



## **Joint Modern Slavery Statement** **FY2020 Reporting Period**

CREDIT UNION AUSTRALIA LTD ABN 44 087 650 959

CUA HEALTH LTD ABN 98 098 685 459

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## 1 The reporting entities

- 1.1 The CUA Group is comprised of a number of separate legal entities.
- 1.2 The CUA reporting entities in this Joint Modern Slavery Statement are:
  - Credit Union Australia Ltd - ABN 44 087 650 959 (CUA)
  - CUA Health Ltd – ABN 98 098 685 459 (CUA Health)
- 1.3 This Part provides a key overview of each of the CUA reporting entities under the Modern Slavery Act (Cth) (“the Act”), which are further expanded upon in subsequent sections of the Statement.

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## 2 Our structure, operations and supply chains

- 2.1 CUA is an Australian Public Company. We are Australia’s largest credit union, providing retail banking services to over 500,000 Australians.
- 2.2 CUA’s primary business operation is providing retail banking products, including everyday bank accounts, credit cards, home loans and personal loans. CUA Health’s primary business operation is providing private health insurance.
- 2.3 CUA’s origins date back to 1946. As a mutual, we were created by members for members. All members are also shareholders and have a voice in shaping the future of CUA. CUA Health is an open health fund and provides health insurance to both CUA members and non-members.
- 2.4 As at 30 June 2020, we employed 1,211 people (including permanent, fixed-term, casual and contract staff) throughout Australia. Our employees are encouraged to take 3 volunteer days each year to help the community. Ordinarily, during the course of a year, our team members devote more than 1,200 days to volunteering with various community organisations. However, restrictions due to the COVID-19 pandemic resulted in the suspension of all on-site volunteering for a significant proportion of the reporting period.
- 2.5 As at 30 June 2020, CUA had 528,817 members.
- 2.6 CUA Health made a significant contribution to the CUA Group, recording \$6.13 million in net profit after tax. We issued 6,500 new health policies during the year and saw growth in those joining via digital channels. We paid \$126 million in benefits, up 2.2 per cent from the prior year. More than \$3.6 million was returned in savings to policyholders for those with both CUA banking and health insurance.

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## 3 The risks of modern slavery practices in our operations and supply chains

- 3.1 As a provider of retail financial products and services, our day-to-day operations are relatively removed from the most widely recognised risks of modern slavery - such as raw materials intensive industries, or physical products that have a predominant overseas manufacturing and sourcing component. Nonetheless, we recognise that modern slavery risks may be present deep

within our supply chains and operations, and that the need for vigilant assessment, due diligence, and remediation remains.

- 3.2 We have undertaken an operations-wide, in-depth assessment of all of our suppliers for the reporting period.
- 3.3 CUA recognises that a complex network of issues interact to create potentially increased modern slavery risk, including:
- a. total supplier spend amount (i.e. the value of our direct supplier contracts);
  - b. industry category, including the industries that, in turn, feed into particular categories further down the supply chain pipeline;
  - c. geographic area of operation; and
  - d. depth or 'tiering' within the supply chain(s) – e.g. 3rd tier supplier, 5th tier supplier, etc
- 3.4 Our comprehensive risk assessment<sup>1</sup> has identified the following priority risk areas of modern slavery within the CUA Group<sup>2</sup> operational supply chains:
- a. Data and communications provider services;
  - b. Computer hardware products;
  - c. Information technology services;
  - d. Transport and logistics services; and
  - e. Cleaning of office facilities
- 3.5 The purchasing of computer hardware, and a high degree of dependence on technology products and services (even more so in the ever-evolving situation of the COVID-19 pandemic) is a notable feature of CUA Group's operational activities. Given the potentially elevated risk of modern slavery within such supply chains, this a focus area in relation to externally focused actions, including the updating of supplier contracts and the operationalisation of our Supplier Code of Conduct (see below).
- 3.6 The modern slavery risk assessment carried out for CUA Health's operational supply chains identified elevated risk categories in the following areas:
- a. Market research and other business management services;
  - b. Computer and technical services; and
  - c. Advertising services.
- 3.7 This risk is due to the relatively significant amount spent by CUA Health in those industries. It is also important to note that the modern slavery risk in those industries occurred deep within the supply chain.
- 3.8 For example, in terms of the relative slavery risk, 'Computer and technical services' is well below the average for all industries represented in relevant data sets. However, in terms of amount spent on this industry, it is the second largest of all the industries represented, making it a significant risk for CUA Health and the focus of further due diligence.
- 3.9 We have carried out a comprehensive risk assessment in relation to our investment portfolios. The highest priority risk areas relating to modern slavery in the supply chains of CUA's investment portfolios have been identified as:
- a. Global mining and resources companies; and

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<sup>1</sup> This is a high-level summary. If further detail of the specific results of our risk assessment is required for compliance purposes, these can be provided to ABF.

<sup>2</sup> The initial risk assessment performed by external consultants in August 2019 covered the operations and supply chains of Credit Union Australia Limited ABN 44 087 650 959, CUA Health Limited ABN 98 098 685 459, and Credicorp Finance Pty Limited ABN 79 110 052 981

b. Product (food, beverage and pharmaceutical) packaging.

3.10 We note that many of our direct suppliers are mandatory reporting entities under the Act.

3.11 Overall, our modern slavery risk profile is assessed as being low relative to other industries. This is due to the inherent nature of our primary business activities rather than modern slavery remediation and due diligence. However, there remains a risk of incidences of modern slavery deep within the supply chains of products that our business uses.

3.12 Further details of the methodology and technology, through external consultants, utilised for our modern slavery risk assessment is set out in the Appendix.

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## 4 Our actions to assess and address modern slavery risks

4.1 CUA has extensively partnered with consultants to prepare a holistic, organisation-wide modern slavery response. A summary of the actions undertaken to date, and those planned for subsequent reporting periods, is set out below.

4.2 Within CUA, we have used this inaugural reporting period to focus on the following areas:

- a. Complete mapping of our supply chains – both investment and operational activities – to identify modern slavery risks;
- b. Internal education and awareness raising, with efforts particularly targeted at those in our workforce who are most likely to encounter circumstances that can give rise to, or be indicative of, modern slavery risk factors;
- c. Policy and Internal Governance updates, including the development of a Supplier Code of Conduct that is specifically focused on modern slavery issues.

### Internal education

4.3 An online training module was rolled out to all staff across the organisation. The training covered the following specific topic areas:

- a. Compliance and reporting obligations under the Act;
- b. Types of modern slavery and what it entails;
- c. The risk factors increasing the potential for modern slavery;
- d. Our responsibilities relating to modern slavery;
- e. The incidence of modern slavery in Australia;
- f. How to identify the existence of modern slavery; and
- g. Transparency within our supply chains and operations.

4.4 All directors of CUA and CUA Health have completed specific modern slavery training to understand the unique risk profile of CUA<sup>3</sup> and set the strategic direction of CUA in addressing modern slavery.

4.5 Bespoke modern slavery training was also provided by external consultants to the Executive Leadership team and Management team of CUA.

### Policy and Internal Governance updates

4.6 CUA has developed and implemented a Supplier Code of Conduct.

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<sup>3</sup> Training completed by the directors on 12 February 2020, excluding one director who completed training in January 2021

- 4.7 CUA requires its suppliers to comply with the Supplier Code of Conduct. CUA also expects suppliers to take reasonably practicable steps towards the implementation of these requirements throughout their own supply chains.
- 4.8 The Supplier Code of Conduct addresses the following modern slavery issues:
- a. No unreasonable restrictions on workers freedom of movement
  - b. No illegal restriction of workers' access to their government issued identification documents, passports, work permits, travel documents
  - c. Child labour issues
  - d. Working hour restrictions
  - e. Wages and benefits
  - f. Humane treatment
  - g. Anti-Discrimination
  - h. Freedom of Association and Collective Bargaining
  - i. Grievance, Whistleblowing and Management issues
- 4.9 In addition, external consultants have reviewed CUA's internal policy framework of over 30 individual governance documents. The uplifting of these policies and the adoption of a Human Rights Policy, will be a focus for future years as we continue to develop and mature our approach to minimising modern slavery risks within our operations and supply chain.
- 4.10 For our external relationships, we have developed a collaborative platform for implementing effective, sustainable measures over coming reporting periods including:
- a. The development of 'model' modern slavery provisions for incorporation into new (or renewed) supplier contracts
  - b. Following the initial assessment process, the distribution of targeted supplier self-assessment surveys on modern slavery issues. The response rate to these supplier surveys was initially low. However, those suppliers that did respond were transparent in the way that they addressed modern slavery.
  - c. Performing a desktop audit on high-risk suppliers to assess whether those individual suppliers were adequately addressing modern slavery risks in their own supply chains.

To further engage suppliers, CUA and CUA Health are considering making awareness raising communication and education available to those high-risk suppliers in the supply chain.

#### **Model contract provisions**

- 4.11 The framework of model contract provisions developed for new (and, if practicable, renewed) supplier contracts imposes a number of substantive obligations on CUA direct suppliers, including:
- a. Due diligence requirements regarding modern slavery risks factors and labour practices of sub-contractors and other parties with which the supplier is engaged
  - b. Disclosure obligations in relation to any breach of modern slavery standards
  - c. Completion of a supplier self-assessment questionnaire upon request by CUA to ensure up-to-date supplier information for more effective risk assessment.

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## 5 Assessing the effectiveness of our actions

- 5.1 CUA has developed a Measuring Effectiveness Framework to review the impact of implemented measures.
- 5.2 Key features of that Framework include:
- a. Increasing the number of suppliers that we assess for modern slavery risk. CUA and CUA Health are now undertaking a modern slavery risk assessment for all of their suppliers.
  - b. Increasing the number of supplier self assessment surveys that are provided to high risk suppliers.

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## 6 Consultation with reporting entities

- 6.1 CUA and its subsidiary entities operate under a shared management structure, with overarching policies, systems and processes that apply across all entities within the group.
- 6.2 Comprehensive consultation on modern slavery issues has occurred across the CUA Group, including with the following corporate entities who are not mandatory reporting entities:
- a. Credicorp Finance Pty Limited<sup>4</sup> – ABN 79 110 052 981
  - b. Credicorp Insurance Pty Ltd – ABN 50 069 196 756
  - c. CUA Management Pty Ltd<sup>5</sup>- ABN 60 010 003 853
- 6.3 The comprehensive supply chain assessment for modern slavery risks was carried out for the supply chains and operations for these corporate entities, along with CUA's mandatory reporting entities CUA and CUA Health.

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<sup>4</sup> Credicorp Finance Pty Limited has two subsidiaries being: Credicorp Insurance Pty Limited ABN 50 069 196 756 and CUA Management Pty Limited ABN 60 010 003 853

<sup>5</sup> CUA Management Pty Ltd is the Trust Manager for the Harvey Securitisation Trusts being Harvey Warehouse Trust No.4 ABN 16 913 710 477 • Harvey Warehouse Trust No.5 ABN 56 767 790 923 • Series 2012-1R Harvey Trust ABN 60 847 402 487 • Series 2013-1 Harvey Trust ABN 13 459 139 727 • Series 2015-1 Harvey Trust ABN 92 385 030 315 • Series 2017-1 Harvey Trust ABN 11 698 963 946 • Series 2018-1 Harvey Trust ABN 93 790 811 543.

- 6.4 CUA Group has a 50% ownership in Mutual Marketplace Pty Limited, which was established in April 2017.
- 6.5 Mutual Marketplace provides procurement services to the joint venture owners, including CUA. Supplier data for these procurement services was included in the Initial Risk Assessment, discussed in more detail below.
- 6.6 CUA understands that Mutual Marketplace, as a mandatory reporting entity, will separately provide a Modern Slavery Statement in accordance with the requirements of the Act.
- 6.7 This Statement was reviewed by members of CUA and CUA Health's executive management team who are responsible for the day to day management of the CUA group, and the Board of Directors of CUA Health and CUA.

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## 7 Other relevant information – impact of COVID-19 pandemic

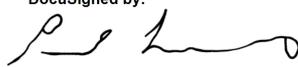
- 7.1 We have supported our members and communities through unprecedented challenges during the bushfire crisis over the summer of 2019 -2020 and the COVID-19 pandemic. Since March 2020, we have approved more than 4,300 member applications for financial assistance with repayments paused on nearly \$1 billion in lending.
- 7.2 The Group implemented its pandemic plan at CUA branches and offices to maintain physical distancing and keep staff and members safe. The Group has invested in remote working processes and technologies supporting employees to work from home.
- 7.3 CUA has engaged with facility managers responsible for providing the cleaning services of the CUA Head office facility to ensure that those providers are continuing to adhere to modern slavery policies.

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## 8 Approval & Signing

This statement was approved by the Board of Credit Union Australia Limited.

Signed

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**Paul Lewis**

Managing Director, Credit Union Australia Ltd

Director, CUA Health Ltd

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## Appendix 1 – Methodology Summary

1. CUA and CUA Health carried out an initial risk assessment to identify the elevated areas of modern slavery risk in our supply chains. This baseline exercise provides the foundation for our subsequent focus for ongoing due diligence and remediation activities across not only the present reporting period but for upcoming years.
2. Incorporating company spend data throughout global markets, we utilised external consultants with proprietary technology to trace the economic inputs required to produce products and services sourced from Tier 1 suppliers to Tier 2 suppliers, Tier 2 suppliers to Tier 3 suppliers, and so on, all the way to Tier 10 suppliers of CUA's and CUA Health's **top 500** suppliers by spend.
3. The supplier data shows that CUA has over 850 direct suppliers, and more than 500 through Mutual Marketplace. This assessment accounted for the 50-top direct CUA suppliers and the 60 top suppliers used by Mutual Marketplace in procurement on behalf of CUA. This accounts for more than 80% of the total amount CUA spent with Mutual Marketplace and 85% of CUA's total annual operational supplier spend.
4. This supply chain mapping was performed using a balanced, global Multi-Regional Input-Output (MRIO) table which links supply chain data from 190 countries, and in relation to 15,909 industry sectors. This MRIO table is assembled using the following sources:
  - a) The United Nations' (UN) System of National Accounts;
  - b) UN COMTRADE databases;
  - c) Eurostat databases;
  - d) The Institute of Developing Economies, Japan External Trade Organisation (IDE/JETRO); and
  - e) Numerous National Agencies including the Australian Bureau of Statistics.
5. The MRIO is then examined against the following international standards:
  - a) The UN Guiding Principles on Business and Human Rights;
  - b) The Global Slavery Index;
  - c) International Labour Organisation (ILO) Global Estimates of Modern Slavery; and
  - d) The United States' Reports on International Child Labour and Forced Labour.
6. A proprietary algorithm was applied to synthesise publicly available risk data against the exclusively licensed MRIO table. The result of this process is the creation of a modern slavery risk profile to Tier 10 for each supplier for CUA.
7. This analysis was performed for the purposes of risk identification under Section 16(1)(c) of the Act. No information confirms the actual existence or non-existence of slavery in CUA's supply chains or operations. Analysis was undertaken at the industry and country level. It does not account for variances at the entity, region or product level.
8. The multi-faceted approach to modern slavery risk assessment undertaken included examination and analysis of the following:
  - a) The individual suppliers and industries with the most elevated risk of modern slavery
  - b) Supply chain plots to provide a visual representation of the supply chain for CUA's top 3 first tier industries
  - c) Plotting the relative slavery risk in the supply chain by tier, up to tier 10
  - d) Geographical depiction of the cumulative risk of modern slavery across the supply chain around the world

- e) An overview of the classification of the first tier of our supply chain by country and industry, including relative modern slavery risk
9. We identified the top 50 suppliers in our supply chains and operations that posed the highest calculated risks in relation to modern slavery.
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