

FY2021 Modern Slavery Statement

Cash Converters International Limited

1. Modern Slavery Statement

This is a joint Modern Slavery Statement (**Statement**) made under section 14 of the *Modern Slavery Act 2018* (Cth) (**Act**) for the reporting period 1 July 2020 to 30 June 2021 on behalf of Cash Converters International Limited ABN 39 069 141 546 and its subsidiaries Cash Converters Personal Finance Pty Ltd ABN 42 110 275 762 and Cash Converters (Stores) Pty Ltd ABN 43 127 343 293 which are each reporting entities under the Act. This Statement sets out the actions taken by Cash Converters to identify, assess and address modern slavery risks across the Group's operations and supply chains for the 2021 financial year.

In this Statement, reference to "Cash Converters Group", "Cash Converters" or the "Group" are used to refer to Cash Converters International Limited and any entities which it owns or controls. This is because Cash Converters adopts a group-wide approach to identifying and managing modern slavery risks in its operations and supply chains.

This Statement has been approved by the Board of Cash Converters International Limited on behalf of the Cash Converters Group. The Board of Cash Converters International Limited and the Cash Converters Group have a zero tolerance for any form of modern slavery and in line with the United Nations Guiding Principles on Business and Human Rights, recognise the duty of States to protect human rights as well as the fundamental responsibility of business to respect human rights.

2. Overview of the Cash Converters Group

About us

Cash Converters was founded in 1984 as a family owned and operated pawnbroking business based in Western Australia. Today the business has grown to become the largest second-hand goods retailer in Australia and is a diversified business, generating revenue from franchising, consumer retail store operations, personal finance and vehicle finance.

Cash Converters is listed on the Australian Securities Exchange (CCV) and is supported by a corporate head office in Perth, Western Australia. The Personal Finance assessing contact call centre (**Assessing Centre**) is based in Taringa, Queensland and is supported by a corporate head office in Perth, Western Australia.

Cash Converters employs 948 people in Australia and one in Japan (working remotely). Of those, 95% are permanent employees, 4% are casual employees and 1% are contractors.

Operations

The Cash Converters Group operates across Australia and maintains an international presence through a franchise network in a further 14 countries around the world.

i. Corporate owned stores

Cash Converters has 75 corporately owned and operated stores in Australia and has a minority interest in a further 16 stores in New Zealand through a partnership with a New Zealand partner. Revenue from these stores is derived from the retailing of new and second-hand goods both in-store and online, as well as interest from pawnbroking loans.

ii. Franchise operations

The global franchise network comprises approximately 606 stores, with 80 franchised stores in Australia, 23 in New Zealand, 188 in the UK and approximately 380 throughout the rest of the world. Countries with franchise stores include Belgium, France, Malaysia, Netherlands, Portugal, Singapore, South Africa, Spain, United Arab Emirates, and United States of America.

Franchisees within this network are not controlled entities of Cash Converters and are independent entities, subject to arms-length commercial arrangements implemented under the trade mark licensing or master franchise agreements.

iii. Personal finance

The personal finance operations of the Group are conducted through Cash Converters Personal Finance Pty Ltd which provides unsecured consumer loans, originated online or in store through the franchise and corporate store networks, supported by the Assessing Centre in Taringa, Queensland. The personal finance

products are separated into two categories - personal loans and cash advances. Personal loans are loans of between \$400 - \$5,000 for a term of up to 24 months, while the cash advance product is generally between \$50 - \$2,000 for a term of up to 12 weeks.

Cash Converters notes that some franchisees also offer personal finance products under their own credit licences.

iv. Vehicle finance

The Cash Converters Group offers vehicle financing through its business Green Light Auto Group Pty Limited ABN 71 050 495 095. This business offers a range of secured automotive loans through a network of brokers, car dealerships, Cash Converters stores and direct to customers online.

Supply chain

In the 2020/2021 financial year, the Cash Converters Group spent approximately \$45m procuring goods and services from approximately 1173 suppliers. Spending across all sub-sets of the Group can be broadly categorised into the following areas:

- **Information Technology:** which includes software, professional IT services, infrastructure, telecommunications, support and maintenance.
- **Corporate Services:** which includes advisory, finance and legal services, insurance, office supplies and records management.
- **Marketing** which includes marketing and advertising services.
- **Property and Facilities Management:** which includes leasing services, essential services such as air-conditioning maintenance, electricity, internet, pest control, cleaning and security.
- **Currency, lending and collection services:** which includes currency services, debt collection services, and credit checks.
- **Vehicle Financing:** which includes payments to car dealerships as part of Cash Converters' vehicle finance operations.

The Group's supply chain is based primarily in Australia (approximately 99.8%) with the remaining 0.2% of suppliers being based in the United States of America, and the Philippines.

3. Identifying and Assessing Modern Slavery Risks

During this reporting period, Cash Converters worked on gaining a better understanding of modern slavery risks and how such risks may be present in the Group's operations and supply chains. Cash Converters has adopted a conservative approach in identifying any areas it considers may have exposure to modern slavery risks. Notwithstanding this, the focus has been on tier 1 suppliers to date. Cash Converters recognises that to comprehensively assess modern slavery risks, it is necessary to go deep in supply chains and is committed to doing so for future reporting periods. Cash Converters acknowledges that identifying and addressing modern slavery risks requires a continuous commitment from the business and its suppliers.

Operations

Cash Converters considers the risk of modern slavery within its direct business operations as low given the highly regulated industry in which the business operates and the relatively skilled nature of its employees.

95% of Cash Converters employees are permanent staff, 4% are casual and 1% are contractors. Casual staff are employed to allow for flexibility during peak business periods and predominantly employed for the Assessing Centre. Contractors are largely used across the Information Technology department and across the business for longer-term consultation, project work or provision of IT-related services, predominantly at Cash Converters corporate head office in Perth. All employees are engaged under a written employment agreement which sets out clear terms including pay and hours of work.

Where roles are not specifically covered by an enterprise bargaining agreement, employees are engaged on common law employment agreements which meet the requirements of any relevant awards.

Cash Converters' domestic operations focus primarily on second-hand retailing, pawnbroking and the provision of small amount regulated consumer lending to an Australian customer base. These products and services are not considered high risk in terms of modern slavery and Cash Converters does not operate

within a high-risk jurisdiction (by reference to the Walk Free Global Slavery Index).

The Cash Converters Group provides financial products and services to its customers through three entities. Two of those entities provide personal finance and the third entity provides vehicle finance. Current lending practices are targeted at retail consumers only with the primary use for obtaining a loan assessed at the time of an application.

Customer applications for personal finance are capped at \$2,000 for small amount loans and \$5,000 for medium amount loans. Vehicle finance is capped at \$45,000 and is used exclusively for the purchase of an asset i.e. a vehicle. Given the nature of the financial products offered and the target market, Cash Converters considers its exposure to modern slavery risks through its lending practices to be low risk.

Supply Chain

Cash Converters has assessed the risk of modern slavery within its tier 1 suppliers having regard to a range of benchmarking tools.¹ This assessment has been conducted on the basis of supplier industry and jurisdiction. As noted above, all but two of our suppliers are based in Australia with one supplier in each of the United States and the Philippines. Australia and the United States are inherently low risk jurisdictions from a modern slavery perspective according to the Walk Free Global Slavery Index whereas the Philippines is an inherently high risk jurisdiction.

Cash Converters have identified two areas of our supply chain which present an inherently higher risk of modern slavery, those areas are:

Cleaning, and security

These supplies present a higher inherent risk of modern slavery due to the relatively low-skilled and labour-intensive nature of the work. Staffing in these industries may also be relatively informal and insecure and is often serviced by a migrant workforce. There have also been reported instances of modern slavery like practices in these industries, particularly the cleaning industry.

Electronic products

These supplies present a higher inherent risk of modern slavery because of the undesirable and at times hazardous working conditions (and without adequate safety equipment). As the electronic sector seeks to respond to rapid advancement in products and demand, workers in this industry can often be subject to extended hours without proper remuneration. The substantial migrant workforce, use of casual labour and labour agents present further inherent risks of modern slavery in the industry.

Cash Converters recognises that through its supply chain, it may be directly or indirectly exposed to modern slavery risks. Mapping the supply chain beyond first tier suppliers is necessary to identifying and assessing risk on areas of the business that could potentially cause, contribute to or be directly linked to modern slavery through Cash Converter's operations and supply chain. Cash Converters has begun this exercise and is undertaking risk assessments to further identify the inherent modern slavery risks in its operations and supply chain. While this mapping program was disrupted during the 2020-2021 reporting period due to COVID-19 and changes in personnel, Cash Converters remains committed to progressing the program so to be better positioned for the next reporting period.

4. Controls to mitigate modern slavery risks

Cash Converters is continuing to implement a program of controls in order to address modern slavery risks in its operations and supply chain. The areas of focus can be broadly categorised into the following categories:

- **Values:** Cash Converters is driven by three core values which helps to build a culture of passion, respect and determination to do the right thing.
- **Increasing supplier controls:** this includes appropriate modern slavery provisions and protections

¹ This includes: the Walk Free Global Slavery Index (2018); Verite "Strengthening Protections Against Trafficking in Persons in Federal and Corporate Supply Chains: Research on Risk in 43 Commodities Worldwide" (2017); Commonwealth of Australia, Hidden in Plain Sight, Final Report of the Inquiry into Establishing a Modern Slavery Act in Australia (2017); US Department of Labor's 2020 List of Goods Produced by Child Labor or Forced Labor (2020).

in supplier agreements.

- **Continuing to develop policy frameworks:** this includes reviewing, assessing and (as necessary) uplifting Cash Converters' existing policy framework from a modern slavery provisions and protections perspective.
- **Improving employee awareness of modern slavery:** this includes modern slavery training modules to ensure greater awareness.

The areas of controls are also set out in more detail in the table below.

<p>Values</p>	<p>During this reporting period, Cash Converters refreshed the expression of its core values. These values are set out below:</p> <ul style="list-style-type: none"> • We're real people who are passionate and proud: We're genuine, friendly and from your neighbourhood. We're passionate and proud to be here helping our customers. • We're caring and respectful: We're here to listen and find ways to help make things possible, supportive of our customers and our colleagues. There's no judgement here. We treat everyone as an individual. • We're tenacious problem solvers: We don't back down. We always try our best to help others, no matter how hard the task seems. <p>These values help to continually support a culture of integrity, respect and willingness to always try our best. This includes calling out misconduct or any incidents that may give rise to potential modern slavery risks.</p>
<p>Supplier Controls</p>	<p>1. Modern Slavery contractual clauses</p> <p>Suppliers are required to enter into a written agreement with Cash Converters with respect to supply arrangements or other engagements. Cash Converters recognises the value of incorporating a suite of modern slavery specific clauses into its supplier contracts and seeks to have the preparation of such clauses be a focus for the future reporting periods.</p> <p>2. Supplier due diligence and risk assessment</p> <p>Cash Converters is continually improving processes around supplier engagement and associated due diligence requirements.</p> <p>During the reporting year, Cash Converters decided to recruit a new procurement officer, which is a position that would be responsible in part for ensuring the continual improvement of processes and associated due diligence with respect to supplier engagement and procurement. The recruitment process began during the reporting period and expect a procurement officer to begin during the FY22 reporting period.</p>
<p>Policy Framework</p>	<p>Cash Converters' existing policy framework which applies to all employees and suppliers includes:</p> <ul style="list-style-type: none"> • Code of Conduct - which sets out the expectation that all Cash Converters employees adhere to the highest standards of personal and professional business conduct, ethics and integrity, including compliance with all applicable law and regulations; • Third Party Supplier Governance Policy - which sets out the procedure for third party suppliers, including all legal requirements which must be met in order to ensure compliance with financial

	<p>and legal obligations;</p> <ul style="list-style-type: none"> • Purchasing and Invoicing Policy - which defines standard methods and procedures for purchasing and invoicing including that those procedures must comply with all legal requirements and those implementing them must adhere to ethical principles such as transparency, fairness, accountability; and • Whistleblower Policy - which sets out Cash Converters' commitment to the highest standards of conduct and ethical behaviour in all business activities, and to promote and support a culture of honest and ethical behaviour, corporate compliance, and good corporate governance in which individuals can safely raise concerns about any misconduct.
<p>Employment Practices</p>	<p>Cash Converters has robust human resources controls in place which cover all aspects of employment practice.</p> <p>All employees are engaged under a written employment agreement which sets out clear terms including pay and hours of work.</p> <ul style="list-style-type: none"> • Permanent employees are engaged on common law employment agreements or where applicable, an employment agreement based on the relevant award or an enterprise bargaining agreement. • Casual employees are, in most circumstances, engaged under the relevant award. • Fixed-term contractors are engaged on common law employment agreements or an employment agreement based on the relevant award. <p>From time to time Cash Converters may employ non-resident workers in Australia subject to that person having the appropriate authorisation and right to work in Australia. Cash Converters takes particular care to ensure that any foreign worker is engaged on the same terms and conditions as Australian citizens and permanent residents.</p> <p>Cash Converters has developed an online modern slavery module, which will be incorporated into mandatory annual training, as part of its e-learning framework.</p>

5. Assessment of effectiveness

During this reporting period, Cash Converter's focus was on gaining a better understanding of the risk of modern slavery in our operations and supply chain and developing controls to address those risks. While Cash Converters periodic reporting on the effectiveness of the Whistleblower Policy to the Board Audit and Risk Committee, as part of our focus of gaining a better understanding of the risk of modern slavery and developing controls to assess such risks, Cash Converters is cognisant of the value in developing a range of key performance indicators (**KPIs**) that might be relied upon to better measure or assess effectiveness. As such, Cash Converters will consider the development of such KPIs (or other mechanism) in more detail as part of the procurement officer role.

Cash Converters wants to ensure that KPIs are fit for purposes and measurable. Cash Converters anticipates that as part of that, KPIs are likely to include:

- Tracking and reporting on the number of employees who have undertaken and completed modern slavery training modules; and
- Reviewing, assessing and reporting on the number of supplier agreements across the Group's supply chain that require the incorporation of appropriate modern slavery provisions and protections.

Further updates on the development of KPIs will be provided in future modern slavery statements.

6. Consultations

Cash Converters has worked with and consulted senior management within the Group in preparing this modern slavery statement. Those senior managers sit across core business operations and subsidiaries. Franchisees are independently owned and operated entities.

This statement was approved by the Cash Converters International Limited Board.



Sam Budiselik
Managing Director
Cash Converters International Limited

31 December 2021