

Smarter — Tomorrow

# Advancing

Progress towards a smarter, more sustainable tomorrow

Sustainability Report 2023



## Acknowledgement of Country

Smartgroup acknowledges the Custodians of Country throughout Australia. We pay our respects to them and to Elders past and present 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.

**kengatha-nak-thangi**  
*Grow Mother Country*

By Jade Kennedy of the Tatti-Tatti/ WadiWadi/  
Muddi-Muddi – West Kulin Nation and Wajak/  
Kaardjin – Noongar Nation.



# Contents

- 4 — Welcome
- 5 — 2023 highlights
- 6 — About this report
- 7 — About us
- 9 — A Smarter, More Sustainable Tomorrow Sustainability Strategy →
- 10 — Sustainability in 2023
- 59 — Next steps
- 60 — GRI content index
- 75 — GRI table appendix

## 9 — A Smarter, More Sustainable Tomorrow Sustainability Strategy

### 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.12](#)

### 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.33](#)

### 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.40](#)

### Our people make this possible

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

[Read more – pg.46](#)

# Welcome to our 2023 Sustainability Report



Scott Wharton

At Smartgroup we are committed to participating in the transition to a low-carbon future. In 2022, we launched our *Smarter, More Sustainable Tomorrow* Sustainability Strategy setting out how we would look to achieve sustainable outcomes across our business, for our clients and their employees, and the communities in which we operate and the environment.

We are now pleased to share with you the strong progress we have achieved in our first full year of implementation, having exceeded our goals in a number of areas. We have also continued to mature our approach to sustainability reporting. This is our first report in accordance with the Global Reporting Initiative (GRI) Standards. We have also completed and reported on our first Task Force on Climate-Related Financial Disclosures (TCFD) risk assessment in this Report.

## First full year of implementation

When we developed our Sustainability Strategy, we recognised the importance of ensuring our plans could flexibly accommodate developments in the external and internal environments that may impact our targets and initiatives.

Taking responsibility for our own impacts is first and foremost. However, we also have a huge opportunity to help our employer clients and their employees (our customers) improve their sustainability performance through facilitating access to low-emissions mobility. A cornerstone of our strategy is our Electric Vehicle (EV) offering, through which we aim to make the transition into an EV as simple and cost effective as possible for our customers.

## Unprecedented demand

The rapid uptake of EVs amongst our customer base has necessitated a strong and coordinated focus on accelerating our EV Strategy. In 2022, EVs represented only around 2% of all vehicle orders in our novated leasing vehicle order book. Following the introduction of the

Federal Government Electric Car Discount Policy in November 2022, they have become an attractive and affordable option for everyday working Australians, and we have seen unprecedented demand for EVs from our customers. In fact, EVs exceeded 40% of all novated lease vehicle orders for Smartgroup in the second half of 2023, well surpassing the 20% target we had set to achieve by 2026.

In response, we have placed significant focus on promoting the uptake of EVs through educating our clients and customers on the financial and environmental benefits. While the EV share of our novated lease portfolio is growing strongly, customers with internal combustion engine (ICE) vehicles still make up a significant cohort of customers. To help our customers make more sustainable choices, we provide them with vehicle-specific Environmental and ANCAP ratings on our lease quotes, and we have also developed educational content on how our customers can use their vehicles in more environmentally sustainable ways. We also offer customers the opportunity to participate in our Carbon Offset Program, which invests in biodiversity and restoration projects, to help offset the carbon generated by their vehicles.

## Wider EV ecosystem support

The challenge for our sector now is identifying what else we can do to help drive the transition to a low emissions future in Australia. To address the barriers to low-emissions mobility, we're aiming to provide solutions for the full EV ecosystem – from helping to source home and on-the-go charging to solar panels, batteries

and other sustainable home energy solutions. By providing a one-stop-shop for all EV related needs, we can play an important role in helping our customers and clients transition to a more sustainable future.

## A decrease in our carbon emissions.

We continued progress towards our target of Net Zero carbon emissions from direct operations by 2030, with a significant reduction of 35% across Scope 1, 2 and 3 emissions compared to the prior year.

## Good progress, socially

In 2023, we adopted our Human Rights Policy and received endorsement for our Innovate Reconciliation Action Plan (RAP) from Reconciliation Australia. We continue to be recognised by the Diversity Council of Australia as an Inclusive Employer. We also continued to invest in our communities through the Smartgroup Foundation.

## Looking forward

To be truly successful, we know that sustainability must be at the core of everything we do as an organisation. We are proud of the progress we have made in integrating sustainability into our overarching business strategy. We will continue to revise and strengthen our targets and initiatives to ensure we remain ambitious. Moving into 2024, we are energised to continue building *A Smarter, More Sustainable Tomorrow*.

# 2023 highlights

## Smart business

### Almost \$250,000 of funding through the Smartgroup Foundation.

Invested in grassroots initiatives across Australia.

### Delivered on all our key goals and initiatives for 2023.

We made strong progress, delivering on many of the commitments set in our Sustainability Strategy with a 35% reduction in our carbon emissions across Scope 1, 2 and 3 emissions from the prior year.

### Adopted our Social Impact Framework.

Our vision for the change we are seeking to create with the social investment we make.

### Adopted our Human Rights Policy.

Our policy was endorsed by the Board and published on our website.

## Smart solutions

### >40% of novated lease vehicle orders were EVs.

We saw a noticeable increase in the number of EVs in our fleet and novated leasing book with more than 40% of novated lease vehicle orders being EVs in the second half of 2023.

### Progressed on expanding our EV ecosystem.

We've rolled out the first stage of our EV ecosystem with partnerships for sourcing home and on-the-go charging.

### Launched our Car Leasing Portal.

This digital tool allows customers to obtain tailored quotes for a novated lease and to compare options.

### Enhanced our salary packaging calculator.

Customers can take advantage of our updated educational and tax savings calculator to help them maximise their benefits.

## Smart customers

### Refreshed Smartrewards program launched.

The program includes an enhanced range of discount offerings and financial wellness tools and resources.

### Environmental and ANCAP safety ratings.

We integrated these ratings into our novated lease quote templates to help customers make safe and sustainable choices.

### Educational program

We rolled out a program of information and educational content on environmentally sustainable car maintenance and usage.

## Our people make this possible

### Continued to be recognised for our commitment to creating a diverse and inclusive workplace.

We received recognition as an 'Inclusive Employer' by the Diversity Council of Australia for 2023-2024.

### Maintained our 40/40/20 Gender Diversity targets.

We have a mix of 40% men, 40% women, and 20% of any gender at the Board level and across our organisation.

### Our Innovate RAP received endorsement by Reconciliation Australia.

We continue to progress our journey with the roll out of our second Reconciliation Action Plan (RAP).

### Adopted our first Accessibility Action Plan.

We joined the Australian Disability Network and developed an Accessibility Action Plan.

# About this report

This report details our sustainability performance as Smartgroup Corporation Ltd (Smartgroup) for the year 1 January to 31 December 2023. The report covers all our activities and is reported in accordance with the GRI Standards for this period.

We are an ASX-listed public company with operations across Australia, with our head office located at Level 8, 133 Castlereagh Street, 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.

Our reported greenhouse gas emissions have been prepared by a third-party impact consultancy, but 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, and fleet management solutions, to a range of employer 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 employer clients and their employees; from the calls we take to the industry-leading technology we develop. We are constantly working to improve our offering full circle including the way we design our processes and the services we provide, while considering our environmental and social impacts.

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

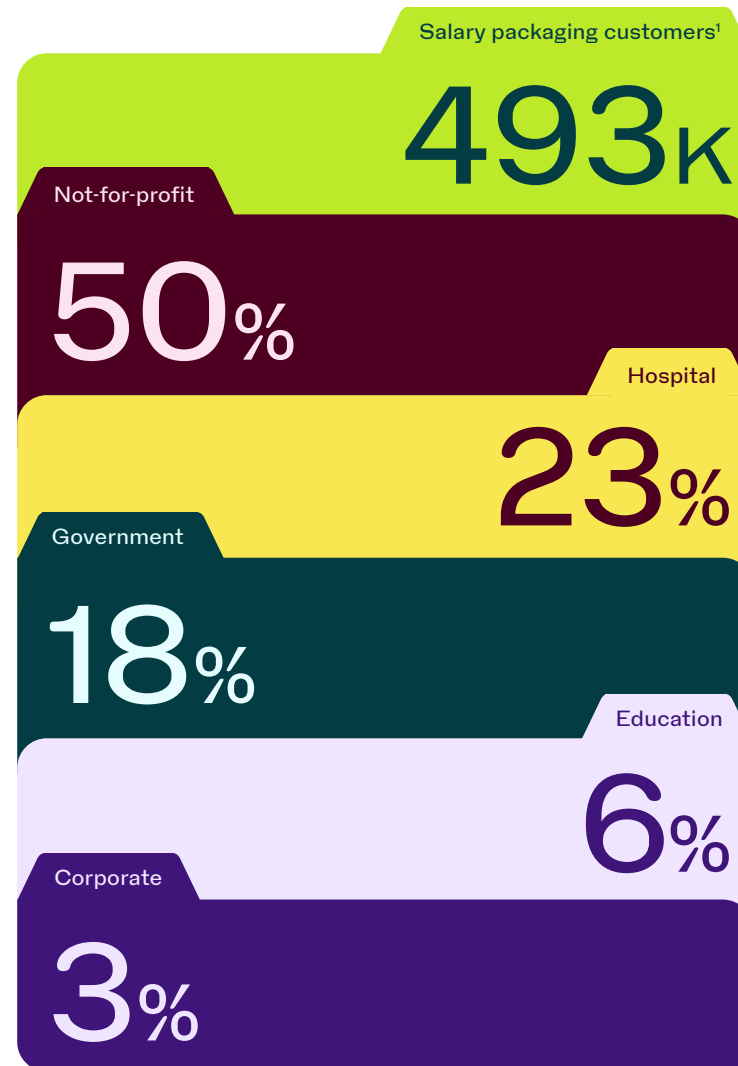


You can find out more about Smartgroup in our Annual Report [here](#).

<sup>1</sup> Includes customers that maximise Fringe Benefits Tax caps before December each year, then restart packaging in April at the start of the next FBT year.

# Employer sectors we operate in

Our clients and their employees



# Our award-winning services

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

### Dow Jones



Included for the first time in the global Dow Jones Sustainability Indices.

### ASEA Awards by CSIA



## Awarded Service Champions

Vehicle Sales Team - Customer Service Team of the Year (medium)

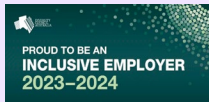
### S&P Global ESG score



## Ranked 87<sup>th</sup> percentile worldwide in Corporate Sustainability Assessment.

(up from 81<sup>st</sup> percentile in 2022)

### Inclusive Employer



## 'Inclusive Employer' recognition

with the Diversity Council of Australia for 2023-2024

### ASEA Awards by CSIA



## Customer Service Professional of the Year

Robert Kent, Vehicle Sales Consultant

# Industry engagement

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

### Industry associations





# Our Sustainability Strategy: A Smarter, More Sustainable Tomorrow

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

Our Sustainability Strategy outlines the important role we envisage playing to create *A Smarter, More Sustainable Tomorrow*. It includes flagship initiatives to deliver meaningful positive impact and targets for our clients, their employees (our end customers) and communities, while recognising our team members as the engine to make these commitments possible.

## Smart business

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

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

## Smart solutions

**Designing 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 team members
- Ensuring healthy and safe workplaces

# Our approach to sustainability

To inform the development of our strategy, we undertook a materiality assessment in 2022 to identify our most important environmental, social and governance (ESG) topics.

A peer and context review helped us better understand industry trends and identify a long list of potential material issues. We then held interviews with key internal and external stakeholders as well as ran a materiality survey involving 174 stakeholders (covering clients, suppliers, industry bodies, team members, internal experts and senior leaders).

These engagements provided insights into stakeholder expectations and areas we needed to prioritise. Based on this feedback, we then held workshops to refine our list of material topics. These, in turn, contributed important inputs for the development of our strategy.

## Our current material topics are:

- Energy and emissions
- Transparency, accountability and reporting
- Ethics and integrity
- Enabling client and customer sustainability
- Innovation and technology
- Client and customer education
- Community investment
- Human rights and modern slavery
- Sustainable and ethical procurement
- Diversity, equity and inclusion
- Employee engagement and development
- Employee health, safety and wellbeing
- Engagement with Aboriginal and Torres Strait Islander peoples

# Sustainability governance

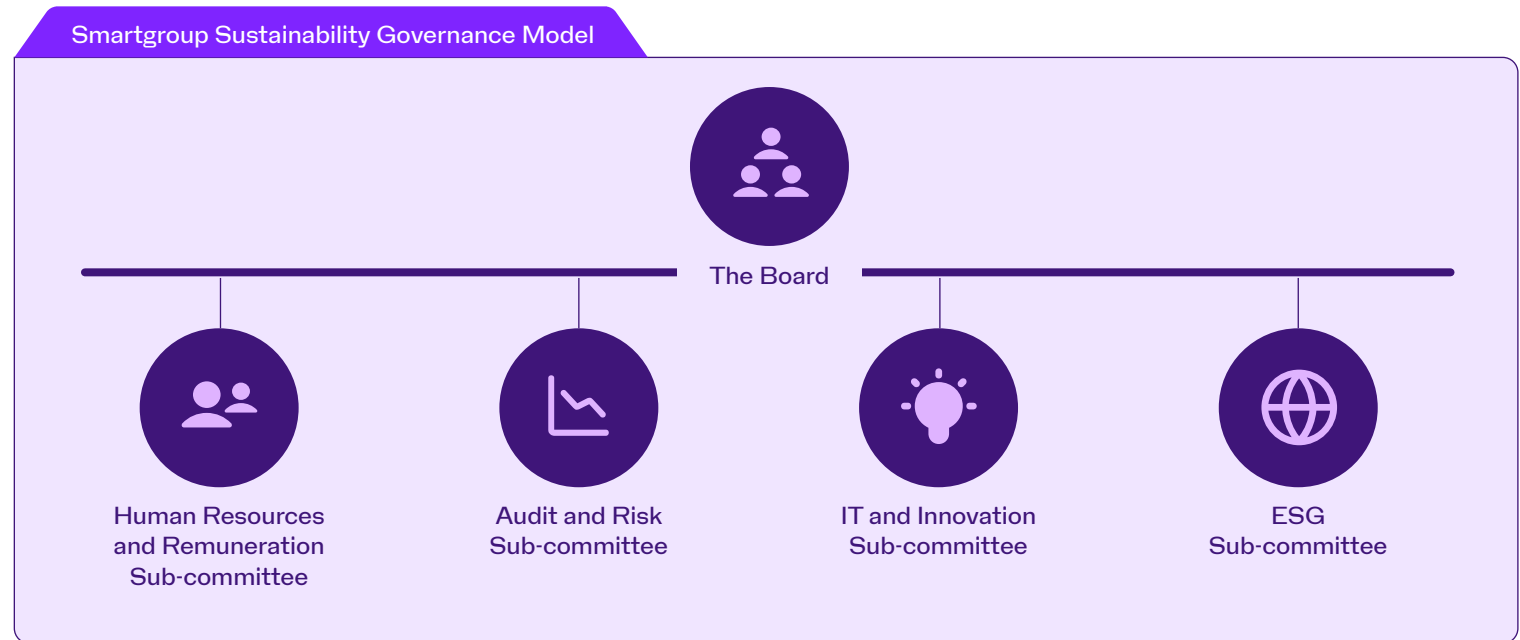
Strong governance underpins progress on our sustainability ambitions.

Our Board comprises four sub-committees, with the ESG Sub-committee responsible for oversight of our Sustainability Strategy, including:

- Reviewing our social, sustainability, and environmental priorities and commitments, including management systems and strategy plans.
- Ensuring that these priorities are integrated within our operating framework and long-term values.
- Assessing progress against those priorities and commitments.

The other three Board Sub-committees (Human Resources and Remuneration, Audit and Risk and IT and Innovation) also share some responsibility for decision-making relating to managing our economic, environmental and people impacts.

Operationally, the ESG Sub-committee has delegated responsibility for managing sustainability to the Chief Legal and Sustainability Officer (CLSO) and the Chief People Officer (CPO), working closely with the Chief Executive Officer (CEO). However, all our Executives share responsibility for sustainability performance and have various KPIs connected to initiatives in the Sustainability Strategy.



Responsibilities are also delegated to functions within the business, including finance, people and culture, operations and marketing. The CLSO works closely with these teams to embed sustainability considerations across the business. The CPO and CLSO regularly report progress back to the ESG Sub-committee during their scheduled meetings.

The ESG 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.

This year, the ESG Sub-committee discussed and reviewed action plans to achieve our sustainability goals, and made plans to further develop our sustainability reporting in line with increasing external requirements. Specifically, the Sub-committee approved the publication of our Modern Slavery Statement and Human Rights Policy and had oversight of our EV Strategy.

# Smart Business



Taking action on climate

Investing in our community

Aligning our supply chain

Remaining accountable  
and transparent



# 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	KEY TARGETS AND COMMITMENTS	PROGRESS HIGHLIGHTS
<p><b>Taking action on climate</b></p> <p>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.</p>	<ul style="list-style-type: none"> <li>• All the sites we control will source 100% renewable energy by 2026.</li> <li>• Our direct operations will be net zero by 2030.</li> <li>• We will implement annual reporting of Scope 3 emissions by 2026.</li> <li>• We will achieve a demonstrable reduction in Scope 3 emissions intensity by 2026.</li> </ul>	<ul style="list-style-type: none"> <li>• 63% of the electricity used by all our offices in 2023 was renewable.</li> <li>• Total carbon emissions across Scope 1, 2 and 3 decreased by 35% in CY23 compared to CY22</li> <li>• Following our baseline assessment in 2022, we are now looking into automated solutions for Scope 3 emissions monitoring.</li> <li>• We are preparing an employee commuting and business travel plan to help reduce our Scope 3 emissions.</li> <li>• The majority of our small directly owned fleet of vehicles are now EVs.</li> </ul>
<p><b>Investing in our community</b></p> <p>We will continue investing in our community in ways that align with our values.</p>	<ul style="list-style-type: none"> <li>• We will establish a Social Impact Framework by the end of 2023.</li> <li>• We will provide up to \$250,000 community investment annually.</li> <li>• The Smartgroup Foundation will seek to make a minimum of 20 donations or grants annually, focusing on broad geographic impact across all the states and territories within Australia in which we operate.</li> </ul>	<ul style="list-style-type: none"> <li>• Our Social Impact Framework has been created and will be implemented from 2024.</li> <li>• The Smartgroup Foundation provided almost \$250,000 of grants across 19 charitable projects in 2023.</li> </ul>
<p><b>Aligning our supply chain</b></p> <p>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.</p>	<ul style="list-style-type: none"> <li>• We will complete a detailed modern slavery risk assessment on all Tier 1 and Tier 2 suppliers by the end of 2023.</li> <li>• We will develop a human rights and modern slavery roadmap to drive continuous improvement in understanding and responding to human rights risks in our supply chain by the end of 2023.</li> <li>• We will adopt a Board endorsed Human Rights Policy.</li> <li>• We will include environmental, social and governance (ESG) credentials within the procurement due diligence process for new Tier 1 suppliers by the end of 2023.</li> <li>• 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.</li> </ul>	<ul style="list-style-type: none"> <li>• We completed risk assessments for our Tier 1 suppliers, and for the majority of our Tier 2 suppliers, with completion targeted for 2024.</li> <li>• Development of our Human Rights and Modern Slavery roadmap is underway, targeted for completion in 2024.</li> <li>• The Board adopted and endorsed the Human Rights Policy in early 2023.</li> <li>• We will progressively implement an ethiXbase survey for our Tier 1 and Tier 2 suppliers through to 2024 to assess the ESG standards of our suppliers.</li> <li>• Process is underway to identify suppliers who meet the diversity criteria. We will use this data to run a targeted project to increase supplier spend in these areas.</li> <li>• We have also partnered with Supply Nation to track our supplier spend with Aboriginal and Torres Strait Islander businesses.</li> </ul>
<p><b>Remaining accountable and transparent</b></p> <p>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.</p>	<ul style="list-style-type: none"> <li>• We are committed to reporting on our progress and sustainability performance annually through our Sustainability Report.</li> <li>• We are aiming to increase our internal and external communication on our Sustainability Strategy and transparently share information on our website.</li> <li>• We are committed to conducting our business ethically and with integrity.</li> </ul>	<ul style="list-style-type: none"> <li>• We have enhanced our level of reporting in our annual Sustainability Report in accordance with GRI standards. We have also included our first TCFD risk assessment.</li> <li>• We have updated sustainability content on our websites, prepared extensive external materials and attended and hosted client and industry events to share our sustainability journey.</li> <li>• There were no breaches of responsible business conduct, nor incidents of corruption, reported during the year.</li> </ul>

# Taking action on climate

We are 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 their employees to better understand and reduce their emissions.

OUR COMMITMENTS	2023 PROGRESS
All the sites we control will source 100% renewable energy by 2026.	● 63% of the electricity used by all our offices in 2023 was renewable.
Our direct operations will be net zero by 2030.	● Total carbon emissions across Scope 1, 2 and 3 decreased by 35% in CY23. While there was a 7% increase year on year in Scope 1 emissions reported due to an increase in our office footprint, Scope 2 and 3 both decreased significantly year on year.
We will implement annual reporting of Scope 3 emissions by 2026.	● In 2022, we completed the first Scope 3 assessment to establish our emissions baseline. We are now investigating automated tools and solutions to assist with ongoing monitoring of Scope 3 emissions.
We will achieve a demonstrated reduction in Scope 3 emissions intensity by 2026.	● We are preparing an employee commuting and business travel plan to help reduce our Scope 3 emissions.  We are working with our supply chain to partner with suppliers who meet our sustainability goals and in turn help to reduce our Scope 3 impact.
● Completed / Target Met   ● In Progress   ● Not Started / Off Track	

2023 Progress

63%

of the electricity used by all our offices in 2023 was renewable.

## Our approach

### Energy and emissions

Operating our business consumes energy and contributes to greenhouse gas (GHG) emissions. As a service company, most of our emissions are Scope 3 and relate to our supply chain. In fact, these emissions, which we are not directly responsible for but that are linked to our operations, represent 97% of our footprint. Purchased goods and services are the most significant contributor.

We aim to reduce our operational emissions by increasing our use of renewable energy and offsetting the remaining unavoidable emissions. We completed a full analysis of our Scope 1, 2 and 3 emissions in 2022. This provided a baseline for measuring progress moving forward, and enabled us to understand the areas where we need to focus. Based on this, we have set emission reduction targets, starting with those within our direct control.

## Our performance

We are aiming for our direct operations to be net zero by 2030. We have also set ourselves a target to source 100% renewable energy by 2026 at all the sites we control.

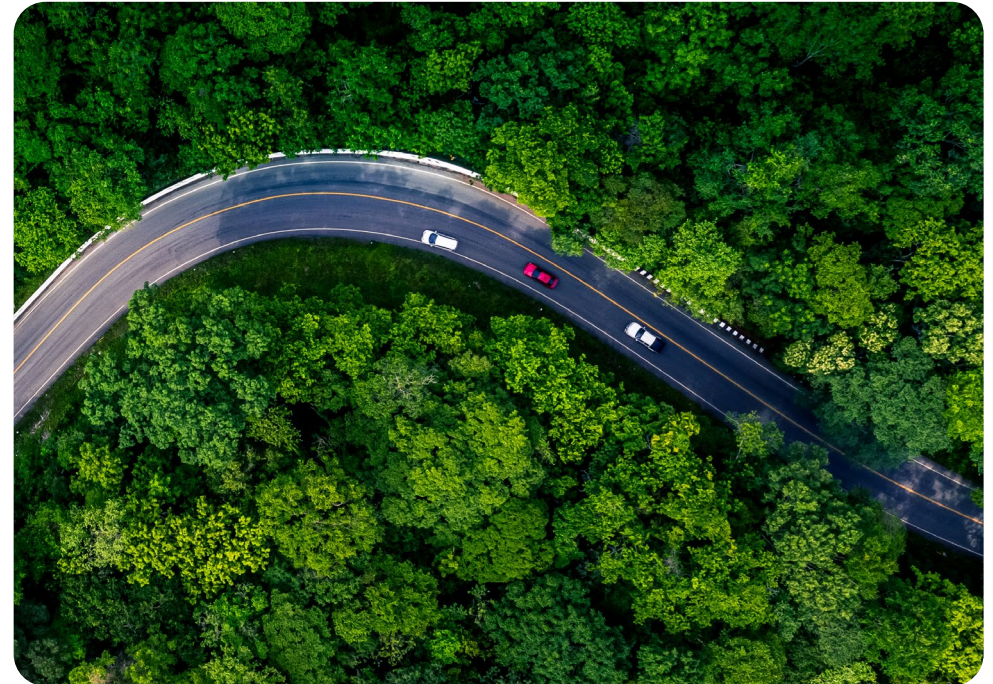
As our energy agreements expire at different times, we have had to stagger the transition to renewable energy. This year, we have transitioned, or are transitioning, to renewable energy across three of our five main offices: Melbourne, Adelaide and Sydney. We are currently in discussions with landlords of our remaining two smaller offices in Brisbane and Perth, where we do not have operational control, to encourage them to either offer renewable energy for tenancies or to transition the whole building to renewable energy. At the end of 2023, renewable electricity made up 63% of electricity used by all our offices.

Our total emissions decreased by 4,561 tonnes of CO<sub>2</sub>-e from CY22 emissions, a reduction of 35% in emissions.

Our largest category of emissions is purchased goods and services, and you can read more about how we are aligning our supply chain on page 27. Work is underway to better understand and map our supply chain so we can identify opportunities to reduce emissions.

We have identified employee commuting and business travel as our next largest sources of emissions. We have already permanently embedded hybrid working and this has had a significant impact. However, we are also preparing an employee commuting and business travel plan to understand and further reduce these activities. We also offset the emissions generated from all our flights with our Carbon Offset Program partner Greenfleet. In 2023, the funds from offsetting these flights went towards the Wooden Hut project in Waka Waka and Barunggam Country in Queensland. The project is revegetating more than 80 hectares of cleared land, returning it to native forest that will be legally protected.

Completing our climate exposure and vulnerability assessment this year has been an important step in addressing the physical and transition risks of climate change. We have prepared our first report aligned to the TCFD.



# Smartgroup's approach to climate-related financial disclosures

At Smartgroup, we acknowledge the significant social, economic, and environmental consequences of climate change. We also recognise the importance of climate change disclosure in enhancing transparency and increasing stakeholder awareness of climate-related matters. This year, we have made major progress on understanding our climate risks and working towards alignment with the requirements of both the Task Force on Climate-Related Financial Disclosures (TCFD) and the International Sustainability Standards Board (ISSB).

The ISSB's IFRS S2 is a standard that sets out specific climate-related disclosures and fully incorporates the structure and recommendations of the TCFD. With the Financial Stability Board (FSB) officially dissolving the TCFD in October 2023, the new ISSB standards are now the primary guidance for climate and sustainability disclosures.

In addition to these global developments, we are also closely monitoring the regulatory landscape in Australia with climate-related financial disclosure set to become mandatory for local companies, building upon the ISSB IFRS S2 requirements.

This is our first report aligning to TCFD requirements, and we will continue working towards fully aligned ISSB reporting by 2026. We are committed to identifying and mitigating climate change risks and have developed a comprehensive roadmap towards achieving this goal. This year, we completed our first climate exposure and vulnerability assessment to deepen our understanding of climate risks and opportunities and potential impacts related to climate change on our operations and assets.

## Governance

The Board of Directors is responsible for overseeing risk management. The Board is supported by two board level Sub-Committees in carrying out its climate change risk management responsibilities, the ESG Sub-Committee and the Audit and Risk Sub-Committee (ARC).

The Board, the ESG Sub-Committee and ARC meetings regularly discuss the economic, environmental, social and governance risks that they consider are likely to have a material effect on the Company's operations and financial performance or value over the short, medium and long term. Where climate-related issues have been considered at Committee level, updates are given to the Board following each Sub-Committee meeting.

At the managerial level, the Executive Leadership Team (ELT) is responsible for managing risks associated with climate change as part of their overall risk management responsibilities. The ELT reports on their key risks and whether they are operating within the risk appetite set by the Board, new and emerging risks, management's responses to those risks, and any material incidents involving a failure of the Group's risk controls and management's response to any such incident.

For a full description of how our governance structure supports sustainability at Smartgroup, please refer to the Sustainability Governance section of this report on page 11.

## Strategy

We are committed to advancing and refining our approach to addressing climate change, as well as managing the related impacts throughout our operations and organisational strategy. We are aiming to continuously expand our understanding of climate-related risks and opportunities over the short, medium and long term, as well as determining the impact of different scenarios on our business, strategy and financial planning.

Our *Smarter, More Sustainable Tomorrow* Sustainability Strategy is focused on achieving sustainable outcomes across our business and includes a range of initiatives and targets. A key element is our EV Strategy, setting out how we are seizing the opportunity to contribute to Australia's transition to a low-emissions transport future. Read more about our EV Strategy on page 34.

## Climate risks and opportunities disclosure

This year we engaged with external consultants to conduct a screening of operational climate-related risks and opportunities. We held workshops to identify key physical and transitional risks that could significantly impact Smartgroup's operations. These were prioritised based on level of impact and confidence across short, medium, and long-term timeframes. Additionally, key opportunities were identified and prioritised in line with our strategy. Potential physical and transition risks and opportunities identified are summarised in Table 1.



Table 1. Key climate related risks and opportunities

RISK/OPPORTUNITY	TCFD CATEGORY	RISK/OPPORTUNITY FACTORS	RISK/OPPORTUNITY DESCRIPTION	RESPONSE
<b>Physical risks</b>	Acute	Extreme weather events resulting in long power and network outages	Extreme weather events could cause prolonged power and network outages or disruptions in Smartgroup's supply chain, with the potential for significant business interruptions and adverse impacts on clients and customers.	Our Business Resilience and IT Disaster Recovery plans guide our response to, and recovery from, major incidents. Smartgroup operates in multiple locations which mitigate the business interruption risks associated with localised extreme weather events.
<b>Transition risks</b>	Policy/Legal	National climate policy and regulatory framework	There is a risk to our business if our strategy does not evolve to reflect customer preferences for using clean energy, and new and emerging government climate policies and regulations which aim to accelerate the transition to a low-carbon economy. This includes regulations to phase-out fossil fuels, new taxes (such as carbon taxes), stricter measures for emissions reporting and reduction, and enforcement of energy efficiency regulations.	We monitor and proactively engage with regulatory bodies (including through industry bodies such as the National Automotive Leasing and Salary Packaging Association (NALSPA)) on proposed government climate policies and regulations to prepare for the transition and improve customer outcomes, and prevent unintended consequences.  We continually review and evolve our strategy utilising internal and external insights to ensure that it continues to reflect changes in customer preferences for using clean energy.  Our vehicle dealer panel caters for a wide range of Zero and Low Emission Vehicles (ZLEV). Clients and customers also have the ability to directly source their preferred ZLEV vehicles.
	Reputation	Supply chain risk	Engaging with suppliers who do not have strong ESG credentials could lead to potential reputational risks.	Smartgroup aims to source sustainable products from suppliers that meet environmental and social criteria and we support our supplier base to improve their sustainability performance.
<b>Opportunities</b>	Products and services	Innovative products and strategy	As clients and customers shift from internal combustion engine (ICE) vehicles to ZLEV, there is an opportunity for Smartgroup to offer new products relating to ZLEV to increase revenue.	Smartgroup continues to expand and offer new products relating to ZLEVs in response to shifts in customer preference and government policy development to support ZLEV adoption. To promote and support ZLEV knowledge and adoption, we are investing in educational initiatives for our clients and customers focusing on ZLEV benefits and government policy details.



## Risk Management

Smartgroup has a Risk Management Policy (available on our [website](#)) and a Risk Management Framework in place to facilitate the identification, assessment, management and reporting of risks impacting on our operations and financial performance in accordance with the risk appetite and tolerances set by the Board. Climate-related risks are also considered within this framework.

The ELT is responsible for managing risks associated with climate change as part of their overall risk management responsibilities. On a quarterly basis, the Chief Risk Office (CRO) function conducts a risk review with each ELT member and stakeholders from key business areas to understand their risks and monitor movements against the risk appetite. The impact of climate change is also considered as part of this review as relevant (e.g. business strategy risk and opportunities relating to increased adoption of EVs, business interruption risk caused by extreme weather events). Relevant risks are reported in Smartgroup's risk register and are closely analysed by the Board's ARC. Additional information in relation to risk management can be found throughout the Annual Report and in the Corporate Governance Statement.

## Metrics and Targets

For our key targets relating to climate change, please refer to our commitments:

- Taking action on climate on page 14
- Enabling net zero on page 35

To assess transition-related risks, our Sustainability Strategy includes metrics for GHGs and energy consumption. Please refer to page 20 for our latest Scope 1, 2 and 3 emissions.

To measure progress against our EV strategy, we also monitor the percentage of EVs in our fleet and novated leasing book. Read more about our performance on page 35.

### Climate disclosure roadmap

Smartgroup is committed to continually progressing the maturity of our climate-related financial disclosures. The following roadmap outlines our plans to increase our disclosure over the next three years.

	FY24	FY25	FY26
Governance	<p><b>Further integration of climate oversight within Smartgroup's governance structure.</b> We will further define controls and procedures at the management and Board level to support the oversight of climate-related risks and opportunities.</p>		
Strategy	<p><b>Climate-related risks and opportunities scenario analysis.</b> We will conduct a scenario analysis to assess identified climate-related risks and opportunities under different scenarios, and across time horizons over the short, medium, and long term.</p>	<p><b>Financial analysis of climate-related risks and opportunities</b> We will analyse the potential impact of climate-related issues on financial performance and financial position under different scenarios. Outcomes will be integrated into Smartgroup's enterprise risk management framework to align with our financial materiality thresholds.</p>	<p><b>Disclosure of potential financial impacts.</b> We will disclose how identified climate-related risks and opportunities may impact our balance sheet, cash flow and income statements, and the implications for our business, strategy and financial planning.</p>
Risk Management	<p><b>Define and integrate climate-related risks and opportunities within Smartgroup's existing risk management framework.</b> We will further develop processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities within our existing risk management processes and framework. The outcomes of the scenario analysis will be integrated within Smartgroup's risk register.</p>	<p><b>Development of action plans to measure and mitigate identified climate-related risks and opportunities.</b> This will include detailed descriptions of actions, strategies and frameworks considered to measure and mitigate identified risks and opportunities.</p>	
Metrics & Targets	<p><b>Assessment of additional climate-related metrics and targets.</b> We will identify further metrics and targets to measure and manage climate-related risks and opportunities. This will include a consideration of targets across different time horizons.</p>	<p><b>Further analysis of Scope 1, 2 and 3 greenhouse gas (GHG) emissions.</b> We will include and disclose more Scope 3 categories, further disaggregate Scope 1 and Scope 2 GHG emissions and apply for certification with Science Based Targets initiative (SBTi).</p>	<p><b>Disclosure of KPIs used to measure climate-related metrics and targets.</b> We will disclose information on Smartgroup's performance against each climate-related target and an analysis of trends or changes in our performance. This will include a description of whether and how climate-related considerations are factored into executive remuneration.</p>

Because Scope 3 makes up the vast majority of our GHG, our greatest opportunity to contribute to positive change lies in partnering with our suppliers and employer clients to facilitate smarter solutions that reduce environmental impact. This is why we have placed significant

emphasis on our EV offering, which you can read more about on page 35. We have been very focused in 2023 on promoting EVs internally and to our clients and customers and have seen a significant increase in the number of EVs in our fleet and novated leasing book,

with more than 40% of all novated lease vehicle orders for H2 2023 being EVs. EVs also now form the majority of our own small internal fleet.

### GHG and Energy performance<sup>1</sup>

GHG EMISSIONS <sup>2</sup>	2020	2021	2022	2023
Gross direct Scope 1 emissions (t CO <sub>2</sub> eq)	93.61	98.56	107.12	114.99
Gross location-based energy indirect Scope 2 emissions (t CO <sub>2</sub> eq)	300.83*	252.29*	204.49*	147.60**
Gross other indirect Scope 3 emissions (t CO <sub>2</sub> eq) <sup>3</sup>	12,114.67*	10,747.26*	12,690.49*	8,178.34**
<p>* CY22 and previous years using location-based approach to report Scope 2 electricity emissions and Scope 3, category 3 Fuel &amp; energy related emissions</p> <p>** CY23 uses a market-based approach, to better reflect Smartgroup's transition to over 60% renewable energy in the reporting year.</p> <p>Note: CY22 Scope 1 emissions (fugitive emissions) were updated based on improved data quality, resulting in 0.09% increase in total (scope 1, 2 and 3) emissions and 9% increase in total Scope 1 emissions from previously reported CY22 baseline emissions.</p>				
GHG EMISSION INTENSITY	2020	2021	2022	2023
Scope 1 emission intensity (t CO <sub>2</sub> eq/\$ revenue)	4.16595E-07	4.44342E-07	4.52609E-07	4.57390E-07
Scope 2 emission intensity (t CO <sub>2</sub> eq/\$ revenue)	1.33882E-06	1.13746E-06	9.45397E-07	5.87115E-07
Scope 3 emission intensity (t CO <sub>2</sub> eq/\$ revenue)	5.39156E-05	4.84547E-05	5.86708E-05	3.25311E-05
Total	5.74348E-05	5.00365E-05	5.78651E-05	3.33575E-05

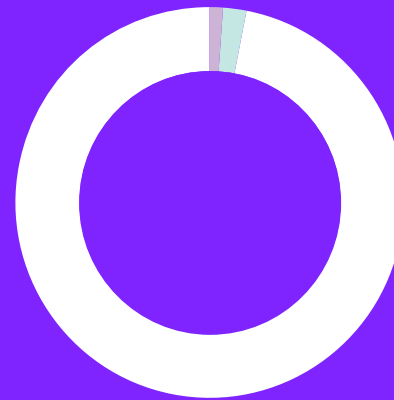
<sup>1</sup> We have updated our methodology in accordance with the latest guidance from the GHG Protocol. Updates were made to Scope 3, category 5: waste generated from operations, where we allocated zero emissions to recycled waste in CY23 as this lies beyond the reporting threshold for Smartgroup. The waste recycling organisation bears responsibility for emissions resulting from recycling. Another improvement was made for Cat 7 Employee commute, where we now use statistical data from the population census to estimate commuter distance and mode of transport for each facility in its state of operation. Finally, emission factors were updated in CY23.

<sup>2</sup> All greenhouse gases are included in our calculations, expressed in tonnes of CO<sub>2</sub> equivalent (t CO<sub>2</sub>eq). Our base year is calendar year 2020, which was chosen as the most recent year of complete data available when our sustainability strategy was developed in 2021. Our greenhouse gas emissions are calculated in accordance with the Greenhouse Gas Protocol using the operational control consolidation approach.

<sup>3</sup> 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.



CY23 Total Emissions



Gross direct Scope 1 emissions (t CO <sub>2</sub> eq)	114.99
Gross location-based energy indirect Scope 2 emissions (t CO <sub>2</sub> eq)	147.60
Gross other indirect Scope 3 emissions (t CO <sub>2</sub> eq) <sup>1</sup>	8,178.34

1. 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.

Total carbon emissions across Scope 1, 2 and 3 reduced by 35% in CY23, a decrease of 4,561 tonnes of CO<sub>2</sub>-e from CY22. While there was a 7% increase year on year in Scope 1 emissions reported due to an increase in our office footprint, Scope 2 and 3 both decreased significantly year on year.

This decrease was the result of a combination of factors, including important reductions in Scope 3 categories, including Category 5: Waste generated in operations, Category 7: Employee commuting, Category 6: Business travel, and Cat 1: Purchased goods and services.

### Emissions source:

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
- AusLCI – obtained from the Australian Life Cycle Inventory (AusLCI) Database Initiative (AusLCI), 2016 (Australian Life Cycle Inventory Database Initiative (AusLCI), 2016)

### Energy:

ENERGY	2020	2021	2022	2023
Total electricity consumption	402,921 kWh	368,235 kWh	350,871 kWh	440,001 kWh
Total electricity sold <sup>1</sup>	NA	NA	NA	NA
Total heating sold <sup>1</sup>	NA	NA	NA	NA
Total cooling sold <sup>1</sup>	NA	NA	NA	NA
Total steam sold <sup>1</sup>	NA	NA	NA	NA
Total energy consumption	402,921 kWh	368,235 kWh	350,871 kWh	440,001 kWh

<sup>1</sup> Smartgroup don't sell electricity/heating/cooling/steam.

ENERGY INTENSITY	2020	2021	2022	2023
kWh per \$ revenue	0.001806	0.001660	0.001491	0.001750

# Investing in our community

As part of being a good corporate citizen, it's important for us to give back to the communities in which we operate and live. We aim to positively impact communities across Australia through our charitable giving and volunteering and to ensure our investments are aligned with our values.

OUR COMMITMENTS	2023 PROGRESS
We will establish a Social Impact Framework by the end of 2023.	● In 2023 we developed a Social Impact Framework which will be implemented from 2024 onwards.
We will provide up to \$250,000 community investment annually.	● We provided \$249,416 in grants in 2023.
The Smartgroup Foundation will seek to make 20 donations or grants annually, focusing on broad geographic impact across the states and territories of Australia in which we operate.	● 19 grants were made in 2023 with representation across all major states and territories of Australia, including Tasmania and the Northern Territory.

● Completed / Target Met   ● In Progress   ● Not Started / Off Track



## Our approach

### Community investment

We support community and charity organisations directly through sponsorships and initiatives as well as through our Smartgroup Foundation. We are committed to providing up to \$250,000 in community investment annually for initiatives in every state and territory in which we operate.

The Smartgroup Foundation was established in 2019 and receives an annual grant from Smartgroup Corporation to help charities with Deductible Gift Recipient (DGR) status. Recipients change each year and receive grants between \$5,000 to \$15,000 each. All the projects selected are grassroots initiatives that make a positive contribution to communities and align with the areas of focus nominated by the Foundation.

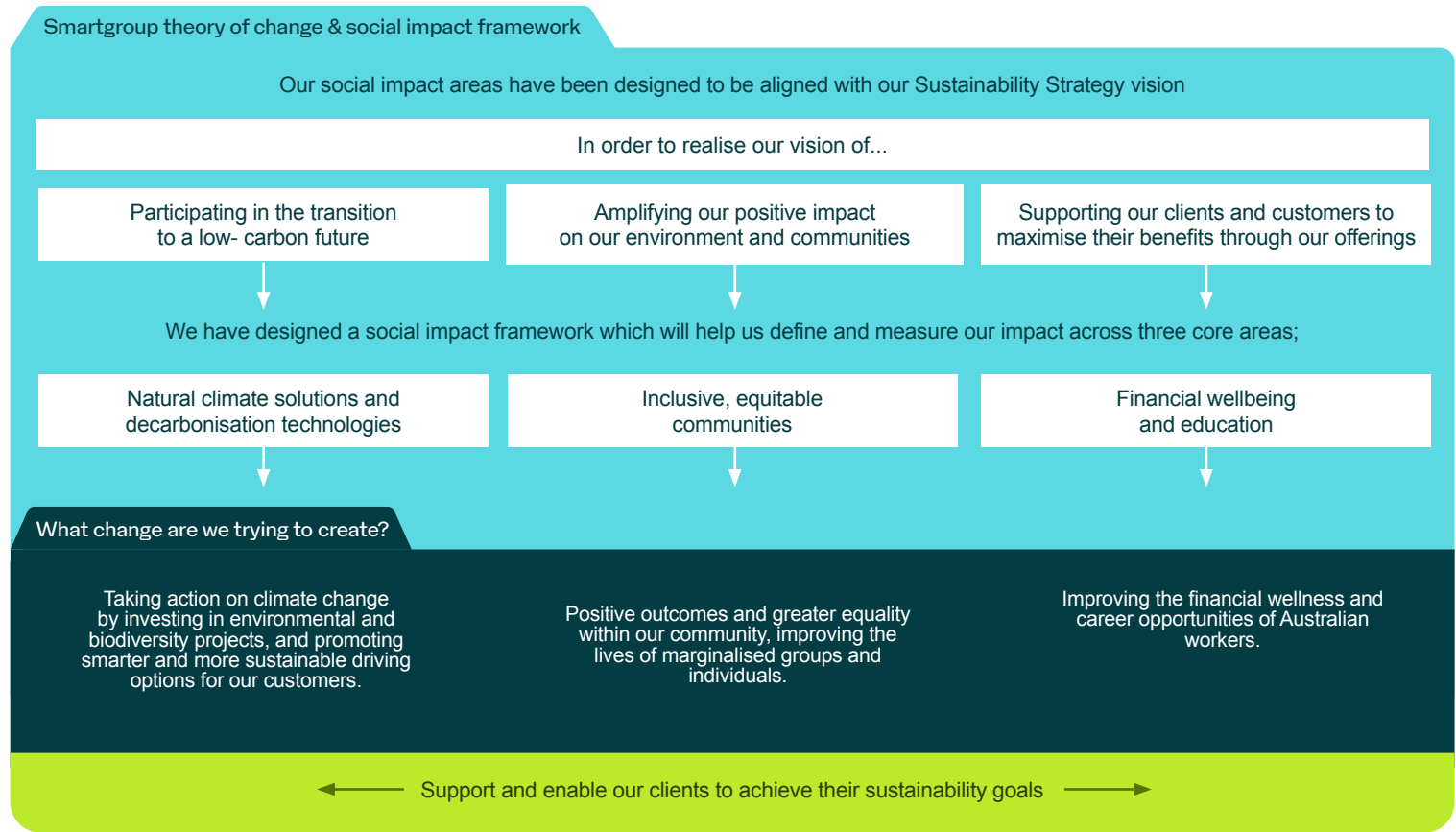
The Grant Application Committee, comprised of team members from across Smartgroup, assess applications against selection criteria and follow a structured due diligence and approval process.

**Social Impact Framework**

We have also been developing a Social Impact Framework to maximise the positive impact of our activities and align our efforts with our sustainability vision. The framework has identified three priority areas and provides increased structure around our efforts. It will allow us to better track and quantify the impact of our activities to ensure we are making the greatest difference to our communities. We intend to update our community investment initiatives to align with our Social Impact Framework from 2024.

Our Social Impact Framework has been designed to create change in areas that support and align with our overarching Sustainability Vision, namely:

- Climate change action;
- Improving the lives of marginalised groups and individuals; and
- Improving the financial wellness and career opportunities of Australian workers.





## Our performance

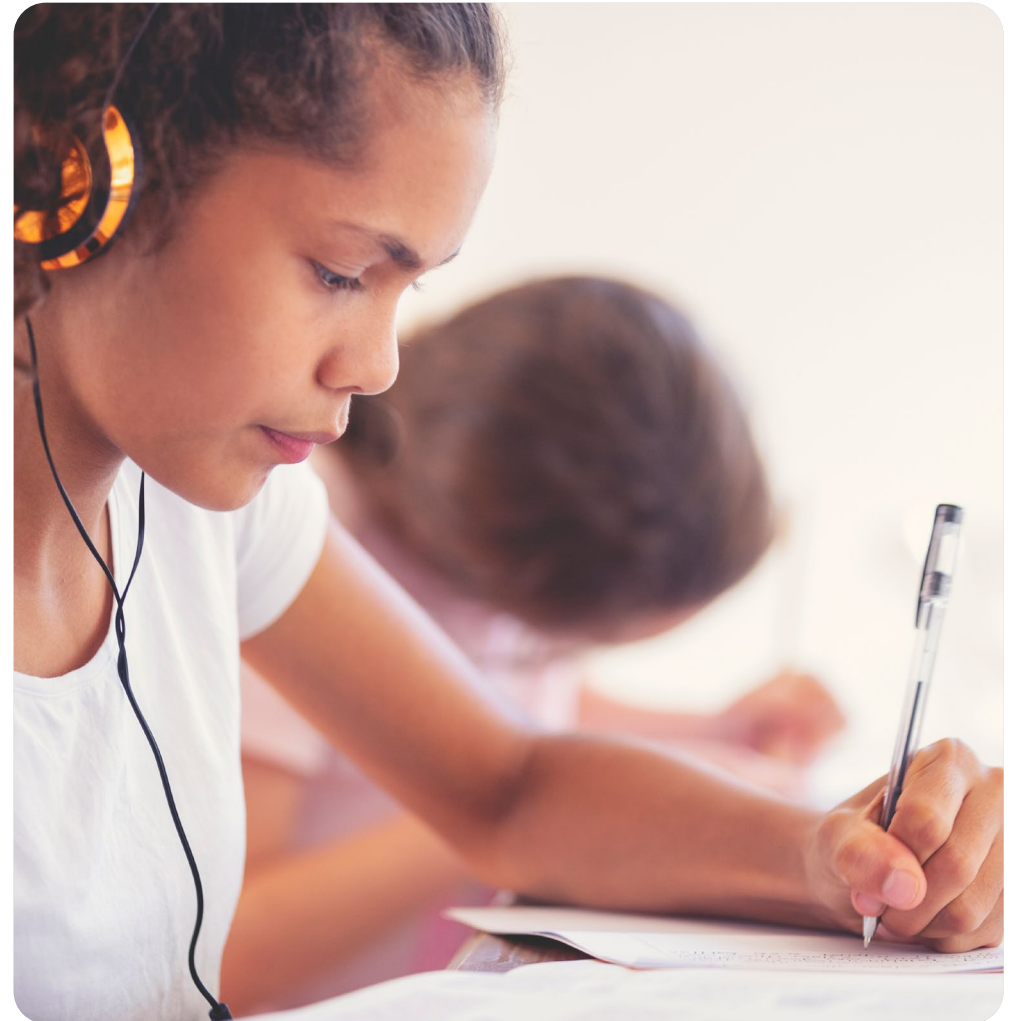
In 2023, we provided 19 grants totalling nearly \$250,000 through the Smartgroup Foundation. The Foundation continued to focus on four key areas: children's illness and disease; children and families at risk; mental illness; and the environment. Grants were provided to a diverse group of recipients and charity projects, including: a repair and rebuild of vital Daintree Wildlife habitat; improving the emotional and mental wellbeing of children through camps; empowering young Indigenous students through career support and mentoring; and enhancing the skills of rural health workers through clinical training.

Many Smartgroup clients are not-for-profits and public benevolent institutions, working to support people in need. To support our clients to achieve their objectives in pursuit of public good, we also provided over \$900,000 in funding to organisations in the not-for-profit, health and education sectors to support programs including:

- Scholarship programs;
- Employee recognition programs;
- Awards sponsorships; and
- Employee expos and events

Included in this funding were scholarships for employees working for our client partners to support career development. Through these programs we aim to support our clients to attract and retain the talent they need to achieve their goals.

To support our team members to lend a hand to environmental, community or charitable causes close to their hearts, we provide two paid volunteering Make a Difference days per year. An ongoing success is our tree planting days facilitated by our Carbon Offset Program partner Greenfleet. In 2023, our team members helped plant nearly 2,000 native trees in Queensland, 1,300 in New South Wales and 450 South Australia.



## Case study

## Helping domestic violence survivors find sanctuary

This year, our Smartgroup Foundation provided a grant to Friends with Dignity for their Sanctuary Program. The grant has helped furnish 16 different sanctuary homes, bringing care and dignity to 47 people.

Friends with Dignity is an Australian domestic violence charity founded and run by Manuela Whitford. Born in Mozambique and raised in South Africa, Manuela has been a registered nurse for more than 25 years. Within two years of moving to Australia in 2010, she launched her very own not-for-profit, Assist a Sista.



Founder and CEO of Friends with Dignity, Manuela Whitford

The organisation then morphed into Friends with Dignity in 2015. Their mission: to help victims of domestic violence with financial support and other resources that make a real, positive difference in their lives. Operating independently, Friends with Dignity receives no government funding and relies on private donations and sponsorships to function. They are proud to work with services and charities to help anybody facing domestic violence, no matter their background.

### Rebuilding lives

A variety of programs are available to help survivors re-build their lives, including the Sanctuary Program, Friendsafe and Little Friends as well as offering a number of scholarships for children impacted by domestic and family violence. The team also works closely with other similar organisations as well as refuge and crisis centres.

### Transforming sanctuaries into homes

The Sanctuary Program, which has been running for about eight years now, is a specific initiative to help people get back on their feet by furnishing government-provided housing for victims of domestic violence. These 'sanctuaries' are usually quite bare, with no white goods or furnishings. It's up to Friends with Dignity volunteers to fill the house with the essentials before the person (or family) moves in.

After the team receives word from a registered social worker or an agency that someone needs assistance, volunteers furnish the sanctuary home with necessities (like a fridge, washing machine, beds, dining furniture and a television). They also provide helpful items like cleaning supplies and toiletries and where possible, include toys for any young children moving in.

### Fresh starts

In situations like this, survivors are often fleeing from dangerous situations, so it's a huge positive if they can move into a place that's fully-functional and ready for use.

With our support, Friends with Dignity purchased a number of new and second-hand items to make each of the 16 places we helped outfitted furnish feel like a new home and a proper place for a fresh start.

"Friends with Dignity can thrive with the support of practical grants such as the one gifted by the Smartgroup Foundation," says Manuela Whitford. "This generous financial aid helps us to help survivors of domestic and family violence with the practical aspects of starting over."

# Aligning our supply chain

Through proactive engagement with our supply chain, we can influence positive change beyond our direct operations. We are committed to upholding ethical business practices and working with suppliers that share our values. We have stringent processes in place to ensure our suppliers operate to the same ethical, governance and sustainability standards that our clients require of us.

OUR COMMITMENTS	2023 PROGRESS
We will complete a detailed modern slavery risk assessment on all our Tier 1 and Tier 2 suppliers by the end of 2023.	<ul style="list-style-type: none"> <li>● All risk assessments have been completed for Tier 1 suppliers.</li> <li>● Risk assessments for Tier 2 suppliers are still in progress with completion targeted for 2024.</li> </ul>
We will develop a human rights and modern slavery roadmap to drive continuous improvement in understanding and responding to human rights risks in our supply chain by the end of 2023.	<ul style="list-style-type: none"> <li>● Development of our Human Rights and Modern Slavery roadmap is underway and is targeted for completion in 2024.</li> </ul>
We will adopt a Board endorsed Human Rights Policy in 2023.	<ul style="list-style-type: none"> <li>● The Board adopted and endorsed the Human Rights Policy in early 2023.</li> </ul>
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.	<ul style="list-style-type: none"> <li>● We have endorsed a detailed survey for Tier 1 and Tier 2 suppliers through ethiXbase which will help us to assess the ESG standards of our suppliers. This will be progressively implemented over 2024.</li> </ul>
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.	<ul style="list-style-type: none"> <li>● We have commenced an assessment of our supply chain to identify suppliers who meet the diversity criteria. We intend to use this data to commence a targeted project to increase our supplier spend in these areas. We have also partnered with Supply Nation to track spend with Aboriginal and Torres Strait Islander businesses.</li> </ul>
<ul style="list-style-type: none"> <li>● Completed / Target Met</li> <li>● In Progress</li> <li>● Not Started / Off Track</li> </ul>	

## Our approach

### Human rights and modern slavery

Smartgroup remains alert to the possibility of negative human rights impacts occurring within our own operations or supply chain. We have a zero-tolerance approach to modern slavery in any form and strive to put in place appropriate controls to minimise these risks. We are continually reviewing and improving our practices and contributing to global efforts to eradicate all forms of modern slavery.

Our Human Rights Policy outlines our commitment to respecting human rights, and details the respective responsibilities of Smartgroup, our team members and our business partners in upholding human rights. Our Group Risk and Internal Audit and Compliance Team are responsible for driving and managing our response to modern slavery risks with the support of the Group Legal Team, Executive Leadership Team and the Board. Our Group Procurement Policy includes a requirement for Group Legal to review all supplier contracts and proposed terms and conditions to ensure compliance with the Modern Slavery Act.

Our Modern Slavery Statement is updated annually and tracks our progress against our goals and initiatives. Please refer to our [Modern Slavery Statement 2023](#) for details of the specific actions we have taken to reduce the risk of modern slavery in all aspects of our business.

### Sustainable and ethical procurement

There are potential social and environmental impacts associated with the goods and services we procure, mainly GHG from purchased goods and services in our supply chain and potential risks associated with human rights. We are working to source more sustainable products that meet our environmental and social criteria and support our overall sustainability performance.

Our Group Procurement Policy sets out our requirements for managing the procurement of third party supplied products and services. We want to ensure 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. Our Chief Legal and Sustainability Officer works closely with the Finance team on rolling out initiatives in relation to ESG assessments in our supply chain and reporting progress back to the ESG Sub-Committee.

#### 2023 Progress

We are working to source more sustainable products that meet our environmental and social criteria and support our overall sustainability performance

## Our performance

### Understanding our supply chain

We have categorised our supply chain to inform our due diligence assessment process. This has involved tiering our suppliers based on the volume of spend as well as the strategic value of services they provide:

Tier 1: suppliers with a high spend volume who are critical to delivering on our strategy;

Tier 2: suppliers with a high spend volume but who provide limited strategic business value;

Tier 3: all other suppliers.

Our Human Rights Policy was adopted and endorsed by the Board in April 2023. Development of our Human Rights and Modern Slavery roadmap is underway and is targeted for completion in 2024.

We also issued all Tier 1 suppliers with a modern slavery questionnaire, managed and assessed through our ethiXbase platform. The questionnaire was developed with the expertise of global law firm Norton Rose Fulbright.

We continue to roll out risk assessments to our supply base, with all assessments now complete for Tier 1 suppliers and Tier 2 suppliers due to be completed in 2024. We have experienced a delay in these workstreams due to resource constraints and extensions in the engagement timeframe for supplier assessments. Our revised timeframe for this target is the end of 2024.

Currently 96% of our Tier 1 assessed suppliers are based in Australia. Through our detailed ESG risk assessment process, 4% were identified as having a risk alert. We then reassessed these suppliers based on:

- The type of risk identified;
- The age of the risk (noting that in many cases, the risks identified may be historical and have been appropriately dealt with and closed); and
- Documentation provided to verify that the risk has been appropriately managed going forward.

All identified risks were assessed as being satisfactorily addressed and resolved.

We identified six significant offshore suppliers based in New Zealand, Hong Kong, India, Singapore, South Africa and the United States. All were assessed as low risk on the following grounds:

1. Low risk rating on the ethiXbase assessment;
2. In most cases, the suppliers are large global organisations with mature due diligence policies and practices; and
3. Each of the respective jurisdictions has been identified as either low or low/medium risk in the Global Slavery Index.

This year we have also made progress in integrating ESG credentials into our supplier assessment process. Through the ethiXbase platform, we have begun implementing a more robust ESG assessment framework, with enhanced third-party assessment tools and audit trails. We have commenced implementation of this platform, with a plan to roll this out to all Tier 1 and Tier 2 suppliers over 2024.

### Revised targets

Given some challenges with the full implementation of our targets in 2023, we are updating our targets for next year as follows:

- We will complete a detailed modern slavery risk assessment on all our Tier 1 and Tier 2 suppliers by the end of 2024;
- 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 2024; and
- We will include ESG credentials within the procurement due diligence process for all new Tier 1 suppliers by the end of 2024.

### 2023 Progress

# 96%

of our Tier 1 suppliers are based in Australia

# 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. We aim to align our reporting with best practices and transparently communicate our approach to ESG. Setting targets to keep us accountable against our commitments and conducting ourselves ethically and with integrity, also enables us to deliver good outcomes for our customers, clients, team members, suppliers, and other external stakeholders.

OUR COMMITMENTS	2023 PROGRESS
We are committed to reporting on our progress and sustainability performance annually through our Sustainability Report.	● We continue to publish our annual Sustainability Report and have enhanced our level of reporting this year to report In Accordance with GRI standards and incorporate our first TCFD risk assessment.
We are aiming to increase our internal and external communication on our Sustainability Strategy and transparently share information on our website.	● We have updated the sustainability content on our websites, prepared extensive external materials and also attended and hosted multiple client and industry events to share our sustainability journey.
We are committed to conducting our business ethically and with integrity.	● There were no breaches of responsible business conduct, nor incidents of corruption during the reporting year.
● Completed / Target Met    ● In Progress    ● Not Started / Off Track	

## Our approach

### Transparency, accountability and reporting

Having set targets under our Sustainability Strategy, transparent reporting on our performance keeps us accountable for the actual and potential impacts of our business on the environment and people. We will continue to measure our performance and report our results in our annual Sustainability Report. We are also working to expand our data collection processes to ensure we report accurately on the areas our stakeholders are interested in. We have internal working groups and action plans to support each focus area within our strategy. That includes reporting our progress to the ESG Board Sub-committee at regular intervals.

Our Disclosure and Communications Policy aims for proper and timely disclosure of information to:

- 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.



### Ethics and integrity

Ethics and integrity are integral to our business, and we are committed to avoiding any potential negative impacts from breaches of our standards. We promote lawful, ethical and responsible conduct (as outlined in Principle 3 of our Corporate Governance Statement) through a suite of relevant policies:

#### Smartgroup Code of Conduct

Our Code of Conduct sets out our expectations for standards of behaviour for everyone at Smartgroup. Decisions that impact on customers, clients, team members and corporate governance are governed by our core values relating to ethics, conflict of interests and compliance with regulations and laws.

#### Smartgroup Ethics Policy

We require our team members to maintain fairness in all dealings with stakeholders, including customers, suppliers and other bodies, and to avoid conflicts of interest (actual, potential and perceived). Every team member must report any corrupt, fraudulent or other illegal activity and all reports are investigated and dealt with urgently.

#### Gifts, Entertainment and Political Donations Policy

- We have clear requirements around offering and accepting gifts and entertainment to and from third parties to ensure we always act in an ethical manner and comply with regulations and laws. 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 that could be interpreted as an inducement, secret commission, facilitation payment or bribe.
- All dealings with politicians and government officials (at federal, state and local levels) relating 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. Any concerns can be reported anonymously via an external platform. An independent case assessor will then be appointed to investigate.

#### Privacy Policy

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

#### Trading Policy

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

To read our available policies, see our [website](#).

We have zero tolerance for deliberate or negligent breaches of our policies, legislation, regulations 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 is expected of them.

Adherence is monitored, and any material exceptions are reported to the Board on a quarterly basis. Where we identify breaches, we investigate them to mitigate or redress any negative impacts on our stakeholders. We take this very seriously, with actions that may include the dismissal of the person(s) involved.

### Our performance

We have enhanced our sustainability disclosure by reporting in accordance with GRI Standards this year. We are completing our first climate exposure and vulnerability assessment and working towards our first report under the TCFD in 2024, with a goal to have fully aligned ISSB reporting by 2026.

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.

#### Anti-Corruption

We have assessed all our operations for risks related to corruption.

We believe that knowledge of our anti-corruption policies and procedures is crucial to keeping our operations safe. To that end, we provide training on these policies to everyone in our team, from our Board and Executive Leadership Team members through 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 2023 or in any prior year.

#### Grievance mechanisms

We offer a number 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.

We assess the effectiveness of these grievance mechanisms based on the level of usage, team members' feedback via surveys and by engaging external specialists to advise on their design and operation.

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 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.

Our annual risk culture survey provides us with information on the maturity of our risk culture and team members' awareness of the importance of risk management across the whole organisation to identify any areas for future improvement. Through our risk survey, we know our people feel confident regarding the Speak Up process and feel comfortable raising cases of misconduct, if required.

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





# Smart Solutions



Enabling net zero

Digitalising our customer experience



## 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 increasing 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.
- support our clients and customers to meet their sustainability goals.

FOCUS AREAS	KEY TARGETS AND COMMITMENTS	PROGRESS HIGHLIGHTS
<p><b>Enabling net zero</b> We aim to facilitate access to EVs and green energy.</p>	<ul style="list-style-type: none"> <li>• We will extend our Carbon Offset Program to Autopia and Smartfleet by the end of 2023.</li> <li>• 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.</li> <li>• We will offset 100% of our direct fleet emissions, including car embodied emissions, by 2026.</li> <li>• We will explore alternatives and establish a partnership with a green energy provider to complete the ecosystem for our EV novated leasing customers.</li> </ul>	<ul style="list-style-type: none"> <li>• We expanded our Carbon Offset Program to Smartfleet in 2023, with expansion to Autopia customers also commenced in 2023.</li> <li>• Novated lease electric vehicle orders for H2 2023 exceeded 40% of all vehicles ordered. We will set a new enhanced target for 2024.</li> <li>• We continue to work with our fleet clients to improve fleet utilisation, through initiatives such as car sharing, telematics, and planning and guidance to help with their e-mobility transition.</li> <li>• All Smartgroup direct fleet emissions were offset in 2023.</li> <li>• We are working with providers to establish a full green ecosystem for our EV novated leasing customers, with several partnerships implemented and more in progress for rollout in 2024.</li> </ul>
<p><b>Digitalising our customer experience</b> We are investing in digital services to create an excellent client and customer experience by simplifying and streamlining operations to reduce complexity and risk.</p>	<ul style="list-style-type: none"> <li>• We aim to complete the delivery of key digital assets as part of our Smartgroup strategy by the end of 2024.</li> <li>• We will achieve a demonstrated year-on-year increase in digital-only interactions with customers from a 2022 baseline.</li> </ul>	<ul style="list-style-type: none"> <li>• Key digital projects delivered in 2023 included our website refresh – accessibility improvements, online calculators, and the launch of our digital Car Leasing Portal to all eligible clients and customers. We also refreshed our business strategy during 2023 and are increasing our focus on digital assets to improve accessibility for all customers.</li> </ul>

### 2023 Progress

Over **40%**

of all new novated lease vehicles ordered in H2 2023 were electric vehicles

### 2023 Progress

We delivered a number of key digital projects in 2023, with more planned for 2024, with a goal to increase accessibility and improve user experience for all our customers.

# Enabling net zero

Through facilitating access to low-emissions mobility and green energy, we have a unique opportunity to help our clients and customers improve their sustainability performance. We're committed to designing and delivering products and services that not only create a seamless customer experience but also help to accelerate the transition to net zero.

OUR COMMITMENTS	2023 PROGRESS
We will extend our Carbon Offset Program to Autopia and Smartfleet by the end of 2023.	● Our Carbon Offset Program has been running since 2008 for Smartleasing customers and we were pleased to expand this to our Smartfleet clients during 2023. Expansion to Autopia customers has now commenced and will be completed in 2024.
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.	● Of all new novated leases, EVs orders for H2 2023 have exceeded 40% of all vehicles ordered in that period. A new target will be set for 2024.
We will offset 100% of our direct fleet emissions, including car embodied emissions by 2026.	● All Smartgroup direct fleet emissions were offset in 2023.
We will explore alternatives to establish a partnership with a green energy provider to complete the ecosystem for our EV novated leasing customers.	● We are working with several providers to establish a full green ecosystem for our EV novated leasing customers, with a number of partnerships already in place and more to be progressed in 2024.

● Completed / Target Met   ● In Progress   ● Not Started / Off Track

## Our approach

### Innovation and technology

We aim to use our expertise to help our novated leasing customers make more sustainable choices that are better for them and the planet. By addressing the barriers to the transition to low-emissions mobility and promoting access to EVs, we want to positively contribute to the net zero transition and reduce negative impacts on society and the environment. By providing a broader offering of EVs in our novated leasing customers, we are able to decrease the GHGs associated with our services.

Innovation is also important to support our business performance, and we continually invest in new technologies to simplify and streamline our operations. You can read more about our approach to digitalising our customer experience on page 38.

### Enabling client and customer sustainability

Central to helping our clients and customers improve their own sustainability performance is our EV offering, which aims to make the transition into an EV as simple and cost effective as possible. We are also focusing on providing solutions for the full EV ecosystem, facilitating access to green energy and charging technology, so that EVs can operate with the lowest possible environmental impact.

As internal combustion engine (ICE) vehicles make up a significant cohort of the cars leased by our customers, we support their sustainability efforts by providing information and educational content to help them make sustainable choices. This includes vehicle-specific Environmental and ANCAP ratings on our lease quotes, and helpful content about environmentally sustainable car maintenance and usage. We're also actively engaging on the proposed introduction of fuel efficiency standards by the Federal Government through our industry associations and our relationships with OEMs and dealers.

### Our performance

We have worked hard this year to assist our customers to access a completely sustainable lifestyle in connection with their EV purchase. We have established several partnerships with companies including JET Charge, Chargefox and NHP, to help us deliver more accessible renewable energy charging infrastructure. Further discussions with other partners in the energy ecosystem are ongoing.

Through these partnerships, we aim to provide a one-stop-shop for our customers for all their EV related needs.

We continue to educate our customers on the significant savings and benefits of leasing an EV. Specifically for our fleet clients, we are analysing data and their fleet requirements to provide tailored EV transition plans to ensure switching to EVs or hybrid vehicles creates cost efficiencies as well as environmental benefits.

With more affordable makes and models coming into the Australian market, the proportion of EVs in our new vehicle orders has exceeded expectations. EVs now make up over 40% of total Smartgroup new car lease orders and, having exceeded our target for 2026, we will be revising our target upwards to ensure we remain ambitious.

Launched in 2008, our Carbon Offset Program invests in restoration projects across Australia through our partnerships with Greenfleet, The Nature Conservancy and Carbon Positive Australia. The Program enables our customers to minimise their residual impact resulting from vehicle emissions. It is primarily supported by our vehicle leasing customers, who make regular contributions through salary packaging. In 2023, approximately \$1.5m in funds was allocated to support projects including Bull Creek in South Australia, Bromfields Road and Lyrebird in Victoria, Cherry Avon and Ivory Hills in Queensland, and Eurady Reserve in Western Australia.

We were pleased to extend our Carbon Offset Program to Smartfleet clients in 2023 with expansion to Autopia customers also commenced in 2023.



## Case study

## Charging ahead with Chargefox

Fleet vehicles produce a great deal of Australia's emissions. Compared to other countries, Australia has been slow to take up EVs. However recent changes in policies and incentives, infrastructure, supply and costs are helping to drive EV take-up. A key contributor to making transitioning to an EV simple and easy is our partnership with charging network provider Chargefox.

As one of Australia's largest fleet managers, we manage over 90,000 vehicles nationwide for over 4,000 organisations. We see this as an exciting opportunity to play a key role in improving the environment by helping clients reduce their carbon footprint through the transition to EVs.



### Committed to the EV transition

This year, we delved deeper with our clients to better understand their existing mobility requirements, and identify areas of efficiency to achieve desired outcomes across cost, safety, and sustainability, to support their ESG goals.

"Based on our conversations and surveys with our clients, we're pleased to hear that all of them understand the transition underway in the energy market and transport segment. They've expressed that they want to be involved and that they are at different stages in the journey," says Smartgroup's General Manager, Fleet and Supply Chain, Shamim Yasin.

"In our EV survey, about half of respondents confirmed they have a formal sustainability strategy or environmental policy (potentially including net zero targets). On top of this, 83% of respondents told us they've already considered adding all types of EVs to their current fleet, or as part of their broader sustainability strategy."

### Charging is their biggest concern

We also asked what EV topic interested our Smartfleet clients the most. Top of the list was charging technology (selected by 78% of respondents), with whole of life costs second at 74%.

Chargefox brings together charger networks operated by organisations all over Australia, giving you access to the largest and fastest growing EV charging network - all in one place.

Chargefox currently provides access to over 2000 publicly accessible chargers with many more added every month.

Using Chargefox, Australian EV drivers have charged more than 2 million times at locations across the country.

Knowing that charging can be a large barrier to taking up an EV, we see charging infrastructure providers playing an important role in supporting our clients.

### Australia's largest public charging network

"Chargefox provide us with access to the largest network of public charging locations via their RFID cards. They also assist us with charger management for charging hardware at client locations (with a single source to capture and record all usage).

"Partnering with a reputable charging partner that has the infrastructure to support our national client base is important. Their charger management service allows usage data to be conveniently captured whether it's on-site premises or at home charging so that we can extract the data," says Shamim Yasin. "It is a smooth experience both for our clients and customers."

"Data is essential to any transition and it is a huge benefit that Chargefox can easily provide this to our fleet managers to then analyse and help us improve our service offering to our clients. By providing detailed transition plans tailored to individual clients, we can help make a seamless switch to EVs. Chargefox is a vital component of that transition."

# Digitalising our customer experience

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	2023 PROGRESS
We aim to complete the delivery of key digital assets as part of our Smartgroup strategy by the end of 2024.	● Key digital projects delivered in 2023 included our website refresh – accessibility improvements, online calculators, and the launch of our digital Car Leasing Portal to all eligible clients and customers. We refreshed our business strategy during 2023 and are increasing our investment and focus on digital assets to ensure accessibility for all customers.
We will achieve a demonstrated year-on-year increase in digital-only interactions with customers from a 2022 baseline.	● The delivery of the key digital projects in 2023 as described above have resulted in digital interactions by our customers increasing across a range of engagement points. We expect this to continue to improve as our digital initiatives are further enhanced and embedded.

● Completed / Target Met   ● In Progress   ● Not Started / Off Track

## Our approach

Our clients and customers increasingly want to engage with us at any time. By providing safe and secure digital interfaces, we can:

- Maximise accessibility to our products for all our potential customers;
- Simplify product solutions, 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.

Digital projects are a key part of our overall business strategy. Each initiative has a dedicated Project Manager who manages the timelines, finances and deliverables of the project. We use several online tools to monitor traffic sources, track customer interactions and analyse user behaviours to improve customer experiences. In the second half of 2023 we have seen a significant increase in traffic to our EV and plug-in hybrid electric vehicle (PHEV) content. We report progress against our digital strategy initiatives in each Half Yearly and Annual report announcement to the ASX.

### Our performance

The Car Leasing Portal is a market-leading digital tool that allows customers to obtain tailored bespoke quotes for novated leasing. The tool enables comparison between cars, lease terms and other aspects (including relative carbon emissions) to enable customers to find the lease arrangement that best suits their needs. The online portal is available 24/7, meaning customers can progress all the way through to the credit application stage online. Support from a dedicated consultant is available throughout, should customers need it. The tool not only improves the customer experience, it also enhances our scalability and performance by reducing the time it takes users to progress through the whole novated leasing process.

Since launch, we have held ongoing feedback sessions with key clients to understand how they are using the Car Leasing Portal and to identify improvements based on user experience. The feedback has been overwhelmingly positive, with clients and customers enjoying the ability to interact and self educate at a time that suits them. On Portal usage data to date, we have seen that one in three interactions on the Portal are occurring outside of business hours, demonstrating the impact this is having for our customers who are not able to interact with us in traditional business hours and through traditional interaction means.

In September 2023, we rolled out the enhanced salary packaging calculator to AccessPay customers, who can now take advantage of our updated educational and tax savings calculator to help them maximise their benefits and increase their take-home pay. The calculator provides self-education every step of the way, using conversational language, and calculates potential tax savings with a larger range of available benefits.

We continue to progress opportunities for digital-only interactions with our customers, encouraging more people to use our websites and calculators. We have also been building Application Programming Interfaces (APIs) to allow us to more seamlessly integrate with our supply chain partners to improve efficiencies. We track online metrics such as traffic volume, time on page, clicks and conversions to compare our performance over time. Half of the traffic to our websites is via mobile devices, highlighting the importance of choice in interface for our customers.



# Smart Customers



Facilitating financial wellbeing

Promoting sustainable and smart driving behaviours





# 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	KEY TARGETS AND COMMITMENTS	PROGRESS HIGHLIGHTS
<p><b>Facilitating financial wellbeing</b> 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.</p>	<ul style="list-style-type: none"> <li>• We will implement an enhanced Smartgroup financial benefits and wellbeing program targeted for release in 2024.</li> <li>• We are investigating other opportunities to provide customers with relevant information and resources to improve financial wellbeing.</li> </ul>	<ul style="list-style-type: none"> <li>• We refreshed the Smartrewards program which launched in December 2023. Further financial wellbeing offerings will be included on the program in 2024.</li> <li>• We added new calculators to help customers assess and understand potential financial outcomes from salary packaging.</li> <li>• We released educational content targeting cost-of-living pressures experienced by our customers in 2023 along with options to help them more effectively utilise and increase their take home pay.</li> </ul>
<p><b>Promoting sustainable and smart driving behaviours</b> We support our clients and customers to make sustainable decisions about car use and practices, including choosing cars with lower emissions.</p>	<ul style="list-style-type: none"> <li>• We will launch a program of educational content about sustainable car choices, car use and maintenance by the end of 2023.</li> <li>• We will publish environmental and ANCAP safety ratings for vehicles on our novated leasing quotes by the end of 2023.</li> <li>• We will provide access to customer-specific carbon footprint calculators by the end of 2023.</li> </ul>	<ul style="list-style-type: none"> <li>• This educational content program was launched in 2023.</li> <li>• Environmental and ANCAP safety ratings were integrated into novated leasing quote templates.</li> <li>• We made personal carbon footprint calculators available to all our customers, with the support of our partner Carbon Positive Australia.</li> </ul>

2023 Progress

We launched our new Smartrewards program in December 2023, providing our employee customers with an enhanced range of discount offerings and financial wellbeing tools.

# 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, and novated leasing.

OUR COMMITMENTS	2023 PROGRESS
We will implement an enhanced Smartgroup financial benefits and wellbeing program targeted for release in 2024.	<ul style="list-style-type: none"> <li>● Our refreshed Smartrewards program launched in December 2023. We will continue to enhance the program with further financial wellbeing offerings throughout 2024.</li> </ul>
We will continue to investigate other opportunities to provide our customers with relevant information and resources to improve their financial wellbeing.	<ul style="list-style-type: none"> <li>● The Smartrewards program includes various tools and resources to improve financial wellbeing. We added new calculators to help customers to assess and understand potential financial outcomes from salary packaging. We released educational content targeting cost-of-living pressures experienced by our customers in 2023 along with options to help them more effectively utilise and increase their take home pay. We are pleased with our progress in 2023, but will continue to investigate other opportunities to provide our customers with financial wellbeing resources in 2024 and beyond.</li> </ul>

● Completed / Target Met   ● In Progress   ● Not Started / Off Track

## Our approach

### Client and customer education

We know we can create a positive social impact by helping customers make decisions that support their financial wellbeing. We can also play an important role in educating our customers about how they can reduce their environmental impact. You can read more about how we are encouraging the uptake of EVs and promoting sustainable and smart driving behaviours on page 44.

Our services help almost 500,000 customers across Australia reduce the tax they pay and maximise their take-home salary. We are committed to supporting financial literacy and providing information and resources that promote more sustainable decisions and allow our customers to maximise their financial benefits and boost their economic wellbeing. Because our products and salary packaging options are complex, we provide accessible tools to help customers be more confident in their understanding of the potential benefits available and how they can improve their financial situation.

2023 Progress

# 493,000

customers across Australia reduced the tax they pay and maximised their take-home salary with the help of our services.

## Our performance

Our refreshed Smartrewards program launched in December 2023. The program gives customers access to an enhanced range of relevant benefits, including eGift cards from a range of leading retailers helping to drive up their spending dollars to purchase groceries, retail, entertainment and more. Smartrewards also houses a content library promoting health and wellbeing, with videos for health and fitness and healthy recipes. We will continue to expand the program with additional financial wellness offerings throughout 2024.

The AccessPay salary packaging calculator rolled out during 2023 has been designed to enhance understanding and usability around the packaging benefits available to employees. By following a series of steps, a person can see how salary packaging could benefit their personal circumstances. The tool is intuitive and user-friendly, and the language used is conversational, to ensure information is easy to digest.

We are introducing more choice and flexible formats around customer education to meet customer needs. These range from face-to-face conversations to online live and pre-recorded webinars to self-serve education on our websites. We've developed videos to help explain salary packaging, novated leasing, the benefits of leasing an EV and how the Federal Government's Electric Car Discount can benefit customers through a novated lease.



# 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.

OUR COMMITMENTS	2023 PROGRESS
We will launch a program of educational content about sustainable car choices, car use and maintenance by the end of 2023.	● We launched this program of educational content in 2023.
We will publish environmental and ANCAP safety ratings for the vehicles on our novated leasing quotes by the end of 2023.	● We have integrated environmental and ANCAP safety ratings into our novated leasing quote templates.
We will provide access to customer-specific carbon footprint calculators by the end of 2023.	● We made personal carbon footprint calculators available to all our customers, with the support of our partner Carbon Positive Australia.
● Completed / Target Met   ● In Progress   ● Not Started / Off Track	

## Our approach

One of our priorities for promoting sustainable and smart car use practices is creating and sharing educational content, advice and tools that are helpful and relevant to our customers. We aim to help our customers:

- maximise the life span and residual value of their vehicle;
- ensure their vehicle is safe and fit for purpose;
- ensure their purchase is both cost effective and maximises the tax benefits available to them; and
- understand the emissions impact of their vehicle choice, maintenance and usage.

### • Our performance

We have continued to focus on promoting the uptake of EVs, especially given the significant changes in the EV landscape this year, with the Federal Government's Electric Car Discount Policy and more affordable makes and models coming into the Australian market. We delivered educational content across various formats including video, long and short form content, calculators, physical print and webinars.

Our initiatives this year have included:

- Highlighting sustainable car use behaviours and maintenance to our existing leasing customers through written educational content on our website and in customer newsletters.
- Helping our customers explore car options through our new Car Leasing Portal (read more about this on page 38), including the ability to compare ANCAP safety ratings and CO<sub>2</sub> emissions based on the Green Vehicle Guide.
- Meeting our commitment to include both environmental and ANCAP safety ratings for all vehicles on our novated leasing quotes by the end of 2023.
- Promoting Carbon Positive Australia's carbon footprint calculator to all our existing leasing customers and including it on our Autopia and Smartleasing websites.

### We have also continued with:

- Promoting fleet efficiency by facilitating on-demand car sharing via our pool vehicle booking system and with Telematics by Smartfleet and FleetComplete.
- Training for fleet drivers through our partnerships with the National Roads and Motorists' Association (NRMA) and Royal Automobile Club of Victoria (RACV).
- We continued working with the Mentor App which measures actual driving behaviours as you drive. At the end of each trip a Safe Driving Score is calculated to predict the likelihood of future incidents, and all drivers are provided with highly engaging, in-app "micro-training" videos to address their specific risk factors. Drivers considered most at risk receive a higher level of coaching to improve driving behaviour and efficiency.
- Working with the National Automotive Leasing and Salary Packaging (NALSPA), the Electric Vehicles Council (EVC) and the Australian Finance Industry Association (AFIA) to advocate for universal, affordable and sustainable EV charging infrastructure and parity of treatment between EVs and ICE (internal combustion engine) vehicles in novated leasing.
- Aligning with organisations like Tyre Stewardship Australia (TSA) to address the environmental impact of end-of-life tyres. We have formed partnerships with preferred tyre providers who share their commitment to responsible tyre disposal and have either a direct membership of TSA or use a TSA accredited collector.



# Our People



Creating diverse and inclusive teams

Strengthening our Aboriginal and Torres Strait Islander connections

Developing and engaging our team members

Ensuring healthy and safe workplaces



## 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, and their diversity is celebrated. We continue to create a thriving work environment that attracts and retains talent, while protecting mental and physical health.

FOCUS AREAS	KEY TARGETS AND COMMITMENTS	PROGRESS HIGHLIGHTS
<p><b>Creating diverse and inclusive teams</b></p> <p>We 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"> <li>We will maintain our Employer of Choice for Gender Equality citation.</li> <li>We will maintain 40/40/20 gender representation across all levels.</li> <li>We will achieve 40/40/20 gender representation at the Board level by the end of 2023.</li> <li>We will develop and implement an Accessibility Action Plan by the end of 2023.</li> </ul>	<ul style="list-style-type: none"> <li>Workplace Gender Equality Agency (WGEA) Employer of Choice for Gender Equality application submitted for 2024-25 citation.</li> <li>In 2023, our gender split across all levels was 50/50, including at the Executive level and Senior Levels.</li> <li>In 2023, our gender split at the Board level was 42.86% female and 57.14% male.</li> <li>Now a member of the Australian Disability Network, and developed our Accessibility Action Plan to be implemented from 2024.</li> </ul>
<p><b>Strengthening our Aboriginal and Torres Strait Islander connections</b></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"> <li>We will deliver our Reflect Reconciliation Action Plan (RAP) and work on creating an Innovate RAP.</li> <li>We will implement an Aboriginal and Torres Strait Islander employment program by 2024.</li> </ul>	<ul style="list-style-type: none"> <li>Continued to deliver our Reflect RAP actions and our Innovate RAP endorsed by Reconciliation Australia.</li> <li>Implementing an Aboriginal and Torres Strait Islander employment program is a key action item in our new Innovate RAP and will be realised in 2024.</li> </ul>
<p><b>Developing and engaging our team members</b></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"> <li>We aim to increase internal promotion and training opportunities.</li> <li>We intend to achieve a 10% increase in average hours of training per team member by the end of 2025.</li> <li>We have a target that at least 15% of all role hires every year should be internally sourced.</li> </ul>	<ul style="list-style-type: none"> <li>32% of internal placements were a promotion.</li> <li>We anticipate that we are on track to meet our target increase in average training hours by 2025.</li> <li>31% of all role hires were internally sourced.</li> </ul>
<p><b>Ensuring a healthy and safe workplaces</b></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"> <li>We ensure team members have access to tools and resources that allow them to stay safe and healthy, physically and psychologically, in the workplace.</li> <li>We aim to maintain zero harm and a low lost-time injury frequency rate (LTIFR).</li> </ul>	<ul style="list-style-type: none"> <li>No significant safety incidents in 2023 and we continue to raise awareness and enable a safe work environment through initiatives and training.</li> <li>1.3415 LTIFR.</li> </ul>

# Creating diverse and inclusive teams

Everyone at Smartgroup deserves to feel valued, respected and welcome. We embrace diversity in work background, experience, perspectives, education, age, race, ethnicity, abilities, religious belief, sexual orientation, marital or family status, and other differences. Our culture thrives on mutual respect, and we know all our differences make us stronger as a team. We are committed to maintaining a diverse and inclusive culture, where each person can be unique and authentic at work.

## Our approach

### Diversity, equity and inclusion

We have a responsibility to ensure all team members are treated equally, valued, and diversity is celebrated. We are committed to creating a workplace that is fair, accessible, flexible, inclusive and within which unlawful discrimination, bullying, harassment, vilification or victimisation are not tolerated.

OUR COMMITMENTS	2023 PROGRESS
We will maintain Employer of Choice for Gender Equality.	● We have submitted for Workplace Gender Equality Agency (WGEA) Employer of Choice for Gender Equality citation for 2023-25.
We will maintain 40/40/20 gender representation across all levels.	● In 2023, our gender split across all employees was 50/50.
We will achieve 40/40/20 gender representation at the Board level by the end of 2023.	● In 2023, our gender split at the Board level was 42.86% female and 57.14% male.
We will develop and implement an Accessibility Action Plan by the end of 2023.	● We have taken proactive steps towards this goal and have become a member of the Australian Disability Network. We have developed an Accessibility Action Plan to be launched and implemented from 2024 as part of our overall people plan and diversity strategy.
● Completed / Target Met   ● In Progress   ● Not Started / Off Track	



We aim to positively impact our team members by providing a supportive environment where people bring their best self to work and fulfil their potential. Our Diversity and Inclusion Framework focuses on four pillars: Gender; Accessibility; LGBTQIA+; and First Nations. These pillars are supported by key strategies with defined action plans and measures of success, including our Gender Equality Strategy 2023-2025, our Accessibility Action Plan 2024 and our Reconciliation Action Plan. (You can read more about the latter on page 52 of this Report)

Our strategies are supported by numerous policies, including 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 are committed to providing a workplace that is welcoming, inclusive and safe and are continuing to do so through our active support of Respect@Work.

We monitor our performance and regularly report on our progress, both internally and externally. Our Executive Leadership Team reviews diversity and inclusion KPIs on a quarterly basis, and we report to the Board and the Human Resources and Remuneration Committee annually. Each year, we also report to the Workplace Gender Equality Agency (WGEA) in alignment with statutory reporting requirements.



### Our performance

We are proud to be consistently recognised for our efforts in this space. We achieved 'Inclusive Employer' recognition with the Diversity Council of Australia for 2023-2024. This is assessed through the Inclusive Employer Index.

93% of our team members surveyed report working as part of an Inclusive Team (compared to 81% in the Australian workforce).

93.6% of our team members surveyed are often or always willing to work extra hard to help their team succeed.

Building on this strong performance, we will be establishing a Diversity Council in 2024 to improve governance and overall leadership accountability for our Diversity Strategy. We will establish employee networks to connect team members and gain their feedback and insights on where our actions should focus moving forward.

In 2023, we submitted for the WGEA Employer of Choice for Gender Equality citation for the fifth year running.

We have maintained our 40/40/20 gender representation, at the Board level and across our organisation, meaning we continue to have a mix of at least 40% women, 40% men, and 20% of any gender at all our organisational levels.



### Our team members are:

**4.5 times**

more likely to work effectively than employees in non-inclusive teams

**3.5 times**

more likely to provide excellent customer service

**4 times**

more likely to innovate

**1.5 times**

more likely to demonstrate discretionary effort to help their team succeed

Source: Diversity Council Australia: Impact of team inclusion on performance.

EMPLOYEE CATEGORY	OTHER %	FEMALE %	MALE %	UNDER 30 YEARS OLD %	30-50 YEARS OLD %	OVER 50 YEARS OLD %
Board	0	43	57	0	0	100
Executive Leadership Team	0	43	57	0	71	29
Senior Leader level	0	45	55	0	65.5	34.5
People Leader level	0	45	55	5	71	29
Team Member level	0	49.5	50.45	19.24	65.35	15.41

We continue to work on reducing our gender pay gap. This year, we met our target to reduce the pay gap to below 6% (base salary plus super as at 31 December 2023). We have a new Gender Equality Strategy as of September 2023 and continue to monitor our pay gap to maintain at or below this level.

In addition, we report to the Workplace Gender Equality Agency (WGEA) yearly to meet our statutory requirements. The WGEA reporting period is 1 April to 31 March each year and looks at the organisation-wide gender pay gap for total remuneration, and we have had continuous improvement year on year.

Our gender pay gap in 2023 for median total remuneration was 7.2% and our median base salary gender pay gap was 3.2%, compared to an industry median of 23.2% for total remuneration and 23.4% base salary.

#### Our gender pay gap compared to the Industry Comparison Group

	SMARTGROUP	INDUSTRY COMPARISON
Average (mean) total remuneration	7.4%	30.7%
Median total remuneration	7.2%	23.2%
Average (mean) base salary	6.5%	19.2%
Median base salary	3.2%	23.4%

Source: WGEA Industry Benchmarking Report 2023  
Comparison group: Finance and Investment Service with employee range of 500-999. The Industry Comparison Group is generated by a combination of the Australian and New Zealand Standard Industrial Classification (ANZSIC) industry class and equivalent sized organisations.

We updated our Gender Equality Strategy for 2023-2025 to focus on attracting diverse talent to areas of the business such as IT, that have a lower representation of women. We are also working to increase visibility and insights on gender through the recruitment process. Our new applicant tracking system will enable us to capture accurate gender reporting throughout all stages of the recruitment process so that we can better understand where increased focus is needed.

Our Women's Room and Men's Shed initiatives continued this year. Created to support and promote gender equality, these forums create a strong community to share, inspire, and empower team members in a supportive, safe and informal environment. Topics covered this year included health and wellbeing and support for carers.

To advance accessibility, we are now a member of the Australian Disability Network. Through this membership, we have gained valuable feedback on our approach and the development of our action plan. In particular, we have focused on developing an initial roadmap for our Accessibility Action Plan for implementation in 2024, as part of our overall people plan and Diversity Strategy. Actions taken to support accessibility this year included utilising alternate text functionality on in internal and external communications and promoting learning offerings on disability awareness for International Day of People with Disability.

Based on our learnings so far, we intend to consult more widely with people with disability to develop a more detailed Accessibility Action Plan after twelve months. On that basis, we have revised our target to have implemented our comprehensive Accessibility Action Plan from the end of 2023 to 2025.

We raised awareness of LGTBQIA+ inclusion throughout Pride Month, and Wear It Purple Day, including sharing team member stories and experiences. We can now update gender within our Smartgroup systems and have educated our people on the use of pronouns.

Events celebrated throughout the year included International Day of People with Disability, International Women's Day, Pride Month, National Reconciliation Week, NAIDOC Week, Diwali, Harmony Week, and Wear It Purple Day.

# Championing equity on International Women's Day

In 2023, clients and team members from around Australia joined us on International Women's Day to hear from our special guest speaker, beloved Australian TV personality Brooke Boney.

Brooke is no stranger to breaking the mould in the best way possible and advocating for a fair and inclusive world. This was evident when she became the first ever Aboriginal woman to star on a commercial breakfast television show, as a presenter for Channel 9's Today Show.

A proud Gamilaroi Gomeri woman, Brooke is a champion of Aboriginal and Torres Strait Islander peoples and cultures, using her platform to advocate for social justice and promote Indigenous education through bodies such as the Indigenous Advisory Group for the Museum of Contemporary Art (MCA) where she is the chair.

We loved hearing about Brooke's upbringing and the strength she draws from her grandparents, who faced challenges when trying to build a better life for their family away from the missions. In her address, Brooke credited them as the inspiration behind her drive and resilience, leading her to become the first person in her lineage to go to university and working (and flourishing) in industries that weren't traditionally friendly to women or First Nations people.



# Strengthening our Aboriginal and Torres Strait Islander connections

Smartgroup acknowledges the Custodians of Country throughout Australia. We pay our respects to them and to Elders past and present 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.

OUR COMMITMENTS	2023 PROGRESS
We will deliver our Reflect Reconciliation Action Plan (RAP) and work on creating an Innovate RAP.	● We have continued to deliver our Reflect RAP actions and have developed and had our Innovate RAP endorsed by Reconciliation Australia.
We will implement an Aboriginal and Torres Strait Islander employment program by 2024.	● The commitment to implement an Aboriginal and Torres Strait Islander program is a key action item in our new Innovate RAP and will be realised in 2024.

● Completed / Target Met   ● In Progress   ● Not Started / Off Track

## Our approach

We are committed to creating meaningful and respectful reconciliation opportunities and building better relationships with First Nations peoples in all elements of our business. Our vision for reconciliation is an Australia in which Aboriginal and Torres Strait Islander peoples have equal access to financial and social wellbeing, including workplaces that empower their employees to control their financial wellbeing.

Through our first Reflect RAP, we focused on building an understanding of our Aboriginal and Torres Strait Islander stakeholders and sphere of influence, raising awareness of our commitment to reconciliation and embedding the values and recognition of Aboriginal and Torres Strait Islander cultures. Our RAP sets out practical actions to drive our contribution to reconciliation, such as increasing the representation of Aboriginal and Torres Strait Islanders in our organisation and supply chain and intensifying our support to the community. We continue to progress our journey with the development of our Innovate RAP which has received endorsement from Reconciliation Australia.

Our RAP is governed by the RAP Working Group, which tracks progress against our targets and reports internally to the Human Resources and Remuneration Committee of the Board and externally to Reconciliation Australia through annual RAP reporting.

## 2023 Progress

We have continued to deliver our Reflect RAP actions and have now developed and had our Innovate RAP endorsed by Reconciliation Australia.

## Our performance

We continue to provide cultural awareness training for all our team members, and we are working to increase a sense of cultural safety for Aboriginal and Torres Strait Islanders to embrace their full identity within the workplace. We have embedded the Acknowledgement of Country at the start of meetings and have renamed a meeting room in each office with a traditional place name (e.g. Gadigal Room in our Sydney head office). We also display an Aboriginal Artwork in our head office and a Map of Indigenous Australia in all offices.

The RAP Working Group continues to provide guidance to team members on how to give an Acknowledgement of Country, and what a Welcome to Country is through the Smartgroup First Nations Best Practice Guide, published on our intranet.

We are partnering with Supply Nation to further support closing the gap for Australia's Indigenous peoples and communities through procurement. We aim to increase the proportion of our spend with Aboriginal and Torres Strait Islander-owned businesses.

A lack of visibility and awareness of these suppliers has been a challenge. We deal with thousands of suppliers across our business, but with the help and guidance of Supply Nation

we have taken steps to identify which of our suppliers are Indigenous-owned and registered with them. Through their platform, we have been able to begin monitoring and reporting our spend.

This year, we held a Yarning Circle with the Women's Room and Men's Shed. (You can read more about these gender equality initiatives on page 50 of this Report). A Yarning Circle is an important traditional process used to promote the shared knowledge of the group. It was facilitated by Supply Nation certified suppliers and focused on health and wellbeing.

We are also aiming to increase the representation of Aboriginal and Torres Strait Islander people within the organisation. We have been advertising roles in Indigenous media outlets such as Koori Mail, with the aim of attracting more Indigenous candidates to Smartgroup, albeit with limited success so far.

Our new Innovate RAP sets out additional actions to increase the number of Aboriginal and Torres Strait Islander team members, including the development of an Aboriginal and Torres Strait Islander employment program. We are setting ourselves a target, to increase the number of our team members who identify as Aboriginal or Torres Strait Islander to 2% by 2026.

### 2023 Progress

# 2%

target set for the number of our team members who identify as Aboriginal or Torres Strait Islander by 2026.

### 2023 Progress

We are working to increase a sense of cultural safety for Aboriginal and Torres Strait Islanders to embrace their full identity within the workplace.

# Developing and engaging our people

Investing in our team members, their wellbeing and development is key to supporting and enhancing an engaged and high performing culture. To achieve this, we have focused on building capability at every level, continued to measure engagement, and developed internal pathways for promotion.

## Our approach

### Employee engagement and development

We aim to provide all our team members with career development opportunities, training, and benefits. Our learning and development offering ensures our team members continue to evolve and diversify their skills and capabilities and is underpinned by the following policies:

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

OUR COMMITMENTS	2023 PROGRESS
We aim to increase internal promotion and training opportunities.	● 32% of internal placements were a promotion.
We intend to achieve a 10% increase in average hours of training per team member by the end of 2025.	● Average hours of training per employee was 10 hours per employee in 2023 (a decrease of 7 hours).  Learning and development remains a priority at Smartgroup, however 2023 required a review and realignment of our training strategy and investment. In 2024, Smartgroup has begun a review of organisational design and capability, will build a fit for purpose capability development program, and an improved platform for tracking all organisational learning and development.  With the work we are currently doing to regain momentum, we anticipate that we are still on track to meet our target increase by 2025.
We have a target that at least 15% of all role hires every year should be internally sourced.	● 31% all role hires were internally sourced.
● Completed / Target Met   ● In Progress   ● Not Started / Off Track	

We measure our performance on engagement, learning and development through KPIs, with regular reporting to the Board on appointments and promotions, and to our Senior and Executive Leadership Teams on recruitment and retention statistics.

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 key themes and results from these surveys back with team members and leaders, and report results to the Board. We are also planning to track training hours completed and evaluate quality of programs through feedback and by measuring impacts over the short, medium and long term.

We continue to ensure our employee benefits are relevant, meaningful and serve to engage, retain and attract our people. Our many benefits include paid parental leave, a Wellbeing fund, 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.

## Our performance

During 2023, we focused on building systems and frameworks to improve our learning and development platform over the next few years. We also implemented a new Learning Management System to drive a more efficient and effective learning experience.

Planning is now underway for our 2024 training calendar. Key elements include a new leadership development program, team member resilience and wellbeing, skills development in Agile and Growth mindset, as well as ongoing cultural awareness training for leaders and team members. This year, we held Lunch n Learn sessions, which offered more informal ways to promote knowledge sharing and learning and included the topics cyber security, superannuation, and wellbeing.

We continued our partnership 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. Students then return for another six months in their third year. We also regularly use secondments as opportunities for team members to engage in on-the-job training to help promote internal career pathways and development.

To promote employee engagement, this year we began preparations for a broader “Listening Strategy” to ensure we are responsive to team member feedback. So far, this has included sessions led by our senior leaders to play back our engagement action plan and open dialogue with team members. These sessions are important forums for sharing ideas and continued updates on team member sentiment, making sure we hold ourselves accountable for providing a workplace that promotes engagement and performance.

We held end-of-month social events and supported charity events including the World’s Biggest Morning Tea and STEPtember. We have also run monthly internal engagement forums where all team members can hear from our executive team and senior leaders, published fortnightly newsletters and used teams channels to regularly engage with our people.

We have had to evolve and adapt our leadership styles to engage and develop a hybrid working team. This has included adjustments to the ways leaders coach, educate, lead and manage through incorporating team anchor days and improving how we achieve better workplace collaboration and operating rhythm. We continue to support hybrid working and have continued our flexible work policy to include up to 2 days of work from home.



## Case study

# Seeking out new challenges



Nick Stapleton

**Nick Stapleton has been at Smartgroup for 12 years and in that time has become a first-time parent, graduated from a Master of Business Administration, and been promoted to Senior Business Manager.**

**Now a father of two, Nick shares with us his journey at Smartgroup, including taking time away from his career for parental leave, how Smartgroup supported him to achieve his goals, and balance his family, career, and study.**

**His story is proof of the diverse career opportunities available to our people.**

### A start in sales

Nick started out working with us in a sales role in Salary Packaging, after returning to Australia from London. He progressed to being a coach and team leader in the sales team before taking up a Customer Service Manager role - a position that also saw him become a member of the Senior Leadership Team.

In 2021, Nick became a parent for the first time and had to navigate the transition to being a working parent and juggling career and family. A critical factor for Nick has been the support he's received from Smartgroup.

"I took time out when my daughter was young, and it was invaluable," he says. "That is time you can't ever get back. As a senior leader, it can be career limiting in some organisations to take time away from work to spend with family and fulfil family commitments. Smartgroup has a parental leave policy that is understanding and genuine. They support me if I have a sick child or need to be flexible around time in the office."

### New opportunities

When current CEO Scott Wharton was appointed, Nick was excited to start a new advisory role as Senior Business Manager.

"Smartgroup is big enough to offer exciting opportunities to advance your career," says Nick. "There are 800 people here, but internal promotion is encouraged. Here, you can move into areas you're interested in, in ways that might be difficult elsewhere."

Nick's new appointment brought opportunities to work closely with the CEO on strategy, and develop new skills. He spends his time working with the senior leadership and the Board to drive the execution of strategic initiatives, supports members of the Executive Leadership Team, and fosters collaboration on various initiatives and growth opportunities.

### Challenges along the way

The pace of change creates opportunities but can be challenging at times. He says, "it can be an emotional tug moving from one team to another. I've always been someone who wants to leave things better than when I arrived. But Smartgroup is also small enough that you can stay connected with people. I like to think I continue to be a voice for the teams I've been part of."

### Acquiring important skills

"I've learned so much in my time here. I completed an MBA, that was financially supported by the company, and I've also expanded my skills in Lean 6 Sigma and Agile project management. Just as importantly, informally, working alongside other senior people in the organisation has given me opportunities to engage with leaders and, through that, to develop my own style of leadership."

Looking ahead, he believes Smartgroup is at an amazing nexus point. "There's a very real sense that the rapid uptake of EVs is creating opportunities for growth, to rapidly enhance our systems and processes, and for people to play their part in making change happen. It's exciting to be a part of the solution."



# Ensuring a healthy and safe workplace

The health and wellbeing of our team members 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 people who come onto our sites.

OUR COMMITMENTS	2023 PROGRESS
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 had no significant safety incidents in 2023 and we continue to raise awareness and enable a safe work environment through initiatives and training.
We aim to maintain zero harm and a low lost-time injury frequency rate (LTIFR).	● 1.3415 LTIFR (rate calculated based on 1,000,000 hours worked)
● Completed / Target Met   ● In Progress   ● Not Started / Off Track	

## 2023 Progress

We had no significant safety incidents in 2023 and we continue to raise awareness and enable a safe work environment through initiatives and training.

### Our approach

#### Employee health, safety and wellbeing

We aim to achieve a safe and incident-free workplace, where there are no negative impacts on people who work for, or with, us. We recognise our responsibilities under the Work Health and Safety (WH&S) Act and supporting legislation and 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;
- Immunisation Policy;
- Respect@Work Policy;
- Workplace Behaviours and Equal Employment Opportunities Policy; and
- Grievance Procedure

We use performance indicators to monitor our WH&S objectives. These include training, hazard, accident and incident reporting, workers' compensation claims, and the use of our Employee Assistance Program (EAP). Our WHS Committee meets frequently, with participants from all offices and locations across Australia, to review statistics, incidents and legislative changes, and ensure a coordinated and consultative approach to managing work health and safety risks across our organisation. We regularly report on these indicators to the Board.

We monitor the performance of our WH&S management system and evaluate outcomes against objectives through our WH&S measurement processes. That performance data is used to refine WH&S plans, objectives and targets and improve our overall risk management.

**Our performance**

We are pleased to report another year with no significant safety incidents or injuries.

This year, we established our Respect@Work action plan as per the Australian Human Rights Commission Respect@Work framework. This plan focuses on preventing gender-based discrimination and sexual harassment and includes training for senior leaders and executives, and communications to all employees on expected standards of behaviour.

In line with this, we have also revised and established new policies including a Respect@Work Policy, a Workplace Behaviours and Equal Employment Opportunities Policy and a Grievance Procedure. Team members can report any issues relating to sexual harassment, gender-based discrimination or psychosocial issues anonymously through the whistleblower hotline.

	FOR ALL EMPLOYEES AND WORKERS	FOR ALL WORKERS WHO ARE NOT EMPLOYEES BUT WHOSE WORK AND/OR WORKPLACE IS CONTROLLED BY THE ORGANISATION
Number and rate of fatalities as a result of work-related injury	0	0
Number and rate of high consequence work-related injuries (excluding fatalities)	0	0
Rate and number of recordable work-related injuries	2	0
Main types of work-related injury	Injury 1: Stress Injury 2: Trip Injury	
Number of hours worked	1,490,895 hours worked in 2023	Not recorded

We continued to focus on mental health and the promotion of wellbeing, raising awareness of mental health for team members through continued participation in RU OK? Day initiatives and a 'Yarning Circle' focused on wellbeing. You can read more about this on page 48 of this Report.

A Wellbeing Fund continues to support our team members in their own health journey through an annual budget that team members can spend to support their health and wellbeing. In 2023, 627 employees claimed a \$295 reimbursement that was spent towards their health and wellbeing. Our EAP offering is available to everyone who works with us to access external guidance and confidential counselling should they need it. Beyond the office, we also provide ergonomics assessment and guidance for all team members to ensure safety and wellbeing within their hybrid work environment.

2023 Progress

627

employees claimed a \$295 reimbursement that was spent towards their health and wellbeing

# Next Steps



## 2023 Progress

Thank you for taking the time to read our second Sustainability Report detailing our progress with our **Smarter, More Sustainable Tomorrow** Sustainability Strategy. This is our first Report in accordance with the Global Reporting Initiative (GRI) Standards.

We are pleased with the progress we have made and, in particular, the goals we have exceeded. Nevertheless, there is a lot still to be done, and we will continue to mature our approach to sustainability reporting and to report openly and clearly on what the actions we have taken and the challenges we have faced.

We remain confident that this format suits concise future reporting, and in particular comparability of our year-on-year improvements. We look forward to continuing to report back our progress using best practice standards.

For more information on how we can partner with your organisation to drive Sustainable outcomes, please contact us at [ir@smartgroup.com.au](mailto:ir@smartgroup.com.au)

# GRI Content Index

Statement of use	Smartgroup Corporation Ltd has reported in accordance with the GRI Standards for the period 1 January to 31 December 2023.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	RESPONSE	OMISSION
GRI 2: General Disclosures 2021	<b>The organisation and its reporting practices</b>		
	2-1	Organisational details	About this report page 6.
	2-2	Entities included in the organisation's sustainability reporting	Our sustainability reporting covers the same entities as our financial reporting – refer to Note 26 of our Annual Report for our full list of subsidiaries. All information is consolidated at Group level. There have been no significant mergers, acquisitions, or disposals during the reporting period. Our reporting scope is consistent across all material topics and disclosures.
	2-3	Reporting period, frequency and contact point	About this report page 6 and back cover.
	2-4	Restatements of information	About this report page 6.
	2-5	External assurance	About this report page 6.
	<b>Activities and workers</b>		
	2-6	Activities, value chain and other business relationships	About us page 7.
	2-7	Employees	See table 2-7 in the appendix for the total number of employees, with a breakdown by gender, contract type and full time / part time. Data has been provided using headcount as of 31st December 2023. The region is Australia only as our workers in the Philippines are captured in data for non-employee workers. Data shows male and female, and other for non-binary and gender diverse employees. We have not seen significant fluctuations between reporting periods with only a small decrease in the number of employees between 2022 and 2023 (785 to 780). In FY23, we have seen changes within areas of the business. There was significant growth of over 30% in one area of the business, novated leasing sales and fulfillment. This was driven through recent changes in legislation which provides subsidies for people to take up an electric vehicle (EV) novated lease.

GRI STANDARD	DISCLOSURE	RESPONSE	OMISSION
2-8	Workers who are not employees	<p>See table 2-8 in the appendix for the total number and breakdown of workers who are not employees.</p> <p>Data has been provided using headcount as of 31st December 2023.</p> <p>We have 77 nearshore workers in the Philippines who are not employees, in addition to 25 temporary workers employed by temp agencies, and 7 independent contractors.</p> <p>The most common types of workers who are not employees include customer service consultants engaged in Australia via preferred agencies on a temporary basis, as well as technical IT roles (e.g. testers, developers, business analysts and desktop support analysts). Our workers who are not employees based in the Philippines are engaged via our nearshore business partner, Satellite Office, as their employees, and in parallel, are permanent team members of Smartgroup.</p> <p>We also recruited a total of 21 temps across Operations &amp; Vehicle Sales support areas in the Fringe Benefit Tax ramp up this time last year.</p>	
<b>Governance</b>			
2-9	Governance structure and composition	<p>Sustainability governance page 11.</p> <p>Our Board is made up of seven non-executive directors, plus our Chief Executive Officer (CEO). All of our non-executive directors are independent; the CEO is the only non-independent director.</p> <p>The Board is comprised of four men and three women. For a full description of the composition of the Board, please refer to the Director's Report on page 38 of our 2023 Annual Report. The tenure of members of our Board is detailed on page 7 of our 2023 Corporate Governance Statement.</p>	
2-10	Nomination and selection of the highest governance body	<p>Directors are nominated and elected in accordance with the Constitution of Smartgroup Corporation Limited. Director appointments that are made during the year must be endorsed by the shareholders at the next AGM of the Company, held annually in May. Directors must be re-elected and approved by shareholders every 3 years.</p> <p>The selection process takes into consideration diversity, independence and relevant competencies. We have met our target for gender diversity of the Board to be 40% male, 40% female and 20% any gender. The Board aims to ensure an appropriate mix of competencies across relevant backgrounds and experiences.</p> <p>For more information on the nomination and selection criteria for Board members, please refer to our Corporate Governance Statement available in the Corporate Governance section of our website.</p>	
2-11	Chair of the highest governance body	The Chairman of the Board is independent.	

GRI STANDARD	DISCLOSURE	RESPONSE	OMISSION
2-12	Role of the highest governance body in overseeing the management of impacts	<p>The Executive Leadership Team (ELT) is responsible for developing Smartgroup's purpose, values, mission statements and sustainability vision. This is reviewed by the ESG Sub-committee and endorsed by the Board.</p> <p>The Board oversees the management of Smartgroup's impacts on the economy, environment and people through reviewing performance against Smartgroup's sustainability strategy, A Smarter, More Sustainable Tomorrow. The strategy was developed with broad stakeholder engagement and formally endorsed by the Board.</p> <p>The ESG Sub-committee reviews Smartgroup's sustainability performance. The ESG Sub-committee Charter, that can be found on the <a href="#">Smartgroup Investors</a> page of our website, sets out the role of the ESG Sub-committee in reviewing the effectiveness of ESG processes and governance.</p>	
2-13	Delegation of responsibility for managing impacts	Sustainability governance page 11.	
2-14	Role of the highest governance body in sustainability reporting	The ESG Sub-Committee is responsible for reviewing the content of the Sustainability Report, and the Board is responsible for approving its release. The report is subject to an internal verification process with all material statements and all numbers checked for accuracy.	
2-15	Conflicts of interest	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.	
2-16	Communication of critical concerns	<p>The Audit and Risk Sub-Committee (ARC) meets a minimum of four times per year. Between these meetings, the ELT, through the Chief Risk Officer (CRO), is responsible for reporting to the Board any incidents or risks identified that meet a certain threshold of materiality. This is done through "flash reports" which are followed by more detailed Incident Reports at the next Board meeting.</p> <p>There were no critical concerns reported to the Board relating to environmental, social or governance issues.</p>	
2-17	Collective knowledge of the highest governance body	<p>The Board undertakes annual education across a range of different areas. In 2023, the Board undertook specific training, in many cases facilitated by external facilitators, including:</p> <ul style="list-style-type: none"> <li>• Cyber security and risks</li> <li>• Electric vehicles</li> <li>• Mandatory climate reporting</li> <li>• Renewable energy ecosystems</li> <li>• Directors Duties - recent developments</li> </ul>	

GRI STANDARD	DISCLOSURE	RESPONSE	OMISSION
2-18	Evaluation of the performance of the highest governance body	<p>Please refer to our Corporate Governance Statement for an overview of how Board performance is evaluated, both through self-assessment and independent review – see page 4.</p> <p>The ESG 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.</p>	
2-19	Remuneration policies	For details on the remuneration of the Board, please refer to our Remuneration Report on page 36 of our Annual Report.	
2-20	Process to determine remuneration	For details on the remuneration of the Board, please refer to our Remuneration Report on page 36 of our Annual Report.	
2-21	Annual total compensation ratio	<p>The ratio of the highest paid employee's total compensation to the median annual total compensation for all employees is 27.48.</p> <p>The ratio of the highest paid employee's total compensation in 2022 to the median was 21.95.</p> <p>The new CEO and Managing Director commenced their role in July 2023. Therefore, it is not possible to directly compare the 2023 ratio to the 2022 ratio and calculate a percentage change, due to personnel changes and data sources.</p> <p>In 2023, the highest paid employee started part-way through the year. To determine the ratio of their salary to the median, the total compensation for the highest paid employee was annualised. To determine the median point, because total compensation at 31 Dec 2023 was not yet available, assumptions to award incentives at 100% were applied (the same as for the highest paid employee).</p>	

GRI STANDARD	DISCLOSURE	RESPONSE	OMISSION
	<b>Strategy, policies and practices</b>		
2-22	Statement on sustainable development strategy	CEO Intro page 4.	
2-23	Policy commitments	<p>We have numerous policies in place that set out our commitments to responsible business conduct, including:</p> <ul style="list-style-type: none"> <li>• Our Ethics Policy and our Anti-Bribery and Corruption Policy sets out expectations regarding fairness in all dealings with stakeholders, avoiding conflicts of interest and anti-corruption.</li> <li>• Our Code of Conduct sets out standards of behaviour expected of everyone at Smartgroup.</li> <li>• Our Modern Slavery Statement sets out our zero-tolerance approach to modern slavery and commitment to ethical business practices.</li> <li>• Our Human Rights Policy sets out our commitment to support human rights in a way that is consistent with the United Nations Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights and the International Labour Organisation fundamental conventions encompassed by the Declaration on Fundamental Principles and Rights at Work in addition to the UN's Guiding Principles on Business and Human Rights.</li> </ul> <p>All policies are available on our website: <a href="#">Smartgroup Investors</a>.</p> <p>Our policies are endorsed by the ESG Sub-Committee and approved by the full Board, and extend to both Smartgroup and our business partners and suppliers. Internally, we provide training to employees on all policies, including the Human Rights Policy. Our standard supplier contracts include specific undertakings regarding Modern Slavery obligations.</p>	
2-24	Embedding policy commitments	<p>Supplier contracts include specific commitments regarding Modern Slavery and compliance with applicable Smartgroup Policies. We have sought to include this in all supplier agreements since 2019. Modern Slavery assessments are completed on all Tier 1 suppliers, and we have set a target to expand this to Tier 2 suppliers. We are working towards developing a more comprehensive ESG assessment in 2024. Modern Slavery training is mandatory for all senior leaders, people and culture and procurement team members. Training on Smartgroup policies is provided to all Smartgroup employees at commencement of employment with further refresher training conducted annually.</p>	



GRI STANDARD	DISCLOSURE	RESPONSE	OMISSION
2-25	Processes to remediate negative impacts	<p>Smartgroup is committed to cooperating in the remediation of negative environmental or human rights impacts – should any incidents occur.</p> <p>We have a variety of grievance mechanisms including:</p> <ul style="list-style-type: none"> <li>• External customers can raise complaints via our <a href="#">website</a>, which are investigated following our internal disputes resolution process. If customers are not satisfied with the response, they can refer the complaint to the Australian Financial Complaints Authority – Smartsalary is a paying member of this body.</li> <li>• Internal team members can report any concerns via our employee grievance procedure.</li> <li>• Smartgroup has a Speak Up Policy which has been developed to encourage both employees and other external partners, including suppliers, to speak up if they have concerns regarding potentially unethical, unlawful or improper practices or behaviours, without fear, knowing that they will be protected from reprisal. Smartgroup encourages employees and external partners to confidentially report actual or potential instances of reportable misconduct via the independent Speak Up portal and process. Copies of these policies, and a range of other Smartgroup policies are available at our website.</li> </ul> <p>We provide a Carbon Offset Program to our novated leasing customers to contribute to projects that help to offset the carbon generated by their novated leasing vehicles.</p> <p>In addition to the work being done to reduce our direct carbon footprint, we purchase carbon offsets to mitigate the carbon generated by corporate travel undertaken by our employees each year.</p> <p>Smartgroup team members can provide feedback in a range of forums, as noted in part b. In addition, at the conclusion of every Town Hall, video message or all staff email, our CEO includes a statement encouraging employees to come forward either through the formal Speak Up platform, to their manager, to the Group Executive, or directly to the CEO, if they have any concerns.</p> <p>We conduct regular surveys across the organisation. These surveys are anonymous and include questions on whether employees believe they can raise concerns in a confidential manner, and whether those concerns will be responded to if they are raised. Through survey responses, we know that our people feel confident regarding the Speak Up process and feel comfortable raising cases of misconduct, if required.</p>	
2-26	Mechanisms for seeking advice and raising concerns	Remaining accountable and transparent page 30.	
2-27	Compliance with laws and regulations	Remaining accountable and transparent page 30.	
2-28	Membership associations	<p>Smartgroup is a member of the following associations:</p> <p>National Automotive Leasing and Salary Packaging Association (NALSPA)</p> <p>Australian Finance Industry Association (AFIA)</p> <p>Australian Financial Complaints Authority (AFCA)</p> <p>Electric Vehicle Council (EVC)</p> <p>Australasian Fleet Management Association (AFMA)</p>	

GRI STANDARD	DISCLOSURE	RESPONSE	OMISSION
<b>Stakeholder engagement</b>			
	2-29	Approach to stakeholder engagement	<p>We engage with our shareholders, employees, clients, customers and the broader industry through our association memberships.</p> <p>Our stakeholder engagement is for a range of purposes, including:</p> <ul style="list-style-type: none"> <li>• Gathering customer and client feedback on services.</li> <li>• Employee feedback on culture, risk, and other specific issues.</li> <li>• Investor feedback for the purposes of AGM, voting and feedback on Executive Remuneration.</li> <li>• Industry engagement on matters, such as Government policy, that are relevant at an industry level.</li> </ul> <p>We also engaged with stakeholders to determine our material topics and understand our ESG impacts, to inform the development of our sustainability strategy.</p>
	2-30	Collective bargaining agreements	All employees are covered by individual contracts and not by collective bargaining agreements.
<b>Material topics</b>			
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Our approach to sustainability page 10.
	3-2	List of material topics	Our approach to sustainability page 10.
<b>Energy and emissions</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Taking action on climate page 14.
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Scope 1: 114.99 t CO <sub>2</sub> eq
	305-2	Energy indirect (Scope 2) GHG emissions	Scope 2: 147.60 t CO <sub>2</sub> eq
	305-3	Other indirect (Scope 3) GHG emissions	Scope 3: 8,178.34 t CO <sub>2</sub> eq
	305-4	GHG emissions intensity	Emissions intensity: 3.33575E-05
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Total energy consumption 440,001 kWh
	302-3	Energy intensity	0.001750 kWh per \$ revenue
<b>Transparency, accountability and reporting</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Remaining accountable and transparent page 30.
<b>Ethics and integrity</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Remaining accountable and transparent page 30.

GRI STANDARD	DISCLOSURE	RESPONSE	OMISSION
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	We have assessed all of our operations for risks related to corruption. No significant risks were identified through the assessment (confirmed by our Chief Risk Officer).
	205-2	Communication and training about anti-corruption policies and procedures	The Directors on the Smartgroup board were responsible for the adoption of the anti-corruption policies across Smartgroup and therefore have a good knowledge and understanding of these policies. The Directors receive information on an annual basis regarding our anti-corruption processes and any issues identified through those processes. 100% of our seven Board members have received training on anti-corruption. 100% of employees receive training on anti-corruption as part of the onboarding process and then through ongoing annual refresher training. 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. We have not specifically communicated this policy to our suppliers.
	205-3	Confirmed incidents of corruption and actions taken	Remaining accountable and transparent page 30.
GRI 206: Anti-competitive Behaviour 2016	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Remaining accountable and transparent page 30.
<b>Enabling client and customer sustainability</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Enabling net zero page 35.
<b>Innovation and technology</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Enabling net zero page 35.
<b>Client and customer education</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Facilitating financial wellbeing page 42.
<b>Community investment</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Investing in our community page 23.
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Smartgroup supports local communities across Australia through the Smartgroup Foundation – see page 23.
	413-2	Operations with significant actual and potential negative impacts on local communities	None of our operations have negative impacts on local communities.

GRI STANDARD	DISCLOSURE	RESPONSE	OMISSION
<b>Human rights and modern slavery</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Aligning our supply chain page 27.
GRI 409: Forced or Compulsory Labour 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	Page 13 of <a href="#">Modern Slavery Statement 2023</a>
<b>Sustainable and ethical procurement</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Aligning our supply chain page 27.
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Approximately 96% of suppliers (by number) are located within Australia. We have defined local suppliers as being within Australia and significant locations of operation refers to the entirety of our operations across Australia.
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Information incomplete – 161 suppliers were screened through our detailed ESG assessment questionnaires in 2023. 109 out of these 161 fully completed this assessment. We are targeting completion of this assessment for the remaining Tier 1 and Tier 2 suppliers in 2024.
	308-2	Negative environmental impacts in the supply chain and actions taken	Information incomplete – No material negative environmental impacts have been identified in the services supplied in the supply chain based on the assessments undertaken to date. This information is incomplete and will remain incomplete until all targeted ESG assessments have been completed and the results properly assessed in 2024.

GRI STANDARD	DISCLOSURE	RESPONSE	OMISSION
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Page 9 of <a href="#">Modern Slavery Statement 2023</a>
	414-2	Negative social impacts in the supply chain and actions taken	<p>All Tier 1, 2 and 3 suppliers were assessed through the ethiXbase platform in 2023 for modern slavery risks. This equates to 1,075 suppliers. In addition, all Tier 1 and Tier 2 suppliers were provided with a detailed ESG Questionnaire for completion to assist with our ESG assessment of these suppliers. Out of 22 Tier 1 suppliers, only one is yet to complete this assessment. 21 out of 25 Tier 2 suppliers have also completed this assessment. These results are being analysed to determine the ESG maturity of our supply chain and to determine our engagement strategy with the less developed suppliers going forward.</p> <p>10 suppliers out of a total of 1,075 suppliers assessed were identified as having a high-risk alert on the ethiXbase external risk profile. The potential risks identified were related to suppliers who are located in countries where there is higher incidence of modern slavery risks. All identified risks were assessed as being satisfactorily addressed and resolved. No relationships were terminated in 2023, as no new significant actual or potential social impacts were identified for suppliers.</p>
<b>Diversity, equity and inclusion</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Creating diverse and inclusive teams page 48.
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	<p>In 2023, female representation on the Board was 42.86%. For this purpose, our CEO is counted as part of the Executive Leadership Team and not part of the Board. All of our Board members are part of the over 50 years old age group.</p> <p>Our 'Inclusive Employer' survey was run in September 2023, and was open to all employees. We had 301 survey respondents and the results showed other indicators of diversity including:</p> <ul style="list-style-type: none"> <li>• Cultural Diversity: 46% of our people were born overseas, come from 59 different cultural backgrounds, and speak 48 different languages.</li> <li>• Carers: 30% of our workers have caring responsibilities.</li> <li>• Flexibility: 70% work flexibly.</li> <li>• Disability: 6% of survey respondents identified as having a disability.</li> </ul> <p>See table 405-1 in the appendix for additional details on the 2023 results.</p>
	405-2	Ratio of basic salary and remuneration of women to men	<p>See table 405-2 in the appendix for 2023 results.</p> <p>Significant locations of operation refers to the entirety of our operations across Australia.</p>
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	There were no incidents of discrimination during the reporting period.

GRI STANDARD	DISCLOSURE	RESPONSE	OMISSION
<b>Employee engagement and development</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Developing and engaging our people page 54.
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	See table 401-1 in the appendix for 2023 results. Turnover definition: Includes voluntary and involuntary separations (excluding end of max term contracts) for employees only (not workers who are not employees i.e. excluding nearshore team members and temps).
	401-2	Benefits provided to full-time employees that are not provided to temporary or part time employees	Smartgroup provides a competitive benefits package to all our team members, whether full-time or part-time. Discounted health insurance is available to all team members. However, some benefits are only available to permanent team members and not temporary staff. Benefits available to permanent team members and max term contract employees (both full & part time) include paid parental leave, participation in the employee share scheme, a wellbeing allowance, additional leave days (birthday leave and three additional days between Christmas and New Year) and Make a Difference volunteering days. Significant locations of operation refers to the entirety of our operations across Australia.
	401-3	Parental leave	Our parental leave policy is inclusive of all employees regardless of gender and includes permanent team members (full time or part time), team members under a maximum term contract and eligible casuals. Eligible casual refers to a casual team member who has been employed by Smartgroup on a regular and systematic basis for a sequence of periods over at least twelve months. See table 401-3 in the appendix for 2023 results.
<b>Employee health, safety and wellbeing</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Ensuring a healthy and safe workplace page 57.
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Our Work Health and Safety (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 including the 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), and other relevant supporting regulations.

GRI STANDARD	DISCLOSURE	RESPONSE	OMISSION
403-2	Hazard identification, risk assessment, and incident investigation	<p>We have established systems to ensure that WH&amp;S is an integral part of strategic and operational business planning and is based on identified significant issues, risks and opportunities.</p> <p>We undertake site audits to identify hazards, review controls and assess risks.</p> <p>We continue to review our WH&amp;S Management Framework to ensure effective risk management practices/processes are in place to identify, assess and manage physical and psychological hazards. In 2023 we have committed to additional measures including:</p> <ul style="list-style-type: none"> <li>• Refine the risk management framework guidelines highlighting a step-by-step process to identify physical and psychosocial hazards, assess and control risks;</li> <li>• Review the risk matrix to assist in determining risk levels, extent of harm and likelihood;</li> <li>• Develop and implement a hierarchy of controls flow chart to help guide and determine the best available controls; and</li> <li>• Develop a framework to measure effectiveness of risk management framework.</li> </ul> <p>Our WH&amp;S policy requires all employees to promptly report and where it is safe and possible to do so, prevent work-related hazards, injuries and incidents (physical or psychological), including near misses. This is supported through training and onboarding.</p> <p>Employees submit the details of the hazard or incident using an online form, which is then reviewed by People &amp; Culture (P&amp;C) and using de-identified data, with the WH&amp;S Committee</p> <p>We are committed to and ensure team members are never be punished or subject to reprisals because they have raised a safety or wellbeing concern, which is supported in policy.</p> <p>We have a WH&amp;S policy that encourages and empowers employees to take responsibility for their own safety and ensure the safety of the people around them. If an employee identifies a situation they believe could cause injury or ill health, they have the right and responsibility to remove themselves from that situation. The employee is then to notify their manager or WH&amp;S representative about the unsafe condition. Employees also have the option to report an incident or near miss via an Incident Notification Form located on our Intranet.</p> <p>We are committed to protecting employees who raise genuine safety concerns and have implemented the following measures to safeguard employees against reprisals:</p> <ul style="list-style-type: none"> <li>• Employees can report unsafe conditions confidentially</li> <li>• The company provides options for anonymous reporting, allowing employees to express their concerns without revealing their identity.</li> </ul> <p>In addition to the WH&amp;S Policy we have the following related policies in place:</p> <ul style="list-style-type: none"> <li>• Code of Conduct Policy</li> <li>• Ethics Policy</li> <li>• Grievance Policy</li> <li>• Speak up Policy</li> <li>• Workplace behaviours and EEO</li> <li>• Diversity Policy</li> </ul>	

GRI STANDARD	DISCLOSURE	RESPONSE	OMISSION
		<p>All incidents are investigated and assessed. P&amp;C lead the investigation and provide advice to management and the WH&amp;S committee on the impact, management and any proposed changes that may arise from hazard or incident investigations to prevent reoccurrence.</p> <p>Steps in our incident investigation process include:</p> <ul style="list-style-type: none"> <li>• Identify the sequence of events that occurred both before, during and after the hazard or incident was identified.</li> <li>• Identify the hazards applicable.</li> <li>• Identify the nature of any injury that was sustained as a result.</li> <li>• Identify any contributing factors.</li> <li>• Identify if the activity was a process. If so, initiate a review of the risks associated with the process and attach to the final investigation report.</li> <li>• Identify suitable control measures in line with the hierarchy of controls.</li> <li>• P&amp;C provide technical input or arrange for external specialist advice, where required.</li> <li>• P&amp;C will provide advice to management (including ELT) and the WH&amp;S committee on any proposed changes that may arise from hazard or incident investigations.</li> </ul>	
403-3	Occupational health services	<p>We provide a series of supporting measures for both employees and non-employees to proactively manage hazards, risks and incidents. This includes equal access for employees and non-employees to report any hazard, incident or near-miss through reporting channels. There is no distinction between employment types for reporting.</p> <p>In addition, we provide services to support our workers:</p> <ul style="list-style-type: none"> <li>• Annual flu vaccinations – Smartgroup covers the cost of the flu vaccination for employees each year.</li> <li>• COVID vaccination voucher and leave – employees in 2023 have had access to one day of leave and a \$100 gift voucher to get their COVID-19 booster vaccination.</li> <li>• Massages – employees and non-employees have had access to at-desk massages throughout 2023, usually held each month across our different office locations.</li> <li>• Wellbeing Fund – all employees receive access to \$295 reimbursement to spend on their health and wellbeing each year.</li> <li>• Ergonomic assessments are provided in the office, and for anyone who works from home, ergonomic guidelines are provided and technology (in particular screens with moveable heights and docking station devices) are provided to enable people to achieve an ergonomically correct set up.</li> <li>• Our EAP program provides a range of services for Smartgroup employees and non-employees, and their families including nutrition and lifestyle assistance, family assistance, money and legal guidance.</li> <li>• Access to discounted private health insurance is available for employees in Australia through two providers, a private organisation and a not-for-profit provider.</li> </ul> <p>We regularly review the services we provide to our employees and non-employees to ensure they proactively benefit all parties.</p>	



GRI STANDARD	DISCLOSURE	RESPONSE	OMISSION
403-4	Worker participation, consultation, and communication on occupational health and safety	We are committed to involving team members in the decision-making process through regular communication and consultation. We have a Work Health and Safety Committee, which holds key safety responsibilities and has been established to assist in the overall management of WH&S within Smartgroup. The committee meets on a quarterly basis or more frequently as required, with participants from all offices and locations across Australia. The responsibilities of the committee include to deliver the WH&S plan and policies in collaboration with management and assist in developing standards, rules, policies and/or procedures relating to health and safety. The committee also monitors performance indicators, reviews incidents and compliance with legislation. The committee facilitates consultation with the respective workgroups on all relevant WH&S matters, and ensures a coordinated and consultative approach to managing work health and safety risks across the organisation.	
403-5	Worker training on occupational health and safety	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.	
403-6	Promotion of worker health	<p>We continue to promote our Employee Assistance Program (EAP) to employees and non-employees through offering access external guidance and confidential counselling should they need it.</p> <p>Access is available from the workplace or home via telephone, internet or the EAP Connect App. The counselling service covers a range of areas:</p> <ul style="list-style-type: none"> <li>• Personal and emotional stress</li> <li>• Relationship or family matters</li> <li>• Work-related stress</li> <li>• Sleep concerns</li> <li>• Financial coaching</li> <li>• Interpersonal conflict and tension</li> <li>• Changes in your work environment</li> <li>• Grief and bereavement</li> <li>• Career issues</li> <li>• Mental health concerns</li> <li>• Personal crisis or trauma</li> </ul>	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<p>In Australia, upon commencement with the business, all employees and non-employees must participate in a company induction. During this induction, contingent workers receive guidance on their workplace health and safety (WH&amp;S), Respect@Work, and behavioural obligations and are provided with instructions on the proper procedures for reporting and notifying any (safety or psychological) incidents and hazards.</p> <p>In the case of our near-shore non-employees, in addition to the Smartgroup induction, they will undergo WH&amp;S training as a part of their employment onboarding.</p> <p>A close relationship is maintained, along with regular reporting, between the business leaders, and respective HR teams, in ensuring the active management of team member wellbeing and WH&amp;S.</p>	

GRI STANDARD	DISCLOSURE	RESPONSE	OMISSION
403-8	Workers covered by an occupational health and safety management system	<p>Our WH&amp;S system covers all our team members (780 employees and 87% of our workforce). The remaining who are based in the Philippines, engaged through a third-party (contingent workers) are covered by local jurisdiction.</p> <p>In 2023, an internal gap analysis was conducted on our WH&amp;S system for Australia which involved a comprehensive review of our safety policies, practices, and procedures to ensure compliance with regulatory requirements outlined in Work, Health and Safety Acts of the jurisdictions in which we operate. We assessed the effectiveness of current safety measures, identified potential areas of non-compliance, and verified compliance with industry standards.</p> <p>Based on the results of this gap analysis, we have committed to implementing an action plan in 2024 to address areas identified areas for improvement. Our WH&amp;S system has not been externally audited. No workers are excluded from this disclosure.</p>	
403-9	Work-related injuries	<p>Smartgroup had zero fatalities or high-consequence work-related injuries during the reporting period.</p> <p>No hazards that pose a high-consequence risk of injury have been identified. Smartgroup takes a risk management approach to safety and wellbeing in the workplace. Safety audits are conducted to identify risks. Employees report known hazards through a reporting mechanism and all hazards and incidents are assessed by management and during WHS Committee meetings to undertake any required actions and review any actions taken.</p> <p>See table 403-9 in the appendix for the 2023 results.</p>	
403-10	Work-related ill health	<p>In calendar year 2023 across all employees and non-employees, there were:</p> <ul style="list-style-type: none"> <li>• No fatalities</li> <li>• 1 case of employee ill-health which resulted in a claim for worker's compensation. This related to a stress-claim which was disputed.</li> </ul> <p>There were no cases of recordable ill-health raised by any non-employees.</p> <p>Work related hazards that pose a risk to employees' safety have been determined through an assessment process which includes regular workplace inspections, employee feedback, analysis of incident reports, and collaboration with the Work, Health and Safety Committee. During the reporting period, the key hazard that has been identified is ergonomic issues which have resulted in neck and back strain.</p> <p>Actions taken to address and eliminate this hazard and risk includes:</p> <ul style="list-style-type: none"> <li>• Organising an external specialist to conduct workplace ergonomic assessments and provide recommendations for individual employee needs.</li> <li>• Based on recommendations from the external assessment, purchase office equipment that meets the employees needs and minimises the risk of serious injury occurring.</li> <li>• In office massages are provided to relieve any physical stress.</li> </ul> <p>No employees or non-employees are excluded from this disclosure.</p>	
<b>Engagement with Aboriginal and Torres Strait Islander people</b>			
GRI 3: Material Topics 2021	3-3	Management of material topics	Strengthening our Aboriginal and Torres Strait Islander connections page 52.
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	There were no incidents of violations involving the rights of indigenous peoples during the reporting period.

# GRI Table appendix

Reporting period: 1st January 2023 – 31st December 2023

## Taking action on climate

**Table: GRI 305-1, 305-2 & 305-3 Greenhouse gas emissions (tCO<sub>2</sub>e)**

GHG EMISSIONS <sup>1</sup>	2020	2021	2022	2023
Gross direct Scope 1 emissions (t CO <sub>2</sub> eq)	93.61	98.56	107.12	114.99
Gross energy indirect Scope 2 emissions (t CO <sub>2</sub> eq)	300.83*	252.29*	204.49*	147.60**
Gross other indirect Scope 3 emissions (t CO <sub>2</sub> eq) <sup>2</sup>	12,114.67*	10,747.26*	12,690.49*	8,178.34**

\* CY22 and previous years using location-based approach to report Scope 2 electricity emissions and Scope 3, category 3 Fuel & energy related emissions.

\*\* CY23 uses a market-based approach, to better reflect Smartgroup's transition to over 60% renewable energy in the reporting year.

\*\*\*CY22 scope 1 emissions (fugitive emissions) were updated based on improved data quality, resulting in 0.09% increase in total (scope 1, 2 & 3) emissions and 9% increase in total scope 1 emissions from previously reported CY22.

**Table: GRI 305-4 GHG emissions intensity**

GHG EMISSION INTENSITY	2020	2021	2022	2023
Scope 1 emission intensity (t CO <sub>2</sub> eq/\$ revenue)	4.16595E-07	4.44342E-07	4.52609E-07	4.57390E-07
Scope 2 emission intensity (t CO <sub>2</sub> eq/\$ revenue)	1.33882E-06	1.13746E-06	9.45397E-07	5.87115E-07
Scope 3 emission intensity (t CO <sub>2</sub> eq/\$ revenue)	5.39156E-05	4.84547E-05	5.86708E-05	3.25311E-05

We have updated our methodology in accordance with the latest guidance from the GHG Protocol. Updates were made to Scope 3, category 5: waste generated from operations, where we allocated zero emissions to recycled waste in CY23 as this lies beyond the reporting threshold for Smartgroup. The waste recycling organisation bears responsibility for emissions resulting from recycling. Another improvement was made for Cat 7 Employee commute, where we now use statistical data from the population census to estimate commuter distance and mode of transport for each facility in its state of operation. Finally, emission factors were updated in CY23.

## Emissions source:

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

AusLCI – obtained from the Australian Life Cycle Inventory (AusLCI) Database Initiative (AusLCI), 2016 (Australian Life Cycle Inventory Database Initiative (AusLCI), 2016)

**Table: 302-1 Energy consumption within the organisation**

ENERGY	2020 kWh	2021 kWh	2022 kWh	2023 kWh
Total electricity consumption	402,921	368,235	350,871	440,001
Total electricity sold <sup>3</sup>	NA	NA	NA	NA
Total heating sold <sup>3</sup>	NA	NA	NA	NA
Total cooling sold <sup>3</sup>	NA	NA	NA	NA
Total steam sold <sup>3</sup>	NA	NA	NA	NA
<b>Total energy consumption</b>	<b>402,921</b>	<b>368,235</b>	<b>350,871</b>	<b>440,001</b>

**Table: 302-3 Energy intensity**

ENERGY INTENSITY	2020	2021	2022	2023
kWh per \$ revenue	0.00180575724609866	0.00166020941162853	0.00149067724898378	0.00175020229485129

- All greenhouse gases are included in our calculations, expressed in tonnes of CO<sub>2</sub> equivalent (t CO<sub>2</sub>eq). Our base year is calendar year 2020, which was chosen as the most recent year of complete data available when our sustainability strategy was developed in 2021. Our greenhouse gas emissions are calculated in accordance with the Greenhouse Gas Protocol using the operational control consolidation approach.
- 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.
- Smartgroup don't sell electricity/heating/cooling/steam.

## Our people make this possible

### GRI 2-7 Employees

**Table: Breakdown of total number of employees by gender, contract type and full time / part time**

	FEMALE	MALE	OTHER	TOTAL
Permanent Full Time Employee	331	375	0	706
Permanent Part Time Employee	43	7	0	50
Max Term Full Time Employee	13	7	0	20
Max Term Part Time Employee	0	2	0	2
Casual (non-guaranteed hours)	0	2	0	2
	<b>387</b>	<b>393</b>	<b>0</b>	<b>780</b>

### GRI 2-8 Workers who are not employees

**Table: Workers who are not employees**

<b>Workers who are not employees</b>	<b>109</b>
Philippines Nearshore team members	77
Agency Temp	25
Independent contractor	7

### 405-1 Diversity of governance bodies and employees

**Table: Diversity of governance body by gender**

<b>Board members</b>	<b>100%</b>
Female	42.86%
Male	57.14%

**Table: Diversity of governance body by age group**

<b>Board members</b>	<b>100%</b>
Under 30	0
30-50 years old	0
Over 50	100%

**Table: Percentage of employees by gender.**

	FEMALE		MALE		OTHER		TOTAL	
	Number	%	Number	%	Number	%	Number	%
Permanent Full Time Employee	331	42%	375	48%	0	0%	706	90%
Permanent Part Time Employee	43	5.5%	7	0.9%	0	0%	50	6.4%
Max Term Full Time Employee	13	1.6%	7	0.9%	0	0%	20	2.5%
Max Term Part Time Employee	0	0%	2	0.3%	0	0%	2	0.3%
Casual (non-guaranteed hours)	0	0%	2	0.3%	0	0%	2	0.3%
	<b>387</b>	<b>50%</b>	<b>393</b>	<b>50%</b>	<b>0</b>	<b>0%</b>	<b>780</b>	<b>100%</b>

**Table: Percentage of employees by age group**

COUNT OF EMPLOYEE NUMBER	AGE GROUP			Grand Total
	Over 50 years old	30 - 50 years old	Under 30	
1-Permanent Full Time Employee	13.6%	59.1%	17.8%	90.5%
2-Max Term Full Time Employee	0.4%	1.0%	1.2%	2.6%
3-Permanent Part Time Employee	1.4%	5.0%	0.0%	6.4%
4-Max Term Part Time Employee	0.0%	0.0%	0.3%	0.3%
5-Casual	0.1%	0.1%	0.0%	0.3%
<b>Grand Total</b>	<b>15.5%</b>	<b>65.3%</b>	<b>19.2%</b>	<b>100.0%</b>

## 405-2 Ratio of basic salary and remuneration of women to men<sup>5</sup>

**Table: Ratio of the basic salary women to men for each employee category (Australia only).**

BASE SALARY (WOMEN TO MEN)	
Organisational wide ratio	0.94 (\$87,718 to \$93,374)
Full time	0.93
Part time	1.19
Permanent	0.93
Max term contract	1.4

**Table: Ratio of the remuneration women to men for each employee category (Australia only).**

REMUNERATION (WOMEN TO MEN)	
Organisational wide ratio	0.94 (\$97,373 to \$103,645)
Full time	0.93
Part time	1.19
Permanent	0.93
Max term contract	1.4

## GRI 401: Employment

### 401-1 New employee hires and employee turnover

**Table: Total number and rate of new employee hires during the reporting period by region.**

NUMBER OF NEW HIRES	247*
Philippines	65
Australia	182

\*Including nearshore workers in the Philippines (i.e. workers who are not employees)

**Table: Total number and rate of new employee hires during the reporting period by gender.**

BREAKDOWN OF NEW HIRES IN AUSTRALIA	182
Female	102
Male	80

**Table: Total number and rate of new employee hires during the reporting period by age.**

BREAKDOWN OF NEW HIRES IN AUSTRALIA	182
Under 30	63
30-50 years old	100
Over 50	19

**Table: Total number of terminations by region.**

NUMBER OF TERMINATIONS (TERMINATIONS / HEADCOUNT AS AT 31 DECEMBER)	NUMBER	RATE
Australia	207	26%

**Table: Termination number and rate by gender.**

BREAKDOWN OF TERMINATIONS IN AUSTRALIA (MALE/FEMALE)	NUMBER	RATE
Female	107 (54% of leavers)	27.5%
Male	98 (45% of leavers)	25%
Other	2 (1% of leavers)	NA

**Table: Termination number and rate by age.**

BREAKDOWN OF TERMINATIONS IN AUSTRALIA (TOTAL EMPLOYEES IN AGE BRACKET/LEAVERS IN AGE BRACKET)	NUMBER	RATE
Under 30	60	40%
30-50 years old	125	24.5%
Over 50	22	18%

### 401-3 Parental leave

**Table: Total number of employees that took parental leave, by gender.**

<b>Total</b>	<b>67</b>
Female	42
Male	25

**Table: Total number of employees that returned to work in the reporting period after parental leave ended, by gender.**

<b>Total</b>	<b>46</b>
Female	24
Male	22

**Table: Total number of employees between 1 January 2023 and 31 December 2023 who have returned to work from parental leave and were employed 12 months after.**

<b>Total</b>	<b>32</b>
Female	22
Male	10

**Table: Return to work and retention rates of employees that took parental leave, by gender.**

	RETURN TO WORK RATE	RETENTION RATE (RETAINED AFTER 12 MONTHS)
Female	96%	92%
Male	96%	45%
<b>Total</b>	<b>96%</b>	<b>70%</b>

## GRI 403: Occupational Health & Safety 2018

### 403-9 Work-related injuries<sup>6</sup>

	FOR ALL EMPLOYEES AND WORKERS	FOR ALL WORKERS WHO ARE NOT EMPLOYEES BUT WHOSE WORK AND/OR WORKPLACE IS CONTROLLED BY THE ORGANISATION
Number and rate of fatalities as a result of work-related injury	0	0
Number and rate of high consequence work-related injuries (excluding fatalities)	0	0
Number and rate of recordable work-related injuries	Number: 2 Rate: 1.3415	0
Main types of work-related injury	Injury 1: Stress Injury 2: Trip Injury	
Number of hours worked	1,490,895 hours worked in 2023	Not recorded

# Advancing

[smartgroup.com.au](https://smartgroup.com.au)

Smartgroup Corporation Ltd  
National Head Office  
Level 8, 133 Castlereagh Street  
Sydney NSW 2000

Publication date  
21 February 2024

Contact  
[ir@smartgroup.com.au](mailto:ir@smartgroup.com.au)

