

Keystart Loans Limited

(ABN 27 009 427 034 | Australian Credit Licence 381437)

Modern Slavery Statement 2023

We wish to acknowledge the Traditional Custodians of the land we operate on, the Whadjuk people of the Noongar nation. We also wish to acknowledge and respect their continuing culture and the contribution they make to the life of this city and region.

Message from our Interim Chief Executive Officer

Our vision at Keystart is to make the dream of affordable home ownership a reality for more people.

The right to housing is more than shelter, it encompasses access to affordable and secure homes that help individuals and families live happy and healthy lives. This has become more important than ever, post COVID-19, as we face economic conditions in Western Australia that continue to make the journey to home ownership even more challenging, including increased costs of living, increased interest rates, soaring house prices and limited availability, sustained increases in building costs, building delays and instability in the construction industry.

Despite these challenges we consider ourselves lucky to live and work in Western Australia, and as a business, we constantly reflect on the role Keystart plays in uplifting and protecting members of our community.

We recognise our duty to respect the International Bill of Human Rights, and our responsibility as an employer to respect the International Labour Organisation Core Conventions.

We acknowledge our business impacts the lives and fundamental rights of people in Western Australia and beyond. This includes the risk of links between our business and modern slavery and human rights issues, through our products or our general corporate operations. The decisions we make and the suppliers we choose to deal with can affect the risk that a person becomes a victim of modern slavery.

It can be difficult to identify perpetrators and even the victims of modern slavery. The size of Keystart also means we have limited leverage in the markets and industries we operate. Despite these challenges it is important – and consistent with our purpose and culture – that we continue to improve our practices to better address the risks of modern slavery.

We are pleased that, as shown in this statement, we have continued to take meaningful steps towards better identifying and addressing the risk of modern slavery in the past financial year.



Lindsay O'Sullivan
Interim Chief Executive Officer

This statement was approved by the board of Keystart Loans Limited, as trustee for the Keystart Housing Scheme Trust, in its role as principal governing body on 28 November 2023.



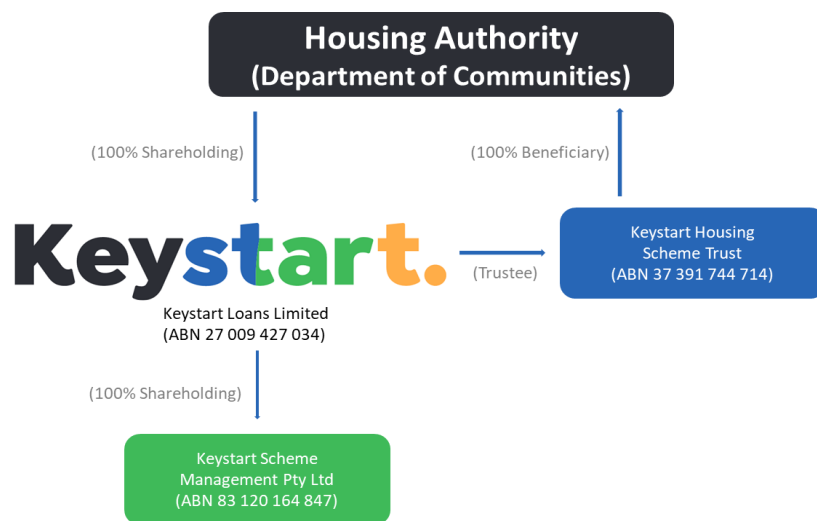
1. Reporting entity

This statement is prepared on behalf of Keystart Loans Limited (ABN 27 009 427 034), together with its controlled entities, as trustee for the Keystart Housing Scheme Trust (ABN 37 391 744 714) (**Keystart Trust**) (**Keystart, our or we**).

This statement outlines our actions to identify and the risk of modern slavery occurring in our business and supply chains, over the financial year ending 30 June 2023 (**FY23**). This statement has been prepared to comply with the requirements of the *Modern Slavery Act 2018* (Cth) (**Act**).

2. Reporting entity's structure, operations and supply chains

STRUCTURE



Keystart is a non-listed public company incorporated under the *Corporations Act 2001* (Cth) and regulated by the Australian Securities and Investments Commission. Keystart holds an Australian Credit Licence under the *National Consumer Credit Protection Act 2009* (Cth).

Keystart Trust is a trust established to provide housing finance to eligible borrowers. The Housing Authority (Department of Communities of the Government of Western Australia) is the sole beneficiary of the Keystart Trust, and 100% shareholder of its trustee, Keystart.

Keystart Scheme Management Pty Ltd (**Keystart Management**) is a subsidiary of Keystart and performs operational functions (including the employment of Keystart employees) associated with the performance of Keystart's role as trustee for the Keystart Trust.



OPERATIONS

Our mission is to provide transitional finance solutions for affordable home ownership in a sustainable way for the benefit of our Western Australian community.

Established in 1989 as an initiative of the Government of Western Australia, we provide low deposit home loans to West Australians unable to meet the deposit requirements of mainstream lenders.

We do this through providing a range of home loans that have low entry costs, with low deposit requirements and no lender's mortgage insurance, so West Australians can get into their own home sooner.

We also facilitate shared ownership home loans, working with a range of partners that fund a portion of the purchase price of a house. This means the customer only requires a loan for the remaining share of the property, reducing the loan amount.

We have arrangements with other organisations to provide broader access to home loans for West Australians. These include:

- Managing a portfolio of home loans for Bendigo Bank following an equitable assignment of these loans to Bendigo Bank in September 2016;
- An arrangement with the Housing Authority (Department of Communities) to provide shared-ownership home loans;
- An arrangement with Access Housing (now merged with Housing Choices Australia) to provide shared-ownership home loans to customers with permanent disabilities that affect housing needs or that care for dependants with permanent disabilities; and
- An arrangement with Nyamba Buru Yawuru to provide shared-ownership home loans to its members in Broome.

We raise funds for our lending and operations through the issue of redeemable preference shares to the Housing Authority (Department of Communities).

We provide our loans directly to customers and through a network of mortgage brokers.

Our office is located at Level 3, 502 Hay Street, Subiaco, Western Australia 6008. We employ approximately 135 people working across eight business areas:

- Credit Decisioning;
- Credit Management;
- Customer Experience;
- Finance;
- Information, Communication and Technology;
- Legal and Risk;
- Organisational Capability and
- Voice of Customer

As a public company under the *Corporations Act 2001* (Cth), a board of directors oversees our operations.



SUPPLY CHAIN

We engage a broad range of suppliers to help enable our business and assist our staff to remain connected and engaged with our customers.

Most of our supplier arrangements are stable long-term relationships governed by a contract. For regularly used services including recruitment, marketing, legal and valuation services we look to establish panel arrangements with several suppliers for a term of three to five years. However, when the need arises, we do engage suppliers on a short-term basis or for one-off purchases.

The main types of goods and services we purchase to support our operations are in the following areas:

- Office stationery;
- IT hardware;
- IT software;
- Consulting services (e.g., audit, legal, learning and development, software development and support and professional services);
- Marketing services (e.g., graphic design, web design and merchandise); and
- Property services (e.g., real estate services and maintenance).

3. Risk of modern slavery

During FY23 we used 194 suppliers comprising 165 suppliers used in previous financial years and 29 suppliers who we have not previously used. We completed due diligence on 173 of 194 suppliers comprising 144 of 165 existing suppliers and all new suppliers. Due diligence was based on a combination of:

- supplier responses to our modern slavery questionnaire;
- a review of each supplier's own disclosures, including modern slavery statements for those suppliers that are reporting entity; and
- information publicly available on suppliers from third party sources such as Know the Chain and the Business & Human Resources Centre.

There were 21 of 194 suppliers with outstanding due diligence at the end of FY23, all 21 were existing suppliers. These suppliers have all failed to return a completed modern slavery questionnaire to Keystart. Keystart has used its best endeavours to complete due diligence on these suppliers based on publicly available information, but due to a lack of publicly available information we have determined this is insufficient in these instances to complete a full assessment. Keystart will continue to take the following actions for these suppliers:

- contract managers sending reminders to the suppliers to complete the outstanding modern slavery questionnaire; and
- searching publicly available information in relation to the supplier's modern slavery disclosure (if any).



HIGHER RISK GOODS AND SERVICES

In our previous statements we identified four areas of higher risk based on the goods or services we purchase. We used a total of 25 suppliers in these higher risk areas in FY23:

- **IT hardware (5 suppliers)**
 - geographic risk due to production location of laptops, computers and mobile phones;
 - product risk due to use of products associated with risk of forced labour, e.g., laptops, computers and mobile phones.

- **Property services (5 suppliers)**
 - sector risk due to use of low skilled workers and hazardous work;
 - supply chain risk due to use of sub-contracting;
 - product risk due to use of products associated with risk of forced labour, e.g., bricks and timber.

- **Marketing services (3 suppliers)**
 - geographic risk due to production location of apparel and merchandise;
 - product risk due to use of products associated with risk of forced labour, e.g., apparel and clothing accessories.

- **Fresh fruit and coffee (12 suppliers)**
 - sector risk due to use of seasonal and low skilled workers;
 - product risk due to use of products associated with risk of forced labour, e.g., coffee;
 - geographic risk due to production location.

During FY23 we have continued to take actions to better understand and identify any modern slavery risk in our operations and supply chain, with a particular focus on identifying and assessing suppliers in the above higher risk areas, as well as progressing due diligence on all active suppliers.

Of the 25 suppliers in these higher risk categories, 7 were new suppliers in FY23 and required due diligence. There were a further 4 existing suppliers with outstanding due diligence (one of which is no longer an active supplier as our arrangement with them ceased early in FY23). Keystart has now completed the relevant due diligence on all 24 active higher-risk suppliers.

Whilst acknowledging that spend is not an indicator of the risk of modern slavery, our spend on the above suppliers represents less than 1% of our overall procurement spend.

GEOGRAPHIC RISKS

Whilst most of our suppliers are based in Australia, during FY23 we also used suppliers based in the USA (2 suppliers), New Zealand (2 suppliers) and Ireland (1 supplier).

Based on due diligence responses and/or the nature of the services provided we consider these overseas suppliers to be low risk.

LIMITATIONS ON OUR UNDERSTANDINGS OF RISK

While we are not aware of any incidents of modern slavery relating to any of our suppliers, this does not conclusively mean there is no modern slavery in our supply chain.

We do acknowledge we currently have limited direct visibility over second tier and beyond suppliers.



We also have limited visibility on credit card spend. The above analysis does not include a consideration of suppliers used and solely paid for by credit card. While acknowledging spend is not an indicator of the risk of modern slavery, spend using credit cards is minor compared to our overall procurement activities.

4. Actions to address risk

Keystart has implemented a range of initiatives in support of identifying and managing modern slavery risk. These initiatives, and the progress towards them during FY23, were as follows:

Initiative	Outcome
Perform a high-level risk assessment on all current suppliers (beyond tier one or direct) to better understand any additional aspects of risk to inform our modern slavery strategy	<p>Keystart has completed this initiative to the best of its ability. The results of this work are set out above in <i>Section 3 Risk of Modern Slavery</i>.</p> <p>In FY24 we aim to expand on this initiative by creating a modern slavery risk framework to enable the performance of risk assessments on new suppliers and existing suppliers. This risk framework will assist Keystart in addressing how to deal with higher risk suppliers; the approach to be taken with suppliers who fail to complete due diligence; and ongoing periodic reviews.</p>
Work with any suppliers that may need further support to address anything raised in the completion of the modern slavery questionnaire that forms part of our governance process	<p>The results of this work are set out above in <i>Section 3 Risk of Modern Slavery</i>. We are continuing to work with those suppliers who require additional support in completing Keystart’s modern slavery questionnaire.</p>
Review supplier taxonomy and staff training on the taxonomy	<p>We completed a review of the previously agreed taxonomy and applied it to all suppliers. This has assisted us in identifying higher risk suppliers based on location or the nature of the goods and services provided as set out in <i>Section 3 Risk of Modern Slavery</i>.</p>



In addition to the above, we took several other actions during FY23 in support of identifying and managing modern slavery risk:



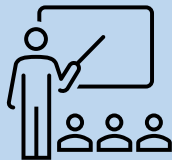
We undertook a process of identifying inactive suppliers and working with suppliers who had not submitted modern slavery questionnaire responses. This resulted in 47 suppliers that we had used in previous financial years, being categorised as inactive and the number of existing suppliers who had not submitted modern slavery questionnaire responses being 21, and of these only 1 supplier was categorised as high risk (*this higher risk supplier is no longer an active supplier as our arrangement with them ceased early in FY23*).



We updated our supplier due diligence questionnaire to include a disclosure statement and additional questions. We also created an executive managers guide to modern slavery and a vendor due diligence checklist. These tools assist us in performing our initial new due diligence on the modern slavery risk of potential new suppliers during the onboarding stage.



Early in FY23, we adopted a new whistleblower policy supported by an independent whistleblower hotline. Additionally, during FY23 we developed and adopted an Environmental, social, and corporate governance (ESG) policy. We anticipate that the ESG policy and the upcoming mandatory ESG reporting which entities of Keystart's size will need to comply with, will assist with mitigating modern slavery risks.



During FY23 we continued to provide staff-wide training on modern slavery both through our learning management system and in-person as part of on-going risk and compliance training, along with additional in-person training to the executive level of the business. We also completed process map guides in our ProMapp software for: procurement and modern slavery.



5. Assessing the effectiveness of our actions

During FY23, we continued to focus on improving our understanding of our modern slavery risks and how such risks could be present in our operations and supply chains.

At this stage, it remains difficult to assess the effectiveness of measures we have undertaken, however, during FY23 we have continued refining our processes and educating our staff which has brought greater visibility and understanding of the risk of modern slavery across our business.

We continued to implement our modern slavery roadmap, which outlines actions on a quarterly basis until FY24, however we can only assess the effectiveness of these actions after implementation.

We also continued to maintain a modern slavery working group and an operating rhythm of regular meetings to track the progress of actions.

During FY24, we are committed to continue working on developing frameworks and processes to ensure we can review the effectiveness of the actions we are taking to assess and address modern slavery risks in our operations and supply chains.

Going forward we will assess effectiveness through additional measures including:

- Number of contracts including modern slavery clauses;
- Completion of due diligence as part of the consideration of all new suppliers, with actions to manage any modern slavery risk identified prior to any decision to appoint that supplier;
- Ongoing review of existing suppliers; and
- Investigation and management of any complaints relating to modern slavery or human rights impacts more broadly, including as disclosed through whistleblowing.

6. Consultation

This statement was prepared with the benefit of consultation with Keystart Management, the one entity we own and control. All persons used by us to carry out our business are employed by Keystart Management. Our board and the board of Keystart Management consist of the same individuals. As such, Keystart Management was actively involved in all matters covered by this statement throughout FY23 and in the preparation of this statement.