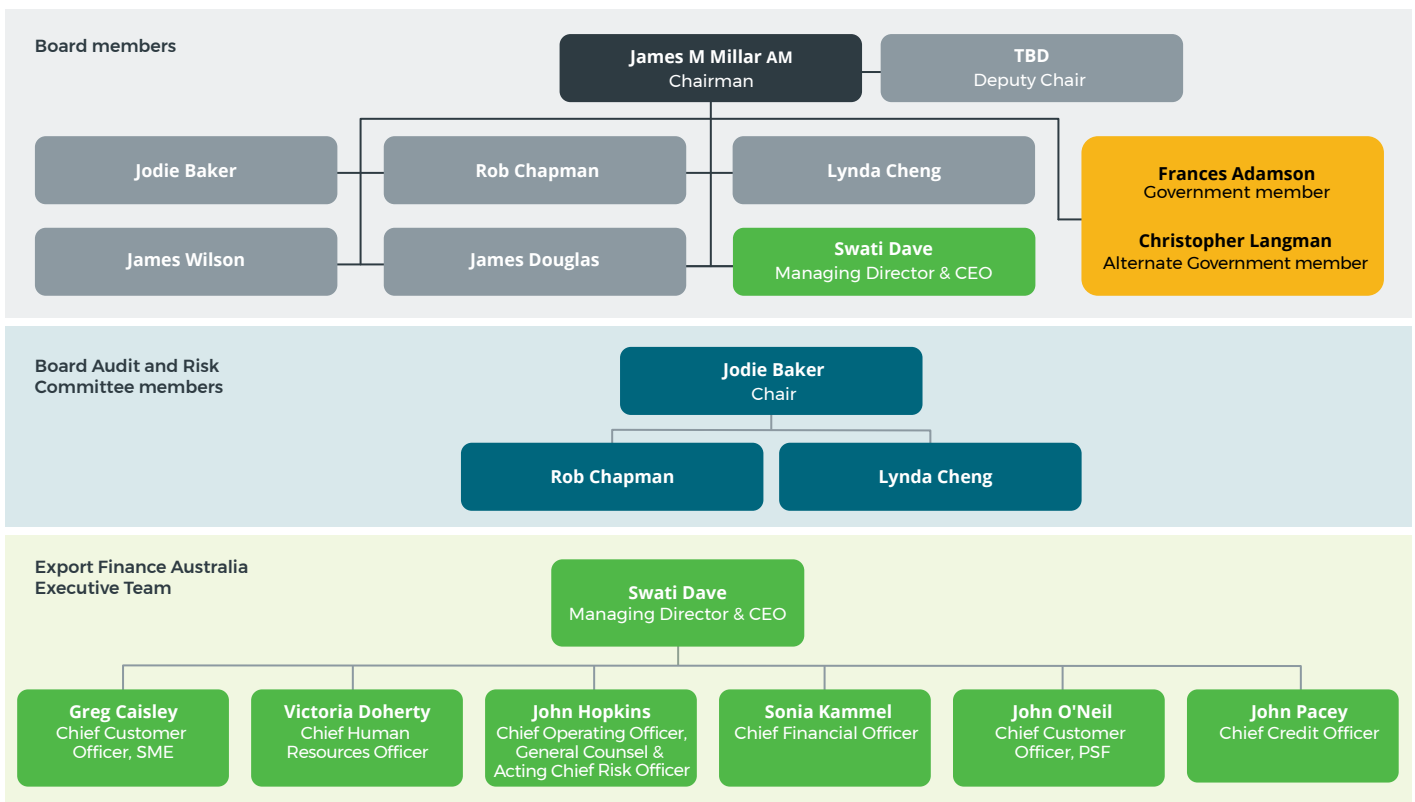


FIGURE 2: WORKFORCE PROFILE

Number of full-time equivalent employees

	30 June 2020	30 June 2019	30 June 2018
Permanent employees	99.5	89.7	87.2
Short-term employees <12 months	8.0	8.0	6.6

Workforce diversity

Classification	Female	Male	Total	NESB ¹	ATSI ²	PWD ³
Support	12	5	17	8	1	0
Technical	20	19	39	26	0	0
Middle management	11	25	36	14	0	0
Leadership	7	11	18	3	0	1
Total	50	60	110	51	1	1

¹ NESB: Non-English speaking background (or with parents from a non-English speaking background)
² ATSI: Aboriginal or Torres Strait Islander background
³ PWD: People with disability

Our operations, supply chain and risks of modern slavery practices

We take a risk-based approach to modern slavery risk in our business operations, supply chain and customer relationships.

We consider the risk of modern slavery occurring directly within our business operations to be low. This is because we are an Australian-based entity and our primary operations of providing finance are office-based. However, we recognise that there is the risk of modern slavery occurring and being supported by us indirectly through our supply chain or via our customers and the transactions and projects we support.

In accordance with the *United Nations Guiding Principles on Business and Human Rights*, we have initially prioritised our focus and actions on areas where we consider the potential impact of modern slavery may be greatest and where we might have a greater opportunity to influence outcomes.

As such at this stage, our identification and assessment of modern slavery risk centres primarily on the financial transactions we support, rather than on Key Supplier Contracts. For context, the aggregate annual dollar value of our Key Supplier Contracts for this and recent years has been equivalent to only 1% (approx.) of the dollar value of our FYE20 transactional exposure.

In making the statements in the paragraphs above, we have considered the comparable modern slavery risk profiles at a macro level for our financial transactions and customer relationships on the one hand, and our supply chain on the other.

Employee location breakdown by state

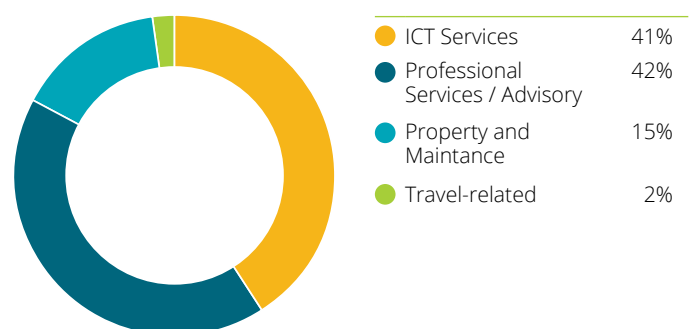


We considered the following factors across two data sets: dollar value exposures/expenditures, jurisdictions, and industries involved.

We consider our Key Supplier Contracts to be our key supplier engagements. These are representative of our core supply chain categories, as set out below in Figure 3: Supply chain categories - by dollar value.

As a general observation, the nature of our Key Supplier Contracts tend to be more medium to long term rather than a large number of high turnover engagements. Approximately 10% of our Key Supplier Contracts were entered into in FYE20, with the remainder being ongoing contracts, having been entered into in prior financial years.

FIGURE 3: SUPPLY CHAIN CATEGORIES - BY DOLLAR VALUE



During FYE20, we continued to provide transparency for our Key Supplier Contracts by disclosing key details about them publicly on our [website](#). We update this listing every 6 months. In FYE20 there were 70 Key Supplier Contracts, being contracts still being performed in FYE20 or entered into in FYE20. Based on the value of these contracts, Australian-based suppliers comprised approximately 84% in FYE20, with the balance predominantly comprised of suppliers based in the United States, Ireland and the United Kingdom. The percentage by number of the Key Supplier Contracts (rather than by value) was similar with Australian-based suppliers constituting approximately 83%. A breakdown of these figures is set out in Figure 4: FYE20 Key Supplier Contract Jurisdictions by Dollar Value and Figure 5: FYE20 Key Supplier Contract Jurisdictions by Number of Contracts.

In addition to our Key Supplier Contracts, we have in place property lease arrangements and Commonwealth entity service agreements. For FYE20, these arrangements were relatively small in number and value compared to our Key Supplier Contracts. They were typically entered into with Australian-based entities, including a number of Australian Commonwealth entities. For these reasons, we consider these arrangements and engagements generally as lower risk and therefore have not included these items within our Key Supplier Contract Analysis.

The types of industries, jurisdictions and nature of our FYE20 Commercial Account and the Government's National Interest Account transactional exposures reflects our role as a provider of financing solutions to support exporters, especially SMEs. It also reflects the assistance we provide to other government entities and our financing of overseas infrastructure development, especially in the Indo-Pacific region. Our FYE20 Commercial Account and the Government's National Interest Account exposures are set out in Figure 6: FYE20 Transaction Exposure Breakdown.

As noted above, we have initially identified our customer relationships and the transactions and projects we support as a priority for our focus and actions. More detailed information is set out at pages 6-8 of this statement in Figure 7: Policies and Procedures in relation to our policies, procedures and practices in this regard.

FIGURE 4: FYE20 KEY SUPPLIER CONTRACT JURISDICTIONS BY DOLLAR VALUE

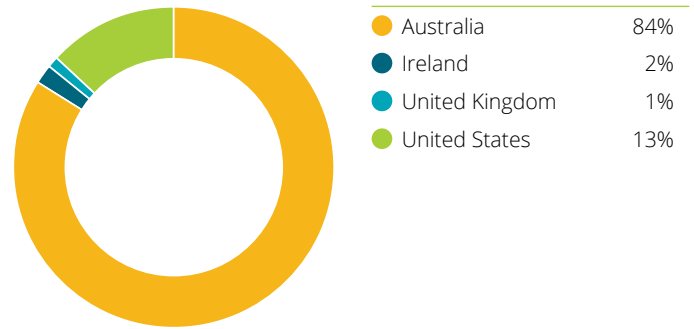


FIGURE 5: FYE20 KEY SUPPLIER CONTRACT JURISDICTIONS BY NUMBER OF CONTRACTS

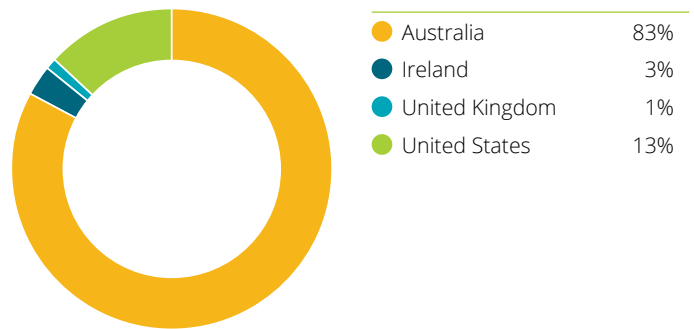
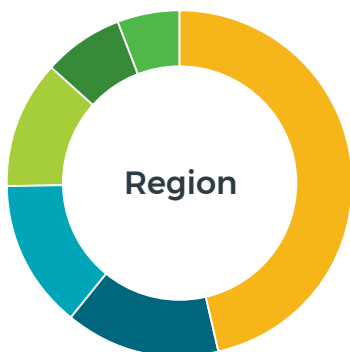


FIGURE 6: FYE20 TRANSACTION EXPOSURE BREAKDOWN

Commercial Account

Our total exposure under our Commercial Account at 30 June 2020 was \$1.8 billion. This included loans, export finance guarantees, medium-term insurances, bonds and rescheduled credit insurance.

**Commercial Account at 30 June 2020
- exposure by region**



Region	Value (\$m)	Value (%)
Australia	827.3	46.4
Asia	261.8	14.7
South America	245.1	13.8
North America	214.7	12.0
Europe	131.6	7.4
Pacific	101.1	5.7
Middle East	0.5	0.0

**Commercial Account at 30 June 2020
- exposure by industry sector**



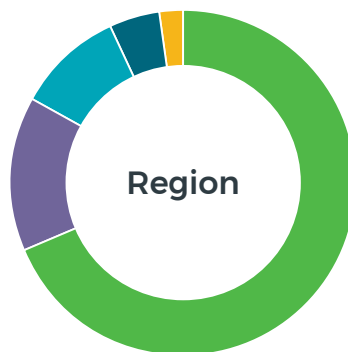
Industry sector	Value (\$m)	Value (%)
Mining - LNG	453.6	25.5
Reinsurance	355.1	19.9
Sovereign	229.0	12.9
Mining - Other Commodities	195.6	11.0
Transport, Postal and Warehousing	182.8	10.3
Manufacturing	124.8	7.0
Financial and Insurance Services	99.7	5.6
Construction	41.8	2.3
Agriculture, Forestry and Fishing	25.1	1.4

National Interest Account

Our total exposure under the National Interest Account at 30 June 2020 was \$992.2 million, largely comprising loans to sovereign countries or their agencies, and loans to natural resource projects in emerging markets.

Our largest exposure was to the Independent State of Papua New Guinea, with exposure of US\$300 million (A\$437.3 million) at 30 June 2020.

**National Interest Account at 30 June 2020
- exposure by region**



Region	Value (\$m)	Value (%)
Pacific	681.7	68.7
Middle East	145.2	14.6
South America	99.4	10.0
Asia	46.1	4.6
Australia	19.8	2.1

**National Interest Account at 30 June 2020
- exposure by industry sector**



Industry sector	Value (\$m)	Value (%)
Sovereign	719.2	72.5
Mining - LNG	244.3	24.6
Manufacturing	17.6	1.8
Financial and Insurance Services	8.8	0.9
Wholesale Trade	1.5	0.1
Other	1.1	0.1

Further information on our business is available in our [FYE20 Annual Report](#).

Our employees

We operate in a regulated environment and have policies and procedures around employment screening, employment conditions and appropriate workplace behaviour.

Our employees are encouraged to reflect on our culture and values when considering the spirit and letter of our policies and procedures, and to ask themselves:

- › Is this the right thing to do?
- › How can I be a voice of integrity, and set a good example for others?
- › Will this produce the right outcome for us?
- › Would I act differently if it were my own property, money, information or reputation at stake?

Additionally, in FYE20 we participated in the Great Place to Work survey and achieved strong Trust Index and Cultural Audit results which resulted in us being certified as a Great Place to Work. These results demonstrate that our recent collective efforts to focus on culture and engagement have made a positive difference.

Addressing the risk of modern slavery

Our governance framework

We have a number of policies, procedures and practices which help us identify, address and mitigate the risk of modern slavery occurring within our business operations, supply chain and customer relationships (including the transactions and projects we support). These are outlined in the table below (Figure 7: Policies and Procedures).

Our Board reviews and approves key policies as required under our [Board Charter](#). These policies are regularly reviewed to ensure ongoing effectiveness and alignment with our Compliance Plan.

FIGURE 7: POLICIES AND PROCEDURES

Our policy / procedure	Description
Code of Conduct	Our Code of Conduct outlines the obligations and responsibilities of our employees, including in relation to standards of personal behaviour.
Modern Slavery Policy	This policy sets out principles for our employees to follow in identifying and mitigating the risks of modern slavery occurring in our business operations, supply chain and customer relationships (including the transactions and projects we support).
Procurement and Contracts Governance Policy	This policy sets out how we procure and manage third parties across the engagement lifecycle including in accordance with the core principles of the Commonwealth Procurement Rules as applicable.
Contract Risk Assessment	<p>This is a risk assessment tool for new supplier engagements and includes questions that allow us to assess potential risks with a new supplier, including any human rights or modern slavery issues potentially involved with its supply of goods or services to us.</p> <p>This assessment involves a two-step inherent risks and secondary risks assessment (the latter based on 'risk domains' which may be triggered depending on the particular engagement). The risk domains include physical security, anti-bribery and corruption, health and safety, environmental and sustainability, human rights and subcontractor risks. A risk rating is allocated to each engagement to inform any procurement decisions, allowing us to adopt a risk-based approach.</p>
Contract Register	Our contracts governance function maintains a centralised register of all third party contracts and produces reports as required.
Standard Form Supply Contracts	<p>We use standard form supply agreements where appropriate and as applicable.</p> <p>In FYE19 and FYE20, we updated these standard form agreements to include certain modern-slavery related representations from suppliers.</p>

FIGURE 7: POLICIES AND PROCEDURES (CONT.)

Our policy / procedure	Description
<p>Environmental and Social Review of Transactions Policy and Procedure</p>	<p>We uphold best practice environmental and social standards in the transactions we support. Our <i>Environmental and Social Review of Transactions Policy and Procedure</i> incorporate two globally recognised approaches, being the <i>OECD Recommendation of the Council on Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (the Common Approaches)</i> and the <i>Equator Principles</i>.</p> <p>We voluntarily apply the Equator Principles, a globally recognised benchmark used by many financial institutions to manage environmental and social risk in projects. These global standards were developed by the OECD and the Equator Principles Financial Institutions. As a result, they apply only to certain transactions. As a matter of best practice, we extend the principles they embody to all our transactions (other than military equipment transactions which are subject to our <i>Policy for Export of Military Equipment and Dual-use Goods</i>).</p> <p>When our screening and classification process identifies potential environmental or social impacts, we benchmark the project associated with the transaction typically against relevant Performance Standards of the International Finance Corporation, a member of the World Bank Group. Where a higher benchmarking standard is applicable to a particular transaction, we apply that higher standard. For transactions not directly related to a project, we may use other internationally recognised standards as the benchmark.</p> <p>The Australian regulatory system is robust and captures compliance with the relevant <i>Performance Standards</i> of the International Finance Corporation through the application of its regulatory approvals process. For this reason, where a transaction supports a project located within Australia and relevant Australian government approvals have been obtained, we consider that the environmental and social benchmark has been met.</p> <p>Each of these frameworks recognises human rights as part of their principles and risk assessment framework. These frameworks are accessible via our website.</p>
<p>Military Equipment and Dual-use Goods</p>	<p>We support the Australian Government’s objective of fostering a defence exports industry in Australia and administer the Defence Export Facility. These military equipment transactions are considered under a Board-approved policy covering the export of military equipment and dual-use goods (exports which could be adapted for military use).</p> <p>The Defence Export Controls agency (DEC) is responsible to the Minister for Defence and regulates the export of defence and strategic goods and technologies. Our policy requires that our support for exports of military equipment from Australia must have a valid export permit from DEC. Australia’s Export Control Policy is based on five key criteria to assess the exportability of defence and strategic goods, including human rights.</p> <p>Our due diligence approach to military equipment transactions is available on our website.</p>
<p>Human Rights Statement</p>	<p>This statement considers our obligations to fulfill Australia’s human rights obligations. We incorporate internationally recognised human rights relevant to our operations in accordance with the <i>United Nations Guiding Principles on Business and Human Rights</i>.</p> <p>This statement is accessible via our website.</p>
<p>Anti-Corruption Policy</p>	<p>This policy sets out key employee obligations in deterring and preventing bribery and corruption. Our <i>Anti-Corruption Initiatives</i> are set out on our website.</p>

FIGURE 7: POLICIES AND PROCEDURES (CONT.)

Our policy / procedure	Description
<p>Transactional Anti-Bribery and Corruption Procedures</p>	<p>This document sets out the procedures, including due diligence procedures, that our employees need to follow to comply with our obligations under the <i>OECD Council Recommendation on Bribery and Officially Supported Export Credits</i>, and to help deter, detect and prevent bribery and corruption in international business transactions.</p> <p>These procedures set out:</p> <ul style="list-style-type: none"> › our requirements for contractual provisions and safeguards in our financing documentation in relation to bribery, corruption, sanctions, anti-money laundering and counter-terrorism financing and modern slavery, as applicable in accordance with our risk-based approach; and › our requirements for obtaining anti-bribery declarations from our customers and relevant parties as applicable. These declarations provide certifications about not having engaged, and not engaging in, bribery and require certain disclosures, including around the use of agents and commissions. Our Anti-Bribery Declarations also help raise awareness of the <i>OECD Guidelines for Multinational Enterprises</i>. <p>While we recognise that contractual safeguards may not always fully operate to prevent a breach, we consider that they act as a strong deterrent. We would consider exercising our rights under our transaction financing documentation if this was the appropriate response in relation to an identified risk.</p> <p>In some circumstances, enhanced due diligence will be required to be undertaken on transactions.</p>
<p>Anti-Money Laundering and Counter-Terrorism Financing (“AML/CTF”) Program and Transaction Risk Assessment</p>	<p>We have in place an Anti-Money Laundering and Counter-Terrorism Financing Program. Our Transaction Risk Assessment is a tool we use to assess the risk of our transactions. The Transaction Risk Assessment encompasses:</p> <ul style="list-style-type: none"> › anti-money laundering and counter-terrorism financing due diligence on our customers as applicable. ‘Know Your Customer’ checks are done, and certain information is collected and verified; and › a broader risk assessment of the transaction is completed, including in relation to bribery, corruption, sanctions and adverse media on our customer and other key parties involved in the transaction as applicable. <p>In some circumstances, enhanced due diligence will be required to be undertaken.</p>
<p>Incident Reporting Policy</p>	<p>This policy establishes an internal reporting process for employees to report operational risk issues and incidents which are not public interest disclosures.</p>
<p>Work Health and Safety</p>	<p>We have policies and procedures in place to ensure the health and safety of our employees is catered for. This includes Health and Safety Management Arrangements, a Work Health and Safety Risk Control Matrix, and a Hazard and Incident Reporting procedure adopted by the Work Health and Safety Committee.</p>
<p>Public Interest Disclosure (“Whistleblower”) Policy and Procedure</p>	<p>This policy and procedure provide mechanisms for ‘public officials’ as defined under the <i>Public Interest Disclosure Act 2013</i> (Cth) to report conduct engaged in by an agency, public official or contracted service provider in connection with a Commonwealth contract that involves alleged wrongdoing or illegal or improper conduct.</p>
<p>Complaints Mechanism</p>	<p>Our Complaints Mechanism provides a mechanism for our customers, suppliers, third parties or any member of the public to lodge complaints with us. It sets out how to lodge a complaint, what information should be included in the complaint so that we can properly respond and what happens with a complaint once lodged (including anticipated response timeframes). The mechanism also sets out how a complaint can be referred to the Commonwealth Ombudsman by a complainant.</p>
<p>Internal audit program</p>	<p>We have a supply agreement with a professional services provider for internal audit services under which relevant audits are completed against a Board endorsed audit plan.</p>
<p>Compliance training</p>	<p>We have a mandatory ongoing compliance training program which our employees must complete annually, which incorporates training modules in accordance with our Compliance Plan for the relevant year. For FYE20, we included a bespoke modern slavery training module which was designed specifically for our business to ensure it was relevant and fit for purpose.</p>
<p>Law enforcement and regulator relationships</p>	<p>We share information with AUSTRAC, the Australian Federal Police and other relevant agencies and regulators in accordance with applicable laws and our policies and procedures, including where we suspect criminal activity has occurred, or may occur.</p>

How we assess the effectiveness of our actions

We are continuously seeking to improve our policies, procedures and actions in relation to modern slavery. Measures monitored for FYE20 include the following:

Focus Area	Measure	Number
Human Rights Training	% of permanent FTE employees completing modern slavery training.	100%
	% of permanent FTE employees completing work health and safety training.	100%
	% of permanent FTE employees completing anti money-laundering and counter-terrorism financing awareness training.	100%
	% of permanent FTE employees completing diversity and inclusion training.	100%
Supply Chain Transparency	% of contracts entered into with a value of \$100,000 (incl. GST) or more and published on our website.	100%
Multi-Stakeholder Forums	No. of multi-stakeholder forums held with civil society organisations regarding the environmental and social aspects of our transactions.	1
Reports – Modern Slavery	No. of public interest disclosure (whistleblower) reports received about modern slavery.	0
Reports – Other Environmental, Social and Corruption	No. of public interest disclosure (whistleblower) reports received about other environmental, social and corruption matters.	0
Complaints – Modern Slavery	No. of public complaints received about modern slavery.	0
Complaints – Other Environmental, Social and Corruption	No. of public complaints received about other environmental, social and corruption matters.	4

Future commitments

Continuous improvement

We plan to take the following actions commencing in FYE21 to further identify, mitigate and combat modern slavery risks:

Focus Area	Measure
Our Supply Chain	
Supplier Code of Conduct	Implement a new supplier code of conduct as a statement of values that we expect our suppliers to comply with and to guide them in their responsibilities in relation to combatting modern slavery. We anticipate that this will be published on our website.
Procurement Risk Assessment	<ul style="list-style-type: none"> ➤ Continue to assess new suppliers through our Contract Risk Assessment process. ➤ Consider enhanced screening measures for prospective suppliers.
Supply Chain Transparency	Continue to provide transparency around our supply chain by publishing on our website (twice a year) a list of all supply contracts being performed or entered into within the previous 12 months with a value of \$100,000 (incl. GST) or more.
Our Transactions	
Enhanced Transactional Anti-Bribery and Corruption Procedures	<p>We will review and update our:</p> <ul style="list-style-type: none"> ➤ Anti-Bribery declarations and standard contractual provisions within our financing documents; and ➤ <i>Transactional Anti-Bribery and Corruption Procedures</i>, <p>to ensure they remain appropriate and fit for purpose, and that our risk-based approach remains reasonable and proportionate.</p>
Transaction Risk Assessment	We will consider and evaluate potential enhancements to our Transaction Risk Assessment due diligence system.
Anti-Corruption Policy and Modern Slavery Policy	We will review and consider updates to our <i>Anti-Corruption Policy</i> and <i>Modern Slavery Policy</i> to ensure they remain appropriate and fit for purpose, and that our risk-based approach remains reasonable and proportionate.
External engagement – Bribery Prevention Network	<p>The Bribery Prevention Network is a public-private partnership that brings together business, civil society, academia and government with the shared goal of supporting Australian businesses to prevent, detect and address bribery and corruption and promote a culture of compliance.</p> <p>We will be involved in an advisory capacity to the Network. In FYE21 we will leverage our engagement to promote greater awareness amongst Australian businesses (including SMEs) in detecting, preventing and addressing bribery and corruption, particularly when dealing with overseas jurisdictions.</p>
External engagement – OECD	<p>We will continue to work with the OECD on key areas including in relation to further implementation of the <i>OECD Council Recommendation on Bribery and Officially Supported Export Credits</i>, and in relation to responsible business conduct more broadly where consulted.</p> <p>We will continue to promote awareness around preventing and addressing bribery and corruption with our customers.</p>
Environmental and social risk assessment	<p>We will continue to:</p> <ul style="list-style-type: none"> ➤ focus on assessing potential human rights and modern slavery risks in our transactions as part of our <i>Environmental and Social Review of Transactions Policy</i>; ➤ report our Category A transactions on our website and seek stakeholder feedback for projects outside Australia prior to a final decision to support a project; and ➤ monitor our transactions, including by requiring periodic reviews as required by our policies and procedures, and engaging or escalating to internal stakeholders as applicable.
Other	
Training	<p>We will continue to provide:</p> <ul style="list-style-type: none"> ➤ training to our employees on related matters including awareness of whistleblowing, fraud, anti-money laundering and anti-bribery and corruption; and ➤ additional training on modern slavery to targeted employees as required.

Definitions

In this statement:

DFAT means the Department of Foreign Affairs and Trade.

Key Supplier Contracts means our third party contracts with suppliers valued at \$100,000 or more (GST inclusive), which were still being performed during FYE20, or which were entered into in FYE20. It does not include lease arrangements and Commonwealth entity contracts.

OECD means the Organisation for Economic Cooperation and Development.

SMEs means small and medium-sized enterprises.

Endorsement

Our Board Audit and Risk Committee and Board have been provided an opportunity to consider and provide input into this statement.

This statement has been endorsed by the Board of Export Finance Australia and will be reviewed and updated annually.



James M Millar AM
Chairman

24 / 2 2021

Swati Dave
Managing Director & CEO

24 / 2 / 2021



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