

# 2024 Modern Slavery Statement

## Cuscal Limited

### Acknowledgement of Country

In the spirit of reconciliation, Cuscal acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community.

**We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.**

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## 1. Introduction

This Modern Slavery Statement (**Statement**) is made pursuant to the *Modern Slavery Act 2018* (Cth) by Cuscal Limited ABN 95 087 822 455 (**Cuscal**). This Statement relates to the reporting period 1 July 2023 to 30 June 2024.

We recognise the growing importance of human rights among our employees, shareholders, suppliers, and the wider Australian community. We acknowledge the significance of managing modern slavery risks and are committed to continuous improvement.

## 2. Our Structure, Operations and Supply Chain

### 2.1 Our Structure

Incorporated in Australia, Cuscal is an Authorised Deposit-taking Institution with the licences, connectivity and processing capability to support all payment types and regulated data services.

Cuscal is the parent entity of the entities listed in **Appendix A** which it owns and controls. The majority of the subsidiaries are incorporated in Australia, with two subsidiaries incorporated in New Zealand and Serbia.

As of 30 June 2024, Cuscal employed an average of 701 full-time equivalent (FTE) employees.

### 2.2 Our Operations

Having originally been formed in 1966 to service Australia's mutual banking organisations, Cuscal's business has focused on innovation and investment to expand its capabilities. During the reporting period, Cuscal operated in Australia and Serbia, through three offices located in Sydney, Manly and Belgrade. On 25 January 2024, Cuscal registered a new subsidiary, Cuscal Payments NZ Limited in New Zealand. This entity was not operational during the reporting period.

Cuscal's business model includes the following three core payments capabilities:

#### ❑ Issuing (Card Payments)

Cuscal provides infrastructure to enable card payments, including issuer switching, clearing, settlement, reporting of card payments, and digital APIs. This service supports debit, credit, and prepaid cards across multiple schemes like Visa, Mastercard, and EFTPOS.

#### ❑ Acquiring (Card Payments and ATM Processing)

Cuscal's acquiring infrastructure enables merchant acquirers to accept payments. This includes card acquiring and processing services and ATM processing services, which require acquirer switching, clearing, settlement, and reporting capabilities.

#### ❑ Payments (Non-Card Payments)

Cuscal facilitates non-card payment methods, including Batch payments (BECS and BPAY) and real-time payments (NPP and RTGS). This service provides connectivity to the full suite of non-card payment methods

These offerings are supported by the following enabling foundations:

#### ❑ Regulated Data Services

Cuscal offers regulated data services, including Open Banking API platforms that provide access to user-consented account and transaction data in real time.

#### ❑ Financial Crimes Services

Cuscal provides fraud monitoring and mule detection capabilities through its Vigil service.

## 2.3 Our supply chain

Cuscal's supply chain is extensive with over 270 suppliers, and our goal is to ensure that human rights are recognised, respected, and upheld by our suppliers in all geographic locations. We expect our suppliers to adhere to ethical and legal business practices.

Cuscal mainly procures goods and services from suppliers based in Australia. Our major procurement categories are:

- ❑ **Technology and Communications:** Hardware (such as phones, laptops, audio visual equipment and printers) and software.
- ❑ **Operational and Business Support Services:** including auditors, consultants, recruiters and contractors
- ❑ **Property and Facilities:** leased office space and associated fit out and equipment, catering and asset services.
- ❑ **Card Schemes and Payments Systems:** providing a network for making card-based payments.

## 3. Risks of modern slavery in our operations and supply chain

We have captured potential modern slavery risk exposures in our operations and supply chain, as described below.

Exposure	Area	Description
Direct	Operations	<b>As an employer:</b> <ul style="list-style-type: none"><li>- Risk that our employees are exploited, prevented from exercising their labour rights, or subject to unfavourable working conditions e.g., forced labour.</li></ul>
Indirect	Clients	<b>As a provider of products and services:</b> <ul style="list-style-type: none"><li>- The risk that our clients misuse our products or services to facilitate or benefit from modern slavery.</li></ul>
Indirect	Supply chain	<b>As a purchaser of goods and services:</b> <ul style="list-style-type: none"><li>- Risk that we procure goods with components that are manufactured or sourced using modern slavery.</li><li>- Risk that we procure services from contractors who are connected to modern slavery.</li></ul>

### 3.1 As an employer

We acknowledge the potential risk of labour exploitation within our workforce. We have employees located in Australia and in Serbia. According to the Walk Free Foundation and the International Labour Organization, Australia is rated as low risk while Serbia is rated low to medium.

The integration of BASIQ operations in Australia is currently underway and the overarching frameworks are in the process of being integrated with Cuscal's policies and frameworks.

We assess the risk of modern slavery in our direct operations to be low due to the highly skilled nature of our professional workforce. However, we do recognise that the risk of labour exploitation could be heightened among our temporary or contingent workforce, where we have less control over the downstream recruitment, compensation, and labour practices employed by third-party recruitment or labour hire agents.

### **3.2 As a service provider**

Cuscal acknowledges the risk of potential misuse of its products and services by its clients to facilitate or benefit from criminal activities related to modern slavery. We recognise that the risk could be heightened for clients engaged in high-risk activities, industries (e.g., remittance), or geographies, such as those associated with human trafficking or child sexual abuse and exploitation (e.g., Philippines).

### **3.3 As a purchaser of goods and services**

Cuscal recognises potential modern slavery risks stemming from its supply chain where components or work could be produced or sourced using forced labour or similar unethical practices. We also recognise potential modern slavery risks related to services received from suppliers (including contractors, outsourced, and offshore service providers) who might exploit workers, such as temporary visa holders, low-skilled workers, or other vulnerable individuals.

Whilst the majority of our suppliers are located in Australia and are required to comply with Australian modern slavery regulations akin to those governing Cuscal, we do have service agreements in place with offshore suppliers. Cuscal has identified the countries in which these suppliers operate have a higher risk of potential modern slavery based on the presence of factors including, climate change, poverty and discrimination on the basis of gender, race, caste and ethnicity.

## **4. Actions taken to assess and address modern slavery risks**

Overall, Cuscal addresses modern slavery risks in its operations and supply chains through policies and procedures to ensure we provide a fair and safe workplace for our employees, clients and suppliers. Relevant policies include:

- ❑ Anti-Bribery and Corruption Policy
- ❑ Code of Conduct
- ❑ Human Rights Policy
- ❑ Sustainability Policy
- ❑ Work Health and Safety Policy
- ❑ Whistleblower Protection Policy
- ❑ Diversity, Equity and Inclusion Policy
- ❑ Discrimination, Bullying and Harassment Policy
- ❑ Remuneration Policy
- ❑ Procurement, Governance and Outsourcing Policy
- ❑ Operational Risk Management Policy
- ❑ Compliance Policy

The policies listed above are subject to regular review cycle to ensure they are fit for purpose and embedded with the organisation.

### **4.1 As an employer**

Cuscal considers the risk of modern slavery to be low across its direct operations due to the highly skilled nature of its professional workforce, robust people policies and controls, and accessible grievance mechanism. Cuscal manages modern slavery risk across its workforce through several measures:

- ❑ the implementation of people policies and practices;
- ❑ not employing irregular or transitory workers. Candidates must have valid work rights;
- ❑ having written employment or engagement contracts in place in line with our legislative obligations;
- ❑ performing background checks to verify the age of candidates before employment to reduce the risk of employing underage children; and



- ❑ requiring employees to undertake mandatory compliance training relating to modern slavery, sexual harassment, discrimination, whistleblower and other Work Health and Safety.

Cuscal is committed to upholding the labour rights of our employees, and does so by:

- ❑ requiring employees to treat colleagues, customers and other stakeholders with courtesy, respect, fairness, equity and honesty;
- ❑ promoting an inclusive and diverse workplace, where every individual can realise their potential regardless of gender, cultural identity or age;
- ❑ prohibiting harassment, discrimination and bullying in the workplace;
- ❑ assessing pay equity on an annual basis;
- ❑ complying with all requirements of applicable workplace health and safety legislation, regulations and relevant codes and standards to uphold the health, safety and wellbeing of Cuscal's employees; and
- ❑ recognising employee's rights to form and/or join trade unions and to bargain collectively. Cuscal also expects our vendors to do the same.

Cuscal does not:

- ❑ withhold worker identity or immigration documents;
- ❑ use employment recruiters who do not comply with Australian labour laws;
- ❑ employ workers without appropriate employment contracts; or
- ❑ restrict employees' rights to terminate their employment contract.

## **4.2 As a provider of services**

Cuscal is committed to combating and preventing financial crime and the misuse of its products and services. This commitment is achieved through the implementation of the AML/CTF Program which includes conducting thorough customer due diligence, including adverse media screening, ID verification and screening, payments screening, and transaction monitoring. Furthermore, Cuscal reports any suspicious matters to AUSTRAC.

## **4.3 As a purchaser of goods and services**

Cuscal has a Procurement & Vendor Management Office (PVMO) that oversees and implements the supplier governance framework. Our supplier governance principles are designed to ensure that appropriate levels of governance and oversight are applied to suppliers, aligning with the level of risk and materiality associated with the products and/or services being provided.

Cuscal adopts the following principles in evaluating and maintaining an on-going relationship with its suppliers. They must:

- ❑ comply with all applicable laws and Australian legislative requirements when residing in Australia, including relevant public reporting of practices aimed at preventing modern slavery.
- ❑ act in a fair, reasonable and ethical manner.
- ❑ be transparent in sourcing and manage third parties according to these principles.
- ❑ inform Cuscal of any issues, including breaches of our contractual arrangement and relevant laws and regulations.

We have a process in place to obtain attestations from material suppliers in relation to modern slavery and are in the process of reviewing the overall service provider governance framework to identify opportunities to further improve our framework to mitigate modern slavery risks. This includes broadening the scope of ongoing attestations to other suppliers and reviewing reporting to better understand modern slavery risks.

During the reporting period, Cuscal implemented a new supplier management system to provide a comprehensive contract repository, facilitate automated workflow and risk management capabilities. In addition, Cuscal plans to utilise the services of the new system to support implementation of our

Environmental, Social, and Governance (ESG) requirements, as part of our roadmap to meet our target ESG objectives. Furthermore, we will also utilise the system to enhance supplier due diligence and related activities.

## **5. Assessment of Effectiveness**

Cuscal has an Enterprise Risk & Compliance Committee (ERCo) that is responsible for overseeing non-financial risk, including compliance with obligations such as modern slavery regulations. To support oversight of compliance with policies, Cuscal's Operational Management policy requires the identification of key risks and reporting of incidents, compliance and policy breaches to ensure appropriate governance and oversight to remediate risks or issues. In the reporting period, there were no reported breaches or incidents raised with respect to modern slavery risks.

Cuscal will continue to focus on reviewing and enhancing its policies and procedures to ensure effective monitoring and assessment of modern slavery risks arising from our business operations and supply chains. Cuscal will update these policies and procedures where appropriate following such review, or in response to changes and developments relating to modern slavery risks more broadly.

Cuscal recognises the opportunity to further uplift its supplier due diligence framework across onboarding and in-life to better identify and remediate potential modern slavery risks within our supply chain. To this end, we intend to leverage the functionalities of the new supplier management system in the next reporting period to strengthen supplier onboarding and ongoing management.

Cuscal will continue to integrate key learnings and external stakeholder feedback as we seek to mature our broader modern slavery approach.

## **6. Consultation**

In preparing this Modern Slavery Statement, Cuscal engaged and consulted with the entities listed in Appendix A which it owns or controls. We discussed details of the reporting requirements under the Modern Slavery Act 2018 Cth.

## **7. Other information**

The following business activities are prohibited by Cuscal:

### **❑ Prohibition of withholding worker identification and immigration documents**

Cuscal strictly prohibits the withholding of employee identity or immigration documents. We uphold the rights and dignity of all employees. Our comprehensive policies and procedures ensure that worker identity and the right to work are verified in accordance with applicable legislation and best practices. Only authorised personnel retain copies of related documents.

### **❑ Withholding transparent and accurate employment contracts**

Employees receive detailed and accurate employment contracts prior to commencing their roles at Cuscal. We acknowledge the importance of upholding transparent and fair employment practices, which include providing comprehensive information about the terms and conditions of employment as well as outlining the rights and responsibilities of employees.

### **❑ Penalty for termination of employment**

Employees have the right to terminate their employment contract by providing notice and serving out the notice period specified in their contract and in accordance with the law, without facing punishment

or financial penalty. Employees are hired on an at-will basis and can terminate their employment contract at any time.

## **8. Ongoing Plans and Remediation**

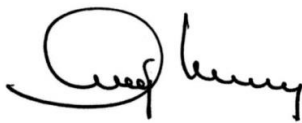
We recognise that the landscape for modern slavery is evolving, and we will continue to improve our approach to ensure effective mitigation of modern slavery risks. We have identified the following opportunities to further strengthen our modern slavery framework:

- ❑ refine modern slavery risk identification by enhancing supplier due diligence both during onboarding and on an ongoing basis;
- ❑ enhance governance and the risk management across our suppliers through our risk uplift program to comply with APRA's new prudential standard, CPS230 Operational Risk Management, effective 1 July 2025;
- ❑ better understand modern slavery risks related to BASIQ and integrate Basiq business activities to ensure alignment with Cuscal risk policies and frameworks ; and
- ❑ continue to enhance our modern slavery framework to address gaps in areas of consultation and engagement as well as continuous learning and sharing good practices internally.

## **Approval**

This Modern Slavery Statement was approved by the Board of Cuscal Limited on 23 December 2024.

This Modern Slavery Statement is signed by Craig Kennedy in his role as Managing Director of Cuscal Limited.

A handwritten signature in black ink, appearing to read 'Craig Kennedy', with a large, stylized initial 'C'.

**Craig Kennedy**

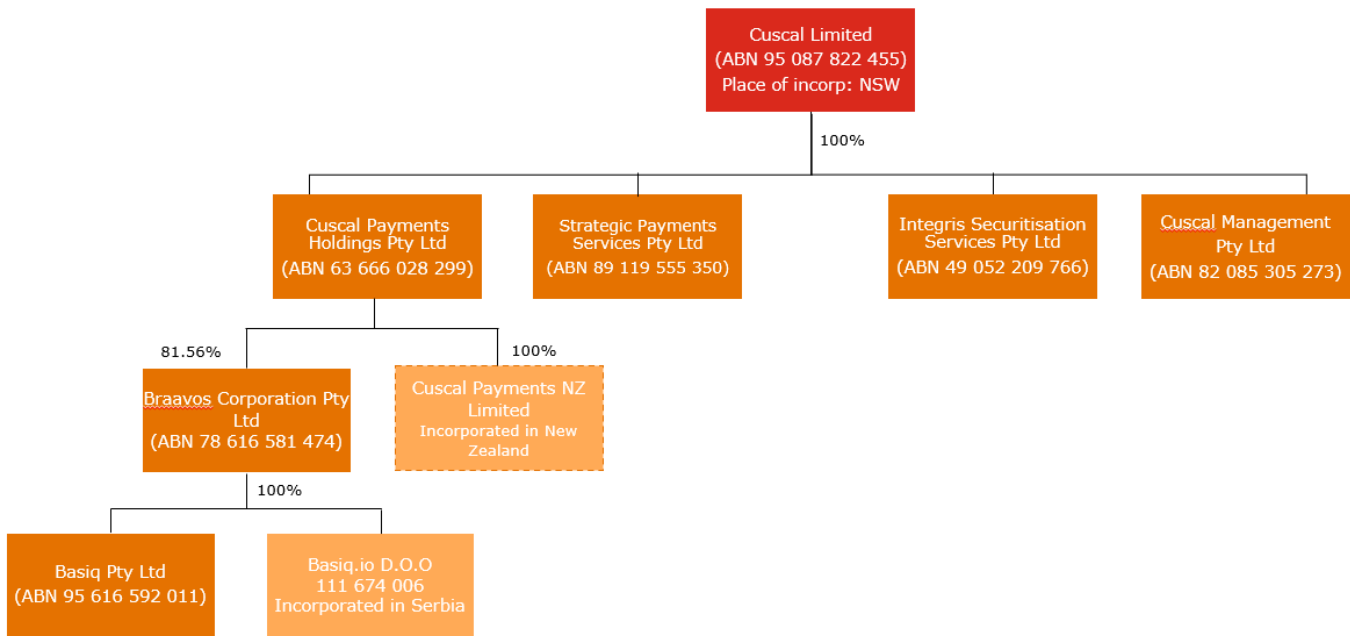
**Managing Director, Cuscal Limited**

**Date: 23 December 2024**



# Appendix A: Entities owned or controlled by Cuscal

The following entities are owned or controlled by Cuscal as at 30 June 2024:



## Appendix B: Mandatory Reporting Criteria

This Statement was prepared to meet the mandatory reporting criteria set out under the Australian Modern Slavery Act. The table below identifies where each criterion is addressed within this statement.

Mandatory Criteria	Section	2024 Modern Slavery Statement	Page
Identify the reporting entity	1	Introduction	3
Describe the structure, operations and supply chain of the reporting entity	2	Our Structure, Operations and Supply Chain	3
Describe the risks of modern slavery practices in the operations and supply chain of the reporting entity, and any entities that the reporting entity owns or controls	3	Risk of Modern Slavery in our Operations and Supply Chain	4
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	4	Actions Taken to Assess and Address Modern Slavery Risks	5 - 7
Describe how the reporting entity assesses the effectiveness of such actions	5	Assessment of Effectiveness	7
Describe the process of consultation with any entities that the reporting entity owns or controls	6	Consultation	7
Any other information that the reporting entity considers relevant	7	Other information	7-8