



COMMITTED

to a smarter, more sustainable tomorrow

**smart
group**
corporation

Sustainability
Report
2022

Contents

- 1 — Welcome
- 2 — 2022 highlights
- 3 — About this report
- 4 — About us
- 6 — *A Smarter, More Sustainable Tomorrow Sustainability Strategy*
- 7 — Sustainability in 2022
- 44 — Next steps
- 45 — Corporate sustainability scorecard
- 47 — GRI content index

9 — Our Strategy in action



Smart Business

How we are adapting as a business to better meet our responsibilities on climate, to communities, to stakeholders and with our supply chain.

[Read more — pg.9](#)



Smart Solutions

The steps we are taking to design and deliver products and services that enable net zero and allow us to digitalise our customer experience.

[Read more — pg.24](#)



Smart Customers

The support we are looking to provide our clients and customers to facilitate financial wellbeing and to promote sustainable and smart driving behaviours.

[Read more — pg.29](#)



Our people make this possible

Creating a thriving work environment through diverse and inclusive teams, strengthening our Aboriginal and Torres Strait Islander connections, developing and engaging people and ensuring healthy and safe workplaces.

[Read more — pg.34](#)

Growing smarter



Welcome to our 2022 Sustainability Report.

Whilst doing the right thing has always been a core part our culture, this year we've taken a significant step forward in formalising our approach to sustainability with the development of our first Sustainability Strategy, *A Smarter, More Sustainable Tomorrow*. It builds on our existing initiatives and it has been formally endorsed by the Board. This is also our inaugural stand-alone Sustainability Report, written with reference to the Global Reporting Initiative (GRI) Standards.

Increasingly, customers, investors and the community expect to see the organisations they support making positive changes to their environment and the world around them. Our new Sustainability Strategy acknowledges that this requires not just conscious effort but also clear targets and a wide range of contributions. To create the strategy, we gathered inputs from our clients, suppliers, industry bodies and team members. Through this process, we gained valuable insight into their priorities, expectations and the role we can play in facilitating the transition to a low-carbon future.

A Smarter, More Sustainable Tomorrow is our commitment to sustainable outcomes across our business, for our clients, end customers, communities in which we operate and the environment. This strategy includes a strong range of initiatives and targets and recognises our team members as the engine to make these commitments possible.

Our Sustainability Strategy is about ongoing improvement of our business to promote smarter decisions, participating in the transition to a low-carbon future and generating even more positive impact in our communities. It sits alongside, complements and guides our Smart Future investment program which sets out how we intend to improve our business operationally and commercially in the years ahead.

Highlights for me this year have included achieving gender balance at all levels of our organisation, successfully embedding hybrid working in our work practices, and our fourth year of grants by the Smartgroup Foundation. It's also been an important year for the adoption of electric vehicles (EVs). The rollout of the Federal Government's Electric Car Discount Policy will make a novated lease the simplest, most cost-effective and smartest way to purchase an EV. We have done a lot of work in this area to ensure we can make the transition to an EV as simple as possible for our customers – with procurement arrangements, educational content and by supporting the full ecosystem for consumers to set up their new EV lifestyle.

Overall, we are pleased with our progress in the past 12 months. However, we know we are at the early stages of this new journey. We look forward to working with our clients and customers to progress together towards *A Smarter, More Sustainable Tomorrow*. We will also continue to strengthen and expand our sustainability reporting to ensure we are transparently sharing information that our stakeholders expect.

Tim Looi
Chief Executive Officer

2022 highlights



Endorsed our first Sustainability Strategy

We received formal Board endorsement of our first Sustainability Strategy, including initiatives and targets.



Progressed our EV offering

We significantly progressed our EV offering – supporting our clients and customers to make the transition into an EV as simple as possible.



Achieved gender balance at all levels

We achieved gender balance at all levels of the organisation – from the Board, Executive, Senior Leaders to People Leaders and all team members.



Set our Net Zero target

We completed our third year of carbon footprint analysis to better understand our emissions and used this as a guide to set our carbon targets, including a commitment to reach Net Zero from our direct operations by 2030.



Embedded hybrid working

We successfully embedded hybrid working in our work practices to improve team member outcomes and provide greater flexibility for them.



Reconciliation Action Plan (RAP) Working Group

We established our first Reconciliation Action Plan (RAP) Working Group, who are responsible for developing, implementing, and reporting on the actions in our RAP.



Fourth year of grants by the Smartgroup Foundation

We completed our fourth year of grants by the Smartgroup Foundation – donating almost \$250,000 across 17 charitable projects in the community.



Released first standalone Sustainability Report

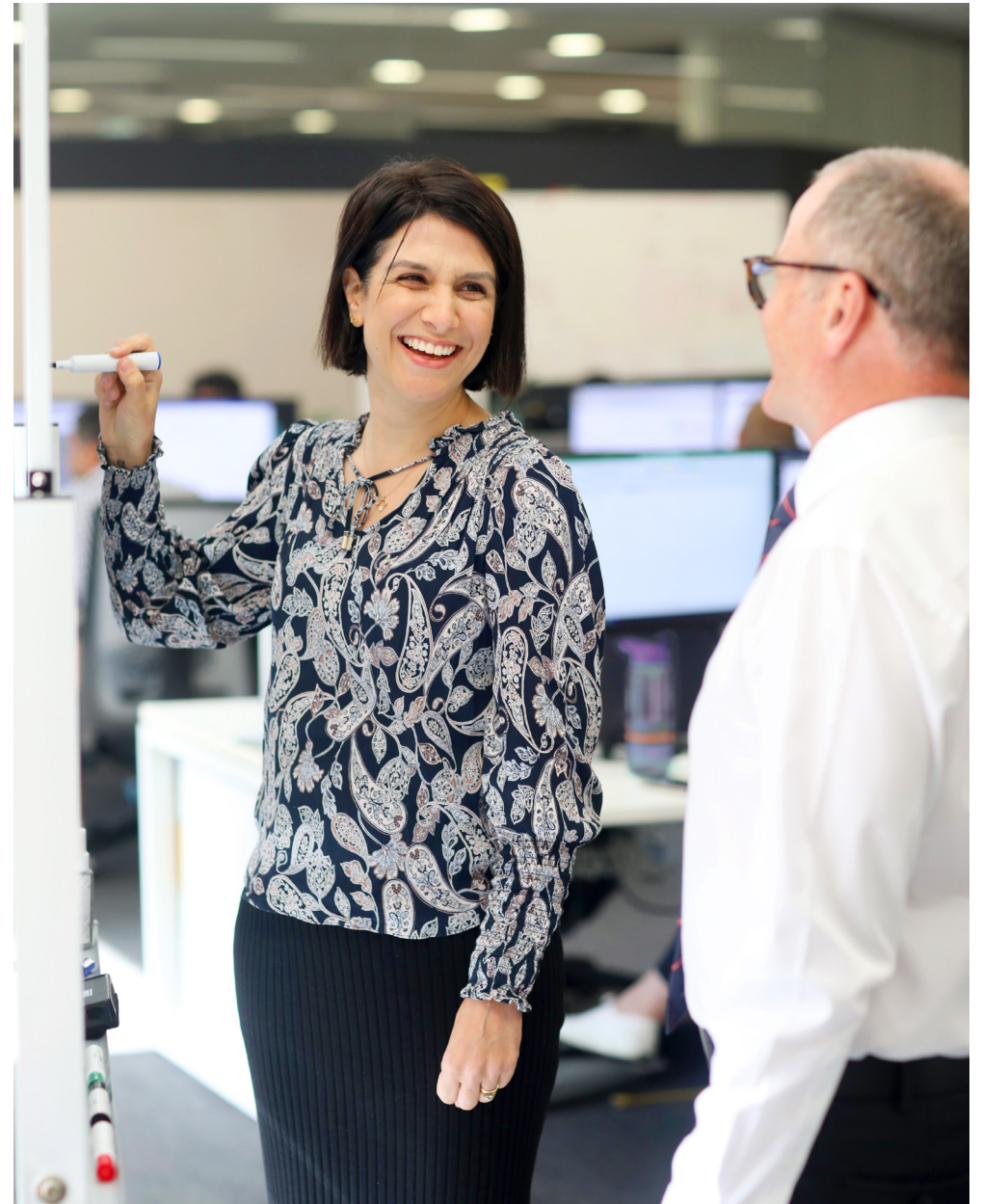
We released this first standalone Sustainability Report written with reference to the GRI standards.

About this report

This report details our sustainability performance as Smartgroup Corporation Ltd (Smartgroup) for the year 1 January to 31 December 2022. We are an ASX-listed public company, with operations across Australia, headquartered at Level 8, 133 Castlereagh St Sydney NSW. Our sustainability reporting is annual and is based on the same reporting period as our financial reporting. There have been no restatements of information during this reporting period.

This report covers all subsidiaries of Smartgroup, including all companies and operations across our six core brands – Smartsalary, Smartleasing, AccessPay, Autopia, Smartfleet and Smartsalary Payroll Solutions.

Our reported greenhouse gas emissions have been prepared by a third-party impact consultancy however, our Sustainability Reporting has not been externally audited. Our Annual Report, including the Remuneration Report, is externally audited by PwC.



About us

Smartgroup offers salary packaging, novated leasing, fleet, payroll and workforce optimisation services to a range of clients across numerous industries including government, healthcare, not-for-profit, education and corporate. Central to everything we do is our commitment to delivering an exceptional experience to our customers; from the calls we take to the industry-leading technology we develop. We are constantly working to improve our offering full circle, be it the way we design our processes or the services we provide, while considering our environmental and social impacts.

Our supply chain includes software providers, financiers, vehicle dealerships and manufacturers, insurance and other financial service providers, as well as office premises and the services to support those premises.



You can find out more about Smartgroup in our Annual Report [here](#).



OUR AWARD-WINNING SERVICES

We're committed to delivering exceptional customer experiences and to being an organisation our team members can be proud to be a part of. This year, the work of our company, teams and individual team members were recognised as follows.



S&P GLOBAL ESG SCORE

**Ranked
81st percentile
worldwide**

(up from 72nd percentile
in 2021)




PROUD TO BE AN
INCLUSIVE EMPLOYER
2021-2022

RECOGNISED AGAIN

**As an
Inclusive
Employer**

in 2021/2022 by
Diversity Council Australia



WGEA
Employer
of Choice for
Gender Equality

2022

**Employer
of Choice for
Gender Equality**

by the Workplace Gender
Equality Agency (WGEA)



australian service excellence awards
csia
2022 winner

ASEA AWARDS BY CSIA

**Customer
Service Team
of the Year**

(Medium)
– Vehicle Sales Team




australian service excellence awards
csia
2022 service champion

ASEA AWARDS BY CSIA

**Customer Service
Manager
of the Year**

Mark Valana – runner-up
and awarded Service Hero



INTERNATIONAL SERVICE
EXCELLENCE AWARDS
SERVICE CHAMPION 2022

ISEA: 2022 SERVICE CHAMPION AWARD

**Customer
Service Team
of the Year**

(Medium)
– Vehicle Sales Team

INDUSTRY ENGAGEMENT

We are proud to be members of the following industry associations.



A Smarter, More Sustainable Tomorrow Sustainability Strategy

Our vision is to participate in the transition to a low-carbon future, support our clients and customers to maximise their benefits through our offerings, and amplify our positive impact on our environment and communities.

Our Sustainability Strategy outlines the important role we can play in creating *A Smarter, More Sustainable Tomorrow* for our employer clients, end-customers, and communities, while recognising our team members as the engine that makes this commitment possible. It includes flagship initiatives that focus on delivering meaningful positive impact and targets to ensure we remain focussed and accountable.



Smart Business

Adopting best practices to quickly adapt to new trends and embrace challenges

- Taking action on climate
- Investing in our community
- Remaining accountable and transparent
- Aligning our supply chain



Smart Solutions

Designing smart solutions for seamless customer experience while reducing our negative impacts

- Enabling Net Zero
- Digitalising our customer experience



Smart Customers

Promoting sustainable choices by our clients and customers by providing relevant resources for decision making

- Facilitating financial wellness
- Promoting sustainable and smart car purchase and driving behaviours



Our people make this possible

Creating a diverse and thriving work culture that recognises that our team is at the centre of everything we do

- Creating diverse and inclusive teams
- Strengthening our Aboriginal and Torres Strait Islander connections
- Developing and engaging our people
- Ensuring healthy and safe workplaces

Sustainability in 2022

DEVELOPING OUR STRATEGY

We worked with an external impact consultancy to develop our *Smarter, More Sustainable Tomorrow* Sustainability Strategy, and formalise our approach to environmental, social and governance (ESG) issues. The strategy builds on our work to date and will guide our approach for the next three years, addressing the key challenges and opportunities we have identified.

Three key pieces of work have informed development of our Sustainability Strategy:

1. [peer and context review](#);
2. [materiality assessment](#); and
3. [carbon footprint analysis](#).

We undertook a peer and context review to better understand industry trends, the level of ambition and progress on ESG. This included identifying a long list of potential material issues in our industry. We then conducted a materiality assessment to determine the most relevant topics for us and our stakeholders. We held 23 interviews with key internal and external stakeholders, as well as running a materiality survey that involved 174 stakeholders, covering clients, suppliers, industry bodies, team members, internal experts and senior leaders.

This engagement helped to provide insights into the stakeholder expectations and areas that we need to prioritise. Based on this feedback, we held workshops to refine the list of material topics, which provided important input for the development of our strategy.



23

interviews with key internal and external stakeholders



174

stakeholders participated in our materiality survey

Finally, we analysed our Scope 1, 2 and 3 greenhouse gas emissions to understand our carbon footprint and establish a baseline to measure progress against, moving forward. This allowed us to identify our main emission sources – both within our own operations and across our wider supply chain – and to understand the areas to target for the greatest reduction opportunities. Read more about this work and the findings in the Taking action on climate section on [page 11](#).

Material topic	Definition
Energy and emissions	Mitigating the contribution to climate change by addressing emissions sources such as fossil fuels, intensive energy use and transport, and increasing our use of renewable energy.
Transparency, accountability and reporting	The level of corporate accountability, transparency and internal and external reporting of our progress on environmental, social and governance material topics.
Ethics and integrity	Ensuring compliance with all laws and regulations and implementing principles, policies and processes that ensure we operate ethically and with integrity.
Enabling client and customer sustainability	Supporting clients and customers to reduce their environmental footprint through our services, such as low emissions fleets.
Innovation and technology	Investing in new technologies and ways of operating to continually improve our services and outcomes.
Client and customer education	Providing educational resources to our clients and customers to promote more sustainable decision-making, specifically around vehicle use and financial wellbeing.
Community investment	Giving back to local communities in which we operate through donations, volunteering and strategic partnerships.
Human rights and modern slavery	Identifying, monitoring and managing human rights issues in the business and supply chain.
Sustainable and ethical procurement	Sourcing sustainable products from suppliers that meet environmental and social criteria, supporting our supplier base to improve their sustainability performance.
Diversity, equity and inclusion	Ensuring that all people, regardless of any perceived or real differences are treated equally, without discrimination and are empowered to engage with us whether as a team member, client or customer.
Team member engagement and development	Attracting and retaining talent by providing training and development opportunities, and benefits to our team members.
Team member health, safety and wellbeing	Protecting our team members' health and safety and managing risks and crises effectively.
Engagement with Aboriginal and Torres Strait Islander people	Creating pathways for Aboriginal and Torres Strait Islander people to partner with Smartgroup, feeling empowered to work with the company whether as an employee, client or supplier.

HOW WE GOVERN SUSTAINABLY

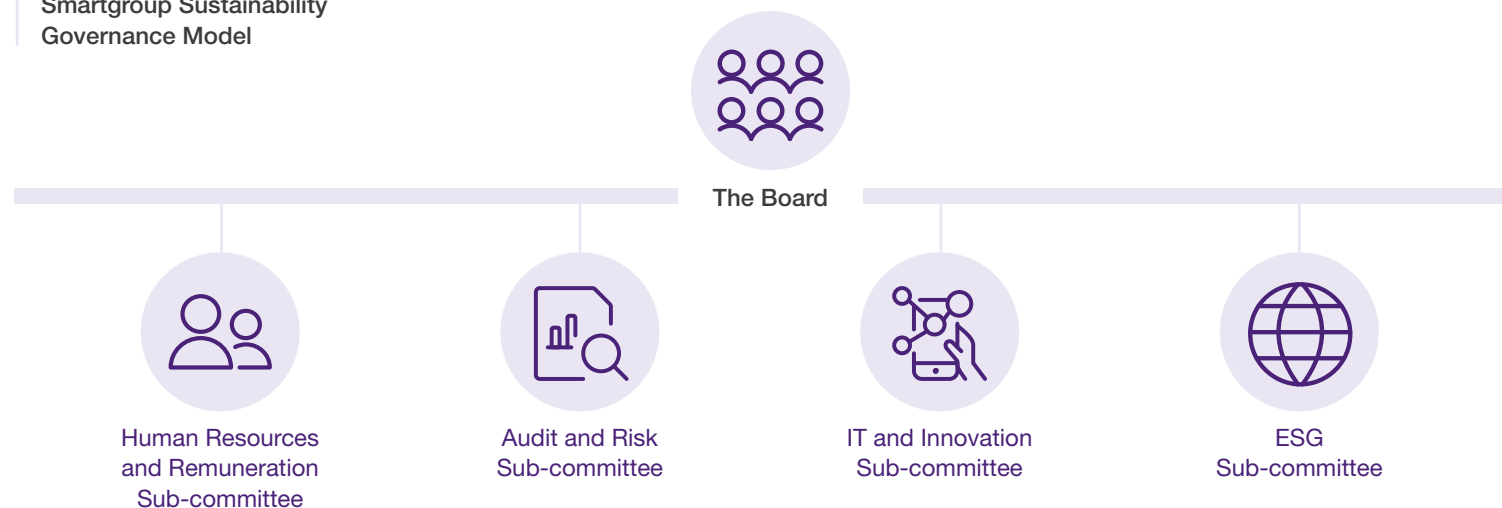
Strong governance is key to ensuring effective implementation of our Sustainability Strategy. In 2021, we established an ESG Sub-committee of the Board, responsible for:

- considering our strategies, policies and goals, as they relate to sustainability; and
- making recommendations to the Board about any changes required to our purpose, values or strategy, in connection with sustainability initiatives.

The ESG Board Sub-committee meets at least three times a year and is comprised of four non-executive directors – the Chair Ian Watt AC, and committee members Gavin Bell, Carolyn Colley and Anne McDonald. For more information on the nomination and selection criteria for Board members, please refer to our 2022 Corporate Governance Statement available in the Corporate Governance section of [our website](#).

Three other Board Sub-committees also hold responsibility for decision-making and overseeing the management of our impacts on the economy, environment and people. These are the Human Resources and Remuneration Sub-committee, Audit and Risk Sub-committee and the IT and Innovation Sub-committee. For a full description of our governance structure and composition of the Board, please refer to the Director's Report on page 40 of our Annual Report.

Smartgroup Sustainability Governance Model



To ensure objectivity in all our assessments, Directors and Executives must disclose any conflicts of interest related to suppliers or other key stakeholders. The Company Secretary is responsible for maintaining a list of all Directors' other roles and interests, and ensuring any conflicts are disclosed to shareholders. More information on how conflicts of interest are identified and mitigated can be found in our Corporate Governance Statement available on [our website](#).

The ESG Sub-committee is responsible for reviewing our Sustainability Report, and the Board is responsible for approving its release. The report is subject to a verification process, with all material statements and all numbers checked for accuracy. This sub-committee also conducts an annual review to determine the effectiveness of its work. This includes an assessment against the ESG Charter to ensure the sub-committee is meeting the objectives and goals set out in it. For details on the remuneration of the Board, please refer to our Remuneration Report on page 44 of our Annual Report.

The ESG Sub-committee has delegated responsibility for managing sustainability at an operational level to the Chief People Officer and the Chief Legal and Sustainability Officer, working closely with the Chief Executive Officer. However, all our Executives share responsibility for sustainability performance and have various KPIs connected to initiatives in the Sustainability Strategy.

Our Strategy in action

- 11 Taking action on climate
- 15 Investing in our community
- 19 Aligning our supply chain
- 22 Remaining accountable and transparent



Smart

BUSINESS





Smart Business

Ongoing improvement of our business requires us to address the impacts of our operations on the environment and people. We want to ensure we address relevant risks, prepare for coming trends and build a future-proof company.

WE AIM TO:

- be recognised as an adaptable and agile company;
- adopt best practices to reduce and mitigate risks associated with climate change, human rights and modern slavery; and
- reduce negative impacts from our operations.

Focus areas

Taking action on climate

We will mitigate our operational emissions by increasing the use of renewable energy and offsetting the remaining percentage. We have set our net zero target and have improved our analysis and reporting of our carbon emissions.

Investing in our community

We will continue investing in our community in ways that align with our values.

Aligning our supply chain

We are working to address human rights and modern slavery risks, and source more sustainable products from suppliers that meet our environmental and social criteria.

Remaining accountable and transparent

We aim to align our reporting with best practices, transparently communicate our approach to ESG and set targets to keep us accountable against our commitments.

Key targets and commitments

- All sites we control will source 100% renewable energy by 2026.
 - Our direct operations will be net zero by 2030.
 - We will implement annual reporting of Scope 3 emissions by 2026.
 - We will achieve a demonstrated reduction in Scope 3 emissions intensity by 2026.
-
- We will establish a Social Impact Framework by the end of 2023.
 - We will provide up to \$250,000 community investment annually.
 - The Smartgroup Foundation will seek to make a minimum of 20 donations or grants annually, focusing on broad geographic impact across the states and territories within Australia in which we operate.
-
- We will complete a detailed modern slavery risk assessment on all our Tier 1 and Tier 2 suppliers by the end of 2023.
 - We will develop a human rights and modern slavery roadmap to drive continuous improvement on understanding and responding to human rights risks in our supply chain by the end of 2023.
 - We will adopt a Board-endorsed Human Rights Policy.
 - We will include environmental, social and governance (ESG) credentials within the procurement due diligence process for all new Tier 1 suppliers by the end of 2023.
 - We intend for 20% of our suppliers (by number) to be diverse suppliers such as B Corps, female-owned, Aboriginal and Torres Strait Islander businesses, SMEs, and Not-for-Profit enterprises by the end of 2026.
-
- We will deliver this stand-alone Sustainability Report incorporating GRI Standards in 2023.
 - We are committed to reporting on our progress and sustainability performance annually through our Sustainability Report.
 - We are aiming to increase our internal and external communication on our Sustainability Strategy and transparently share information on our website.
 - We are committed to conducting our business ethically and with integrity.
 - We are completing our first climate exposure and vulnerability assessment in 2023 and working towards our first report under the Task Force on Climate Related Disclosures (TCFD) in 2024, with a goal to have fully aligned TCFD reporting by 2026.

Taking action on climate

We're committed to mitigating our contribution to climate change and positively participating in the transition to a low-carbon future. As well as addressing our own impacts, we are working to support our clients and customers to better understand and reduce their emissions.

Operationally, we're looking to reduce our emissions by increasing our use of renewable energy and offsetting the remaining unavoidable emissions. However, as a service company, most of our emissions are Scope 3 and relate to our supply chain. So, our greatest opportunity to contribute to positive change in this area is by partnering with our suppliers and our clients to facilitate smarter solutions that reduce environmental impact.

OUR COMMITMENTS

- All the sites we control will source 100% renewable energy by 2026.
- Our direct operations will be net zero by 2030.
- We will implement annual reporting of Scope 3 emissions by 2026.
- We will achieve a demonstrated reduction in Scope 3 emissions intensity by 2026.

OUR APPROACH

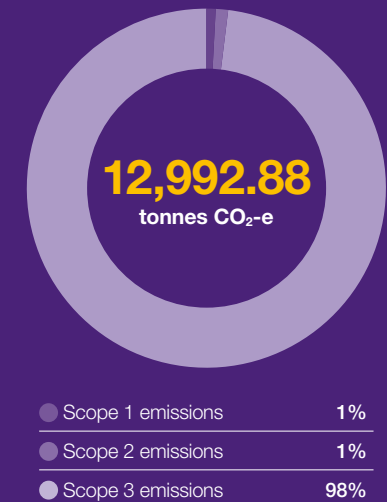
This year we completed a full analysis of our Scope 1, 2 and 3 greenhouse gas emissions. Crucially, this has enabled us to understand our footprint and the areas where we need to focus, as well as providing a baseline for measuring progress moving forward. This has also allowed us to set emission targets, starting with those within our direct control.

Reducing emissions within our control

Our priority is reducing the emissions we are directly responsible for, and then working towards achieving net zero for our own operations by 2030. We will develop a renewable energy procurement plan to reach 100% renewable energy for our own sites by 2026. A challenge here is that our current energy contracts are of varying lengths and will come up for renewal at different times. This means we cannot make the switch all at once. However, we will track our progress as contracts roll over to monitor how many have transitioned to renewable energy and will report our progress annually.

Our greenhouse gas footprint analysis found that, after purchased goods and services, employee commuting and business travel are our largest sources of emissions. We have permanently embedded hybrid working within our workforce which has already had a significant impact on these emissions. We propose to develop employee commuting and business travel plans by the end of 2024, with a goal to seek to further reduce these emissions. To mitigate our emissions from business travel, we offset all our flights with our Carbon Offset Program partner Greenfleet.

CY22 Total emissions



In 2022, the funds from offsetting our flight travel went towards the Noosa Restoration and Reconciliation Project – you can read more about this project in the case study.

Noosa Restoration and Reconciliation Project

Greenfleet Australia, one of our long-term Carbon Offset Program partners, is working with an Aboriginal and Torres Strait Islander community in Noosa Hinterland to restore crucial native forest, while delivering positive social and cultural benefits for the local Traditional Owners.

The project is working to restore around 1,100 hectares of native vegetation across cleared hardwood and softwood plantation forest, promoting biodiversity and sequestering carbon emissions. Greenfleet has signed an Indigenous Land Use Agreement with the Kabi Kabi people – the Traditional Owners of the Sunshine Coast region. The restoration will create key habitat for koalas, whose numbers have dwindled in Queensland to the point where they are an Endangered species.



You can read more about Smartgroup's **Carbon Offset program in the Enabling net zero** section on page 26.

“This project has the potential to mitigate the impacts of climate change at an incredible scale – sequestering hundreds of thousands of tonnes of CO₂ emissions. Combine that with a direct revenue stream for Traditional Owners, jobs on the ground and bringing Kabi Kabi people back to Country. It’s a rich and sustaining partnership that Greenfleet is very proud of.”

Wayne Wescott
Greenfleet CEO

Supply chain emissions

Our carbon footprint analysis found that 98% of our total emissions are Scope 3, the largest contributor being those associated with our supply chain from purchased goods and services. Most of our annual supplier spend comes from facilities, IT, contractors and temporary staff, consulting and specialist advice, business development and marketing. We are working to better understand our Scope 3 emissions and have set a goal to improve supply chain data and implement annual reporting of Scope 3 emissions by 2026, as well as achieve a demonstrated reduction in their intensity.

Climate resilience

We are working on an action plan to address the physical and transition risks of climate change. Our first steps will be to:

- map our approach to Task Force on Climate-related Financial Disclosures (TCFD) by the end of 2023;
- publish our first TCFD aligned report in 2024; and
- have fully aligned TCFD reporting by 2026.

This work will be overseen by our Chief Risk Officer. We intend to complete our first climate exposure and vulnerability assessment this coming year.

Our performance

A key achievement has been the development of our strategy and setting our targets, which was formally endorsed by the Board and received strong support from our Executive Team. We engaged with stakeholders for six months to define our priorities. This included consulting with our people, clients, customers, suppliers and leadership team. We received consistent feedback on the importance of addressing climate change and ensuring resilience in our business model. The process also identified the need to accelerate our initiatives to reduce our own emissions, support our clients to reduce their emissions, and develop our plan around climate change resilience.

Carbon footprint analysis was an important first step on our journey, and we will now work to reduce emissions from this baseline. This year (CY22) total emissions increased by 1,894 tonnes of CO₂-e from CY21 emissions. This is due to increased supply chain spending (Category 1: Purchased goods and services), resulting in an increase of 1624 tonnes of CO₂-e for this emissions category. Category 6: business travel, was the second largest contributor to increased emissions, increasing by 324 tonnes CO₂-e. This was somewhat expected due to the easing of Covid-19 travel restrictions and a return to normal operations following the disruptions caused by the Covid-19 pandemic.



6 months

of stakeholder engagement to inform our priorities included consulting with our people, clients, customers, suppliers and leadership team

	2020	2021	2022
GHG emissions¹			
Gross direct Scope 1 emissions (t CO ₂ eq)	93.61	98.56	97.90
Gross location-based energy indirect Scope 2 emissions (t CO ₂ eq)	300.83	252.29	204.68
Gross other indirect Scope 3 emissions (t CO ₂ eq) ²	12,114.67	10,747.26	12,690.49
GHG emission intensity			
Scope 1 emission intensity (t CO ₂ eq/\$ revenue)	4.32728E-07	4.44399E-07	4.35697E-07
Scope 2 emission intensity (t CO ₂ eq/\$ revenue)	1.39064E-06	1.13755E-06	9.10915E-07
Scope 3 emission intensity (t CO ₂ eq/\$ revenue)	5.60021E-05	4.84585E-05	5.64782E-05
Energy			
Total electricity consumption ³	402921 (kWh)	368235 kWh	350871 kWh
Total electricity sold ⁴	n/a	n/a	n/a
Total heating sold ⁴	n/a	n/a	n/a
Total cooling sold ⁴	n/a	n/a	n/a
Total steam sold ⁴	n/a	n/a	n/a
Total energy consumption	402921 (kWh)	368235 kWh	350871 kWh

- All greenhouse gases are included in our calculations, expressed in tonnes of CO₂ equivalent (t CO₂eq). Our base year is calendar year 2020, which was chosen as the most recent year of complete data available when our Sustainability Strategy development began in 2021. Our greenhouse gas emissions are calculated in accordance with the Greenhouse Gas Protocol using the operational control consolidation approach. In line with the GHG Protocol, all emission factors used to quantify Smartgroup's emissions were aligned to a global warming potential (GWP) of 100 years (GWP100). The databases referenced for emission factors include: EXIOBASE – obtained from the Exiobase 3.1.1 database (2018), accessed via SimaPro (ExioBase Consortium, 2018), National Greenhouse Accounts Factors and AusLCI – obtained from the Australian Life Cycle Inventory (AusLCI) Database Initiative (AusLCI), 2016 (Australian Life Cycle Inventory Database Initiative (AusLCI), 2016).
- Scope 3 categories included in calculation – Category 1: Purchased goods and services, Category 2: Capital Goods spend, Category 3: Fuel- and energy related emissions, Category 5: Waste generated in operations, Category 6: Business travel, Category 7: Employee commuting.
- The amount for total electricity consumption used was provided by BidEnergy, an independent third party service provide who tracks and manages our total electricity spend and then aggregated with our internal records for smaller sites where we manage the electricity usage directly.
- Smartgroup don't sell electricity/heating/cooling/steam.

Investing in our community

We support community and charity organisations directly through sponsorships and initiatives as well as through our Smartgroup Foundation.

Many of our clients are not-for-profits and public benevolent institutions, working to support people in need. We actively look for opportunities to offer local support that aligns with their interests and objectives – whether that be with financial assistance or through our people volunteering.

OUR COMMITMENTS

- We will establish a Social Impact Framework by the end of 2023.
- We will provide up to \$250,000 community investment annually.
- The Smartgroup Foundation will seek to make a minimum of 20 donations or grants annually, focusing on broad geographic impact across the states and territories of Australia in which we operate.

OUR APPROACH

We aim to positively impact the broader community and ensure our investments are aligned with our values.

Make a Difference days

We provide two paid volunteering days per year for our team members to lend a hand to environmental, community or charitable causes close to their hearts. These Make a Difference days are promoted to new starters, with reminders to all team members throughout the year to encourage them to participate.

One option for Make a Difference days is our tree planting days. These are facilitated by our Carbon Offset Program partner Greenfleet. In 2022, our team members helped plant 1,580 native trees in Queensland, 1,500 in New South Wales and nearly 2,500 in Victoria.



2 days

paid volunteering per year for team members to lend a hand to environmental, community or charitable causes close to their hearts



Native trees our team members have helped plant in 2022

1,500

NSW

1,580

QLD

2,500

VIC

Smartgroup Foundation

Established in 2019, the Smartgroup Foundation has supported:

54

community projects and charitable initiatives

We currently have four areas of focus, nominated by our team members:



Mental illness



Children's illnesses and disabilities



Children and families at risk



The environment

Smartgroup Foundation

We are committed to positively contributing to the communities in which we live and operate. We established the Smartgroup Foundation in 2019 to support community organisations and charitable causes that are important to us.

The Smartgroup Foundation receives an annual grant from Smartgroup Corporation to help charities with Deductible Gift Recipient (DGR) status. The Foundation then issues grants to successful applications for amounts between \$5,000 and \$15,000. We gather team member feedback through a survey to determine what the Foundation should invest in. The chosen projects are all grassroots initiatives that improve communities, within the areas nominated by our team members. In 2022, these areas are: children's illness and disease, children and families at risk, mental illness, and the environment.

Each project must meet the selection criteria required as assessed through a structured approval process. Every year, the Smartgroup Foundation Committee, comprised of team members from across the organisation, review and then vote on the applications. We aim to ensure we select a diverse mix of charities and initiatives, and to achieve geographical

spread across every state and territory in which Smartgroup operates.

We receive a huge volume of applications (more than 100 in 2022 alone), and it is difficult to choose the successful grant recipients from so many worthy causes. By involving our team members in the process, we ensure that the chosen projects reflect priority areas for our people.

To date, the Smartgroup Foundation has supported 54 community projects and charitable initiatives. Successful applicants provide impact reports back to the Foundation, to demonstrate how the funds have shaped success for each project. In July 2022, one of our 2021 grant recipients, The Pyjama Foundation, visited our Sydney office to share their mission with our team members and talk with us about the important work they're doing to help disadvantaged children, as well as sharing their knowledge about how our people can get involved to create a positive impact on a child's life.

We are proud of all the projects we've been able to support so far and the critically important differences they are making in people's lives. We're also excited about the future and the many projects the Foundation will be supporting going forward.

OUR PERFORMANCE

In 2022, the Smartgroup Foundation donated \$243,820 in grants to 17 charities across Australia.

One of our challenges is understanding and quantifying the full impact of our community investment. A key action under our new Sustainability Strategy is developing our Social Impact Framework. This Framework will guide our efforts to maximise positive impact within the areas we focus on.

We support various fundraising events throughout the year. For Movember, six team members raised \$3,365 which will go towards funding projects and charities across men's health, prostate and testicular cancer, mental health and suicide prevention. Team members also participated in STEPtember, raising over \$26,000 for cerebral palsy research, as well as Australia's Biggest Morning Tea, raising funds to support those impacted by cancer.

We also partner with PCYC QLD each year. In 2022, we continued to invest in the Catch Me If You Can program and the Bunburra Touch Football event (due to COVID-19, the Bunburra event was postponed and has been rescheduled for 17 June 2023). Catch Me If You Can is an innovative program using sports to develop and improve relationships between Aboriginal and Torres Strait Islander school students and local police. As part of the program, students are matched with a police officer of their choice and participate in team-building activities and a friendly sporting competition. This allows students and police officers to get to know each other in a healthy environment and develop positive, respectful relationships¹. The program has achieved improved behaviour, better communication and increased school attendance.

1. <https://www.pcyq.org.au/youth-and-community/indigenous-programs/programs-activities-events/catch-me-if-you-can/>



Almost

\$250,000

donated in grants to
17 charities across Australia



Supporting the *Catch Me If You Can* program. The Bunburra Touch Football event postponed to 2023 (due to COVID).

Improving prospects for young people

One of our 2022 Smartgroup Foundation grant recipients was MacKillop Family Services (MacKillop), a leading family services provider, supporting disadvantaged and vulnerable children, young people and their families.

The Foundation has supported MacKillop with two projects – first in 2020 with an innovative canine therapy program (Paw Pals) and again in 2022 with the organisation's Cycling to Success program.

MacKillop received

\$15,000

for their Cycling to Success program, which provides young people living in residential care homes the chance to build a bicycle for themselves, as well as for someone else in the community.

Children who grow up in care (and those living with a disability) face a range of social and emotional challenges. MacKillop is continually seeking innovative ways to engage them in activities that work to build confidence and self-esteem. The program's long-term aim is to see participants gain skills to assist with learning and/or employment pathways.

"The bike program's success has far surpassed our wildest dreams," says Meisha Taumoefolau, Principal Practitioner, Clinical Services. "The children and young people taking part in the program are fully engaged in building their bikes and learning to use the maintenance tools."

Meisha says that the ability to make something for another person is one of the most valuable outcomes of the program. "These young people are used to being on the receiving end of donations, so to empower them to make and gift a bicycle to someone else who doesn't have one has a profound effect on them. They are learning the importance of giving back, developing empathy for others and how good it feels to make someone happy."

MacKillop's Paw Pals program uses therapy dogs to help re-engage young people in learning and to get them back to school. The Foundation granted \$20,000 to support the program, contributing to Paw Pals' growing success. Today the program features nine education specialists and 12 therapy dogs working across metropolitan Melbourne, Geelong and Ballarat.



The funding has enabled more therapy dogs to be trained to help more children. They are not just used in the classroom – they also help kids in other potentially stressful situations, like paediatrician visits and meetings to assess their educational needs.

Dan Mars, MacKillop's Philanthropy Manager expressed his gratitude for Smartgroup Foundation's support, commenting "It is only due to the generosity of philanthropic organisations such as Smartgroup Foundation that MacKillop can achieve its goal that children, young people and families are welcomed and supported to be empowered and thrive. We are always keen to work with philanthropic funders who share our vision for innovative, effective programs and services delivered to those who need them most."

Aligning our supply chain

We recognise the important role we can play in upholding ethical business practices, in both our own operations and our supply chain. As a supplier to many large organisations, it is extremely important to our clients that we have stringent processes to ensure our own suppliers operate with the same ethical, governance and sustainability standards that our clients require of us. By cascading these standards throughout our supply chain, we can contribute to positive change beyond our direct operations.

OUR COMMITMENTS

- We will complete a detailed modern slavery risk assessment on all our Tier 1 and Tier 2 suppliers by the end of 2023.
- We will develop a human rights and modern slavery roadmap to drive continuous improvement on understanding and responding to human rights risks in our supply chain by the end of 2023.
- We will adopt a Board endorsed Human Rights Policy in 2023.
- We will include ESG credentials within the procurement due diligence process for all new Tier 1 suppliers by the end of 2023.
- We intend for 20% of our suppliers by number to be diverse suppliers such as B Corps, female-owned companies, Aboriginal and Torres Strait Islander businesses, SMEs, and Not-for-Profit enterprises by the end of 2026.

OUR APPROACH

We are committed to mitigating human rights and modern slavery risks in our supply chain. We are also working to source more sustainable products that meet our environmental and social criteria and support our overall sustainability performance.

Human rights and modern slavery

Given our broad supply chain, there is always a potential risk of negative impact on human rights. We have zero tolerance for modern slavery in any form within our business and supply chain. We are committed to continually reviewing and improving our practices to reduce the risk of modern slavery in all aspects of our business and to contributing to global efforts to eradicate all forms of modern slavery.

We are pleased that our reviews so far have not identified any instances of modern slavery in our own operations and only one instance of a historical high-risk practice in our supply chain, which was satisfactorily addressed and resolved.

In line with the Modern Slavery Act, we released our first Modern Slavery Statement in 2021, which was updated in 2022. It tracks our annual progress against our Modern Slavery goals and initiatives. Please refer to our latest [Statement](#) on our website for details of the specific actions we have taken.

Our Group Risk, Internal Audit and Compliance Team and Group Procurement Manager are responsible for driving and managing our response to modern slavery risks, with the support of the Group Legal Team, Group Executive Team and the Board. We have committed to developing a Modern Slavery Roadmap to drive continuous improvement in our understanding of, and response to, human rights risks in our supply chain by the end of 2023.

Sustainable and ethical procurement

There are potential social and environmental impacts associated with the goods and services that we procure, the main ones being greenhouse gas emissions from purchased goods and services in our supply chain, and potential risks associated with human rights. As a business with a large supplier spend focused on facilities, IT, contractors and temporary staff, consulting and specialist advice, business development and marketing, we must take sustainability and ethical procurement seriously.

We want to ensure that we allocate our spend to suppliers that help us meet our organisational and operational requirements while maximising cost-efficiency and supporting our ESG goals and commitments.

With this in mind, we are aiming to source more sustainable products from suppliers who meet our environmental and social criteria, support our overall sustainability performance and maximise our positive impact. One way we can do this is by directing our spend to certain supplier groups. For example, we are developing a broad supplier and procurement base for EVs, so that we can support our clients and customers in their transition to EVs. We are aiming to provide them with the full ecosystem of products to support an EV lifestyle – such as charging units, RFID cards and even renewable energy arrangements and sustainable floor mats.

In terms of indigenous engagement, we are now members of Supply Nation, supporting our goals to source more products from businesses that are owned by Aboriginal and Torres Strait Islander peoples. Through this membership we have sourced office supplies, branded merchandise and other products. We are aiming to further expand this in 2023.

OUR PERFORMANCE

A key challenge in managing the environmental and social performance of our suppliers is gaining a complete understanding of our supply chain. As a large organisation, we have thousands of suppliers – from small local florists through to large global software-as-a-service (SAAS) providers.



Supporting our clients and customers in their transition to EVs, by providing the full ecosystem of products to support an EV lifestyle – such as charging units, RFID cards and even renewable energy arrangements and sustainable floor mats

We have worked to categorise our supply chain to inform our due diligence assessment process. We have prioritised suppliers into tiers according to the magnitude of spend as well as the strategic value of the services they provide to us:

- i. Tier 1 are suppliers with a high spend volume who are critical to delivering on our strategy.
- ii. Tier 2 are suppliers with a high spend volume who provide limited strategic business value.
- iii. All other suppliers who don't fit into the tiers above.

We have completed a due diligence assessment on all our Tier 1 suppliers to assess their anti-corruption, human rights, labour and environmental risks. This assessment is supported with an independent platform called ethiXbase which helps to identify risks and facilitates enhanced audit trails and reporting. We also complete a detailed onboarding due diligence process on all new Tier 1 suppliers, including cyber security, IT and finance assessments.

In 2022, we issued a modern slavery questionnaire to all Tier 1 suppliers to further refine our understanding of risk factors in our supply chain. We also published our second

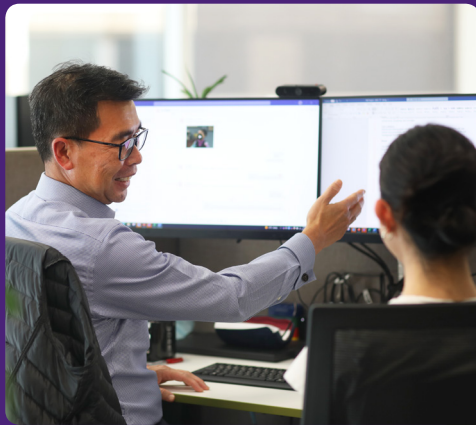
Modern Slavery Statement, reaffirming our commitment to continuing to play our part in helping to eradicate modern slavery in our global communities.

One of the goals in our Sustainability Strategy, is to broaden our supplier review to offer a more complete ESG assessment. Our Chief Legal and Sustainability Officer is working closely with our Group Procurement Manager on rolling out initiatives in relation to ESG assessments in our supply chain and reporting back to the ESG Board Sub-committee.

We use our due diligence processes to assess our suppliers and if we determine any is high-risk we look to mitigate the identified risk or, if that is not possible, we cease that relationship. Where we can, we work with our suppliers to understand and assist with their remediation efforts as appropriate.

In 2022, we also launched a supply base reduction work plan to streamline our organisational spend to fewer suppliers. Ultimately, this will provide us with greater insight into our supply chain, allowing us to build stronger relationships with our strategic suppliers, better understand their ESG credentials and proactively work with them to ensure our goals are aligned.

Managing risk in our supply chain



Where we find that a supplier has high-risk indicators through our due diligence assessment processes, we initiate immediate remediation. Our Group Risk and Group Legal teams work to identify the path to remediation or disengagement of the relevant supplier as follows:

- 1 assess the risk identified and when it occurred;
- 2 communicate to the supplier the risks that have been identified and request a documented correction plan, including details of any policy and training they have implemented;
- 3 attach all supplied documentation to the supplier's profile maintained in ethiXbase; and
- 4 assess the documents and determine whether all risks have been addressed and are satisfactorily managed.

In 2021, we identified one supplier who was flagged as high risk through this assessment process. We engaged with them to understand the issues. The supplier provided us with extensive information, policies and supporting materials to verify that appropriate action had been taken. Our Group Risk and Group Legal teams were satisfied with the mitigation, so we have continued to engage with them.

Remaining accountable and transparent

Reporting on our sustainability journey allows us to create stronger relationships with our stakeholders and be honest about areas where we can improve. Being accountable for the impact we have on the environment and people, and conducting ourselves ethically and with integrity, also allows us to deliver good outcomes for our customers, clients, team members and external stakeholders.

We continue to evolve our Sustainability Reporting and expand our data collection processes to ensure we report accurately on the areas our stakeholders are interested in. They've told us they want clear data measured consistently year-on-year, with evidence available to support claims made regarding ESG matters. We will continue to strengthen our reporting each year.

OUR COMMITMENTS

- We are committed to reporting on our progress and sustainability performance annually through our Sustainability Report.
- We are aiming to increase our internal and external communication on our Sustainability Strategy and transparently share information on our website.
- We are committed to conducting our business ethically and with integrity.

OUR APPROACH

Having set targets under our new Sustainability Strategy, we will measure our performance and report our results in our annual Sustainability Report. We are also establishing internal working groups and action plans to support each focus area within our strategy. That includes reporting our progress to the ESG Board Subcommittee at regular intervals.

Our Disclosure and Communications Policy aims for proper and timely disclosure of information to shareholders and provides that Smartgroup will:

- comply with the continuous disclosure obligations imposed by law;
- present company announcements in a factual, clear and balanced way;

- provide all shareholders with equal and timely access to material information concerning the company; and
- communicate effectively with shareholders and make it easy for them to participate in general meetings.

Responsible business conduct

We promote lawful, ethical and responsible conduct, with a suite of relevant policies established and upheld, as follows:

Smartgroup Code of Conduct

- Decisions that impact on customers, clients, team members and corporate governance are governed by values relating to ethics, conflict of interests and compliance with regulations and laws.

Smartgroup Ethics Policy

- Our team members are required to maintain fairness in all dealings with stakeholders such as customers, suppliers and other bodies and avoid conflicts of interest (actual and potential). Everyone must use company assets and resources appropriately, and must report any corrupt, fraudulent or other illegal activity.

Gifts, Entertainment and Political Donations Policy

- We have clear requirements in relation to offering, providing and accepting gifts and entertainment to and from third parties. Requesting gifts and entertainment from a third party is not permitted.

Smartgroup Anti-Bribery and Corruption Policy

- No-one can accept money or any other benefit which could be interpreted as an inducement, secret commission, facilitation payment or bribe.
- All dealings with politicians and government officials at federal, state and local level that relate to Smartgroup and our business activities must be conducted at arm's length and with the utmost professionalism, to avoid any perception of attempts to gain advantage or to improperly influence the outcome of an official decision.
- Our team members must not make any donation or other financial contribution to any political party, elected parliamentarians, candidate for an election or sponsor any organisations (other than in a purely personal capacity) without seeking and obtaining prior approval.

Speak Up Policy

- We encourage all team members and other external partners to speak up without fear if they have concerns regarding potentially unethical, unlawful or improper practices or behaviours, knowing that they will be protected from reprisal.

Privacy Policy

- This policy covers how Smartgroup collects, uses, discloses and holds personal information.

Trading Policy

- Applies to trading in Smartgroup's securities by our Directors, officers, team members to ensure compliance with insider trading prohibitions.

Our policies are publicly available on our [website](#).

We have zero tolerance for deliberate or negligent breaches of our policies, legislation, regulation and client contracts. All our policies are available on our intranet and team members are required to complete periodic training, so they remain aware of what's expected of them. Adherence is monitored and any exceptions are reported to the Board on a quarterly basis. Where we identify breaches, we investigate then to mitigate or redress any negative impacts on our stakeholders. We take this very seriously, with actions that may include dismissal of the person(s) involved.

ANTI-CORRUPTION

We have assessed 100% of our operations for risks related to corruption.

We believe that knowledge of our anti-corruption policies and procedures is crucial to keeping our operation safe. That's why we provide training on these policies to everyone in our team, from our 15 Board and Group Executive Team members to our customer service agents. In terms of communicating our policies to our business partners, our Anti-Bribery and Corruption Policy and Speak Up Policy are available on our public website. There were no incidents of corruption, or legal cases regarding corruption brought against the Company, during 2022, or in any prior year.

Grievance mechanisms

We offer a variety of grievance mechanisms to enable anyone to raise potential concerns about responsible business conduct and instances of breaches of policy, and for customers to lodge complaints.

Our Speak Up Policy encourages team members and external partners, including suppliers, to speak up without fear if they have concerns regarding potentially unethical, unlawful or improper practices or behaviours knowing that they will be protected from reprisal. We encourage everyone to confidentially report actual or potential

instances of misconduct via an independent Speak Up portal and process.

We also have an internal employee grievance system to report any concerns, and team members can seek advice from their line manager, or our People and Culture, Risk, or Legal Teams. Engagement surveys provide another opportunity to anonymously provide feedback on a broad range of topics. Additionally, in 2022 we included a new question to our annual risk culture survey, asking all team members if they understand the Speak Up process and whether they feel comfortable raising cases of misconduct, if required. A strong majority of 77% answered "Yes". We assess the effectiveness of our grievance mechanisms based on their level of usage, team members feedback via surveys and by engaging external specialists to advise on their design and operation.

External customers can raise any complaints or general feedback via our Disputes Resolution process, details of which are available on our [website](#).

No critical concerns were reported through any of our grievance channels, identified through our Internal Risk, Audit and Compliance functions, or escalated to the Board in the past 12 months. Our Chief Risk Officer is responsible for reviewing and reporting on any such critical concerns.

OUR PERFORMANCE

This year, we are proud to be releasing our first Sustainability Report incorporating GRI standards as well as externally launching our Sustainability Strategy. While increasing our sustainability data collection is something of an ongoing challenge, we are working to embed this within our systems and processes. We will be aiming for continuous improvement of our Sustainability Reporting and performance moving forward.

In line with our commitment to responsible business conduct, compliance with laws and regulations remains of utmost importance. There were no instances of non-compliance with laws and regulations and no fines or sanctions during the reporting period. There were also no legal actions regarding anti-competitive behaviour, anti-trust or monopoly practices during the reporting period.

Our Strategy in action

- 26 Enabling net zero
- 28 Digitalising our customer experience



Smart SOLUTIONS





Smart Solutions

We design and deliver products and services to create a seamless customer experience while reducing our impact on society and the environment. We are currently working to streamline and simplify our services by improving our investment in innovation and technology. At the same time, we want to enable client and customer sustainability by promoting access to EVs and green energy.

WE AIM TO:

- facilitate access to low emissions mobility and green energy;
- deliver great client and customer experiences; and
- simplify and streamline operations to reduce complexity and risk.

Focus areas

Enabling net zero

We aim to facilitate access to EVs and green energy.

Digitalising our customer experience

We are investing in digital services to create an excellent client and customer experience by simplifying and streamlining operations to reduce complexity and risk.

Key targets and commitments

- We will extend our Carbon Offset program to Autopia and Smartfleet by the end of 2023.
- We have set a target that 20% of our novated lease and fleet-managed new vehicle orders will be EVs by the end of 2026.
- We will offset 100% of our direct fleet emissions, including car-embodied emissions by 2026.
- We will explore alternatives to establish a partnership with a green energy provider to complete the ecosystem for our EV novated-leasing customers.
- We aim to complete delivery of the key assets in our Smart Future program by the end of 2024.
- We will achieve a demonstrated year-on-year increase in digital-only interactions by customers from a 2022 baseline.



FLAGSHIP INITIATIVE

EV Strategy

Whilst our novated leasing customers have complete choice in the style and type of vehicle they select, we can use our expertise to help them make a more sustainable choice that is better for them and better for the planet.

With the introduction of the Electric Car Discount Policy effective from 1 July 2022, Smartgroup can play a more significant role than ever before in supporting our customers, saving them thousands of dollars on their novated lease or fleet of EVs. We have a range of initiatives and a broad

offering around EVs, focused on making the transition into this new era as simple and cost-effective as possible.



Read more about our EV offering on page 26.

Enabling net zero

We recognise our unique opportunity to support our clients in the transition to net zero. We're committed to designing and delivering products and services that not only create a seamless customer experience, but also reduce negative impacts on society and the environment. We intend to improve sustainability performance for our clients and customers by addressing the barriers to the transition to low-emissions mobility, and by promoting access to electric vehicles (EVs) and green energy.

OUR COMMITMENTS

- We will extend our Carbon Offset program to Autopia and Smartfleet by the end of 2023.
- We have set a target that 20% of our novated lease and fleet managed new vehicle orders will be EVs by the end of 2026.
- We will offset 100% of our direct fleet emissions, including car embodied emissions by 2026.
- We will explore alternatives to establish a partnership with a green energy provider to complete the ecosystem for our EV novated leasing customers.

OUR APPROACH

By broadening the electric vehicles in our novated leases, we can decrease greenhouse gas emissions associated with the operation of those vehicles. By providing customers with the option to contribute to a number of offset projects through our Carbon Offset program, we can also help them to minimise their residual environment impact.

Following the development of our Sustainability Strategy, our Chief Legal and Sustainability Officer, Chief People Officer, Chief Operating Officer and Chief Customer Officer now all have KPIs linked to the delivery of their respective sustainability initiatives. These filter down to our Client Marketing Manager, our Customer, Operations and Supplier teams and our People and Culture team.

Electric Vehicles

One of our flagship sustainability initiatives is our Smartgroup EV offering. The focus is on making the transition for our customers into an EV as simple and cost effective as possible with discounts and support for the full EV ecosystem. A range of initiatives, including bulk buying EVs in advance, will seek to ensure a readily available supply to meet customer demand.

We are monitoring new vehicle reporting monthly to understand the numbers of EVs ordered – both as an absolute number and as a percentage of overall vehicle orders. Affordability can be a challenge as, according to our research, customers are looking at spending under \$50,000 per EV. Historically, there has been very little offering within this price point. However, the introduction of the Federal Government Electric Car Discount policy will substantially change this for our novated leasing and fleet customers, providing a significant saving and making an EV a viable option for more of our customers.

Our Carbon Offset Program

We launched our Carbon Offset Program in 2008 with Greenfleet as our first partner. Since then, we've further expanded our program partnerships to include The Nature Conservancy and Carbon Positive Australia.

Together, we invest in important restoration projects throughout Australia. Our program is primarily supported by our vehicle leasing customers, who make regular contributions through their salary package. Total donations to date have now topped \$13 million, allowing us to directly contribute to more than 63 different projects. We also encourage our team members to get involved through annual tree planting events with Greenfleet.

Partners are required to undertake independent bi-annual monitoring assessments and provide reports pertaining to tree planting activities, monitoring results and carbon sequestration rates to Smartgroup.

Approximately \$1.65m in funds was allocated to our Carbon Offset Program in 2022. Projects have included Adelaide Coastal Wetlands Restoration in South Australia, Eurady Reserve in Western Australia, Spurfield Road in New South Wales, Glendalough and Kinglake Distillery in Victoria and Cherry Avon, Cherry Gully and Aroona in Queensland.

OUR PERFORMANCE

Following the launch of the Federal Government's Electric Car Discount policy this year, promoting the uptake up of EVs amongst our customer base has been a key focus for us.

We are also looking to provide fleet processes and solutions to help reduce client emissions.

One way we do this is through facilitating smart vehicle allocation via the Pool Vehicle Booking system. Another initiative is Telematics by Smartfleet, which shows clients how to best use their fleet, improve fuel efficiency and reduce running costs. We have a Vehicle Disposal Program that allows customers to sell their second-hand vehicles easily and efficiently and reduces carbon emissions by avoiding unnecessary transport to the auction yard. We also offer not-for-profit customers a 9-Month Buy-Back program which allows them to replace vehicles with newer, updated, fuel-efficient models, delivering overall savings of running cost expenses (irrespective of it being leased or owned).

We are currently investigating a partnership with a green energy provider to help us deliver more accessible renewable energy charging infrastructure for our EV customers. We are also looking at extending our Carbon Offset Program in line with our Sustainability Strategy targets, which will enable us to include a broader range of domestic offset projects. Finally, we are working to expand our Carbon Offset Program so it includes options to offset for the full range of emissions, including car embedded emissions.



In 2022:

\$1.65m

in funds was allocated to our Carbon Offset program

Digitalising our customer experience

As part of our Smart Future investment program, we are working to streamline and simplify our services, to deliver the best experience for our clients and customers and reduce complexity and risk. We're doing this by boosting our investment in innovation and technology.

OUR COMMITMENTS

- We aim to complete the delivery of the key assets in the Smart Future program by the end of 2024.
- We will achieve a demonstrated year-on-year increase in digital-only interactions with customers from a 2022 baseline.

OUR APPROACH

Our clients and customers increasingly want to be able to engage digitally end-to-end with us, at any time of day or night. By enabling this to happen, we can:

- maximise accessibility to our products for all our potential customers;
- simplify complex products, so that our customers can access the information they need to self-educate on our products and understand if they are right for them, without the pressure of a sales environment; and
- free up our consultants' time to focus on providing high value-add services to our customers.

In 2020 and 2021, we undertook an extensive customer experience journey project, to better understand our different categories of customers and their wants and needs around our digital offerings. We continue to engage as each digital asset is rolled out, to ensure it resonates with our customers and is fit for purpose. Where needed, we adapt and improve our digital offerings to better meet customer needs.

We have a well-resourced project management office, which has oversight and ownership of all projects within the Group, with set governance frameworks including Executive sponsorship and Board reporting. Our Smart Future initiatives are part of our Executive KPIs, which are then cascaded throughout the business to ensure alignment of focus and prioritisation.

OUR PERFORMANCE

Each Smart Future initiative has a dedicated Project Manager who manages the timelines, finances and deliverables of the project. We track and report against our Smart Future actions in each Half Yearly Report and Annual Report announced to the ASX.

In 2021 and 2022, we experienced challenges recruiting the technology experts required

to deliver Smart Future. In response, and to ensure we delivered the foundational technologies and key early digital assets of the program, we sourced external help. As 2022 progressed and the skilled labour market improved we re-evaluated our delivery model and pivoted to more internal resourcing. This change has extended the timeframe for delivery but has also ensured that we are better resourced in the long term for delivery of digital innovation projects.

During 2022, we rolled out improved websites for Smartsalary, Smartfleet and PBI Solutions. Initial performance of our Smartsalary website indicates there's consistent usage of educational pages and materials that weren't previously available on the site pre-login, highlighting the need to help our customers understand packaging better. Our websites are materially compliant with WCAG 2.0AA standards, to ensure they are accessible to more people. We also completed the bulk of the IT development for the first stage of our Car Leasing Portal, which will give our customers full control to customise their end-to-end novated lease quote online 24/7. The new portal was launched in early 2023 and has been designed to be easy to navigate and understand thanks to its modern design, everyday language, and intuitive interface.

Our Strategy in action

- 31 Facilitating financial wellbeing
- 33 Promoting sustainable and smart driving behaviours



Smart

CUSTOMERS





Smart Customers

We want to support our clients and customers in their everyday decision-making, increase their financial wellbeing and enhance sustainable car use practices by providing information and resources that promote more sustainable decisions.

WE AIM TO:

- increase the financial literacy of our clients and customers to boost their economic wellbeing; and
- promote sustainable car choices by providing clear and relevant information about efficient car use, maintenance and emissions.

Focus areas

Facilitating financial wellbeing

We are working to provide information and tools to allow our customers to make the most of their financial benefits, boosting their personal financial wellbeing.

Promoting sustainable and smart driving behaviours

We support our clients to make sustainable decisions about car use and practices, including choosing cars with lower emissions rates.

Key targets and commitments

- We will implement an enhanced Smartgroup financial benefits and wellbeing platform targeted for release in 2024.
- We will launch a program of educational content about sustainable car choices, car use and maintenance by the end of 2023.
- We will publish environmental and ANCAP safety ratings for our novated vehicles on our novated leasing quotes by the end of 2023.
- We will provide access to customer-specific carbon footprint calculators by end of 2023.



FLAGSHIP INITIATIVE

Financial Wellness platform

We play a unique role in facilitating improved financial wellbeing for our customers and ensuring that they maximise their take-home salary. Many of our customers are working in the most important industries in Australia – on the front line as teachers, nurses and police; as workers in ambulance, defence, aged care; and in many other critical industries. By improving their financial wellbeing, we can create a better future for all Australians.



[Read more about our plans for an enhanced Financial Benefits platform on page 31.](#)

Facilitating financial wellbeing

Facilitating financial wellbeing is the very purpose of our organisation and lies at the heart of our services. We offer our clients a range of services to assist with their employee benefits programs and improve their employees' financial wellbeing, including salary packaging, novated leasing, payroll and workforce optimisation services.

Our services help almost 380,000 customers across Australia reduce the tax they pay and enjoy more of their income on payday. A rewarding salary packaging program is crucial for any organisation. It means they can offer an additional monetary benefit to their employees and enable better financial wellbeing across their entire workforce. We aim to provide information and tools that allow our customers to make the most of their financial benefits and boost their economic wellbeing.

OUR COMMITMENTS

- We will implement an enhanced Smartgroup financial benefits and wellbeing platform targeted for release in 2024.
- We will continue to investigate other opportunities to provide our customers with relevant information and resources to improve their financial wellbeing.

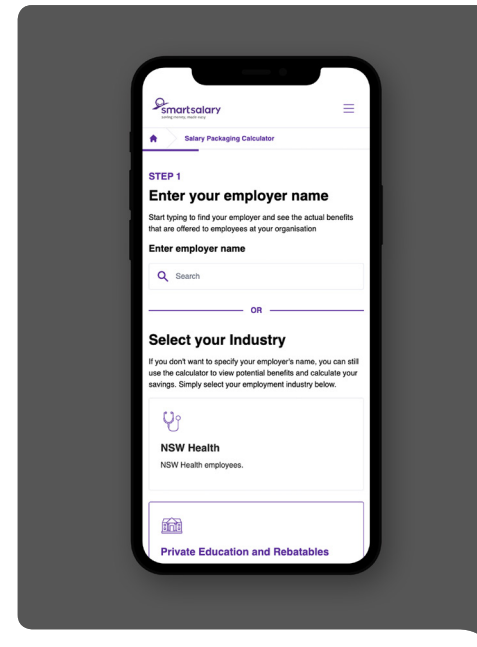
OUR APPROACH

Our clients and customers are at the core of what we do. We can support our customers' everyday decision-making by providing information and resources that increase their financial wellbeing. We are also working to identify other topics of interest around personal finance to better understand our clients' needs.

A key learning from our stakeholder engagement and customer experience work this year has been around the complexity of our products and salary packaging. Customers sometimes find it difficult to understand the potential benefits available to them so we are working to create simple guides that make understanding our products easier.

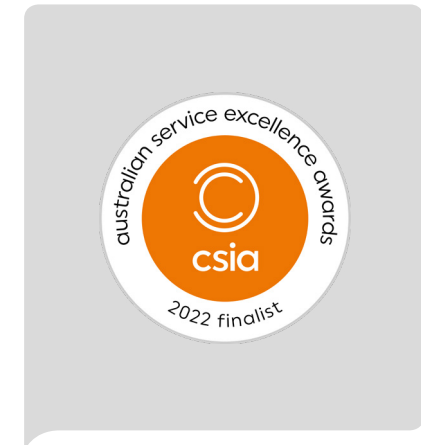
For example, we have added tool tips and pop-up information in accessible and digestible formats to our salary packaging calculator. This innovative tool can be tailored to an individual's situation: by following a series of steps, they can see how salary packaging could benefit their personal circumstances.

We are also working to enhance Smartgroup's financial benefits and wellbeing platform. The platform is targeted for release in 2024, and will give customers access to an enhanced range of relevant benefits, helping to drive up their spending dollars to purchase groceries, retail, entertainment and a range of other items.



OUR PERFORMANCE

During 2022, we delivered the Smartsalary packaging calculator, which helps employees better understand and use their benefits.



We were pleased to continue to be recognised by the Customer Service Institute of Australia (CSIA) through their Australian Service Excellence Awards, where we secured a finalist nomination for our 'Calculator Project' that simplifies our complex novated leasing product. This year we've also used our Customer Journey Mapping Project to make further improvements for our customers, especially online.

Moving forward, we will track statistics on content to determine levels of engagement and further refine future offering to better meet our customers' interests.

Making a healthy financial difference for health workers

St Vincent's is one of Australia's iconic hospitals. Founded in 1857 by the Sisters of Charity, the hospital includes specialty units that are internationally recognised as centres of excellence. Attracting and retaining the right staff is vital to St Vincent's delivering the quality care it prides itself on – and a key part of that is Smartsalary, which enables staff to access a range of benefits.



2,800

St Vincent's employees – including many frontline staff have signed up for Smartsalary benefits.

“Smartsalary is an important part of our Employee Value Proposition,” explains Rio Pun, People and Culture Manager. “It helps us attract and keep the people we need to do everything we do on a daily basis.” Already, 2,800 staff members – including many frontline staffers – have signed up for Smartsalary benefits ranging from mortgage and rent benefits through to cost-of-living expenses. That's about 65% of the workforce.

The key to signing up more, says Rio, is helping people better understand how salary packaging could benefit them. A new Smartsalary packaging calculator lets hospital staff see the difference between gross income and net income, and how that can affect their bottom line. Specifically, the online calculator shows the items each person is potentially able to package, along with data highlighting the impact of that on their pocket.

“Through the Smartsalary website, people enter the details for their organisation,” says Rio. “They can then input data and get a personalised report in the form of a table. Often, they're surprised by what they stand to gain. Salary packaging can literally make thousands of dollars of difference, depending on people's costs.” For the hospital, that means an ability to compete on an even keel with other organisations. “It's a must-have for us, and one that our internal monitoring shows is seen as a strong positive by participating staff.”



Rio Pun
People and
Culture Manager
St Vincent's

The goal now is to further increase the percentage of staff accessing Smartsalary benefits. “We used to actively promote Smartsalary onsite and at staff orientation. That slipped of course with COVID-19. But with the new calculator and the reintroduction of promotional events, we're hoping that more of our people will see the advantages for them in choosing to salary-package through Smartsalary. The calculator has let people see the options for themselves and given them a better understanding of what they stand to gain. We want it to be win-win for all of us.”

Promoting sustainable and smart driving behaviours

Through our novated lease offering, we facilitate the entire car ownership journey for our customers. With our fleet management services, we're able to support clients from funding through to fleet use. We're committed to supporting everyone we work with to make sustainable decisions about car use and practices, including choosing vehicles with lower emissions rates.

We aim to help our customers to:

1. maximise the life span and residual value of their vehicle;
2. ensure their vehicle is safe and fit for purpose; and
3. ensure that their purchase is both cost effective and maximises the tax benefits available to them.

OUR COMMITMENTS

- We will launch a program of educational content about sustainable car choices, car use and maintenance by the end of 2023.
- We will publish environmental and ANCAP safety ratings for our novated vehicles on our novated leasing quotes by the end of 2023.
- We will provide access to customer-specific carbon footprint calculators by the end of 2023.

OUR APPROACH

One of the key ways we are promoting sustainable and smart car use practices is through creating and sharing educational content, advice and tools that are helpful and relevant to our customers. This year, we invested time in understanding where in our customers' journeys we need to provide material that is useful for them. Our initiatives include the following:

- Preparing content tailored for Smartleasing, Autopia and Smartfleet customers, to help educate customers about sustainable and safe driving behaviours.

- Our Vehicle Management program helps novated leasing customers to manage the maintenance of their vehicle and ensure that it receives services in accordance with manufacturer's recommendations.
- Our automated system, Regobot, constantly scans our customer database to ensure that all vehicles in our customer carpark have current registration.
- Through Telematics we are working to keep drivers safe through real-time engine detection warnings and vehicle diagnostics that minimise the risk of unsafe and inconvenient breakdowns. Vehicle location, lone worker protection and driver behaviour monitoring all help to support a culture of safer practices.

To help customers make informed decisions, we are aiming to create and disclose an environmental car rating for each vehicle in our offering. We are planning to publish both environmental and ANCAP safety ratings for our novated vehicles on novated leasing quotes by the end of 2023. To promote fleet efficiency, we are facilitating on-demand car sharing via a partnership with DriveMyCar, Telematics by Smartfleet and FleetComplete.

Through Smartfleet, we are offering driver safety education through Mentor Application and a partnership with the Royal Automobile Club of Australia (RACV).

OUR PERFORMANCE

With the introduction of the Electric Car Discount Policy effective from 1 July 2022, we have had a strong focus on promoting uptake of electric vehicles (EVs).

We have been rolling out content and education on EVs, to help our clients and customers understand the new policy and how we can help them to get into an EV that is right for them.

We have also continued our work with National Automotive Leasing and Salary Packaging Association (NALSPA) and the Australian Finance Industry Association (AFIA) to advocate for parity of treatment between EVs and ICE (internal combustion engine) vehicles in novated leasing, and for clear rules regarding the benefits available for charging infrastructure and costs.

Our Strategy in action

- 36 Creating diverse and inclusive teams
- 39 Strengthening our Aboriginal and Torres Strait Islander Connections
- 40 Developing and engaging our people
- 43 Ensuring a healthy and safe workplace



Our people make this

POSSIBLE





Our people make this possible

We recognise the value of each of our team members and we want them to feel supported, celebrated and empowered. It is our responsibility to ensure that all people who work with us are treated equally, despite their perceived or real differences. We want to create a thriving work environment that attracts and retains talent, while protecting mental and physical health.

Focus areas	Key targets and commitments
<p>Creating diverse and inclusive teams</p> <p>We want to ensure our team members are treated equally and have a positive work experience regardless of any perceived or real differences.</p>	<ul style="list-style-type: none"> • We will maintain our Employer of Choice for Gender Equality citation. • We will achieve 40/40/20 gender representation at Board level by the end of 2023¹. • We will maintain 40/40/20 gender representation across all levels. • We will develop and implement an Accessibility Action Plan by end of 2023.
<p>Strengthening our Aboriginal and Torres Strait Islander connections</p> <p>Our vision is to ensure we support, empower and work alongside Aboriginal and Torres Strait Islander peoples.</p>	<ul style="list-style-type: none"> • We will deliver our Reflect Reconciliation Action Plan (RAP) and work on creating an Innovation RAP. • We will implement an Aboriginal and Torres Strait Islander employment program by 2024.
<p>Developing and engaging our people</p> <p>We aim to achieve high levels of engagement resulting from our career development opportunities, training and benefits for our people.</p>	<ul style="list-style-type: none"> • We aim to increase internal promotion and training opportunities. • We intend to achieve a 10% increase in average hours of training per team member by the end of 2025. • We have a target that at least 15% of all role hires each year should be internally sourced.
<p>Ensuring a healthy and safe workplaces</p> <p>We work to ensure our team has access to the tools and resources that allow them to stay safe and healthy, physically and psychologically, in the workplace.</p>	<ul style="list-style-type: none"> • We ensure our team members have access to tools and resources that allow them to stay safe and healthy, physically and psychologically, in the workplace. • We aim to maintain zero harm and a low lost-time injury frequency rate (LTIFR).

1. A 40/40/20 target requires 40% male, 40% female and 20% either gender. For the purpose of this assessment, the CEO is included within the Executive and not within the Board.

Creating diverse and inclusive teams

We are committed to creating and sustaining a culture where every person feels valued, respected and welcome. It is our responsibility to ensure that all people who work here have equal treatment, regardless of their perceived or real differences. This year, diversity and inclusion remained the top scoring dimension in our team member survey. At 91%, the results reflect the progress we have made and the importance we place on diversity and inclusion in making our organisation stronger and our culture unique.

OUR COMMITMENTS

- We will maintain Employer of Choice for Gender Equality.
- We will maintain 40/40/20 gender representation across all levels.
- We will achieve 40/40/20 gender representation at Board level by the end of 2023.
- We will continue to develop and deliver our RAP actions.
- We will develop and implement an Accessibility Action Plan by the end of 2023.

OUR APPROACH

Our Diversity and Inclusion Framework focuses on four pillars – gender, Aboriginal and Torres Strait Islander peoples, accessibility and LGBTQIA+. These pillars are supported by key strategies with defined action plans and measures of success, including our Gender Equality Strategy 2021-23, our Flex Work Strategy 2021-23 and our Reconciliation Action Plan (RAP) (see more on [page 39](#) under Strengthening our Aboriginal and Torres Strait Islander connections).

Our gender strategy includes initiatives to diversify our talent pool, develop new behavioural interview guides based on our Capability Framework, deliver unconscious bias training for all team members, redesign our People Leader practices to actively support our team members with caring responsibilities and support shared accountability to continue reducing our gender pay gap. In raising awareness on LGBTQIA+ inclusivity, we provide education on pronouns, share team member stories and conduct a review of our policies to ensure inclusive language is always used.

As part of our *Smarter, More Sustainable Tomorrow* Sustainability Strategy, we will establish an Accessibility Action Plan and look forward to reporting our progress in next year's report.

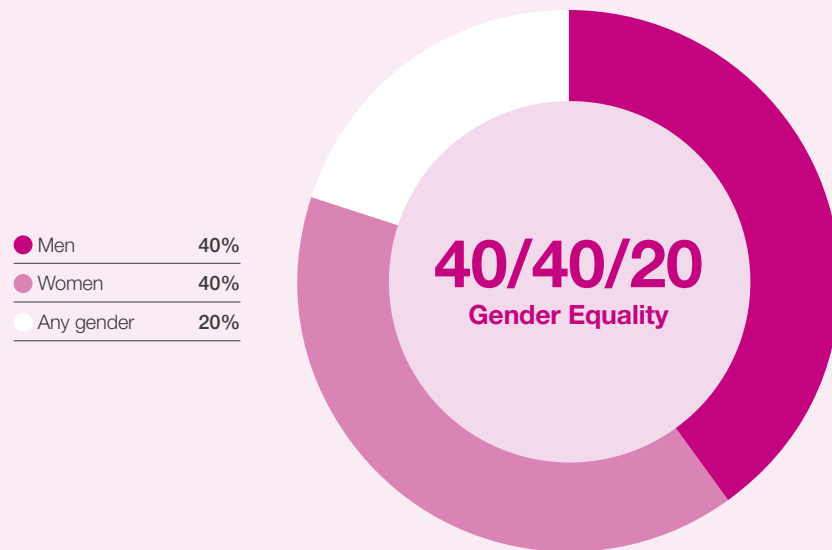
Our policies and reporting structures hold us to account and ensure we continue creating diverse and inclusive teams. These include our Workplace Behaviours and Equal Opportunity, Flexible Work, Parental Leave, Learning and Development, and our Recruitment and Selection policies. Our comprehensive Diversity Policy is on our [website](#).

We report to the Workplace Gender Equality Agency (WGEA) annually and include progress on our targets and success measures in our Employer of Choice for Gender Equality application. Internally, we provide quarterly reporting to the Human Resources and Remuneration Committee and provide updates to our team members.

OUR PERFORMANCE

We are proud that Smartgroup was named Employer of Choice for Gender Equality 2021-2023 by WGEA.

In 2022, we achieved 40/40/20 gender representation at the Board level for the first time. This means we now have a mix of 40% men, 40% women, 20% of any gender at all of our organisation levels.¹



1. A 40/40/20 target requires 40% male, 40% female and 20% either gender. For the purpose of this assessment, the CEO is included within the Executive and not within the Board.

Employee category	Other %	Female %	Male %	Under 30 years old %	30-50 years old %	Over 50 years old %
Board	0	43	57	0	0	100
Employees	1	51	48	22	64	14

This year, we continued our Women’s Room and Men’s Shed forums to support and promote gender equality and progress and to share, inspire, and empower team members, in a safe and informal environment. Topics covered included recognising and calling out stereotypes and biases, the gender pay gap, and health and wellbeing.

This year, we also updated our Parental Leave Policy to one type of gender-neutral leave. It is available to all eligible parents, including primary carers, support carers, single parents, opposite-sex parents and same-sex parents. Permanent team members are eligible to take parental leave from their hire date, with superannuation contributions continuing during paid and unpaid parental leave for up to 12 months. We also provide a return-to-work bonus for those returning from parental leave for three months.

We are proud to recognise and celebrate the diverse cultures of our team members. This year, we celebrated Diwali, NAIDOC Week, National Reconciliation Week, Movember, Pride Month and Wear it Purple Day. As part of Harmony Week, which raises awareness on eliminating racial discrimination, we launched a Harmony Week cookbook – created by our team members, for our team members. Continuing with our Diversity Speaks program, we also celebrated International Women’s Day with a talk by Erin Molan, an Australian TV sports presenter, who shared her personal story of breaking down barriers for women in the male-dominated space of sports journalism.

Growing your family and career

We're committed to investing in our people, building career paths and encouraging mobility. An example of this was creating a career opportunity for a team member while she was on parental leave.

Dominique Gouskos joined Smartgroup in January 2021 and took time off to grow her family later that year. During her parental leave, an opportunity came up for a bigger role to lead the Continuous Improvement Team. We reached out to Dominique as a valued team member to offer her the role on her return from parental leave, which Dominique accepted excitedly.

"I joined Smartgroup as a Process Improvement Consultant," says Dominique. "A large part of that role involved engaging stakeholders and leading group-wide improvement projects. I now lead our Continuous Improvement Team working on some exciting and complex initiatives that will

make significant improvements and help to drive the business forward.

Dominique explains she was nervous at first telling her leader that she was expecting. She needn't have worried. "The response was warm and comforting, followed by a big congratulations," she says. "The reactions of all those around me confirmed that Smartgroup really do care for their people regardless of what life phase you happen to be in.

"When I did go on leave, I was kept in the loop about things I'd been involved with – and then of course, I was offered a new job. It was the best feeling to know that out of sight did not equate to out of mind, and really solidified in my mind that the tide is starting to shift when it comes to career progression and creating a family, particularly for women."

Returning to her new role, Dominique says that the company's commitment to flexibility allows her to better balance each workday. "For example, I now start my days around 7.30am, because it means I can jump out a bit earlier, pick the little one up from daycare and still have some time together before he goes to bed. I love coming to the office, catching up with colleagues, having those unplanned corridor conversations which are helpful in progressing the work. Coming into the office is also great from a community and social aspect too. Flexibility is a great enabler to achieve my goals both inside and outside work."



"I feel blessed to be an employee in such a progressive company – previously I would never have thought a promotion whilst on extended leave would have ever been possible. I'm excited to return to work and can't wait to kick goals and have some fun with a great bunch of humans."

Dominique Gouskos,
Manager of Continuous Improvement

Strengthening our Aboriginal and Torres Strait Islander Connections

Smartgroup acknowledges the Custodians of Country throughout Australia. We pay our respect to them and to Elders past, present and emerging and thank them for their ongoing custodianship of this land and community. This always was and always will be Aboriginal and Torres Strait Islander land and seas.

Strengthening our Aboriginal and Torres Strait Islander connections is important to us. We are committed to supporting, empowering and working alongside Aboriginal and Torres Strait Islander peoples.

OUR COMMITMENTS

- We will deliver our Reflect Reconciliation Action Plan (RAP) and work on creating an Innovation RAP.
- We will implement an Aboriginal and Torres Strait Islander employment program by 2024.

OUR APPROACH

Delivering and implementing our first Reflect RAP is an important journey for us as we seek to further embed a culture of inclusiveness as part of our broader diversity and inclusion strategy. Our RAP is our guiding framework with specific actions, deliverables and timelines. It is governed by the RAP Working Group who track progress against our targets and report internally to team members and the Human Resources and Remuneration Committee and externally to Reconciliation Australia through annual RAP reporting. Our RAP was officially endorsed by Reconciliation Australia and is available publicly on our [website](#).

Our approach in implementing our Reflect RAP was to build an understanding of our Aboriginal and Torres Strait Islander stakeholders and sphere of influence, raising awareness of our commitment to reconciliation, embedding the values and recognition of First Nation's cultures, preparing business cases (including team members' engagement and cultural learning), increasing the representation of Aboriginal and Torres Strait Islander peoples in our organisation and supply chain, and intensifying our support to the community.

OUR PERFORMANCE

During this reporting period, we are proud to have exceeded some of the commitments set out in our Reflect RAP, including launching cultural awareness training for all team members (700+) and becoming a member of Supply Nation to further support closing the gap for Australia's Aboriginal and Torres Strait Islander peoples and communities through procurement.

We took part in the CareerTrackers Winter 2022 Work Shadow program, hosting a high school student with a First Nations' background in July. We raised awareness of paid internship opportunities available to Aboriginal students at a career exposition in Adelaide and advertised Smartgroup roles in *Koori Mail*, the fortnightly National Indigenous newspaper to ensure our recruitment reaches Aboriginal and Torres Strait Islander peoples. A key focus going forward is gaining more in-depth knowledge of how we can provide the best employee experience to team members with a First Nations background.

Each year, we celebrate NAIDOC Week and National Reconciliation Week. These celebrations and our ongoing work as part of our RAP all play a role in strengthening our connections to Aboriginal and Torres Strait Islander peoples each and every day.

Developing and engaging our people

Investing in our people and their personal development is key to supporting our highly engaged and high-performance culture. Building capability at every level helps our team members achieve their full potential and is essential in attracting and retaining talent and developing our future leaders.

OUR COMMITMENTS

- We aim to increase internal promotion and training opportunities.
- We intend to achieve a 10% increase in average hours of training per team member by the end of 2025.
- We have a target that at least 15% of all role hires every year should be internally sourced.

OUR APPROACH

We have frameworks and reporting in place to ensure equal access to learning and development opportunities for all team members. Our Capability Framework, for example, helps them identify growth areas and progress their skills. Every team member also has an individual development plan tailored to their specific needs and career aspirations which is reviewed throughout the year. Our approach is underpinned by our policies:

- Learning and Development Policy;
- Education Assistance Policy; and
- Recruitment and Selection Policy.

Our learning and development offering ensures our team members continue to evolve and diversify their skills. We promote these programs internally to ensure everyone is aware of the opportunities available to them. Career pathways and internal mobility guidelines map out potential development routes within our organisation. We also communicate career opportunities and available positions to encourage people to apply for other roles.

Our employee benefits include parental leave, discounted health insurance, and an employee share scheme available to permanent team members. As part of our

superannuation, we offer team members death and disability insurance. We also provide each person with a Wellbeing Fund, which they can spend as they wish to support their own health and wellbeing. In addition, we provide birthday leave and summer days – three additional days of leave to be taken between Christmas and New Year’s Day. We encourage our team

members to take two Make a Difference days per year. These are paid volunteering days that team members can use to help our environment or local communities.

Under our Parental Leave Policy, every team member is eligible for parental leave regardless of gender. The table below outlines parental leave statistics for calendar year 2022.



OUR PERFORMANCE

Evolving and adapting our leadership styles to engage a hybrid working team in a post-COVID-19 work environment remains challenging. This includes thinking about the ways our leaders coach, educate, lead and manage. One way we are addressing this is through our STRIVE leadership program which has continued into its second year.



It focuses on building resilient, inspiring and inclusive leaders that engage and grow their teams and enable us to deliver customer service excellence. STRIVE is delivered through an extensive coaching and education program that offers specific training and facilitation on leadership and people management.

Another key program is our Insights Discovery training for new and existing team members. This powerful profiling tool enables us to celebrate diversity and difference by understanding ourselves and our colleagues better. We use Insights Discovery to foster increased self-awareness and self-development, which helps us become better leaders and team players.

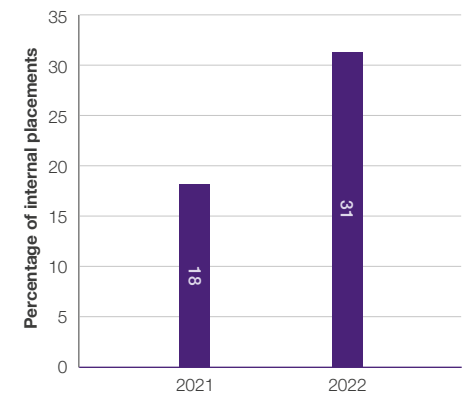
This year, we are excited to have partnered with the University of Technology Sydney to provide industry placements for students enrolled in the Bachelor of Information Technology. This placement consists of an initial six-month rotation for first year students to gain industry experience with us. Students then return for another six months in their third year.

We measure our performance on engagement, learning and development through KPIs. We have regular reporting to the Board on appointments and promotions, and to our Group Executive Team on recruitment statistics. This year, we are proud to have sourced 31% of our open roles internally.

Engagement is measured on both a team and organisational basis, with action plans developed and tracked throughout the year. Pulse and engagement surveys are used to understand team member sentiment and gain feedback. We share the key themes and results from these surveys with team members and report results to the Board.

We track training hours completed and evaluate the quality of programs through team member feedback and by measuring the impact over the short, medium and long term.

Internal recruitment



Ensuring a healthy and safe workplace



The health and wellbeing of our people remains our top priority. We review and monitor our practices, policies and initiatives to ensure we create an environment that looks after the physical and mental wellbeing of our team and the people who come onto our sites.

OUR COMMITMENTS

- We ensure our team members have access to tools and resources that allow them to stay safe and healthy, physically and psychologically, in the workplace.
- We aim to maintain zero harm and a low lost-time injury frequency rate (LTIFR).

OUR APPROACH

We aim to achieve a safe and incident-free workplace, by considering safety in everything we do. We recognise our responsibilities under the Work Health and Safety (WH&S) Act and supporting legislation, and we have implemented a WH&S management system and policies to manage risk. These policies include:

- Work Health & Safety (WH&S) Policy;
- Mental Health and Wellbeing Policy;
- Domestic and Family Violence Policy;
- Return to Work program;
- Safe Driving Policy; and
- Immunisation Policy.

Our WH&S management system and policies apply to all team members (full-time, part-time or casual), contractors, subcontractors, outworkers, apprentices, trainees, students, graduates, volunteers and others on work experience. The system itself is consistent with WH&S legislation as well as other relevant supporting regulations.

We have a Work Health and Safety Committee, which holds key safety responsibilities and has been established to assist in our overall management of WH&S. The Committee meets on a quarterly basis or more frequently as required. Their role is to ensure a coordinated and consultative approach to managing work health and safety risks across the organisation. They are in charge of delivering the WH&S plan and policies in collaboration with management and assisting in developing standards, rules, policies and/or procedures relating to health and safety. The committee also monitors performance indicators and compliance with legislation and facilitates consultation with the respective workgroups on all relevant WH&S matters.

Established systems, based on identified significant issues, risks and opportunities, ensure WH&S is an integral part of strategic and operational business planning. Our WH&S Policy requires all team members to promptly report and, where it's safe and possible to do so, prevent work-related hazards, injuries and incidents (physical or psychological), including near misses. The process for reporting incidents includes completing an Incident Notification Form which is located on our intranet. The form requires details of the accident or injury and is filled in by the injured team member or their manager. This reporting process is important as it helps us to identify trends and potential hazards to proactively minimise risk.

We ensure that team members will never be punished or subject to reprisals because they have raised a safety or wellbeing concern. All incidents are thoroughly investigated following our incident investigation process, and our WH&S Advisor provides advice to management and the WH&S committee on any proposed changes that may arise from hazard or incident investigations to prevent reoccurrence. We also undertake regular site audits to identify hazards, review controls and assess risks.

OUR PERFORMANCE

We had no significant safety incidents in 2022 and we continue to raise awareness and enable a safe work environment through initiatives and training.

We use performance indicators to monitor the achievement of our WH&S objectives. These indicators include training, hazard, accident and incident reporting, workers' compensation claims, and the use of our Employee Assistance program (EAP). We regularly report these indicators to the Board and our WH&S measurement processes enable us to monitor the performance of our WH&S management system and evaluate outcomes against objectives. We ensure WH&S performance data is used to refine WH&S plans, objectives and targets, and improve risk management to eliminate hazards and minimise risks.

	For all employees	For all workers who are not employees but whose work and/or workplace is controlled by the organisation:
i. Number and rate of fatalities as a result of work-related injury	0	0
ii. Number and rate of high-consequence work-related injuries (excluding fatalities)	0	0
iii. Rate and number of recordable work-related injuries	0.01 (9)	0
iv. Main types of work-related injury	Slips and trips	N/A
v. Number of hours worked	1,393,080	N/A

This year our focus continued to be on mental health and promotion of wellbeing. We undertake yearly mental health awareness training and provide tools and support for managers to ensure they have the skills to assist their team members. We also continued the implementation of our mental health plan which included raising awareness of mental health through R U OK Day initiatives and Wellbeing Month. In addition, we also have a Wellbeing Fund to support team members in their own health and wellbeing journey. We continue to promote our EAP offering so that everyone who works with us can access external guidance and confidential counselling should they need it.

Training remains a key element of our approach to protect and enhance health and safety. We embed WH&S upskilling in our onboarding process and there are frequent refresher courses. We provide ergonomics assessment and guidance for all team members to ensure safety and wellbeing within a hybrid work environment, and in early 2022 we also provided additional COVID-19 training as part of the Return to Office process.



This year our focus continued to be on mental health and promotion of wellbeing. We undertake yearly mental health awareness training and provide tools and support for managers to ensure they have the skills to assist their team members.



Thank you for taking the time to read our new *A Smarter, More Sustainable Tomorrow* Sustainability Strategy. We are confident that it will guide and empower us to take further action and look forward to sharing more with you.

This inaugural Sustainability Report demonstrates our commitment to sustainability and transparency: reporting against the GRI and referencing the GRI Standards against all our material topics. The format we have established sets us up for concise future reporting, with improved comparability of our year-on-year improvements. We are eager to further improving our reporting against GRI in future years.

Next STEPS



If you have any feedback, thoughts, ideas for engagement or partnership opportunities please contact us [here](#).

Corporate sustainability scorecard

	2022	2021	2020	2019
People				
Headcount	785	685	697	762
Full-time equivalents (FTEs) (excluding temps)	734	673	630	695
Number of permanent employees	715	632	605	661
New South Wales	380			
South Australia	147			
Victoria	137			
Other	51			
Permanent employees who are female (%)	51%	54%	54%	51%
New South Wales	50%			
South Australia	57%			
Victoria	48%			
Other	53%			
Number of full-time permanent employees	670	576	547	594
New South Wales	364			
South Australia	135			
Victoria	126			
Other	45			
Full-time employees who are female (%)	49%	51%	50%	47%
New South Wales	48%			
South Australia	54%			
Victoria	44%			
Other	51%			

	2022	2021	2020	2019
Number of part-time permanent employees	45	56	58	67
New South Wales	16			
South Australia	12			
Victoria	11			
Other	6			
Part-time employees who are female (%)	87%	88%	88%	90%
New South Wales	81%			
South Australia	92%			
Victoria	100%			
Other	67%			
Number of fixed-term/temp/casual employees	70	53	92	100
New South Wales	19			
South Australia	25			
Victoria	5			
Other	21			
Fixed-term/temp/casual employees who are female (%)	54%	53%	52%	55%
New South Wales	47%			
South Australia	64%			
Victoria	80%			
Other	43%			
Employee engagement score (%)	58%	61%	54%	52%
Employee participation in the engagement survey	84%	79%	69%	79%

	2022	2021	2020	2019
People (continued)				
Eligible employees receiving annual performance reviews (%)	100%	100%	100%	100%
Team members eligible to participate in training and development (%)	100%	100%	100%	100%
Safety incidents per FTE (total)	0.01 (9)	<0.01 (5)	<0.01 (2)	0.07 (45)
Lost-time injury frequency rate (injuries/million hours worked)	1.44	0.8	1.6	3.2
Absenteeism (%)	3%	2%	2%	2%
Risk culture score (risk awareness, values and behaviours) (%)	81%	84%	80%	74%
Parental leave¹				
Number of employees who took parental leave	Female 50 Male 26	Female 50 Male 33	Female 18 Male 18	Female 31 Male 20
Number of employees who returned to work after leave ²	Female 29 Male 20	Female 45 Male 33	Female 13 Male 17	Female 21 Male 19
Employee share ownership				
Employee share plan participation rate (% of eligible employees)	55%	53%	49%	54%
Number of employee shareholders (via share plan)	349	376	325	422

1. Parental leave in 2021 and 2022 includes both primary and secondary carer's leave. Prior years reporting includes primary carer's leave only.

2. Employees who have returned within the reported year only.

	2022	2021	2020	2019
Employee gender diversity				
Board ³	Female 43% Male 57% Other 0%	Female 38% Male 62%	Female 29% Male 71%	Female 29% Male 71%
Executive	Female 50% Male 50% Other 0%	Female 43% Male 57%	Female 43% Male 57%	Female 38% Male 62%
Senior Management	Female 42% Male 58% Other 0%	Female 53% Male 47%	Female 46% Male 54%	Female 47% Male 53%
All employees	Female 51% Male 48% Other 1%	Female 54% Male 46%	Female 53% Male 47%	Female 51% Male 49%
Customers				
Net Promoter Score (average score) – Smartgroup ⁴	+48	+46	+38	–
Customer complaints (as a percentage of total customers)	0.33%	0.29%	0.32%	0.74%

3. For the purpose of this assessment, the CEO is included within the Executive and not within the Board.

4. Average NPS for Smartsalary, Smartleasing, AccessPay and Advantage.

GRI content index

Statement of use	Smartgroup Corporation Ltd (Smartgroup) has reported the information cited in this GRI content index for the period 1 January – 31 December 2022 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	Page 3
	2-2 Entities included in the organization's sustainability reporting	Page 3
	2-3 Reporting period, frequency and contact point	Page 3
	2-4 Restatements of information	Page 3
	2-5 External assurance	Page 3
	2-6 Activities, value chain and other business relationships	Page 4
	2-7 Employees	Page 40, 45–46
	2-9 Governance structure and composition	Page 8
	2-10 Nomination and selection of the highest governance body	Smartgroup's Corporate Governance Statement
	2-11 Chair of the highest governance body	Smartgroup's Corporate Governance Statement
	2-12 Role of the highest governance body in overseeing the management of impacts	Page 8
	2-13 Delegation of responsibility for managing impacts	Page 8
	2-14 Role of the highest governance body in sustainability reporting	Page 8
	2-15 Conflicts of interest	Page 8, Smartgroup's Corporate Governance Statement
	2-16 Communication of critical concerns	Page 23
	2-17 Collective knowledge of the highest governance body	Smartgroup's Corporate Governance Statement

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021 continued...	2-18 Evaluation of the performance of the highest governance body	Smartgroup's Corporate Governance Statement
	2-19 Remuneration policies	Remuneration report included on page 44 of our Annual Report
	2-20 Process to determine remuneration	Remuneration report included on page 44 of our Annual Report
	2-21 Annual total compensation ratio	Remuneration report included on page 44 of our Annual Report
	2-22 Statement on sustainable development strategy	Page 3
	2-23 Policy commitments	Modern Slavery Statement 2022
	2-24 Embedding policy commitments	Modern Slavery Statement 2022
	2-25 Processes to remediate negative impacts	Page 23
	2-26 Mechanisms for seeking advice and raising concerns	Page 23
	2-27 Compliance with laws and regulations	Page 23
	2-28 Membership associations	Page 5
	2-29 Approach to stakeholder engagement	Page 7
	2-30 Collective bargaining agreements	Zero Smartgroup employees covered by collective bargaining agreement.
GRI 3: Material Topics 2021	3-1 Process to determine material topics	Page 7
	3-2 List of material topics	Page 7
	3-3 Management of material topics	<ul style="list-style-type: none"> • Energy and emissions: page 11 • Transparency, accountability and reporting: page 22 • Ethics and integrity: page 22 • Enabling client and customer sustainability: pages 26, 33 • Innovation and technology: pages 26, 28 • Client and customer education: pages 31, 33 • Community investment: page 15 • Human rights and modern slavery: page 19 • Sustainable and ethical procurement: page 19 • Diversity, equity and inclusion: pages 36, 39 • Employee engagement and development: page 40 • Employee health, safety and wellbeing: page 42

GRI STANDARD	DISCLOSURE	LOCATION
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	Page 13 of Modern slavery Statement
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	Page 23
	205-2 Communication and training about anti-corruption policies and procedures	Page 23
	205-3 Confirmed incidents of corruption and actions taken	Page 23
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Page 23
GRI 302: Energy 2016	302-1 Energy consumption within the organization	Page 14
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	Page 14
	305-2 Energy indirect (Scope 2) GHG emissions	Page 14
	305-3 Other indirect (Scope 3) GHG emissions	Page 14
	305-4 GHG emissions intensity	Page 14
	305-5 Reduction of GHG emissions	Page 13
GRI 401: Employment 2016	401-3 Parental leave	Page 40

GRI STANDARD	DISCLOSURE	LOCATION
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	WH&S management system is consistent with WH&S legislation including Work Health and Safety Act 2011 (ACT), Work Health and Safety Act 2011 (NSW), Work Health and Safety (National Uniform Legislation) Act 2011 (NT), Work Health and Safety Act 2011 (Qld), Work Health and Safety Act 2012 (SA), Work Health and Safety Act 2012 (TAS), Occupational Safety and Health Act 1984 (WA), Occupational Health and Safety Act 2004 (VIC).
	403-2 Hazard identification, risk assessment, and incident investigation	Page 42
	403-3 Occupational health services	Page 42
	403-4 Worker participation, consultation, and communication on occupational health and safety	Page 42
	403-5 Worker training on occupational health and safety	Page 43
	403-6 Promotion of worker health	Page 43
	403-8 Workers covered by an occupational health and safety management system	Page 42
	403-9 Work-related injuries	Page 43
	GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Page 13 of Modern slavery Statement
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	Page 9 of Modern slavery Statement
	414-2 Negative social impacts in the supply chain and actions taken	Page 15 of Modern slavery Statement



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