



Australian Government



National Housing Finance
and Investment Corporation

Modern Slavery Statement

Financial Year 2021-22

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1. Introduction

Modern slavery describes situations where coercion, threats or deception are used to exploit victims and undermine or deprive them of their freedom. Modern slavery involves serious exploitation of people and includes human trafficking, slavery, servitude, forced marriage, forced labour, debt bondage, deceptive recruiting for labour or services, and the worst forms of child labour.

We recognise that modern slavery can be linked to other crimes and activities that adversely impact human rights, including bribery, corruption and environmental damage. We have a responsibility to respect human rights in our operations and activities as part of our responsible business conduct.

Modern Slavery Statement

This modern slavery statement is made in respect of National Housing Finance and Investment Corporation (**NHFIC**) (ABN 22 498 714 570) for the financial year ended 30 June 2022 (**FY2021-22**). It is our first statement and has been prepared to comply with the reporting requirements under the *Modern Slavery Act 2018* (**Modern Slavery Act**).

NHFIC is committed to continuously improving the way we identify and mitigate the risk of modern slavery occurring within our business operations, supply chain and customer relationships. This statement sets out our approach to modern slavery and how we identify and mitigate this risk.

NHFIC's Audit and Risk Committee and Board have had the opportunity to consider and provide input into this statement.

Approval of principal governing body

This statement was approved by the NHFIC Board in their capacity as the principal governing body of NHFIC (as defined by the Modern Slavery Act) on 1 December 2022. It will be reviewed and updated annually.

Signature of responsible member

This statement is signed by the Chair of the NHFIC Board, a responsible member of NHFIC (as defined by the Modern Slavery Act) on 1 December 2022.



Adrian Harrington
Chair, NHFIC Board

2. About NHFIC

NHFIC was established by the Australian Government to improve housing outcomes for Australians.

NHFIC provides long-term and low-cost finance and capacity building assistance to registered community housing providers (**CHPs**) to support the provision of more social and affordable housing. NHFIC finance is funded primarily by the issue of bonds (via the Affordable Housing Bond Aggregator).

NHFIC also lends, invests and provides grants to help finance critical infrastructure projects needed to unlock and accelerate new housing supply.

NHFIC supports eligible home buyers by administering government housing schemes that help them purchase their home sooner, and undertakes independent research into housing supply, demand and affordability in Australia.

3. Our structure, operations and supply chains

Our structure

We are a corporate Commonwealth entity with an independent Board that is responsible for managing our affairs. This includes determining our strategy, defining our risk appetite and making financing decisions, and ensuring the proper, efficient and effective performance of NHFIC's functions. The Chief Executive Officer reports to the NHFIC Board and is responsible for the daily administration of NHFIC.

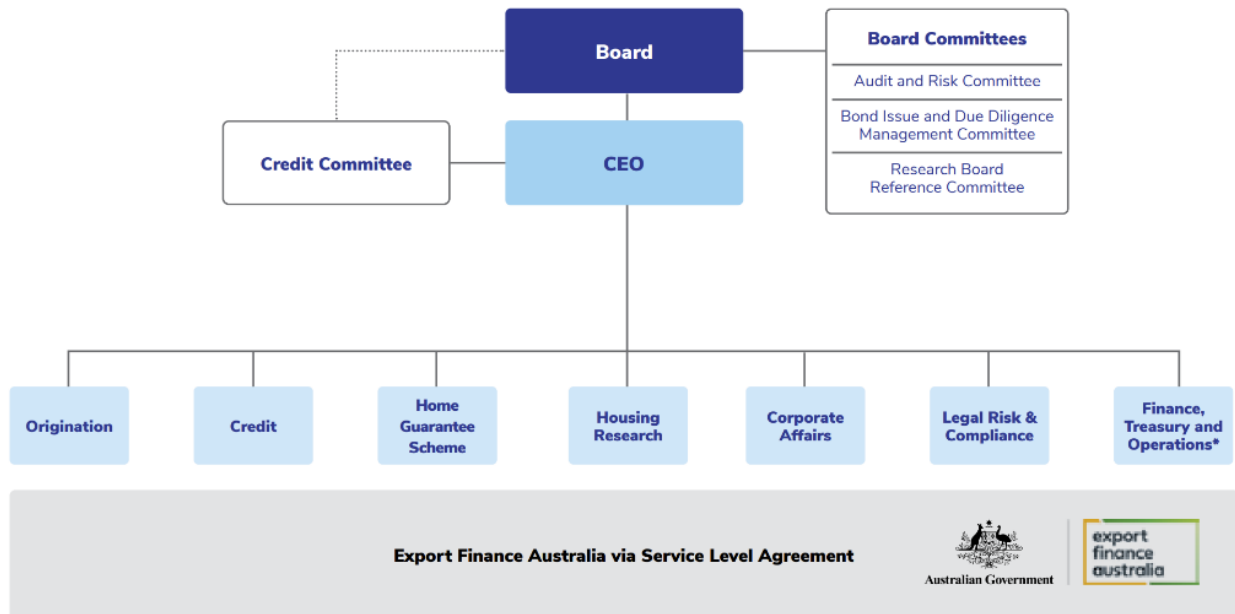
In performing its functions, NHFIC is governed by the requirements and constraints of the *National Housing Finance and Investment Corporation Act 2018* (**NHFIC Act**) and the *National Housing Finance and Investment Corporation Direction 2018* (**Investment Mandate**). As a corporate Commonwealth entity, NHFIC is also subject to the requirements of the *Public Governance, Performance and Accountability Act 2013* (**PGPA Act**).

Although we form part of the Department of Treasury portfolio of agencies, we do not form part of any corporate group, nor do we own or control any other entities. Our responsible Minister is the Minister for Housing, Minister for Homelessness and Minister for Small Business, the Hon Julie Collins MP.

Our legal corporation name under our legislation is National Housing Finance and Investment Corporation, also known as NHFIC.

A breakdown of our corporate governance structure, which is current as of 30 June 2022, is set out in Figure 1 on the next page.

Figure 1: Corporate governance structure



* Operations includes People & Culture and Technology.

Our remuneration strategy, structure and governance arrangements are detailed in our [2021–2022 Annual Report](#).

Our people

As at 30 June 2022, we had 50.6 full-time equivalent employees (**FTEs**) including 47.8 permanent FTEs and 2.8 short-term contract FTEs. Our workforce profile and employee breakdown based on equal employment opportunity (**EEO**) designated groups is set out in Figure 2 below.

Figure 2: Workforce profile

Classification	30 June 2022
Permanent employees	47.8
Short-term contract employees	2.8
Total	50.6

EEO designated group	30 June 2022	
	Employees	%
Female	19	37
Male	32	63
Total	51	100
<hr/>		
Non-English speaking background ¹	26	51
Aboriginal or Torres Strait Islander background	1	2
People with disability	-	-

1. Non-English speaking background (or with parents who are from a non-English speaking background).

We operate in a regulated environment, including under the *Fair Work Act 2009*, and have policies and procedures around employment screening, employment conditions and appropriate workplace behaviour.

Our employees are encouraged to reflect on our culture and values (see Figure 3 below) when considering the spirit and letter of these policies and procedures. NHFIC’s values underpin our culture, the way we go about our work, how we interact with our stakeholders and how we deliver on our mission.

Figure 3: Our values





Australian Government



Our location

Our registered office is located at Level 8, Export Finance House, 22 Pitt Street, Sydney NSW 2000.

The majority of NHFIC's employees are based in Sydney, with a small number based in Canberra (serviced office space).

Our operations, supply chain and projects we support

We take a risk-based approach to modern slavery risk in our business operations, supply chain and customer relationships.

As we are an Australian-based entity and our primary operations are office-based, we consider the risk of modern slavery occurring directly within our business operations to be low. However, we recognise that our operations may indirectly support modern slavery occurring in our supply chain or via our customers and the transactions and projects we support.

In accordance with the *United Nations Guiding Principles on Business and Human Rights*, we have prioritised our focus and actions on areas where we consider the potential impact of modern slavery to be the greatest and where we might have a greater opportunity to influence outcomes. As such, at this stage our identification and assessment of modern slavery risk centres primarily on the transactions and projects we support, rather than on our Key Supplier Contracts where certain procurement exposures still exist but to a lesser extent.

In making the statements above, we considered and contrasted the overall modern slavery risk profile of our customers and transactions with that of our supply chain. We also considered the following factors across two data sets: dollar value by supplier expense type and NHFIC's key functions, and percentage of supplier expense type against total cost. This data is illustrated in Figure 4 below and represents the supply chain categories of our Key Supplier Contracts,

As a general observation, the nature of our Key Supplier Contracts tends to be more medium to long term engagements rather than many high turnover engagements. Approximately 30% of our Key Supplier Contracts were entered into in 2021–2022, with the remainder being ongoing contracts entered into in prior financial years.

**Figure 4: Supply chain categories – by dollar value**

Supplier Expense Type	Corporate (AHBA & NHIF)	Home Guarantee Scheme	Research	Total FY21/22	% of Total Cost
Contractors	1,576,176	52,012	425,737	2,053,925	25%
Information technology	594,272	876,886	56,195	1,527,353	19%
Consultants	641,085	445,630	193,270	1,279,985	16%
Service provider - Export Finance Australia	707,451	299,958	120,408	1,127,817	14%
Legal	306,760	132,551	-	439,311	5%
Insurances	432,166	-	-	432,166	5%
Recruitment	225,412	54,835	-	280,247	3%
Professional services	83,062	169,021	-	252,083	3%
Marketing and media	79,142	3,990	49,248	132,381	2%
Staff training and development	94,229	19,800	1,471	115,500	1%
External audit	101,000	-	-	101,000	1%
Travel and incidentals	62,785	3,977	4,677	71,440	1%
Credit information	51,077	-	-	51,077	1%
Research data list	-	-	97,977	97,977	1%
Other - office admin	161,807	35,646	13,127	210,580	3%
Total Cost	5,116,424	2,094,307	962,111	8,172,841	

During FY2021-22, we continued to provide transparency on our Key Supplier Contracts by publishing key reporting details about them on our website in accordance with the Senate Order for Entity Contracts (or 'Murray Motion' listing). We update this listing every six months.

In FY2021-22 there were ten Key Supplier Contracts still being performed or entered into. They are all Australian-based suppliers.

In addition to our Key Supplier Contracts, we have other arrangements in place under which we receive services. In FY2021-22, these arrangements were relatively small in number and value compared to our Key Supplier Contracts. They were typically entered into with Australian-based suppliers, including Australian Commonwealth entities. For these reasons, we consider these arrangements generally as lower risk, therefore we have not included them in our Key Supplier Contract analysis.

The types of industries and nature of our FY2021-22 transactional exposures reflect our role as a provider of financing solutions to improve housing outcomes for Australians. They also reflect the assistance we provide to other government entities.

As noted above, we have identified our customer relationships and the transactions and projects we support as a continued priority for our focus and actions in the modern slavery space.

4. Our risks of modern slavery practices

Risk assessment

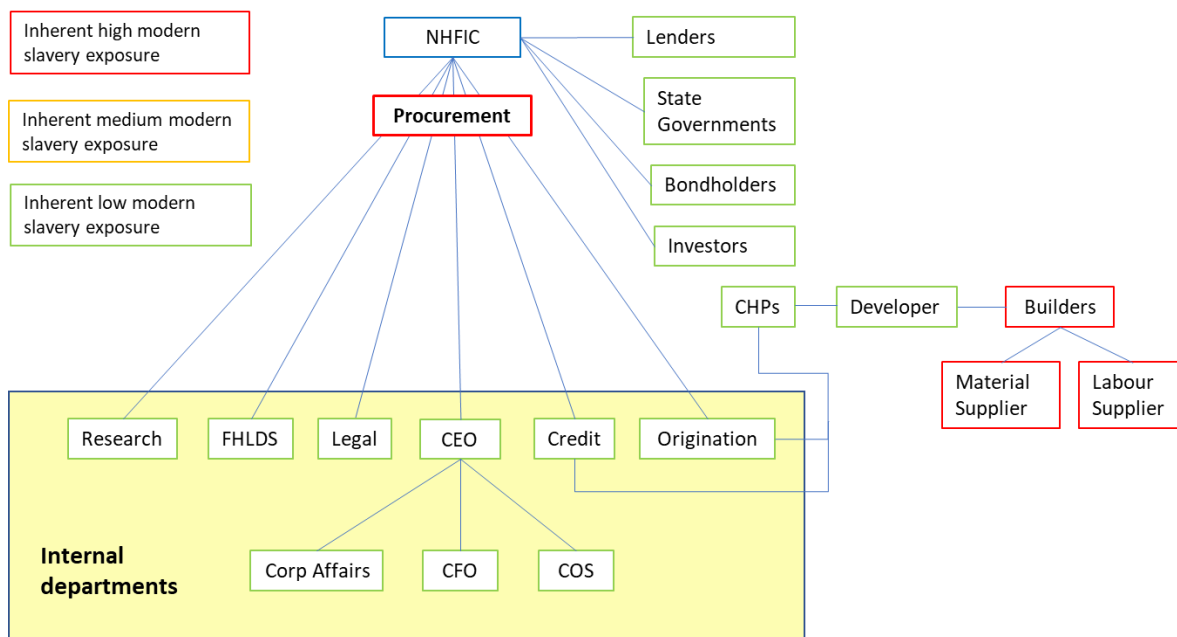
NHFIC has a generally low exposure to direct business activities that may give rise to the risk of modern slavery.

A simplified view of NHFIC's inherent exposure to modern slavery is set out in Figure 5 below.

The inherent exposure is mitigated by operational and contractual controls.

Figure 5: Modern slavery exposures

Modern slavery exposures – Simplified Stakeholder Map





Key risk areas

The key risk areas which have the potential to expose NHFIC to modern slavery practices are:

Construction

NHFIC is becoming increasingly engaged as a financier in construction activities via its support of the community housing provider (**CHP**) sector. CHPs will engage a reputable developer to design an affordable housing project. The developer subsequently engages a builder to deliver the project. The builder would engage material and labour suppliers to provide resources for the project.

There is a risk within the labour supply chain that contractors and/or subcontractors may be exposed to modern slavery practices such as:

- forced or unpaid work
- unsafe conditions
- bonded or child labour
- inadequate accommodation
- passport confiscation
- human trafficking

In addition to construction labour, sourcing raw materials from high-risk geographies often compounds the risk. Australian companies commonly source raw building materials from Asia, a region considered as high risk for modern slavery, particularly from India, Pakistan, Cambodia, Myanmar, Bangladesh, Philippines, and workers from North Korea.

Common product categories have been found to be produced by child and forced labour, including bricks, tiles, cement, granite, rubber and timber. The sourcing and use of manufactured products, such as heating, ventilation, air conditioning and electrical products, introduces an additional layer of complexity and risk.

The need for multiple components means there are cascading and inter-related supply chains implicated in the procurement of construction materials.

NHFIC will manage any potential indirect risk of modern slavery via the construction supply chain by including appropriate anti-slavery provisions in its documentation generally for its loan facilities.

These provisions will require CHPs and their developers to represent that they do not engage in modern slavery practices.



Procurement

Relative to other modern slavery risks NHFIC faces, there could be certain exposure within our procurement process. NHFIC's procurement procedures require the procuring officer to consider and document any modern slavery exposures when making a procurement. NHFIC does not make a significant amount of procurements and the majority are with reliable, Australian-based, commercial vendors for purchases that have a low modern slavery exposure.

Procurements for security, cleaning and maintenance, facilities management, office supplies, ICT goods/services, merchandising and travel are more exposed to the risk of modern slavery than procurements for professional services from major accounting and law firms, for example.

We note NHFIC has a service level agreement in place with another agency, Export Finance Australia (EFA). Under that agreement, EFA supports NHFIC with the provision of certain services such as security, cleaning and maintenance, and facilities management. We note EFA has in place a number of policies, procedures and practices to identify, address and mitigate the risk of modern slavery occurring, as well as a program of continuous improvement (see [EFA's 2020-21 Modern Slavery Statement](#)).

NHFIC manages the risk of modern slavery within the procurement process on a case-by-case assessment of the exposure. In particular, NHFIC has identified its procurement of ICT goods/services as an area of focus in the coming year.

Investment of liquid assets

NHFIC's investment of liquid assets is currently restricted to investments in Australian Government Securities, Australian State and Territory Government securities, the four Australian major banks and Suncorp. NHFIC has no offshore investments in liquid assets.

Consequently, NHFIC assesses the modern slavery risk in respect of its investment of liquid assets to be low.

Funding program

NHFIC's social and sustainability bonds are purchased by over 60 institutional investors. These investors are subject to 'Know Your Customer' anti-money laundering screening via our joint lead managers.

Majority of NHFIC's investors are Australian domiciled fund managers, superannuation funds, insurers and banks. However, several international investors have also purchased NHFIC bonds including fund managers, central banks and insurers.

NHFIC's bonds are distributed via the five joint lead managers (**JLMs**) on our banking panel. These banks are Australia and New Zealand Banking Corporation, Commonwealth Bank of Australia, Deutsche Bank, UBS and Westpac Banking Corporation. NHFIC pays fees to the JLMs at the time of bond issuance. Since inception, NHFIC has paid approximately \$3.5 million to the JLMs.

NHFIC also engages external advisors in connection with its funding program. These advisors include legal and assurance service providers from major professional services firms.

Consequently, NHFIC assesses the modern slavery risk in respect of its funding program to be low.

5. Addressing our risks of modern slavery practices

Our governance framework

We have certain policies, procedures and practices that help us identify, address and mitigate the risk of modern slavery occurring within our business operations, supply chain and customer relationships (including the transactions and projects we support). These are outlined in the table below.

The NHFIC Board regularly reviews and approves our policies to ensure the ongoing effectiveness of our governance framework.

Policy / Procedure	Description
Code of Conduct	Our Code of Conduct outlines the obligations and responsibilities of our employees, including in relation to standards of personal behaviour.
Anti-Corruption Policy	This policy sets out our key employee obligations in deterring and preventing bribery and corruption.
Procurement Policy	This policy sets out how we procure goods/services and manage relationships with third parties across the supply lifecycle, including in accordance with the core principles of the Commonwealth Procurement Rules, as applicable.
Procurement Risk Assessment	<p>This is a risk assessment tool for new supplier engagements and includes questions that allow us to assess potential risks with a new supplier, including any human rights or modern slavery issues potentially involved with its supply of goods/services to us.</p> <p>This assessment involves a two-step inherent risks and residual risks assessment (the latter based on 'risk domains', which may be triggered depending on the engagement).</p> <p>The risk domains include physical security, anti-bribery and corruption, work, health and safety, environmental and sustainability, human rights and subcontractor risks.</p> <p>A risk rating is allocated to each engagement to inform procurement decisions, allowing us to adopt a risk-based approach.</p>
Contracts Register	We have a centralised register of all third-party contracts.
Standard form supply contracts	<p>We use our standard form supply agreements where appropriate.</p> <p>These agreements include certain modern-slavery representations from suppliers, which apply during the term of the contract.</p>



Policy / Procedure	Description
<p>Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) Program and Transaction Risk Assessment</p>	<p>We have in place an Anti-Money Laundering and Counter-Terrorism Financing Program.</p> <p>As part of the program, we use our Transaction Risk Assessment tool to assess the risk of our transactions. It encompasses:</p> <ul style="list-style-type: none"> • anti-money laundering and counter-terrorism financing due diligence on our customers as applicable. ‘Know Your Customer’ checks are completed, with certain information collected and verified; and • a broader risk assessment of the transaction is completed, including in relation to bribery, corruption, sanctions and adverse media on our customer and other key parties involved in the transaction, as applicable. <p>In some circumstances, enhanced due diligence may be required.</p>
<p>Incident Reporting Policy</p>	<p>This policy establishes an internal reporting process for employees to report risk and compliance issues and incidents that are not public interest disclosures, and it provides a framework for the investigation and resolution of these issues.</p>
<p>Work Health and Safety</p>	<p>We have policies and procedures in place to ensure that the health and safety of our employees is considered and managed.</p>
<p>Public Interest Disclosure (“Whistleblower”) Policy and Procedures</p>	<p>This policy and related procedures provide mechanisms for ‘public officials’ (as defined under the <i>Public Interest Disclosure Act 2013</i> (Cth)) to report conduct by an agency, public official or contracted service provider in connection with a Commonwealth contract that involves alleged wrongdoing or illegal or improper conduct.</p>
<p>Complaints Mechanism</p>	<p>This policy provides an avenue for our customers, suppliers, third parties or any member of the public to lodge a complaint with us.</p> <p>It also sets out how a complaint can be referred to the Commonwealth Ombudsman by a complainant.</p>
<p>Internal audit program</p>	<p>We have an agreement with a professional services provider for internal audit services, under which relevant audits and reviews are completed against an audit plan that is endorsed by NHFIC’s Audit and Risk Committee and approved by its Board.</p>
<p>Compliance training</p>	<p>We have a mandatory ongoing compliance training program that our employees must complete annually.</p> <p>In FY2021-22, this included an anti-money laundering and counter-terrorism financing module and anti-bribery and corruption module.</p>
<p>Law enforcement and regulator relationships</p>	<p>We share information with AUSTRAC, the Australian Federal Police and other relevant agencies and regulators in accordance with applicable laws and our policies and procedures, including where we suspect criminal activity has occurred or may occur.</p>

6. Assessing the effectiveness of our actions

We are continuously seeking to improve our policies, procedures and actions in relation to modern slavery. Measures we monitored for FY2021-22 include:

Focus Area	Measure	% or No.
Human rights training	% of permanent FTE employees completing the following training: <ul style="list-style-type: none"> whistleblower awareness fraud awareness anti-bribery and corruption First Nations cultural awareness 	New starters 100% New starters 100%
Supply chain transparency	Contracts entered into with a value of \$100,000 (incl. GST) or more (details published on our website)	100%
Reports – modern slavery	Public interest disclosure (whistleblower) reports received about modern slavery	0
Reports – other environmental, social and corruption	Public interest disclosure (whistleblower) reports received about other environmental, social and corruption matters	0
Incidents raised – modern slavery	Issues or incidents raised under our Incident and Issue Reporting Policy in relation to potential transaction supply chains	0
Complaints – modern slavery	Public complaints received about modern slavery	0
Complaints – other environmental, social and corruption	Public complaints received about other environmental, social and corruption matters	0



Continuous improvement

In addition to the actions and measures outlined above, we plan to introduce the following actions in FY2022-23 to further identify, mitigate and combat modern slavery risk:

Focus Area	Measure
Our Supply Chain	
Modern Slavery Policy	Introduce a Modern Slavery Policy (or consider including relevant sections in our existing Anti-Corruption Policy) to ensure our risk-based approach remains up to date, reasonable and proportionate.
Procurement Risk Assessment	Continue to assess new suppliers through our Procurement Risk Assessment process and monitor the effectiveness of this process.
Supplier Code of Conduct	Introduce a Supplier Code of Conduct as a statement of values that we expect our suppliers to comply with and which will guide them in their responsibilities to combat modern slavery. It will be referenced in our standard supply agreements and published on NHFIC's website.
Supply and transaction contracts	<ul style="list-style-type: none"> Assess % of supply contracts which include modern slavery clauses. Negotiate inclusion of relevant modern slavery clauses in third party and transaction contracts, as appropriate.
Our Transactions	
Transaction Risk Assessment	Evaluate any enhancements required to our Transaction Risk Assessment.
Modern Slavery Risk Assessment	Consider requesting CHPs and their developers to undertake a modern slavery risk assessment as part of scoping the project prior to financial support being provided by NHFIC.
Other	
Training	We will provide modern slavery training to supplement current training on anti-money laundering and counter-terrorism financing and anti-bribery and corruption.
Complaints Mechanism	Review and update our Complaints Mechanism with the overarching aim of ensuring it is accessible to all our stakeholders, including members of the public who have an interest in our affairs and transactions. Communicate to employees any updates to the policy and our complaint handling procedures and practices. Consider whether our website feedback channel remains easy to access and utilise, understanding that feedback has the potential to help us grow as an organisation.



Australian Government



National Housing Finance
and Investment Corporation

Modern Slavery Statement FY2021-22

7. Definitions

In this statement:

Key Supplier Contracts means our third-party contracts with suppliers valued at \$100,000 or more (GST inclusive), which were still being performed during FY2021-22 or were entered into during FY2021-22. It does not include lease arrangements and Commonwealth entity contracts.

SMEs means small and medium-sized enterprises.

Treasury means the Department of Treasury.

Appendix 1 - Mandatory reporting criteria

This statement complies with the mandatory reporting criteria of the Modern Slavery Act. The following table references the content in this statement which complies with those criteria:

Mandatory Criterion	Page Reference
Identify the reporting entity	4
Describe the reporting entity's structure, operations and supply chains	4-9
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls	9-11
Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes	11-13
Describe how the reporting entity assesses the effectiveness of these actions	13-14
Describe the process of consultation with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity giving the statement)	NHFIC does not own or control any entities
Any other relevant information	Not applicable