



Latitude Modern Slavery Statement for financial year ending 31 December 2021

This joint statement has been published in accordance with the *Modern Slavery Act 2018* (“the Act”). It sets out the steps taken by Latitude¹ during the year ending 31 December 2021 to ensure that modern slavery and human trafficking are not operating within its business and supply chain.

Introduction

Slavery, servitude, forced labour and human trafficking are issues of increasing global concern, affecting all sectors, regions and economies. Modern slavery is fundamentally unacceptable within our business and supply chains and is an important element in our overall approach to business and human rights.

Latitude is committed to be a responsible business in all our dealings and relationships; this includes business practices, systems and controls to combat slavery and human trafficking. Across our value chain, we aim to ensure that we and our business partners operate with respect for human rights.

About Latitude

Headquartered in Melbourne, Australia, Latitude is an instalments and lending business with 2.8 million customer accounts, more than 5,500 merchant partners in Australia and New Zealand, and 5,800 accredited brokers throughout Australia.

Latitude employs approximately 1,400 full-time equivalent employees across Australia and New Zealand.

Latitude’s corporate history traces back over 100 years when Australian Guarantee Corporation, one of Latitude’s predecessor businesses, was founded to provide finance for purchasing of household items. Following a series of corporate acquisitions by the GE Capital group (GE), a consortium of investors acquired the business from GE in 2015 and renamed it as Latitude Financial Services. In April 2021, Latitude listed on the Australian Securities Exchange (ASX). Further information on the listing can be found via <https://www.latitudefinancial.com.au/about-us/media-releases/latitude-financial-lists-on-the-asx>.

Latitude’s mission is to enhance financial access and inclusion as a responsible partner in money. Integral to Latitude’s inclusive strategy is embedding a culture that encourages responsibility with credit for our people to conduct themselves in accordance with Latitude’s values of Act Right, Be Curious, Show Care.

¹ In this joint statement a reference to “Latitude”, “we” and “our” is a reference to Latitude Group Holdings Limited ACN: 604 747 391 and its Australian corporate subsidiaries for the period 1 January 2021 to 31 December 2021 inclusive. The subsidiaries during this period were Latitude Financial Group Limited ACN 625 845 883, Latitude Financial IP Pty Ltd ACN 604 754 412 (formerly known as KVCF Pty Ltd), KVD Treasury Pty Ltd ACN 607 756 758, KVD Australia Insurance Holdco Pty Ltd ACN 604 747 319, KVD Australia Pty Ltd ACN:604 634 157, Latitude Financial Services Australia Holdings Pty Ltd ACN:603 161 100, Latitude Finance Australia ACN:008 583 588, Latitude Personal Finance Pty Ltd ACN:008 443 810, Latitude Financial Services JV Holdco Pty Ltd ACN 603 160 827, Latitude Insurance Holdings Pty Ltd ACN 619 174 926, Hallmark Life Insurance Company Ltd ACN:008 446 884, Hallmark General Insurance Company Ltd ACN:008 477 647, Latitude Automotive Financial Services ACN:004 187 419, LatitudePay Australia Pty Ltd ACN:633 528 873, KVD TM Pty Ltd ACN: 607 234 015, Latitude Investment Holdings Pty Limited ACN 616 863 006, Latitude Investment Holdings No. 1 Pty Limited ACN 616 863 248, Symple Financial Group Pty Limited, Symple Loans Pty Limited, and Symple Canada Holdings Pty Limited. The trusts during the period were Australian Sales Finance and Credit Cards Trust, Australian Personal Loans Trust, Australian Auto Loans Trust, Australian Sales Finance and Credit Cards No. 2 Trust, Australian Sales Finance and Credit Cards Trust No. 3, Latitude Australia Credit Card Master Trust, Latitude Australia Credit Card Loan Note Trust, Latitude Australia Personal Loans Series 2017-1 Trust, Latitude Australia Personal Loans Series 2020-1 Trust, Latitude Australia Personal Loans Series 2021-1 Trust, Symple Warehouse Trust 2019-1. The statement is made on behalf of Latitude and its Australian corporate subsidiaries and has been prepared on the basis of consultation with each company covered by the statement.



Managing the Risk of Modern Slavery Practices at Latitude

Setting the tone from the top, the Latitude Board recognises the need to observe the highest standards of corporate practice and business conduct. The Chief Executive Officer and the Executive Committee are responsible for ensuring Latitude meets its human rights responsibilities.

➤ Policies

Latitude has an established framework of policies and continues to develop and implement appropriate policies which set a standard of conduct in relation to the operation of Latitude, supporting a commitment to act ethically and with integrity in all business relationships.

These policies are applicable to the Board and all employees, officers, contractors, consultants and other persons that act on behalf of Latitude and associates of Latitude.

Latitude's Conduct Policy states that inappropriate, unethical or unlawful behaviours and actions can have negative consequences including poor business performance and reputational damage. Further, Latitude's Code of Conduct refers to its approach to human rights abuses and other policies confirm Latitude's expectations on how it conducts business:

- Procurement Policy
- Financial Crime Compliance Policy
- Environment, Health and Safety Policy
- Workplace Behaviour Policy
- Conflicts of Interest Policy
- Concern Raising and Whistleblower Policy
- Compliance Policy.

➤ Training

In the reporting period, Modern Slavery was referenced in several Latitude annual mandatory training modules that all staff were assigned to complete:

- Protecting Latitude from Financial Crimes
- Code of Conduct
- Working Together.

Training modules are reviewed and refreshed each year and opportunities to improve modules are always considered. All employees' training records are monitored and reported to senior management to ensure all appropriate training activities are performed in a timely manner.

A staff guide on Modern Slavery Risk has been developed and will be circulated 2022 to help staff understand modern slavery typologies, how modern slavery affects Latitude and the community, and what to do if they have a concern.

➤ Raising Concerns

If staff have concerns about any wrongdoing or breaches of law, they can be raised in confidence and/or anonymously, without fear of disciplinary action as articulated in Latitude's Concern Raising and Whistleblower Policy.



➤ Risks

Suppliers and Third Parties

When assessing Latitude's operations, it has been determined that Latitude's greatest risk of exposure to modern slavery practices continues to be through its supply chain and third parties.

- Latitude's supply chain is predominantly Australian and New Zealand entities with some suppliers and services being sourced from other locations including India, the United Kingdom, the United States of America. Suppliers provide a wide range of products and services to Latitude including IT procurement, logistics and property and building services. Latitude also sources promotional products and merchandise from suppliers overseas that may have little or no presence in Australia.
- Latitude's third parties are predominantly Australian and New Zealand entities and consist of retail merchant partners and a broker/aggregator channel. The third parties assist in helping Latitude customers acquire Latitude products and services.

Latitude is committed to the highest professional standards and ethics and expects the same high standards from the suppliers and third parties it works with. Latitude's aim is to work collaboratively with supply chain partners and third parties towards a responsible business approach; and suppliers and third parties are expected to comply with local and national laws and regulations.

Latitude takes a risk-based approach to managing modern slavery and human trafficking in its supply chain. Suppliers are engaged in accordance with the Latitude Procurement Policy and Procedures. All business units and staff are expected to utilise existing Preferred Suppliers in the first instance.

The procurement process includes the vetting of new suppliers and an annual risk and performance management analysis of active suppliers.

In all instances, a Supplier/Solution Risk Assessment (SRA) must be conducted prior to entering into any outsourcing arrangement, contract or raising of a purchase order. The SRA has been designed to consider an assessment of either a supplier of a single outsourcing arrangement or, if the Supplier is an incumbent, a new outsourcing solution that may not have been assessed previously.

The SRA must identify and set out how the risks associated with the proposed outsourcing arrangement will be managed, including what are the critical processes relevant to the outsourced business activity, the impact if these processes failed and whether the Supplier is willing to accept Latitude's standard terms and conditions. This assessment also involves capturing appropriate due diligence information from the supplier.

The assessment must be completed by the business owner of the engagement; however, it is a consultative process overseen by Procurement, with guidance from Operational Risk and other subject matter experts as applicable.

Latitude uses the below guiding principles as a critical way to manage supplier risk regardless of materiality of the outsourced arrangement:

- Business units must establish regular monitoring arrangements of service providers which can determine if service standards and performance indicators are being met, and risk is being prudently managed
- Business units must arrange to receive regular reporting from the service provider which confirms performance against benchmarks and details of any non-performance



- Where appropriate, as informed by the SRA, Latitude will engage directly with new suppliers in order to gain a proper understanding of the measures they have in place to ensure that modern slavery is not occurring within their own businesses
- Contractual documentation will incorporate specific prohibition against slavery or servitude, the use of forced, compulsory or trafficked labour, and the use of child labour in line with this policy
- Latitude makes provision for its contracted suppliers to hold their own suppliers to the same standards. Latitude reserves the right to terminate any contractual arrangement if there is breach of this provision.

In response to COVID-19, many governments enforced border closures and restricted internal movement which limited Latitude's ability to conduct on-premises audits of suppliers. However, Latitude has maintained its audit and supplier review programs covering key suppliers and:

- conducted a spot check audit of a sample of its critical suppliers to ascertain their compliance with the legislation
- refreshed its supplier tendering and onboarding processes to expand on the disclosure requirements around human slavery and trafficking
- conducted a review of its supplier contract templates to ensure that they remain fit for purpose.

During the reporting period, Latitude introduced the following additional initiatives:

- Latitude's third-party contracts are being updated to ensure contractual compliance with modern slavery laws and will be directed to Latitude's Modern Slavery Statement on the website. All supplier contracts have existing contractual clauses requiring compliance with modern slavery laws
- Latitude now ensures that any third party subject to the Modern Slavery Act 2018 reporting requirement has a Modern Slavery Statement on their website. This is assessed at the onboarding stage by the Merchant Accreditation team who assists with both retail merchant partner and broker/aggregator onboarding
- With regard to retail merchant partners, the Latitude Merchant Operating Guide now refers to modern slavery risk
- All suppliers and third parties are required to report to Latitude if they suspect there are any potential modern slavery compliance issues. Latitude will then follow required internal processes to ensure that it is raised and reported accordingly
- Enhancements to the Procurement Policy including:
 - The addition of further information regarding high-risk modern slavery jurisdictions, including a reference to the Procurement Portal which has a link to the Global Slavery Index
 - The requirement to obtain Financial Crime Compliance approval to onboard any supplier that Latitude wishes to engage with who operates in, or is associated with, a high-risk modern slavery jurisdiction.
 - The addition of further high-risk spend categories.



Other risks

In the reporting period, Latitude expanded its risk assessment of modern slavery within the Corporate Services and Treasury and Finance teams. Opportunities identified and actions in the process of being undertaken include:

Corporate Services

- Informing existing charities that Latitude deals with modern slavery requirements, and a check of all charities required to report under the Modern Slavery Act
- Developing a memorandum of understanding that refers to modern slavery risk for all charities Latitude deals with
- Creating an interactive website that refers to the charities Latitude deals with that includes modern slavery risk.

Treasury and Finance

- Including the Procurement onboarding process as part of Latitude's overall acquisition due diligence process. The due diligence scope will include a review of the potential acquisition's modern slavery policies and procedures, and a risk assessment of their vendors with a further assessment of higher risk vendors where required
- Asking all organisations Latitude invests with being to provide evidence of their Modern Slavery Statements, where appropriate.

➤ Continuous Improvement

As a fast growing and changing organisation, Latitude is particularly aware of emerging risks and the need to be alert to the dynamic nature of both modern slavery and the impacts arising from its own operations.

Latitude will continue to review its enterprise policies and protocols and identify specific measures to ensure that obligations under the Act continue to be as effectively addressed as possible.

Latitude will also continue to work collaboratively with our partners to promote a zero-tolerance approach to human rights abuses.

This Statement has been contributed to and socialised with key stakeholders across Latitude and has been approved by the Board of Directors of Latitude Group Holdings Limited.

Ahmed Fahour AO

Managing Director and Chief Executive Officer, Latitude

30 May 2022