



# Environment, Social & Governance Report

YEAR ENDED 30 JUNE 2021



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## Acknowledgement of Country

Liberty acknowledges the Traditional Custodians of Country throughout Australia. We acknowledge the continuing connections that Aboriginal and Torres Strait Islander peoples have to the lands, waters, cultures and communities.

# 01. Liberty and ESG

Liberty was founded in 1997 on the premise of fairness and financial inclusion. A premise which understands that providing credit for good purpose has a sustainable and positive impact on the community.

Since being established, Liberty has provided solutions to customers that larger institutions have been unable to serve. We remain committed to the objective of helping people lead better lives with finance in Australia and New Zealand. We want to have a positive, ongoing impact on the communities within which we live and work.

## The purpose of this report

This report outlines our approach to Environmental, Social and Corporate Governance (ESG). It explores what we've done to strengthen positive outcomes with our team, our customers, stakeholders and our community.

## Our values

Our five values, known as **FLAIR**, guide the way we do things at Liberty. **FLAIR** is a special ability or instinctive intention for doing something well, and aptly describes our approach. Each value has meaning to us:

**F**

**FAIR:** Do the right thing by our customers, our people and our stakeholders.

**L**

**LEARNING:** Be curious and keep growing so we can realise our potential.

**A**

**ACCOUNTABLE:** Take responsibility to own and create solutions as needed.

**I**

**INVESTED:** Act like an owner of the business in striving for positive outcomes.

**R**

**RESOURCEFUL:** Collaborate and think outside the box to get the best results.

The Company strives to be fair by adhering to the following principles:



### **CUSTOMER BENEFIT**

Products and services should deliver an identifiable benefit to customers.



### **STAFF OPPORTUNITY**

Team members are supported to grow, learn, contribute and achieve.



### **COMMUNITY**

We will be a responsible corporate citizen and enhance the broader community.



### **INVESTORS**

We will maximise returns while balancing the interests of stakeholders.

## 02. Our People

Our vision is to be the leading finance group that champions free thinking. Our mission is free-thinking finance and our purpose is to help more people get financial.

### **Our culture is one of our most important assets**

Liberty's culture is an important part of its ability to achieve its vision. Our culture has been built on the entrepreneurial spirit that we have embodied from the inception of the business.

It is further reinforced through our focus on innovating and evolving our business model to support customers and business partners with streamlined solutions. Our cultural mindset of free-thinking has enabled our capacity for financial inclusion.





## Supporting Diversity and Inclusion

### Liberty's Diversity Policy

Liberty is committed to establishing and maintaining an inclusive workplace that embraces and promotes diversity. All team members are provided with our policies in their first week and attend a three-day induction to understand our community.

Our diversity policy helps us with our strategic goals by:

- a) ensuring we treat all team members with equality and respect;
- b) attracting, rewarding and retaining staff with a diverse range of skills and experience;
- c) developing flexible workplace practices to recognise and meet the diverse needs of staff;
- d) building and maintaining a safe and open workplace; and
- e) contributing to the community by fostering a culture of acceptance and teamwork.

## Supporting Diversity and Inclusion

### Making It Happen

To further these strategic goals, the Company has launched initiatives, received recognitions and made commitments as follows to strengthen our culture and celebrate our diversity:

- The Board has committed to diversity measures for all levels of the organisation;
- The Company has implemented flexible work arrangements to support diverse team circumstances and to provide broader access to employment opportunities;
- The Company has implemented a Discrimination, Harassment and Bullying Policy, and a Family and Domestic Violence Policy to provide a safe working environment for all team members;
- The Liberty Pride Network leads celebration, visibility and education in our community of LGBTQI+ topics and experiences;
- Liberty introduced LGBTQI+ Support Officers to support a safe and inclusive workplace;
- Liberty was awarded Bronze and Most Improved Small Employer in the Australian Workplace Equality Index awards in 2021;
- Liberty implemented a Gender Affirmation Policy to support team members affirming gender identification;
- Liberty's Parental Leave Policy supports adoption, surrogacy and foster leave to reflect a diverse range of family models;
- Over 95% of the Liberty team have been recognised with discretionary incentives of security rights to align team members with long-term owners of the business;
- Liberty provides access to many forms of self-led and structured education, and supports all team members investing in their learning every week; and
- Liberty promotes a healthy lifestyle by supporting team members health insurance and recreational health activities.



## Supporting Diversity and Inclusion

### Gender Equality

As at 30 June 2021, the proportion of women employed by the Group were as follows:

- Board of Directors 20%;
- Leadership roles 38%; and
- All staff 48%.

The Board Remuneration and Nomination Committee has approved the Group's measurable objectives for achieving gender diversity for FY22 as follows:

- Board of Directors 20%;
- Leadership roles >40%; and
- All staff >50%.

The Board intends to increase the proportion of female board members to greater than 30%. This increase is expected to be achieved in connection with Director succession planning.

“

Liberty has a strong focus on supporting women in finance, and they are very mindful of offering equal opportunities. What's different about Liberty is that they see every member of our community as a whole person – not just a number. They look outside the box at transferable skills and capabilities and encourage women to advance in their careers and move into new roles throughout the business.”

**KATHERINE ROBERTS**  
GROUP MANAGER - TECHNOLOGY COMMUNITY



# 03. Our Customers

## How we deliver financial inclusion

Our business model is designed to advance financial inclusion. Our approach is to understand the unique circumstances of each individual or small business customer. By doing this we can develop a financial solution that allows us to say 'yes' to more people.

There is a lot that has to come together for us to be able to drive financial inclusion. On top of our risk management methodology, it's also our technology, our distribution practices and the way we fund the business and service customers. Our culture of being fair means we think about our business, and our impact in the community, holistically.

Liberty was the first non-ADI to sign up to the Financial Inclusion Action Plan (FIAP) program in 2019. FIAP is an agreed set of actions to improve financial inclusion, wellbeing and resilience.

These include:

- Developing an outreach program for customers experiencing hardship;
- Providing affordable lending products to assist customers buying late model vehicles;
- Developing skills to support customers experiencing mental health issues;
- Providing customers with access to Liberty's outsource Employee Assistance Program;
- Training our teams to help customers experiencing domestic and family violence; and
- Improving user experience for customers with disabilities.

We are transparent about our rates and fees and provide all relevant information on our website for customers. We train brokers who recommend Liberty products so they can make informed decisions with clients.

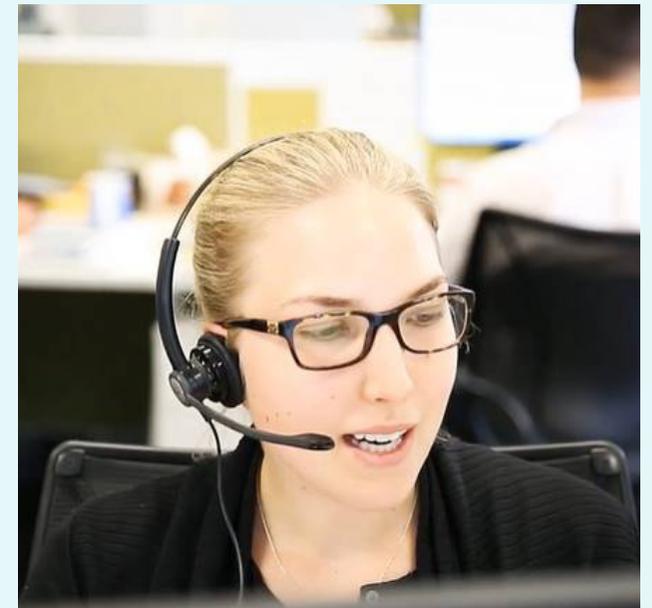


“

### Excellent Customer Service

Our experience has been excellent, we have been kept in the loop throughout the whole experience with great communication. The application process was very simple and quick. Highly recommend Liberty.”

IAN



## We lend responsibly

We lend responsibly. As a non-ADI lender, we comply with the National Consumer Credit Protection Act 2009 (National Credit Act), for consumer loans. Where the National Credit Act is not applicable, for small business lending, we meet the standard of a diligent and prudent lender.

We are a member of the Australian Financial Complaints Authority (AFCA). We work hard to respond to complaints quickly and responsibly so that there is no need for AFCA's intervention. We aim to keep as an advocate, every customer who may have complained about our product or service.

## Helping small businesses through COVID

In FY21 the Federal Government appointed Liberty as a Participating Lender for the Coronavirus SME Guarantee Scheme Phase 1 and Phase 2.

In May 2021 the Government named us a Participating Lender for the SME Recovery Loan Scheme. This Scheme is designed to further support businesses that COVID-19 or the floods of March 2021 adversely affected. We look forward to being able to apply our free-thinking approach to support as many small businesses as possible.

## Supporting our customers

Our customer service centres are based at our head offices in Melbourne and Auckland. Our own team manage all aspects of our customer care program. We do not outsource any aspect of it and nor do we sell any customer obligation to any other organisation.



## Liberty

Reviews 2,090 • Excellent



5.0

“



**Highly recommend!**

Aron was great to work with, his wealth of experience and knowledge were clearly evident and helped guide us through our refinancing process quickly and smoothly. Aron was always prompt in responding to any queries and was more than happy to give his professional advice when needed, he also has an excellent ability to explain any intricate details and easily turned banking language into layman's terms for us. Will definitely be back. Thankyou!”

MITCHELL

# 04. Our Community

We have always recognised the importance of supporting the communities within which we operate. To that end we have actively supported three charities over 15 years. More recently we have taken steps to strengthening our approach to ESG through B Corp accreditation and a Financial Inclusion Action Plan (FIAP).

## We actively support three charities

In 2006, we established our Lend-a-Hand program to provide support to three registered charities. These are aligned with our purpose of helping people who are, or who are likely to be, financially disadvantaged in our community.

Over the history of this program, Liberty has contributed to Aardvark Music, Beacon Foundation, and Mirabel Foundation. Many of our team members have volunteered their time to support these extraordinary programs and the people that run them.

As a result of a company-wide, fundraising effort we also made a sizable donation to the Red Cross' disaster relief and recovery efforts.



## Lend-a-Hand Partners

### Aardvark Music Inc

Aardvark Music is a not-for-profit organisation that provides song-writing workshops and music opportunities for vulnerable young people aged between 14 and 24. It's a fun, proud and supportive community. Aardvark Music is driven by passion, inclusion, youth participation and providing opportunities for future pathways.

### Beacon Foundation

Beacon's vision is to reach, inspire and connect Australia's future workforce. It works to create an Australia that understands, cares and is motivated to support young people to successfully transition to meaningful employment. It builds connections between industry, education and the community to create real world education in schools that is relevant and engaging for young people in the 21st century.

### Mirabel Foundation Inc

Mirabel is the only foundation in Australia specifically addressing the needs of children who have been orphaned or abandoned due to parental drug use. Since 1998, it's been Mirabel's determined focus to provide children and their carers with vital emotional and practical support to help children have as normal a childhood as possible.

## Our commitment as a B Corporation

A Certified B Corporation (B Corp) is a business that achieves a high standard of environmental, social and corporate governance performance. A B Corp recognises that it needs to create value for stakeholders beyond only its shareholders.

Linking our purpose of 'helping more people get financial' to creating broader stakeholder value is not a new concept to Liberty, which is why we applied to become a B Corp. We achieved our B Corp accreditation in November 2019<sup>1</sup>.

On average, companies will score between 40 and 100 points out of the available 200 points. We scored 82.6 points. B Corps are reassessed every three years. We are excited to be on a path to improve our efforts in these areas and increase our positive community impact.

Certified



Corporation

This company meets the highest standards of social and environmental impact

## Our partners and suppliers

Liberty is committed to the highest standards of honesty, integrity, and ethical behaviour in all our business activities including the importance of responsible procurement.

Our supply chain comprises more than 350 suppliers and consists of both small businesses and large corporations. We recognise the need to undertake regular due diligence to ensure that Liberty minimises its exposure to the risks of modern slavery.



# 05. Our Environment

The Group is not subject to any significant environmental regulation under a Law of the Commonwealth or of a State or Territory, in respect of its activities.

We are mainly an office-based business, with most of our team members located in leased premises (or in our homes during the pandemic). We have a fleet of company-owned motor vehicles in Australia and New Zealand to enable BDMs to visit brokers at their place of business.



We have managed our accommodation and fleet size over the years to be as efficient as possible. While we operate in leased spaces, we manage our energy use with timed lights, tuning of the air conditioning system and the installation of block out window blinds for hot sunny days.

We have installed charging points for electric vehicles and support team members in using public transport by signing up to Public Transport Victoria's Myki Commuter Club.

We continually update our fleet to include motor vehicles that have a 5 Star ANCAP safety rating, are fuel efficient and have low carbon emissions.

To help us think more creatively about the ways in which we can reduce our environmental footprint, we formed an internal group called Green Thinking Stars. This initiative comprises team members drawn from across the business. We are currently evaluating a carbon emission audit, an office wide recycling program and other water and energy efficiency actions.



# 06.

## Governance

As an ASX listed entity (ASX:LFG) Liberty meets all the requirements of the ASX Listing Rules and the Corporations Act in regard to governance. Liberty's governance statements can be found at the LFG Investor Centre<sup>2</sup>. Detailed financial performance for FY21 can be found in the Annual Report.

### A focus on Environment, Social and Governance performance

The Board recognises the importance of environmental, social and governance (ESG) performance. The Board has adopted the B Corp framework to benchmark and measure performance.

The Board will continue to review social and environmental performance and incorporate these considerations into decision making.

### Governance Structure

The governance structure involves two boards, being the Board of Liberty Financial Group Ltd (Company) and the Board of Liberty Fiduciary Ltd (as the responsible entity of the Liberty Financial Group Trust and holder of the AFSL), collectively the "Liberty Group".

The Company Board is responsible for the operations of the Liberty Group while the Responsible Entity Board is responsible for providing oversight of the financial and commercial arrangements entered into by the Trust and to retain ultimate responsibility for the actions of the Trust.

The board of directors of the Company comprises five directors being:

- A Non-Executive Independent Chair;
- Two Non-Executive Independent Directors;
- The Chief Executive Officer; and
- An Executive Director.

The Board intends to expand the number of appointed Directors in connection with succession planning.

The board of directors of the Responsible Entity comprises four directors being:

- A Non-Executive Independent Chair;
- Two Non-Executive Independent Directors; and
- An Executive Director

The management function is conducted by, or under the supervision of, the Executive Managers as directed by the Company Board (and by officers to whom the management function is properly delegated by the Executive Managers).

### Whistleblower Policy

In accordance with the Corporations Act, Liberty's updated Whistleblower Policy took effect from 1 January 2020. This policy, along with the training that followed, mitigates the risk that fraud and unethical practices will go unreported.



**Liberty**