

Harmony

# Modern Slavery

Statement 2023

## INTRODUCTION

This Modern Slavery Statement (Statement) is made by Harmony Corp Limited (New Zealand company number: 5177041 / ARBN: 645036595) (Harmony), in accordance with Section 13 of the Modern Slavery Act 2018 (Cth) (the Act). This is Harmony's first Modern Slavery Statement and covers the reporting period between 1 July 2022 and 30 June 2023.

This Statement sets out Harmony's actions to understand all potential modern slavery risks related to its business and to put in place steps that are aimed at ensuring that there is no slavery or human trafficking in its business and supply chains.

Harmony takes a proactive stance towards ensuring ethical practices throughout our operations and supply chain. We firmly believe in promoting transparency, accountability, and respect for human rights. Our approach involves thorough due diligence to identify and mitigate the risks of modern slavery, both within our organisation and among our suppliers. We continuously engage in open communication with stakeholders to foster a culture of awareness and responsibility.

# Harmony's structure, operations and supply chains

Harmony is a New Zealand incorporated company that is listed on the ASX (ASX:HMY). Harmony's registered office is Level 3, 110 Customs Street West, Auckland 1010, New Zealand.



## Structure

Harmony is the parent company of a group with subsidiaries in New Zealand and Australia. The list of subsidiaries as at the reporting date is provided in Appendix A.



## Operations

Harmony is the only 100% consumer-direct personal lender operating across Australia and New Zealand. Harmony provides customers with unsecured personal loans that are fast, easy, competitively priced (using risk-adjusted interest rates) and accessed 100% online. Harmony is comprised of a team of ~85 full-time employees predominantly based in Auckland, New Zealand, half of whom comprise engineering, data science and product professionals. Harmony's purpose is to help people achieve their goals through financial products that are fair, friendly, and simple to use.



## Supply Chains

Harmony's supplier arrangements largely involve stable longer-term relationships. Key services include marketing, software licences and customer support. Harmony assesses all suppliers and determines whether they are significant based on the size of the contract and whether the supplier provides business critical support.

## Modern Slavery Risks

We generally consider the risk of modern slavery within our business and supply chains as low, due to the nature of our business as a provider of personal loan products, and because we maintain a relatively small and centralised supply chain of mainly professional services companies to help deliver our services. Despite the overall low risk, we continue to undertake processes to better identify and understand potential risks.

Harmoney's potential exposure to modern slavery practices (through causing, contributing to, or being directly linked to modern slavery), is through the potential for direct malpractice by Harmoney to our employees, contractors and suppliers or indirectly through practices by our suppliers.



### **Employees**

Harmoney's risk in relation to employees is very low as Harmoney has processes in place to comply with all applicable laws, including employment and labour laws. Both New Zealand and Australia have strong legislative protections, which significantly curtail the practices associated with modern slavery.



### **Products/Customers**

Harmoney's exposure to the risks of modern slavery practices through lending is considered to be relatively limited. This is based on these services being domestically-focused in New Zealand and Australia, and the nature of our products being for personal use with relatively low lending limits. Our services are therefore unlikely to be used to support or link to modern slavery practices. We further note that the fraud prevention, anti-money laundering (AML), and counter-terrorism financing (CTF) policies and prevention practices we have in place significantly mitigate this risk.



### **Supply chains**

Harmoney's risk in relation to supply chains is considered low. Key services, making up 90% of supplier spend, are with marketing, technology, identity and financial verification, and professional services businesses. These businesses have high market power, being specialists and highly skilled as well as market leaders in their industries. Four of our largest suppliers, who make up 40% of total annual spend, have publicly-available Modern Slavery Statements.

We have customer contact services staff based in Fiji who are contracted from an external provider. We have maintained a close relationship with this supplier for eight years and have a high level of oversight of employee remuneration, benefits, and engagement including through having two senior full-time Harmoney employees on-location.

There are three contractors based in the Philippines through an Australian provider. The provider publishes an annual Modern Slavery Statement which Harmony has reviewed and found to be satisfactory.

## Actions taken to assess and address modern slavery risks, including due diligence and remediation processes

### BUSINESS



#### **Employee standard of care**

Harmony maintains the highest standard of care for its employees, satisfies all applicable laws as they relate to employee conditions and minimum pay, and ensures that no employee may feel under any obligation to remain employed against their wishes. Harmony also carries out compliance checks on all new employees to ensure they have the appropriate right to work in Australia or New Zealand.



#### **Code of conduct**

The Harmony Code of Conduct sets the highest ethical standards and requires employees to report any suspicion of non-compliant and/or unethical behaviour (which would include breaches of the Act) either by Harmony or any of its business partners, including but not limited to suppliers.



#### **Compliance**

Our Legal and Compliance teams monitor for broader compliance with applicable laws relating to modern slavery and our Statement. We liaise with our regulators in both jurisdictions to meet our reporting obligations, such as International Funds Transfer Instruction and Suspicious Matter reporting in Australia. Harmony also complies with AML/CTF legislation in both Australia and New Zealand. Harmony must collect and, where appropriate, verify information that is required to operate an effective AML/CTF program (including by creating an ML/TF Risk Assessment, and implementing screening, and transaction monitoring programs).



### **Grievance and remediation**

If we become aware of an incident involving modern slavery in respect of any our employees, appropriate disciplinary action would be taken.

## **SUPPLY CHAIN**



### **Risk assessment questionnaire**

Harmony requests suppliers in our top 50% of spend, who do not have a publicly available Modern Slavery Statement, to complete an annual Modern Slavery Due Diligence checklist which includes specific questions on modern slavery and labour rights, among other human rights considerations. The questionnaire helps us identify any material areas of concern on an ongoing basis. Harmony is in the process of rolling out the questionnaire to a wider group of suppliers based on risk criteria.



### **Grievance and remediation**

If we became aware of an incident of modern slavery involving any of our supply chains, we would immediately investigate and, together with the relevant supplier, develop corrective action plans to resolve detected issues.

## **Effectiveness of Modern Slavery Risk Management**

As this is Harmony's first Modern Slavery Statement, we are still in the process of implementing some of our key actions and producing a formal assessment of the effectiveness of our actions. We intend to establish a process for assessing the effectiveness of our actions in the next reporting period.

## **Future Steps**

Harmony is committed to continuously improving its practices to prevent and address modern slavery. Our future steps include:

- enhancing employee awareness of modern slavery risks;
- further developing and including more suppliers in scope for our Modern Slavery Due Diligence Checklist;

- engaging with suppliers to communicate Harmony's expectations regarding their responsibility to understand and mitigate the risk of modern slavery and to report any suspected or actual incidents of modern slavery; and
- developing appropriate processes to assess the effectiveness of the actions we are taking to address modern slavery risk.

## Approval

This Modern Slavery Statement was approved by the Board of Directors of Harmony Corp Limited on 18 December 2023.

A handwritten signature in black ink, appearing to read 'David Stevens', with a long horizontal flourish extending to the right.

**David Stevens**

CEO & Managing Director of Harmony Corp Ltd

18 December 2023

# Appendix A - Group entities

## **New Zealand**

Harmony Services Limited

Harmony Warehouse No.1 Trust

Harmony Warehouse No.3 Trust

Harmony Collections Trust

## **Australia**

Harmony Australia Pty Ltd

Harmony Services Australia Pty Ltd

Harmony ABS Trust 2021-1PP

Harmony Australia Warehouse No.1 Trust

Harmony Australia Warehouse No.2 Trust

Harmony Australia Warehouse No.3 Trust

Harmony Collections Trust

