

AFCA Modern Slavery Statement

For the financial year ended 30 June 2023

This Modern Slavery Statement is made pursuant to the Modern Slavery Act 2018 (Cth) (the Act) by the Australian Financial Complaints Authority Limited (ACN 38 620 494 340) (AFCA). AFCA is a single reporting entity under section 5 and for the purpose of section 13 of the Act. AFCA did not own or control any other entities during the financial year ended 30 June 2023.

About AFCA

Structure

AFCA is a not-for-profit company limited by guarantee, with its principal activity being the external dispute resolution (EDR) provider for the financial services industry in Australia.

Operations

AFCA's purpose is to provide fair, independent and effective solutions for financial disputes. We are Australia's financial industry ombudsman. Our service is offered as an alternative to tribunals and courts, to resolve complaints that consumers and small businesses have with their financial firm over issues such as banking, credit, general insurance, financial advice, investments, life insurance and superannuation.

Our role is to assist consumers and small businesses to reach agreements with financial firms about their complaints. We are impartial and independent. We do not act for either party, or advocate for their position.

AFCA also provides administrative support services for the Code Compliance Committees, which are independent committees that monitor compliance with, and provide guidance on, industry codes for different sectors of the financial services industry.

AFCA is Australia based, operating out of Sydney and Melbourne. We employ more than 1,000 employees across the country.

Supply chains

AFCA has approximately 744 vendors, with 30 vendors accounting for 80% of AFCA's total expenditure across the following sectors:

- Real Estate (including Facilities)
- Professional services
- Financial Services (including Insurance, Corporate Cards)
- Technology

Of the above, 93% are based in Australia. Referencing the 2023 Global Slavery Index by the Walk Free Foundation, Within Asia and the Pacific, Australia is ranked 26 out of 27 countries in terms of prevalence of modern slavery, and 149 out of 160 countries globally.

AFCA's modern slavery risk

AFCA, as a values-based organisation, considers it an important responsibility to ensure that we identify and address any incidents of modern slavery in an appropriate and timely manner.

We have identified two key areas with risk of exposure to modern slavery in AFCA: employment practices and vendors. AFCA considers both to be low risk in our direct business operations.

Employment practices

All AFCA employees are based in Australia with appropriate work rights and pathways to raise concerns, including an external whistleblower service.

Whilst our employment practices risk is low due to our highly specialised workforce, our contingent workforce presents an elevated risk of modern slavery. Although minimal, we employ some workers who undertake more basic-skilled work that is administrative or clerical in nature. These workers may be more vulnerable, and less aware of their rights.

In addition, we source some of our contingent labour through labour hire companies and/or outsourcing arrangements. We may not have visibility or clarity of their labour practices.

As a predominantly people-based service organisation, there is also the risk of overtime or excessive hours.

Vendors

AFCA primarily contracts with vendors based in Australia; however, we acknowledge possible lack of visibility of downstream vendors and supply chains, and the elevated risk of modern slavery this presents.

We have assessed and identified the following higher risk areas in our supply contracts:

- Real estate management (including cleaning services),
- Enterprise technology,
- Event catering, and
- Provision of office furniture, office supplies and promotional materials.

AFCA's actions to assess and address modern slavery risk

Employment practices

AFCA is a people-based organisation, with strong controls in place to limit the risk of modern slavery in our employment practices. In FY23, key actions to address this risk included:

- continuing to ensure all employee work rights are verified prior to appointment and background checks completed,
- ensured that all new contingent labour providers contractually agreed to verify employee work rights and complete AFCA's required background checks,
- published updated minimum salary ranges above National Employment Standards (NES) and modern award requirements within Remuneration policy,
- continued annual salary review increases and checks to ensure all salaries are more than applicable modern award rates,
- overtime approved by Senior Leader and Executive General Manager based on operational requirements,
- review and update AFCA employment agreements and policies in line with legislative changes,
- Whistleblower Policy and Procedures, including an independent whistleblower service for anonymous reporting,
- procedures and channels to raise any grievance or concerns,
- robust reporting on employee and HR compliance against AFCA's risk management framework through the Audit and Risk Committee and the Board.

Vendors

To limit the risk of modern slavery in our procurement activity, AFCA uses the Australian Government's modern slavery procurement toolkit vendor questionnaire to identify, manage and monitor modern slavery risks.

This improves our understanding of supply chain management, with a focus on modern slavery risk practices. The toolkit supports us to uncover:

- if the vendor is required to report under the Modern Slavery Act 2018 (Cth),
- level of visibility over their supply chain,
- how they gain visibility, screen and implement policies to support mitigation of risk in their supply chain.

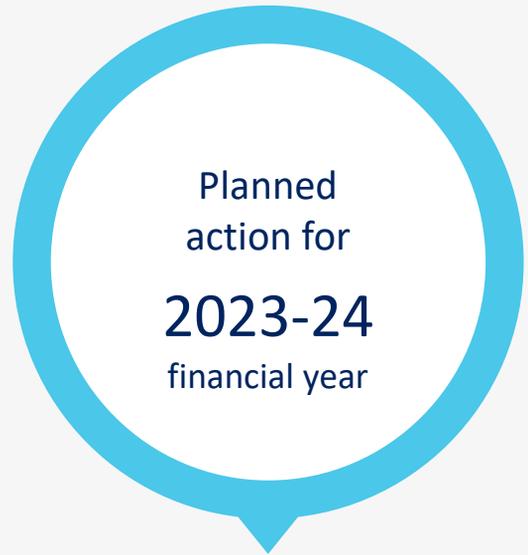
In this financial year, we analysed the top 30 vendors that account for 80% of our spend. Through this, we mapped our vendors against the following risk factors:

- industry/sector
- category, and
- geographic.

This analysis concluded that all vendors demonstrated a satisfactory level of compliance to the Modern Slavery Act. This included submitting evidence of structured policies and providing staff access to resourcing and processes to identify, assess, and respond to any associated risks.

We also incorporated modern slavery into our tender evaluations and contract terms and conditions for all new arrangements.

AFCA's continuing initiatives and assessing effectiveness of actions



AFCA's understanding of modern slavery risk along AFCA's supply chain



Continuation of modern slavery administration



Vendor assurance and due diligence



Policies and procedures



Education and awareness

AFCA's continuing initiatives

Planned action for FY2023-24

Mandatory criterion 7 – s16(1)(g)

AFCA is committed to progressing the journey towards understanding, mitigating, and remediating modern slavery risk, domestically and within its supply chain.

The following actions are planned for the next financial year:



Vendor assurance and due diligence

- ongoing vendor surveys and engagement with vendors that are identified as having exposure to modern slavery risk, including vendor management plans to address any concerns.
- review tender processes and documentation to ensure it incorporates AFCA's vendor questionnaire.
- continue to include clear modern slavery compliance statements in all new terms and conditions of purchase.



Policies and procedures

- continue to review and update all relevant policies and procedures to ensure appropriate controls are in place to identify and manage modern slavery risks.
- commitment to work with Legal and Risk teams and the Compensation of Last Resort (CSLR) project team to determine and implement modern slavery requirements to also cover CSLR.



Education and awareness

- continue to raise awareness of modern slavery with all AFCA employees.
- review existing whistleblowing services and procedures to ensure they explicitly support reporting of modern slavery.
- review existing complaint-handling procedures to ensure they accommodate investigations of modern slavery reports.
- deliver training for key staff involved in governance, procurement, and contract management at AFCA.
- establish and mandate eLearning modules, focusing on regulatory compliance training, for any employee with financial delegation.

Assessing effectiveness of actions

Assessing effectiveness of action in FY2022-23

Mandatory criterion 5 – s16(1)(e)

In our 2022 Modern Slavery Statement, AFCA outlined intentions to focus and uplift our understanding of modern slavery risks in our supply chain, strengthen our management of high-risk vendors based on total spend, and to continue to mature and reinforce modern slavery administration across our operations.

AFCA's understanding of modern slavery risks in our supply chain

In 2023, AFCA conducted vendor assessments using the Australian Government's modern slavery procurement toolkit.

This analysis concluded 18 of our top 30 vendors were required to report under the Modern Slavery Act (Cth) 2018, successfully meeting criteria.

For vendors not required to report, AFCA has engaged directly and undertaken due diligence to evaluate their modern slavery risk and any indirect controls in place that effectively manage their risk exposure.

To date, all vendors have provided satisfactory response and AFCA is confident that our supply change risk is being effectively managed.'

Continuation of modern slavery administration

In 2023, AFCA continued our commitment to administer and identify improvement opportunities in AFCA's day to day operations. This included strengthening early assessment of a vendor's modern slavery commitment prior to awarding a contract, and continuing requirements to contractually confirm and commit to upholding these standards. As a result, AFCA also identified eLearning opportunities for the next reporting year.

We progressed in maturing our foundations and processes to identify and quantify modern slavery risks on an ongoing basis. We will continue to consider AFCA's tail spend exposure, industry risk, and new conditions following the establishment of the CSLR.

We believe all actions to date have established a good foundation for AFCA to identify and manage modern slavery risk. We assessed and reported on the effectiveness of our employment practices and vendor risk controls, which have been rated as effective during risk assessment updates. Insights will continue to inform improvement opportunities to AFCA's modern slavery position and processes.

This statement was approved by the Board of the Australian Financial Complaints Authority Limited as AFCA's principal governing body on 22 November 2023.



John Pollaers (Dec 9, 2023 17:53 GMT+11)

Chairperson of the Board

Professor John Pollaers

Date: 09/12/2023