

China Everbright Bank Co., Ltd. Sydney Branch

Modern Slavery Act 2018 Statement

Context

This Modern Slavery Statement ("**Statement**") is made by China Everbright Bank Co., Ltd, Sydney Branch (hereafter also referred to jointly as "**we**", "**our**" and "**the Bank**") in accordance with the *Modern Slavery Act 2018 (Cth)* (the "**Act**"), in respect of the financial year ending 31 December 2020. Our commitment to identifying and addressing the risks of modern slavery in our operations and supply chains is ongoing and in coming years, we will continue to strengthen our reporting against the requirements set out in the Act.

Our organisation's structure and our business

China Everbright Bank Co., Ltd., ("**CEB**") was established in China in August 1992 and is headquartered in Beijing, and is a national joint-stock commercial bank approved by the State Council of China and the Central Bank. The Bank was listed on the Shanghai Stock Exchange ("**SSE**") in August 2010 (stock code: 601818) and the Hong Kong Stock Exchange ("**HKEX**") in December 2013 (stock code: 6818). The Bank is registered with the State Administration of Industry and Commerce and has obtained a business license. The business license number (uniform social credit number) of the Bank is 91110000100011743X.

CEB is regulated in China by the China Banking and Insurance Regulatory Commission ("**CBIRC**"). Further information on CEB can be obtained from the Bank's 2020 Annual Report and Financial Statements.

CEB is an Australian Registered Body with Australian Registered Body Number ("**ARBN**") 625 285 172 and is a registered Foreign Company with the Australian Securities & Investments Commission ("**ASIC**"). CEB also holds an Australian Financial Services Licence issued by ASIC on 26 March 2019 number 508686 authorising it to carry on a financial services business in Australia to wholesale clients. CEB's Australian Business Number ("**ABN**") is 69 322 403 457. On 20 December 2018, CEB received authorisation from the Australian Prudential Regulation Authority ("**APRA**") to carry on a banking business in Australia as an Authorised Deposit-taking Institution ("**ADI**").

CEB's Australian operations are based in Sydney, New South Wales. CEB's registered office in Australia is Level 28, International Tower One, 100 Barangaroo Avenue, Sydney, NSW Australia. For the purposes of this Modern Slavery Statement, references to "Sydney Branch of China Everbright Bank Co. Ltd" are intended to refer to all of CEB's Australian operations.

Operations and Supply Chains

The Bank provides financial services to institutional clients only (not to individuals). Typically, our clients include Australian businesses seeking access to markets in China, or Chinese businesses seeking access to markets in Australia. We are also an active participant in the Australian syndicated loan financing market. We provide trade finance services to local and Chinese businesses.

Allied with our lending activities, we also take deposits from wholesale and institutional investors to fund our lending, and to hold bond investments for liquidity purposes.

The Bank's supply chain includes suppliers of the following goods and professional services provided to the Bank (Tier 1 Suppliers):

- Catering and hospitality;
- Cleaning and maintenance;
- Facilities management;
- Information technology and telecommunications;
- Mail and courier logistics;
- Marketing including printing and translation services;
- Office stationery and attire;
- Payroll services;
- Professional services including accounting, auditing, consulting, insurance and legal services;
- Staff recruitment;
- Tenancy, utilities and real estate; and
- Travel and accommodation.

With the exception of information technology services received from the Bank's Head Office in China, a significant majority of the Bank's supply chain is sourced from companies located in Australia.

Modern Slavery Risks

The Bank's operations

The Bank operates in the banking and financial services industry and is engaged in lending, trade finance and deposit-taking activities. The Bank is exposed to modern slavery risks through our financial lending practices. Higher risks might be associated with:

- Geographic factors: i.e. the loan recipient is located in a jurisdiction with a higher risk of modern slavery (e.g. because of weaker governance / labour protections, conflict, etc.);
- Certain industries or sectors: the industry in which the loan recipient operates is associated with an elevated risk of modern slavery (e.g. mining, agriculture, construction);
- Certain commodities, products or services: the product or service the loan recipient provides is associated with an elevated risk of modern slavery (e.g. cleaning, textiles, agricultural products); and
- Certain entities: i.e. the loan recipient has been associated with previous serious violations of labour laws / modern slavery.

There is likely to be significant overlap between these categories of risk.

The Bank's supply chains

The Bank has identified:

- Information technology and telecommunications;
- Cleaning and maintenance;
- Catering and hospitality; and
- Office stationery and attire,

All as high risk sectors in the Bank's Tier 1 suppliers.

However, because the majority of supply chain expenditure incurred by the Bank is on professional services provided in Australia by highly-skilled and highly-paid workers, we consider the risk that modern slavery exists within the Bank's supply chain is low. Nonetheless, to ensure we have certainty in this respect, in the next reporting period the Bank undertakes to conduct a high-level thematic review of all of its suppliers, risk rate each for potential modern slavery risks, and develop plans for any remedial action that may be necessary.

Actions taken by the Bank to assess and address modern slavery risk

In Australia, the Bank embraces the CEB Bank core values of building a "sunshine culture" and enhancing our "responsibility, professionalism and creditability". In line with this, our Code of Conduct (**Code**) requires that all staff members are committed to acting ethically and with integrity at all times in all of our business dealings and commercial relationships.

The Bank has a *Whistleblower Policy* in place through which staff members and third parties can raise concerns about our behaviour or practices within the organisation. The Bank undertakes to review our *Whistleblower Policy* to ensure any concerns concerning the possible presence of modern slavery within our business operations or supply chain can be reported, addressed and escalated by staff members and / or third parties.

The Bank has a *Procurement Policy* which covers, among other issues, the behaviour, practices and standards we require from suppliers. We have also conducted due diligence on all suppliers to identify, prevent, mitigate and account for the potential for the presence of modern slavery practices during the reporting period.

The *Credit Policy* of the Bank prohibits granting credit to certain businesses and customers, which includes those that exhibit immoral practices as judged by common ethical standards or illegal activities. In addition, as part of its anti-money laundering compliance responsibilities, the Bank undertakes due diligence on its customers at both the on-boarding stage and at regular periods thereafter. This due diligence includes compliance specific database searches on customers in relation to adverse news, which would identify news in connection with sanctions and human rights violations. This **due diligence also includes ongoing screening in respect of customers, customer associated parties and trade finance transactions, to identify whether it is linked to jurisdictions with human rights issues.**

Going forward, we intend to explicitly include within our Code the requirement for us to implement and enforce effective controls to mitigate the risk that modern slavery may exist within our business operations or supply chains. The Bank will also give consideration to how we will address and remediate any issues we may discover.

As noted above, in the next reporting period the Bank undertakes to conduct a high-level thematic review of all of its suppliers, rate each for potential modern slavery risks, and develop plans for any remedial action that may be necessary.

In future reporting periods, the Bank is committed to:

- Maintaining and improving our processes and systems to increase awareness and mitigate the risk that we may cause, contribute to or be directly linked to acts of modern slavery in any area of our operations or supply chain;
- Maintaining an expectation for our staff, suppliers or counterparties to adhere to the same high standards and to take reasonable steps to ensure that they, in turn, ensure that the parties with whom they engage in commerce maintain such high standards as well; and
- Continuing to develop and refine our methodology addressing modern slavery as an evolving area of risk management.

Measuring our effectiveness

CEB recognises that our system of identifying, addressing and remediating modern slavery risk is in its infancy in this first reporting period and we are committed to its continuous improvement. It is intended that the framework and the risk control activities that have been undertaken as part of the framework (i.e. the results of customer, supplier and outsourcing monitoring) will be regularly reviewed and evaluated for effectiveness. The effectiveness will be determined assessing:

- Appropriate design of relevant policies and controls to ensure compliance and risk management;
- Control execution and effectiveness;
- The outcomes from monitoring;
- The remedial action taken for any issues arising; and
- The extent and effectiveness of staff member training covering the relevant policies.

We anticipate enhancements will be made as we continue to refine and develop these assessments.

This Statement was approved and signed by Mr Liang Qu in his role as the principal governing body of China Everbright Bank Co., Ltd, Sydney Branch (Senior Officer Outside Australia - SOOA) on [3] September 2021.



Mr. Liang Qu

Senior Officer Outside Australia (SOOA)