

Queensland Country Bank Limited

ABN 77 087 651 027

Modern Slavery Statement

under the *Modern Slavery Act 2018* (Cth)

REPORTING PERIOD:

1 July 2022 – 30 June 2023

This Modern Slavery Statement has been approved by the board of Queensland Country Bank Limited in their capacity as the principal governing body on 23 November 2023.

Pursuant to the requirements of the *Modern Slavery Act 2018 (Cth)*, the contents of this Statement have been reviewed and confirmed as accurate by a duly authorised person.

This statement is signed by Christine Flynn, Director, in her role as the Chair of the Queensland Country Bank Limited Board on 23 November 2023.


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Christine Flynn
Chair
Queensland Country Bank Limited
23 November 2023

Table of Contents

Reporting Requirement #1: Identifying the reporting entity

Reporting Requirement #2: Our structure, operations, and supply chains

Reporting Requirement #3: Identified areas of potential modern slavery risk

Reporting Requirement #4: Assessing and addressing identified modern slavery risk

Reporting Requirement #5: Measuring effectiveness

Reporting Requirement #6: Consultation with owned entities

Reporting Requirement #7: Any other relevant information

Reporting Requirement #1: Identifying the reporting entity

The reporting entity covered by this modern slavery statement is **Queensland Country Bank Limited - ABN 77 087 651 027** (referred to throughout this Statement as “QCB”, “the Bank”, “we” and “our”).

QCB has been a mandatory reporting entity since the commencement of the *Modern Slavery Act 2018*. This is our fourth modern slavery statement and covers the 2022-2023 Australian financial year.

QCB has previously lodged **joint** modern slavery statements under the Act for earlier reporting periods as it included a second reporting entity, namely, Queensland Country Health Fund Ltd (“QCHF”) - ABN 18 085 048 237.

However, QCHF was purchased by HBF Insurance during the reporting period and QCB ceased to have any ownership in, or control of, QCHF on 30 June 2023. Accordingly, unlike previous statements, this Statement relates to a single reporting entity, rather than two separate but related entities that both met the annual income threshold under the Act.

Further details of the purchase of QCHF and its impact on relevant reporting requirements under the Act, are described throughout this Statement.

Reporting Requirement #2: Our structure, operations, and supply chains

Structure

As noted above, the most significant change to QCB’s structure during the reporting period was the sale of QCHF to the major Australian health insurer, HBF. Further details of that sale are set out below.

Sale of Queensland Country Health Fund during the reporting period

In November 2022, we announced that HBF had entered into an agreement to purchase Queensland Country Health Fund. This announcement was preceded by a thorough and lengthy negotiation period, with the priority of safeguarding all stakeholders’ interests.

It was important that the new Health Fund owner shared the same commitment to policy holders, not-for-profit, and had a member-centric view of the business. Equally important was ensuring the well-being of Queensland Country’s dedicated staff and providing the Bank with the financial resources needed for sustained growth. The sale negotiated with HBF – the 5th largest Health Fund in Australia - ticked all these boxes, promising existing Queensland Country Health Fund Members access to even greater resources.

The owned and controlled (but not individual reporting entity) - Queensland Country Care Navigation Pty Ltd (ABN 92 610 024 916) was also sold to HBF Health Limited as part of this ownership transfer.

The sale of the companies was completed on 30 June 2023.

Notwithstanding that the sale was announced less than halfway through the reporting period, given that QCHF remained under the ownership of QCB for entire subject financial year, this Statement still describes relevant aspects of QCHF's supply chains and operations (including our provision of insurance products), albeit that any ongoing measures / initiatives no longer involve QCHF. Following the sale, QCB is no longer a direct provider of health insurance services. However, QCB, in its capacity as a third-party provider, has expanded its product offerings to also include health insurance services, along with other forms of insurance detailed below.

To ensure transparency, QCB provided a draft copy of this Statement with HBF prior to its lodgement, to ensure that the new owner is fully aware of the relevant descriptions provided in it about QCHF's supply chains, operations and modern slavery response for the reporting period.

No other material change in QCB's core structure over the reporting period.

Apart from the sale of QCHF (including the subsidiary Queensland Country Care Navigation Pty Ltd) during the reporting period, there was no other material change in QCB's core structure from the perspective of modern slavery reporting.

The single additional entity that, as of the completion of the reporting period, remains under QCB's ownership and control is MTG QCB Trust Repo Series No. 1, which continues to be a trust supporting the liquidity management of the Bank. The Bank is the residual income unit holder of the trust.

Operations

QCB is a member-owned bank based in Queensland. We have been operating since 1971. Our purpose is to help people in our communities to live better lives through better financial wellbeing.

QCB is an authorised deposit-taking institution, regulated by the Australian Prudential Regulation Authority and ASIC for the provision of financial services and credit. During the reporting period, QCB provided financial services, banking, and insurance products to almost 120,000 members in Australia.

QCB provides the following kinds of products and services to our members:

Personal Banking

- Home Loans
- Fixed rate Home Loans
- Standard Variable rate Home Loans
- Home Equity Loans
- Line of Credit

Personal Loans, including:

- Car Loans
- Secured and Unsecured Personal Loans
- Renovation Loans
- Transaction Accounts
- Savings Accounts
- Credit Cards
- International Transfers
- Foreign Exchange
- International Payments

Business Banking

- Platinum, Basic and Online Saver Accounts
- Fixed Term Deposits
- Business Loans
- Commercial Overdrafts
- Business Visa Credit Cards
- Business Payment Solutions

Insurance

- Home and Contents Insurance
- Car Insurance
- Caravan Insurance
- Travel Insurance
- Landlord Insurance
- Boat Insurance
- Health Insurance

Queensland Country Health Fund

Queensland Country Health Fund Ltd (no longer owned by QCB – per above descriptions) is a registered "for profit" health insurer. For the reporting period, QCHF shared management services with the Bank and assessed its supply chain and investment portfolio with QCB.

QCHF provided coverage to over 68,000 throughout Australia during the reporting period. It continued to provide health insurance products to our customers in the Northern Territory through the brand 'Territory Health Fund', which is operated by Queensland Country Health Fund.

During the reporting period, QCHF provided the following health insurance services:

- Members Claim Management
- Hospital and Extras Cover
- Dental Services
- Community Nurse Care Navigation Services
- Accommodation Units based near major Metropolitan Hospitals

Our workforce

During the reporting period, QCB employed 499 direct employees. Of this workforce, 92 worked for QCHF (and, consequently, were not continuing positions for the reporting entity beyond the end of this reporting period). We did not utilise any contractors, agency placements, outsourced positions and/or temporary/seasonal positions.

In terms of an overview of the differing roles performed by our team members, 36% of QCB staff fulfill member facing, retail service roles; 21% are Head Office Administration roles; and 43% are professional services roles.

There were slight increases in the number of employees across reporting periods (total of 455 in the previous reporting period across QCB as a whole), and in relation to staffing professional and administrative areas of the business. This resulted in a corresponding decrease in the overall proportion of customer facing roles.

Overall, our FTE numbers have remained steady, and we have increased staffing in our administrative centres. This has occurred in connection with both our digital transformation and other major projects. New team members have also been recruited for specialist roles, including almost 40 additional staff in head office operations.

Our Investments

We do not consider that there has been a material change, from a modern slavery risk perspective, in our investments compared to the previous reporting period.

We continue to hold investments solely in Australian companies or Australian-based arms of global financial institutions.

Our community initiatives

One of the reasons that our Bank is successful is because of the support we receive from the communities we operate in. One way we repay this support is via our *Good for Good Community Grants* program, which provides funds to eligible non-for-profit projects. We focus on supporting projects that enable people to participate, experience, grow, learn, reach out, connect, make a difference and be safe.

During the year we approved nine community grant applications to the value of \$130,000. One grant was provided to the Vinayak Cultural Centre which has been established by the Indian community in Townsville and this is used to celebrate Indian culture and traditions. This Community group has privately funded their community Centre up to now, and our grant is the first grant they have received which will assist with building improvements at the Centre.

Other community initiatives that we engaged in during the reporting period include:

- QCB has partnered with **Litehaus International** (“Litehaus”). We are proud to share that all equipment being replaced during our migration to the new cloud solution and hardware upgrade, will be donated to **Litehaus** to enable them to help even more Queensland communities. That’s over 400 computer terminals, all cables, monitors and laptops that needed replacing that not only won’t end up in landfill, but they will also actively support communities.
- Charity Partnership with Ronald McDonald House: particularly the North Australia and Southeast Queensland Chapters.
- Annual Community Sponsorships, including to the following organisations & individuals:
 - North Queensland Toyota Cowboys
 - Mackay Cutters
 - Mount Isa Rotary Rodeo
 - Townsville Cricket Club
 - Cairns Taipans Basketball
- Community Partner Program - benefits such as waived monthly account service fees, fundraising assistance, and a merchandise “Welcome Pack” for not-for-profits we work with.

Supply chains

We engaged with a total of 823 direct suppliers over the reporting period. This is a reduction on prior year (1,098). Whilst we do not consider this to have resulted in any significant change in our overall modern slavery risk exposure (discussed further below), an overall trend of declining first-tier supplier numbers is expected to continue into the next reporting, which is (and will continue to be) primarily attributable to QCB’s sale of QCHF.

We also believe that our data accuracy relating to direct supplier engagement has improved.

For example:

- non-supplier expenses previously reported have been removed from our calculations; and
- certain purchasing entries have been more accurately attributed to a single supplier.

Overall, the supplier industry categories remain unchanged from the previous reporting period. We continued engagement with various services in support of our day-to-day operations, including:

- Computer and Technical Services
- Market Research
- Cleaning Services
- Services to Finance and Investment
- Telecommunication Services
- Advertising Services
- Business Services
- Insurance Services
- Printing and Stationery Services
- Legal Services
- Property and Facilities Management Services
- Logistics, Postal and Transport Services
- Education Services;
- Health Providers;
- Construction and Maintenance Services;
- Catering and Food Suppliers.

There was an increase in suppliers related to the expanded administrative operations in association with QCB's major digital transformation project and change in BSB.

In terms of the geographical breakdown, our suppliers are all Australian based, except a single New Zealand-based provider of online corporate travel and expense technology.

Reporting Requirement #3: Identified areas of potential modern slavery risk

Supply chains

During the reporting period, we continued to utilise proprietary supply chain tracking technology to analyse our updated procurement data.

The relevant industry categories that have been assessed as having, in relative terms, the most elevated supply chain risk exposure include:

- **Australian Business services:** including professional service providers such as consultants, auditors, payroll providers, recruitment, and risk advisory services.

- **Australian Computer related services:** including electronics providers, software technicians, software services and subscriptions.
- **Australian Retail Trade services:** including office consumables / stationery and related suppliers.

Deep-tiered modern slavery risk inherent in computer related services remains the most consistent feature across the reporting periods. We consider the shift in categorisation in this reporting period with the identification of the retail trade and business services categories to primarily be attributable to the increased procurement in these areas as part of our widescale digital transformation projects. The increase in staff numbers for our office administration centre corresponds with an increased spend on retail trade items, especially those that are essential to the day-to-day functioning of an office environment.

A new feature of the reporting period has been QCB's implementation of its policy to prioritise procurement of electric fleet vehicles. Associated with this widespread transition is an area of potentially elevated modern slavery risk that we have not described in previous statements.

Our Procurement Policy was updated during the reporting period to include a transition to a hybrid vehicle fleet, with the future intention of transitioning to fully electric vehicles once the regional charging networks in the areas we are located in are sufficiently established. Our Green Car Loan product won the Mozo Experts Choice 2023 Green Car Loan award, and we were recognised in 2022 as a Canstar Outstanding Value Green Car Loan provider. Developing a deeper understanding of both specific areas of potentially elevated risk exposure and increasing our capacity to achieve positive influence within the supply chains are priorities we have identified for future implementation in conjunction with this broader sustainability-focused transport transition. As a baseline commitment, QCB intends to factor modern slavery due diligence into major future procurement decisions.

At an industry-category level, we recognise that hybrid electric vehicles are reliant upon cobalt, which the 2023 Global Slavery Index classifies as a high-risk input. For example, the GSI's country-level analysis of the Democratic Republic of the Congo states (excluding original footnotes):

“Forced labour takes place in several sectors, including... mining. In industrial cobalt mines, for example, workers face extremely low pay, lack of contracts, small food rations, abuse, and discrimination. During the COVID-19 pandemic, workers also faced movement restrictions, with one company reportedly confining workers to its mine for three months at the pandemic's onset. Children in the DRC are also subject to forced labour in mining.... In 2019, a lawsuit was brought against global tech companies seeking damages for forced labour of children in cobalt mines in the DRC, however, the case was dismissed in 2021. Cobalt exported from the DRC enters global supply chains to create goods such as electric cars, solar panels, and mobile phones.”

Our operations

Our identified operational risks align with the previous reporting periods, including reliance on essential day-to-day service providers such as cleaners, caterers, and security staff at banking branches. All our providers across these higher-risk domestic industries are reputable companies and are long-term contractual relationships. However, we remain conscious of the reality that, even in Australia, these industries tend to be more reliant on potentially vulnerable foreign workers whose employment is linked to their visa status.

As a provider of Australian retail banking and financial transactional services, we also understand the potential for our products to be covertly misused as part of certain modern slavery practices. For example, the use of digital overseas payment transfer services to facilitate online child sexual exploitation. To counter this potential risk, our third-party provider for facilitating international transfers from our customers' accounts continues to maintain vigorous and up-to-date screening protocols to detect and prevent the occurrence of such criminal activity.

We continue to strictly adhere to all applicable Australian Anti-Money Laundering / Counter Terrorism Financing regulatory obligations, including robust 'Know Your Customer' systems, which are in operation to properly screen customers against key indicators, including those that are well-recognised identifiers of potential modern slavery practices.

Our investments

The modern slavery risks associated with our investments has continued to be assessed as relatively low. Areas of potential risk associated with QCB's investment portfolio largely mirror those identified supply chain risks in connection with Australian Business Services and Australian Computer Services. Investment management services, as is virtually ubiquitous with any professional service sector, has an unavoidable reliance on electronics and computer inputs, which are widely recognised high-risk products. These risks originate from the mining of key minerals including cobalt, gold and lithium, which are characterised by a high proportional reliance on forced and/or child labour at the extraction stage. There are also significantly elevated risks associated with the manufacture/assembly stage of essential electronic components in South-East Asian countries such as Malaysia, and in China.

Consistent with the identified risk across the entirety of our supply chain and investments, the Walk Free Foundation's updated 2023 Global Slavery Index confirmed that recognised that electronic products are the single highest risk product imported into Australia.¹

¹ <https://www.walkfree.org/global-slavery-index/country-studies/australia/>

Reporting Requirement #4: Assessing and addressing identified modern slavery risk

QCB did not become aware of any actual or suspected incidences of modern slavery in our supply chains or operations during the reporting period. QCB continues to have a relatively low degree of modern slavery risk, particularly due to our operations being entirely within Australia and the industry sector in which we operate.

We view external collaboration as an important feature of our approach to addressing our assessed modern slavery risk, particularly given the practical impediments of risks that are buried deep within complex global supply chains.

Queensland Country Group continued to engage the various industry bodies that it joined in the previous reporting period, including the following collaborations.

- **United Nations Global Compact Network Australia – Modern Slavery Working Group**

QCB had senior team members participating all meetings of the Group throughout the reporting period. The Working Group is constituted by active members from several public and private sector companies, government department representatives, civil society stakeholders. A key focus area is the open sharing of best practice learnings and other recent developments.

A focus subject area for the Working Group was the current landscape of the solar panel industry and linkages to human rights violations / modern slavery. Following this, QCB determined to mandate human rights risk assessment and due diligence for all future installations of solar panels and when replacing existing solar panels.

Our Sustainability Manager has utilised the UN Global Compact to overall modern slavery awareness in connection with the furtherance of the sustainable development goals. These learning modules were also distributed internally within our Sustainability Committee.

- **Business Council of Co-operates & Mutuals – Modern Slavery Community of Practice**

Queensland Country helped established this cooperative initiative during the previous reporting period. Collaborative forums were held with the primary focus being informal information sharing and capacity building.

- **Private Health Insurance Modern Slavery Community of Interest**

QCB attended this forum in the first half of the reporting period. However, with the sale of the Health Insurance Fund portion of the business, it is anticipated that we will have no further involvement with this initiative.

Education and training

During the reporting period, QCB completed annual companywide training via an online modern slavery specific module. This internal education is mandatory, and by the end of the reporting period, all but one staff member had completed this training.

To ensure that our modern slavery response continues to have a strong ‘top-down’ component, a modern slavery training workshop was delivered to the Sustainability Committee, which is comprised of members from QCB’s Executive Team. This occurred shortly after the conclusion of the reporting period, but prior to the lodgement of this Statement.

Our in-house education module covers the following areas:

- An overview of the major types of modern slavery
- Updated global estimates of modern slavery, based on latest data
- Overview of QCB’s 2022 response to modern slavery and detail on the planned initiatives for this reporting period.
- Details for QCB’s Working Group
- Case study of a real instance of modern slavery occurring in the Australian context, focusing on the hospitality industry and the role of unscrupulous migration agents.
- Links to relevant policies for procurement staff completing the training and information about ensuring that agreements include modern slavery related obligations for suppliers. This additional procurement module also includes guidance for how to engage with suppliers.

Ongoing Support of Trade Unions and Worker Voice

We continue to recognise the importance of collective worker voice in addressing modern slavery risk across all industry types and locations.

In September 2022, QCB entered into a new enterprise bargaining agreement (“EBA”), which was approved by the Fair Work Commission. The EBA specifically includes provisions to promote access to unions:

“The Employer recognises the role that Unions play in the industry and the rights of Employees to become members of a Union, which includes The Services Union. Access to the Employees within the workplace by union representatives will be in accordance with the regulations contained in

the Act”

Our specialist EBA negotiating committee acted for the interests of QCB staff throughout negotiation process, which was comprised of six employees, one union representative and three management representatives. These individuals were selected and/or nominated for the purposes of negotiating and monitoring the implementation of the Agreement.

All measures described in our previous Statement remain in place to support and encourage the role of trade unions at QCB.

Update of Contract Checklist and Procurement Processes

During the reporting period, QCB added to existing updates of the procurement workflow described in our last Statement.

Our standard procurement Contract Checklist has been updated. This Checklist must be completed for all material contracts, including contracts valued at over \$25,000. It requires the relevant procurement team member to provide the prospective supplier with a copy of the Supplier Code of Conduct and refer the supplier to QC’s modern slavery response.

Clauses that specifically address modern slavery issue are now included, as standard practice, in all new service contracts & sponsorship agreements.

Ongoing Leadership of Our Modern Slavery Working Group and Sustainability Committee

Our Modern Slavery Working Group continued to meet throughout the reporting period.

The Group retains primary responsibility for monitoring the progress of QCB’s modern slavery response, reviewing the results of the organisation-wide risk assessment performed by our external consultants, selecting appropriate priority suppliers for specific engagement (including issuing and reviewing supplier self-assessment questionnaires), and raising awareness amongst our entire workforce on modern slavery issues more generally.

QCB’s Sustainability Committee also received regular updates on the Modern Slavery Group and the overall status of our modern slavery response throughout the reporting period. The Committee is comprised of senior leadership, including the Sustainability Manager, and Executive team members including our Executive Manager of People & Culture, Head of Governance and Company Secretary, Head of Human Resources, Chief Finance Officer, Chief Risk Officer, Executive Manager of Corporate Services, Head of Facilities, Head of Retail and Third-Party Distribution, Head of Commercial Lending, Head of Data, Head of Marketing and PR).

Reporting Requirement #5: Measuring effectiveness

During FY23, QCB maintained our commitment to regular and candid self-assessment of our modern slavery response. For our organisation, effectiveness is defined as monitoring commitments made in our FY22 Statement and publicly reporting on our progress, to maintain transparency about our efforts and any shortfall between promised action and actual implementation. Our Modern Slavery Working Group has been responsible for tracking progress and providing regular status updates to our Sustainability Committee.

QCB candidly acknowledges that, due to factors including the sale of QCHF and our major digital transformation project, we have not fully completed all previously planned measures, including the FY23 action plan set out in last year’s Statement. In light of these extraordinary circumstances, QCB shifted to progressing key commitments from our FY22 statement, with the intention of re-committing to our action plan in FY24 reporting period.

The following Table provides a snapshot of our progress against key commitments from our FY22 Statement.

Commitment in FY22 MSS	Level of Delivery in Reporting Period
<p>In our FY22 Statement, we identified the industry categories that posted the potential risk modern slavery risk exposure.² One of the categories flagged was our partnership with major sporting sponsorships and local sporting clubs. As part of this identification, we made a commitment to work with these companies to achieve impact:</p> <p>“We intend to continue focusing our due diligence efforts on engaging with the longer-term sponsorships, in recognition of the greater relative</p>	<p>Not completed.</p> <p>Contracts with entities in this category that were renewed in the reporting period had modern slavery clauses inserted. However, no further collaboration or partnership transpired during the reporting period.</p>

² A description of the potential (in)direct risks associated with the supply chains of these entities can be found in our FY22 Statement.

<p>leverage, and a more established rapport of ongoing partnership to collaboratively improve procurement practices.”</p>	
<p>“We continue to track emerging international evidence relating to elevated modern slavery risks associated with renewal energy infrastructure, particular in relation to solar panel supply chains tainted by Uyghur forced labour. As we have identified this as a future area of potential risk, should such procurement occur the future, we will undertake focused due diligence prior to any significant purchasing decisions being made.”</p>	<p>Completed.</p> <p>Through Queensland Country’s attendance at the UN Global Compact, it has received regular briefing on the current evidence of Uyghur forced labour in the solar supply chain. These learnings have been documented and provided to the Sustainability Committee for consideration. No purchases of solar products were made in the reporting period and on that basis no active due diligence was undertaken in this area.</p>
<p>“We will continue to use training in future reporting periods to build staff capabilities, with a focus on providing specialist training to relevant executive staff.”</p>	<p>Completed.</p> <p>Annual staff training issued to all staff.</p> <p>Training delivered to all executive staff that are members of the Sustainability Committee.</p>
<p>“Queensland Country Group plans to continue engagement with suppliers on modern slavery issues, including through the self-assessment questionnaire process. Our focus is on achieving meaningful engagement and impact, rather than simply increasing quantitative output in terms of the total number of questionnaires completed.”</p>	<p>Completed.³</p> <p>Queensland Country Bank issued 9 SAQs to suppliers, across both high spend and high-risk categories. The selected suppliers included a mix of reporting and non-reporting entities.</p>

³ After the completion of the reporting period, but prior to the lodgement of this Statement.

<p>“We plan to provide modern slavery training materials to suppliers when issuing further questionnaires. It is hoped that this future initiative will not only improve the quality of due diligence insights gained by us, but also assist our suppliers (particularly smaller, non-reporting entities) to engage more fully with the issues, and assume a greater sense of ownership over their own modern slavery response.”</p>	<p>Completed.⁴</p> <p>QCB issued a covering letter and factsheet from the Law Council of Australia detailing what modern slavery is, what the <i>Modern Slavery Act</i> is and an overview of basic steps to implement a modern slavery response framework.</p> <p>In the next reporting period, QCB plans to develop an in-house education ‘guidebook’ and resources particularly for smaller non-reporting entities, based on the UN Global Compact’s ‘Modern Slavery Risk Management: A playbook for Australian SMEs to identify, manage and mitigate modern slavery risks’.</p>
<p>Our Modern Slavery Working Group uses the risk assessment results to directly inform follow up due diligence action, such as which suppliers to focus on for engagement, including issuing self-assessment questionnaires.</p>	<p>Completed</p> <p>The Working Group has met during the reporting period and made the recommendations to the Sustainability Committee that a combination of high spend and high risk (as assessed by the third-party supply chain tracking technology) suppliers be the focus of further engagement and due diligence.</p>
<p>“Queensland Country Group will continue to facilitate this collaboration with our workers and ensure that all staff have freedom of membership to relevant trade unions.”</p>	<p>Completed</p> <p>All requests for trade union access were granted. Invitations were extended to attend Enterprise Bargaining and KPI negotiations, as well as Health Fund acquisition consultations with staff.</p>

⁴ After the completion of the reporting period, but prior to the lodgement of this Statement.

Reporting Requirement #6: Consultation with owned entities

Throughout the reporting period, QCB continued to consult with all controlled and owned entities (as listed above in relation to reporting requirement #2) to implement our ongoing modern slavery response, and in relation to the contents of this Statement.

Reporting Requirement #7: Any other relevant information

N/A