



Environment, Social and Governance Report

Year Ended 30 June 2022

CONTENTS

Acknowledgement of Country

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

1. Liberty and ESG	3
2. Respecting and empowering our people	5
3. Supporting our customers	12
4. Delivering social impact	15
5. Road to reconciliation	17
6. Protecting our environment	19
7. Executing good governance	20

Reconciliation Week Design

This design features hands of different races and skin tones being raised supporting this year's Reconciliation Week theme, Be Brave. Make Change. These words are also printed onto the ribbon flowing between these hands. For the colour I used Black, Yellow and Red, resembling the Aboriginal Flag.

I. LIBERTY AND ESG

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

Since establishment, Liberty has provided solutions to customers whom larger institutions have been unable to serve. We remain committed to the objective of helping people in Australia and New Zealand gain access to the funds they need to lead better lives. 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 achieved over the past year 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.

INVESTORS

We will maximise returns while balancing the interests of stakeholders.

CoMMUNITY

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

2. RESPECTING AND EMPOWERING 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. As an accredited B Corp, we aim to deliver returns to securityholders while having an overall positive impact on society and the environment.

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 enables our capacity for financial inclusion.

National Sorry Day Design Story

Keagan Mallia

This artwork was created for National Sorry Day, telling the story of a lost generation man crying, trying to find his mob. The tears form into travel lines connecting to different meeting spots representing the journey the man has taken. There are Emu and Kangaroo tracks along the path, representing the man trying to connect back with his culture.

Supporting diversity and inclusion

Liberty's diversity policy

Liberty is committed to establishing and maintaining an inclusive workplace that embraces and promotes diversity.

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

We continue to invest in building a diverse, inclusive and empowered team. We know that doing so leads to a healthier, high-performing team and over the past year we have taken positive steps on this commitment.

We promote a culture that understands, encourages and supports equity and belonging through affirming, daily rituals and practices. During the year we hosted guest speakers on thought provoking topics, delivered training and introduced cultural immersion activities. We made sure these opportunities were available to everyone in the business.

To measure accountability for diversity, we have updated leaders' position descriptions to include gender diversity KPIs.



Initiatives that make a difference

We reviewed our remuneration gender gap to better inform our ongoing work to close the gap. We are pleased to report that we are making progress and that this will continue to be priority for us.

Over the year we reviewed our practices to help bring awareness to bias in our recruitment process and hiring decisions. This included amending the wording of role advertisements and descriptions.

We sought to actively recruit female-identifying advisers and mortgage brokers into our two proprietary distribution businesses, Liberty Network Services (LNS) and National Mortgage Brokers (nMB).

We know supporting diversity within the mortgage broking industry is crucial to ensuring that it remains a trusted channel for customers.

A diverse and inclusive mortgage broking industry gives confidence to customers that the industry lives by high standards.

To support our broader goal of welcoming, respecting and celebrating diversity we published three important leave policies:

- Reproductive Health Leave Policy;
- Cultural Leave and Ceremonial Leave Policy; and
- World Cultural and Belief Leave Policy.



Liberty also became a signatory in 2021 to Diversity Council Australia's #IStandForRespect pledge against gendered sexual harassment.

Our Community Pulse Survey, which measures employee engagement, shows that 98% feel connected to our purpose of helping more people get financial, 97% are proud to work at Liberty and 99% feel connected with the Liberty community.

We will continue to champion women through Liberty's Women in Leadership program, which includes a dedicated group supporting professional development and advancement.

We are proud that our achievements over the past year have been recognised:

- Awarded the MFAA National Diversity and Inclusion Award 2022;
- Shortlisted for the AFR Best Places to Work 2022;
- Women in Finance Awards, awarded Winner of Employer of the Year 2021; and
- Winner of HRD Awards, Employer of Choice 2021.



Our LGBTQIA+ community

Our Pride Network plays a valuable role within the Liberty community. It is active in guiding our ongoing education and learning on LGBTQIA+ issues. This includes how to observe, acknowledge and celebrate important events on the Liberty Pride Calendar.

We believe that our LGBTQIA+ Ally training was a significant factor in building an even more supportive environment at Liberty. Creating Allies to support the LGBTQIA+ community at Liberty, has engendered a broader understanding of diversity and inclusion across the group.



In acknowledgement of the work by the Pride Network, in the 2022 Australian LGBTQ Awards (AWEI), **Liberty was awarded Bronze Small Employer Status.**

Our voice in the community

In addition to building an inclusive and collaborative team, we have extended our advocacy for gender equality in the broader community.

We have done this with intention through our significant and high-profile sponsorships across a number of sporting codes:

- **Liberty A-League**, as the first naming rights partner of the women's professional football league;
- **Essendon AFL**, VFLW, AFLW for male and female as financial services partner; and
- **Melbourne Renegades** Twenty20 WBBL and BBL cricket teams, as principal sponsor.



We actively promote our support of these codes and their athletes across our social media platforms. **We publicly support the messages of equality in talent and achievement.**

Measurement and outcomes

As at 30 June 2022, the proportion of women employed by the Group were as follows:

- Board of Directors 20%;
- Leadership roles 41%; and
- All staff 48%.

The Board Remuneration and Nomination Committee has approved the Group's measurable objectives for achieving gender diversity for FY23 as follows:

- Board of Directors 33%;
- Leadership roles >40%; and
- All staff >50%.

Our Community Pulse Survey, which measures staff engagement, shows that 98% feel connected to our purpose of helping more people get financial, 97% are proud to work at Liberty and 99% feel connected with the Liberty Community.



99% of people feel connected with the Liberty community

97% of people are proud to work at Liberty

97.5%

of people feel connected to our purpose of **helping more people get financial**

“Genuine efforts of diversity and inclusion build trust because it requires recognition and merit. It implies transparency of decision making around people and fairness in the way in which they are treated, and it means new ideas and ways of doing things are embraced.”

Anne Bastian,
Chief People Officer

3. SUPPORTING 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 responsible financial solution that allows us to say 'yes' to more people.

The way we engage customers supports financial inclusion. It's a unique combination of our risk management methodology, 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 finalise a Financial Inclusion Action Plan (FIAP). 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 outsourced 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. This information includes our Target Market Determinations, which explains for whom each of our products are designed.

We train mortgage brokers who recommend Liberty products so they can make informed decisions with clients about the best product for them.

In recognition of our endeavour to drive financial access and inclusion, we were **Finalist Non-Bank of the Year 2021 for the Australian Mortgage Awards**.



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) and we take all customer complaints seriously. We respond to all complaints quickly and responsibly to minimise the need for AFCA to intervene. We aim to keep as an advocate, every customer who may have complained about our product or service.

Supporting vulnerable customers

Over the year we have strengthened our ability to support customers who find themselves in a vulnerable situation. People's circumstances can change quickly and we are prepared for that eventuality. It can happen to any of us.

We developed training for new Liberty team members that makes them more effective, more quickly in their work with customers. We also engaged Good Shepherd to deliver advanced training on working with customers who may be experiencing hardship.

In supporting vulnerable customers, we are now measuring their satisfaction of our support. That's because we are not afraid to ask how we can improve. The feedback we have received has been positive and motivating for our team and it has made a difference to customers.

Responding to domestic and family violence

We have evolved our support of customers who are impacted by domestic or family violence. For these customers, and others who find themselves in a vulnerable situation, we are expanding our referral pathways to external specialist support organisations.

We are backing this up with further training for our service teams on handling complicated and emotional situations.

Excellent



5 out of 5 3378 reviews on



Trustpilot

Helping small business through COVID

During the year we continued to support small business through the Australian Government's SME Recovery Loan Scheme. This Scheme was designed to support COVID-19 and flood impacted customers. As a Participating Lender we are proud with the way in which applied our free-thinking approach to support small businesses around Australia.

Supporting our customers through COVID-19 and beyond

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.

Myles

Small Business Owner, NSW

Myles needed a capital injection to grow his apparel business during the pandemic. While other lenders only saw risk, his Liberty Adviser put a tailored business loan package together so Myles could set the wheels in motion.



Maddison

Self-Employed Business Owner, VIC

As Maddison's situation wasn't straightforward, she was looking for a lender that specialised in helping small business owners. She was drawn to working with a female broker with Liberty's free-thinking approach to help her achieve her goals.

4. DELIVERING SOCIAL IMPACT

We recognise the importance of supporting the communities within which we operate. This has never been more important than during the pandemic, when many small businesses and charity organisations have struggled.

Supporting local businesses and ethical suppliers

During the year we continued to support local businesses who were able to provide services to Liberty. This included local couriers, stationery supplies, office furniture, staff wellness gift boxes and catering.

To embed the practice of ethical and social impact sourcing, we developed a Supplier Selection Policy.

In selecting any new service providers or supplier, we are committed to supporting, wherever possible, ethical businesses owned and operated by historically disadvantaged groups.

This includes First Nations peoples, women, and people with disabilities. Each business is required to investigate aligned suppliers and prioritise them if the needed services and standards are met.

During the year we signed a Platinum Partnership Agreement with Kinaway. As a result, we are beginning to work with First Nations small business members of Kinaway to explore how our small business lending team can help. We are encouraged about the opportunities ahead.

Terrace Deli, Melbourne

We believe in long-term, trusted partnerships. We have relied on Gary and his team for in-house catering for many years, remaining a loyal customer even through the lockdowns.

For example, in providing catering for Liberty in-house events as part of our Reconciliation Action Plan, we have worked with Gary and local indigenous owned events and catering company Mabu Mabu.

Volunteering policy

We have continued to actively support various registered charities over the past year through our Lend-a-Hand program. These charities are aligned with our purpose of helping people who are, or who are likely to be because of their circumstances, financially disadvantaged in our community.

In order to increase the involvement of our staff with these organisations, and the people they assist, we published an updated volunteering leave policy. This new policy includes paid volunteering leave, with a significantly expanded definition of eligible activities.

Over the coming year we expect more of our team members to volunteer their time and skills to support these organisations. Collectively they do extraordinary work in caring for, and helping, people who have found themselves in vulnerable circumstances.



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. Certified B Corporations create value for stakeholders and securityholders.

We have always linked our purpose of 'helping more people get financial' to creating broader stakeholder value. Applying to become a B Corp, for which we were accredited in 2019, was a natural step.

Our Code of Conduct reflects our B Corp commitment to create broader social impact:

- a) Customer Benefit** – products and services should deliver an identifiable benefit to customers.
- b) Staff Opportunity** – team members are supported to grow, learn, contribute and achieve.
- c) Community** – we will be a responsible corporate citizen and enhance the broader community.
- d) Investors** – we will maximise returns while balancing the interests of stakeholders.

B Corps are reassessed every three years and at the time of preparing this Report, we are preparing for our first B Corp recertification.



5. ROAD TO RECONCILIATION

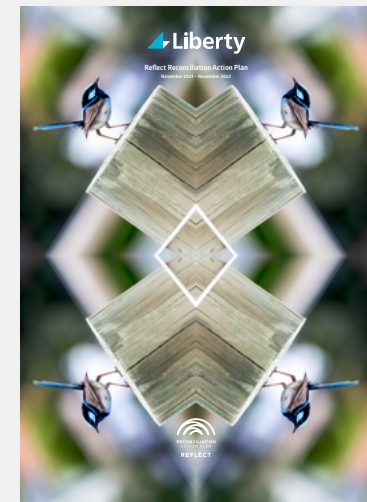
In FY22, we published a Reflect Reconciliation Action Plan (RAP) to support and guide us to build stronger relationships with First Nations peoples. Our first RAP was Reconciliation Australia endorsed, stating our commitment to reconciliation, with a focus on cultural awareness and education.

A RAP provides a framework for organisations to support the national reconciliation movement by developing respectful relations and creating meaningful opportunities with First Nations peoples. There are four types of RAPs: Reflect, Innovate, Stretch and Elevate, to complete in progressive order.

We have a staff-led Reconciliation Working Group dedicated to promoting key dates, assisting with events and communicating resources.

Our Reflect RAP features commissioned work Cultural Reflections – Infinite Interconnections, by Barkindji man and artist Kent Morris that hangs in the reception area of our Melbourne office.

In his artist's statement, Morris explains the work's construction from a single photograph of a fairy-wren on the land of the Kulin Nations where he lives and works.



We have a staff-led Reconciliation Working Group dedicated to promoting key dates, assisting with events and communicating resources.

Building connections

Our RAP and its commissioned artwork sparked further exploration of local indigenous suppliers and artists. In efforts to ensure our support and commitment to reconciliation is visible and celebrated, we have also formed working partnerships with a number of local artists.

Keagan Mallia

We connected with Wamba Wamba artist Keagan Mallia through Kinaway Chamber of Commerce, where he works in their marketing and communications team. The talented graphic artist from Swan Hill has designed custom graphics for Liberty's Indigenous key dates. Each design is carefully considered, with a clear description of the meaning behind each given.



Kate Constantine

Proud Gadigal artist Kate Constantine created artwork Buraga for Liberty, celebrating the rich culture of Aboriginal people and the lands upon which our office is built. This is proudly displayed in our Level 17 foyer and has been incorporated as design elements on meeting room windows.

Constantine explains: "Buraga in its literal translation means to arise. In this instance I have used it as a motion to 'step up' or 'stand up', which is meant metaphorically. It is an acknowledgement of the company Liberty Financial's buraga or stepping up to reconciliation."

6. PROTECTING OUR ENVIRONMENT

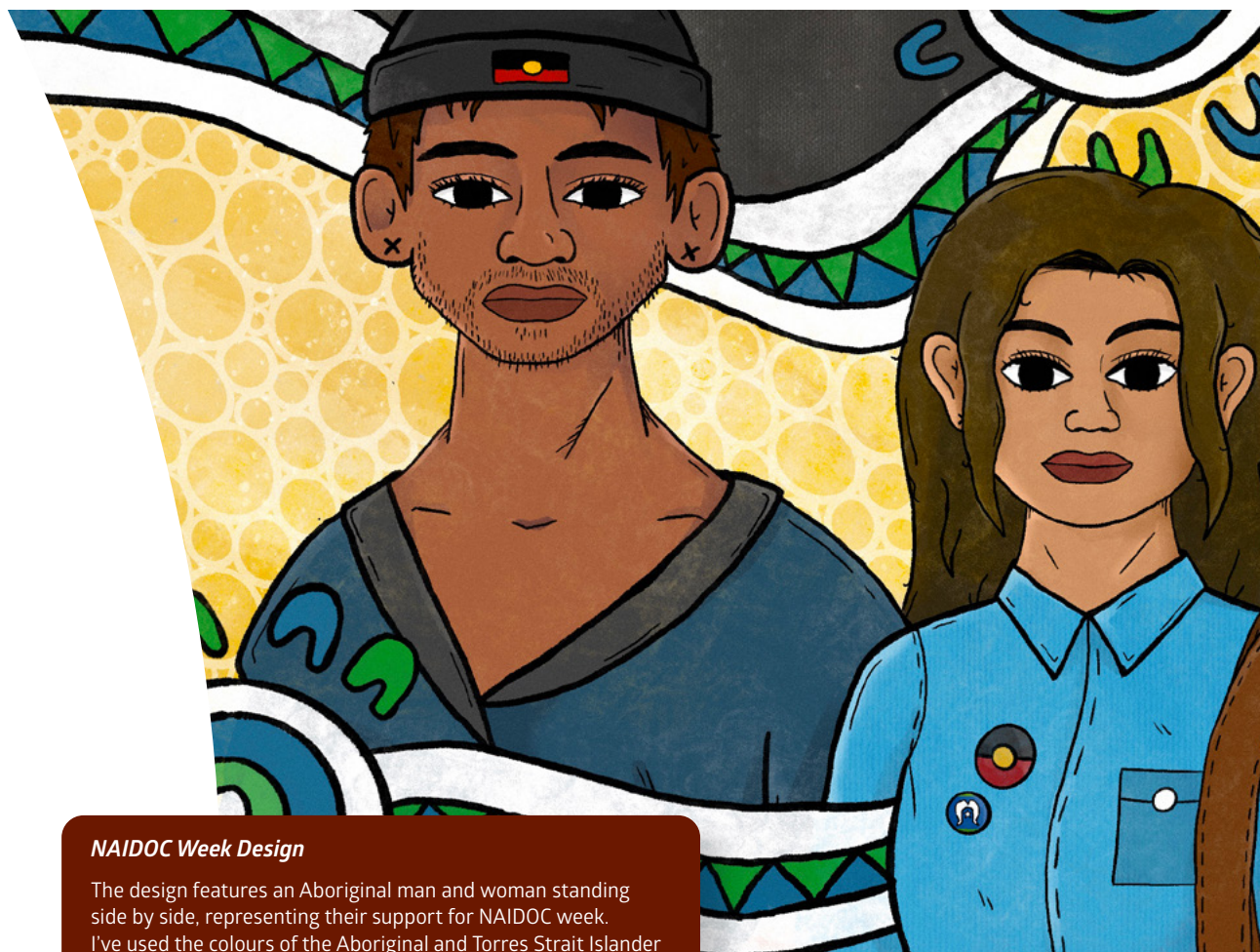
LFG is not subject to any significant environmental regulation under a Law of the Commonwealth or of a State or Territory, in respect of its activities.

However, we are closely monitoring the risks associated with changes to environmental laws, policies and practices.

We are also acutely aware of the need to take care of our environment and contribute to reducing global carbon emissions. It is for this reason that we announced our goal of being carbon neutral by 2030.

During the year we commissioned a comprehensive assessment of our greenhouse gas (GHG) emissions. With the benefit of the benchmark report, and reflecting our 2030 carbon neutral target, we are developing an Emissions Management Plan to reduce our emissions.

We have mobilised leaders and staff throughout the business to help identify and implement the changes we need to make to be carbon neutral. In addition, we have updated position descriptions for all leaders to include a KPI for implementing green-based solutions.



NAIDOC Week Design

The design features an Aboriginal man and woman standing side by side, representing their support for NAIDOC week. I've used the colours of the Aboriginal and Torres Strait Islander flags throughout the background, as well as showing the flags in the clothing. There are meeting spots flowing through the design showcasing the coming together of our people.

6. EXECUTING GOOD 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. Detailed financial performance for FY22 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 in this regard.

The Board will continue to review social and environmental performance and incorporate these considerations into decision making. As an accredited B Corp, Liberty aims to deliver returns to securityholders whilst having an overall positive impact on society and the environment.

Governance structure

The governance structure involves two boards: 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.

As at the date of this report, the board of directors of the Company comprises six directors being:

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

As at the date of this report, 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).

Key policies and statements

The Liberty Group's Boards oversee our approach to non-financial risks associated with environment, social and governance issues.

This is aligned with our B Corporation certification, internal training programs and associated policies including, but not limited to:

- (a) Whistleblower Policy
- (b) Diversity Policy
- (c) Code of Conduct
- (d) Anti-bribery and Corruption Policy
- (e) Anti-money Laundering and Counter Terrorism Finance Policy
- (f) Modern Slavery Statement.

Cultural Reflections – Infinite Interconnections

Kent Morris

Cultural Reflections – Infinite Interconnections is constructed from a single photograph taken of a superb fairy wren on the land of the Kulin Nations (Yaluk-ut Weelam / Boon Wurrung Country) where I live and work. The image has been digitally transformed into an immersive, kaleidoscopic pattern that speaks of infinity, interconnection, respect and reconciliation through a First Nations' lens. If this lens was utilised and incorporated, we could understand plants, humans, animals, land, sea and sky as all being interconnected and equally important, and that we are all a part of something greater than ourselves.

