

Environment, Social and Governance Report

Year Ended 30 June 2023





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Acknowledgement of Country

Liberty respectfully acknowledges
the Traditional Owners of Country
throughout Australia and the continuing
connections that Aboriginal and Torres
Strait Islander people have to the lands,
waters, cultures and communities.
We pay our respects to Elders
past and present.

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1. Liberty and ESG

Liberty was founded in 1997 on the premise of fairness and financial inclusion. Since establishment, Liberty has provided solutions to customers underserved by larger institutions. We remain committed to our purpose 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 environment, social and corporate governance (ESG). It explores our achievements over the past year in strengthening positive outcomes with our team, customers, stakeholders and community.

Our values

Five core 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 holds meaning for 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 and ownership, creating 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 achieve the best results.

We strive to be fair by adhering to the following principles:



2. Respecting and empowering our people

Our people are our most important asset, and our culture is strongest when we are together. Pleasingly, the past year saw an increase in staff returning to the office strengthening our connection and collaboration.

While retaining flexibility, Liberty has proudly maintained an in-office first approach. We released a Working Practices Policy encouraging team members to embrace the opportunities for learning and connection that come with working in office.

Our leaders “walk the talk” when it comes to fostering culture – as illustrated by Chief People Officer Anne Bastian being named in the 2022 HRD Magazine Global 100 list of HR leaders.



Supporting diversity and inclusion

Pride in diversity

Liberty is committed to establishing and maintaining an inclusive workplace that celebrates diversity. Our diversity and equality policy helps us with our strategic goals by:

- a. Ensuring we treat all team members equitably and with 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.

Making it happen

We know diversity leads to a happier, high-performing team and over the past year we took positive steps to deliver on our commitment to invest in building a diverse and inclusive team. To measure accountability for diversity, all leaders’ position descriptions include a gender diversity KPI.

A focus on inclusion

We promote a culture to understand, encourage, and support 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.



As an example, in celebration of International Women’s Day 2023, we hosted Jana Pittman. Jana was an exceptional guest speaker who shared her inspiring story of achieving success while overcoming adversity.

During the year leaders were trained in neurodiversity, to assist our learning journey, to acknowledge and empower neurodivergent team members and to foster stronger inclusion.

Mental health and wellbeing support

Integral to our culture is ensuring team members feel safe to bring their authentic selves to work. We recognise the recent pandemic, cost of living pressures and interest rate changes present difficulties for some staff. So, Liberty’s mental health support plays a vital role in safeguarding our culture.

Being open to discussing mental health issues is critical. From delivering weekly mindfulness sessions and occasional webinars, regularly distributing a mental health and wellness survey and enabling access to specialist events and support (via our partnership with Converge) – we provide a range of resources to benefit the wellbeing of our team.

Run the Tan for Lifeline and mental health charities

Liberty was the proud principal sponsor of the annual Run the Tan event in 2023, which raises funds and awareness for mental health charities. Increasing the commitment from our 2022 sponsorship, Liberty was a visibly involved sponsor, supporting Lifeline with donations from the 107 Liberty team members who signed up to take part. The Liberty community raised \$5,350 to support the important work of this charity.



Initiatives that make a difference

We reviewed our internal practices to help remove gender bias in our recruitment process and hiring decisions. This included amending the wording of job advertisements and job descriptions.

Throughout the year, we actively recruited 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 it remains a trusted channel for customers.

We continue to champion women through our Women in Leadership program, which includes a dedicated group supporting professional development and advancement of women at Liberty.

Further demonstrating the Liberty Group's commitment to supporting women in finance, we sponsored The Conscious Leaders of Finance Summit 2023 in Sydney, presented by the Women Supporting Women Network. MoneyPlace CEO Kylie Waldock joined as a panellist and shared valuable insights around diversity and inclusion, and the importance of equity – showcasing our values in action.



We are proud that our diversity and inclusion initiatives over the past year have been recognised:

- Received the Work180 SME Equitable Workplace Award for Employee Support and Safety Services 2023;
- Shortlisted for the AFR Best Places to Work 2023;
- Shortlisted as a Top Mortgage Employer by MPA in 2023;
- Named an Employer of Choice in the Australian Business Awards 2022;
- Awarded the MFAA National Diversity and Inclusion Award 2022; and
- Finalist Employer of the Year Women in Finance 2022



Our LGBTQIA+ community

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

We believe our LGBTQIA+ ally training was a significant factor in helping us 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 November 2022, Liberty commenced a partnership with the Housing for the Aged Action Group (HAAG), specifically supporting older LGBTQIA+ Australians. We fundraised for HAAG internally to support members to attend the Better Together Conference in Adelaide earlier this year.

In January 2023, Liberty sponsored the Victorian Pride Awards presented by GLOBE Victoria – a celebration of the many achievements of Victoria's LGBTQIA+ communities. We also presented the Workplace Inclusion Award on the night to a business championing equity in the workplace.

Acknowledging the important work of the Pride Network, Liberty was awarded Bronze Small Employer Status in the 2022 Australian LGBTQ Awards (AWEI). We also received the inaugural MFAA Diversity and Inclusion Award in recognition of our LGBTQIA+ efforts.



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 actioned this with intention through our significant and high-profile sponsorships across several sporting codes:

Liberty A-League: As the first naming rights partner of the women's professional football A-League, and major sponsor of the men's A-League;

Essendon FC: AFL, VFLW, AFLW for male and female teams as the official 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 and television advertising.



Essendon AFL and Minus18 Foundation

Always looking for synergies in our partnerships, we were able to marry our charity support of Minus18 Foundation with an activation during the Essendon Football Club's AFLW Pride Round match to raise funds and awareness of the important work they do with rainbow youth.



Measurements and outcomes

Our 2022-23 gender equality reporting to the Workplace Gender Equality Agency (WGEA) as of 31 March 2023 demonstrated the proportions of women employed by the Group were as follows:

	31 Mar 2023	31 Mar 2022
Board of Directors	33%	20%
Leadership roles	44%	40%
All staff	54%	48%

As the data demonstrates, each gender diversity measure improved during the year ended 31 March 2023.

The Board Remuneration and Nomination Committee has approved the Group's measurable objectives for achieving gender diversity for FY24 as follows:

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

Our May 2023 Community Mental Health Survey, which measures staff sentiment and engagement, shows 96% feel connected to our purpose of helping more people get financial, 95% are proud to work at Liberty and 98% feel connected with the Liberty community.

96% of people feel connected to our purpose of helping more people get financial

95% of people are proud to work at Liberty

98% of people feel connected with the Liberty community



We continued to recruit and challenge people with new roles and responsibilities throughout the year. To support the growth of Liberty as an ASX 300 business, we promoted 117 people, and arranged 95 internal moves to extend the skills and business operations knowledge of team members.

3. Supporting our customers

We are passionate about helping borrowers of all backgrounds to gain access to the funds they need to realise their dreams. Financial inclusion is at the centre of our business model, and our approach has always been 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 is a unique combination of our risk management methodology, technology, distribution practices and the way we fund the business and service customers. Our culture of being fair means we think about our business, and impact in the community, holistically.

Excellent ★★★★★ 4.9 out of 5
4774 reviews on ★ Trustpilot



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 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. This information includes our Target Market Determinations, which explains for whom each of our products are designed.

Loans for free thinkers

Over the past year we refreshed our branding, tagline and website to ensure customers are at the centre of not only the way we operate, but also the way we communicate. Changing “Free-thinking loans to help you get financial” to “Loans for free thinkers” was an important step to demonstrate that our business is about the people we are here to help.

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

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 aim to respond to all complaints quickly and responsibly to minimise the need for AFCA to intervene. We seek to be an advocate and find solutions for every customer who may have complained about our product or service.



Supporting vulnerable customers

People’s circumstances can change quickly and we are prepared for that eventuality. Recognising the economic challenges faced in the last 12 months, we strengthened our ability to support customers who find themselves in a vulnerable situation.

We developed training for new Liberty team members to ensure they are effective and prepared to act 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 now measure 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 has made a difference to customers.

Responding to domestic and family violence

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

Managers and Team Leaders had the opportunity to participate in an onsite workshop facilitated by Women’s Health Victoria. The three-hour workshop was designed to build participants’ capability to support co-workers or team members experiencing family violence. It assisted participants to develop and practice appropriate responses to disclosure by team members and coworkers.

Supporting customers through interest rate rises

Our customer service centres are based at our offices in Melbourne and Auckland. Our team manages all aspects of our customer care program. We do not outsource any aspect of it and we do not sell any customer obligation to other organisations.

4. 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 people. Endorsed by Reconciliation Australia, it stated our commitment to reconciliation, with a focus on cultural awareness and education.

In FY23, we initiated our Innovate RAP, the second stage of the framework. This outlines the actions we will take to further our vision for reconciliation as a business. Our Innovate RAP remains in progress through our Reconciliation Working Group and supported by First Nations consultants.

Established in 2021, our staff-led Reconciliation Working Group is dedicated to promoting key dates, assisting with events and communicating resources.

Building connections

Our RAP and its commissioned artwork sparked further exploration of local First Nations suppliers and artists. In efforts to ensure our support and commitment to reconciliation is visible and celebrated, we have continued working with several local artists.

The visibility of their work has also expanded in the renovation of our tenancy in Melbourne. In addition, we've partnered with Supply Nation to procure 50% of our in-office consumables from First Nations businesses.

Growing awareness

To bring First Nations culture and cuisine to the Liberty community, we partnered with Mabu Mabu and Bunji Catering to provide team lunches. We heard from guest speakers Uncle Lionel, a proud Gunditjmara man for Day of Morning/Invasion Day and Auntie Katrina, a proud Quandamooka woman, during Reconciliation Week to bring lived experiences and personal insights to bolster awareness in the community.



Sharing stories through art

We've strengthened our working relationship with Wamba Wamba artist Keagan Mallia through Kinaway Chamber of Commerce. The talented graphic designer from Swan Hill has created custom graphics for Liberty's First Nations-centric key dates. Each design is carefully considered, with a clear description of the meaning behind each piece.

Proud Gadigal artist Kate Constantine created the 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 Melbourne tenancy and has been used as a central design element across our Melbourne office refurbishment and Innovate RAP.



Kinaway Business Awards

Liberty was proud to support the Kinaway Business Awards last year through the sponsorship of the Social Media Excellence Award. We believe this award best reflected the free-thinking nature of the work we do and was an important way to be more involved and visible with the Kinaway Chamber of Commerce community.

Liberty was named a finalist in the Corporate Partner Excellence Award category.



The Voice to Parliament

It is with great pride that Liberty embraces and supports the 'Yes' campaign for a First Nations Voice to Parliament in the 2023 referendum. We believe The Voice is an opportunity for First Nations voices to be heard, shared and amplified – creating better outcomes for all. We consider it a great privilege to learn from and engage with the world's oldest living cultures and communities. We are confident that an Aboriginal and Torres Strait Islander Voice is a positive, exciting and once-in-a-generation step toward a reconciled Australia.

5. Delivering social impact

We recognise the importance of supporting the communities within which we operate. This has never been more important than it is now, in an economic environment that presents challenges for many consumers, small businesses and charity organisations.



Supporting local and ethical suppliers

During the year we continued to support local businesses. This was actioned through couriers, stationery suppliers, office furniture providers and staff wellness gift boxes and catering procurement. To embed the practice of ethical and social impact sourcing, we developed a Supplier Selection Policy alongside our Modern Slavery Statement.

In selecting any new service providers or supplier, we are committed to supporting, wherever possible, ethical and sustainable businesses owned and operated by First Nations people, women, and people with disability. Each area of the business is encouraged to investigate aligned suppliers and prioritise them if the needed services and standards are met.

As a Platinum Partner of Kinaway Aboriginal Chamber of Commerce, we have increased our work with their First Nations small business members to explore how our small business lending team can help. Where this is not possible, we use our free-thinking, out-of-the-box ethos to find other ways to help.

Kinaway and Ngali, Melbourne

We believe in the partnerships we forge and pride ourselves on fostering strong and long-lasting relationships. Through Kinaway, we were introduced to Denni Francisco – Wiradjuri designer and founder of First Nations fashion label Ngali. Denni was invited to produce the first ever First Nations solo runway at Australian Fashion Week in Sydney but required some assistance to get there. Liberty was able to fund the transport and accommodation requirements for Denni and her team to attend this history-making event. Demonstrating free thinking, our Marketing team also provided PR support to help drive engagement and interest in the event.

Volunteering policy

We continued actively supporting various registered charities over the past year through our Lend-A-Hand program. These charities closely align with our purpose of helping financially disadvantaged people in our community.

Our volunteer policy helps encourage staff involvement with these organisations and their benefactors, including paid volunteering leave.

Since our updated policy was introduced in FY22, we have seen an increase in team volunteers to 43 in FY23. A total of 51 days or 408 hours of volunteer leave was used by team members in the last financial year. This volunteer work has ranged from high-impact program participation with Beacon Foundation to supervision duties at Mirabel's Big Day Out events.



Our commitment as a B Corp

A Certified B Corporation (B Corp) is a business that achieves a high standard of environmental, social, and corporate governance performance while creating value for stakeholders and shareholders.

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 Corporations are reassessed every three years and we're proud to have been recertified in FY23, achieving a B Impact Score of 107.2. This score of 107.2 is higher than the average score in Australia (83.6), higher than the average score in our sector (80.9) and demonstrates an increase of 24.6 points in our score since 2019 (82.6).

We are committed to continuous improvement in all aspects of our business and we will continue to aim to improve our B Impact Score in FY24.

Our commitment to ESG principles and behaviours is reflected in a direct link to the long-term incentive remuneration of our senior executive team.



We recertified
as a B Corp and
lifted our B Impact
Score to
107.2
▲ 24.6

6. Protecting our environment

We are acutely aware of the need to take care of our environment and contribute to reducing global carbon emissions. For this reason, we announced our aspiration to become 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.

Ideas in action

We mobilised leaders and staff throughout the business, led by our Green Team, to help identify and implement the changes we need to make to become carbon neutral. In addition, we updated position descriptions for all leaders to include three green-based KPIs to deliver each year.

Our Melbourne tenancy has undergone significant renovations including upgrading our appliances to a 6-star energy efficiency standard and installing LED lighting that complies with energy efficient building standards. We also ensured the new equipment purchased was energy efficient, ethical and sustainable. This led to us achieving a 5% reduction in Scope 2 emissions. We also promote mobile phone, battery and e-waste recycling with collection boxes throughout our offices.

The implementation of a new waste management system in our Melbourne tenancy saw us reduce our landfill waste by 50%. Through our relationship with Waste Ninja, we divert food and organics waste to EPA licenced recovery partners who convert it into organic fertiliser and renewable energy sources.

We asked customers to join us on the journey of reducing our environment impact and the response has been amazing. By changing from paper to digital account communication we reduced our print, paper and postage consumption by 30%. When we do post packages or documents, we use 100% compostable satchels and 100% recycled envelopes.

We changed our internal office processes to foster paper-free principles across all activities from meetings to interviews. We have also made a conscious effort to make the business and community events we hold more sustainable including by purchasing air travel carbon offset credits.



Supporting greener decisions

Striving to create more green-focused products, we began offering interest rate discounts to eligible customers purchasing electric vehicles, solar panels or funding sustainable business projects.

Interest rate reductions were also made available on eligible applications for:

- Residential securities with a Nationwide House Energy Rating Scheme (NatHERS) score of 6+
- New homes with a NatHERS score of 7
- Commercial securities with a high Green Star rating.

7. Executing good governance

As an ASX-listed entity (ASX:LFG), Liberty meets all requirements of the ASX Listing Rules and the Corporations Act in regard to governance. Liberty's governance statements can be found at the LFG Shareholder Centre¹. Detailed financial performance for FY23 can be found in the Annual Report.

¹ LFG Investor Centre www.lfgroup.com.au

A focus on environment, social and governance performance

The Board recognises the importance of environmental, social and governance (ESG) performance. They have 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. As an accredited B Corp, Liberty aims to deliver returns to securityholders while having an overall positive impact on society and the environment.

Governance structure

The governance structure involves two boards: the Board of Liberty Financial Group Limited (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.



