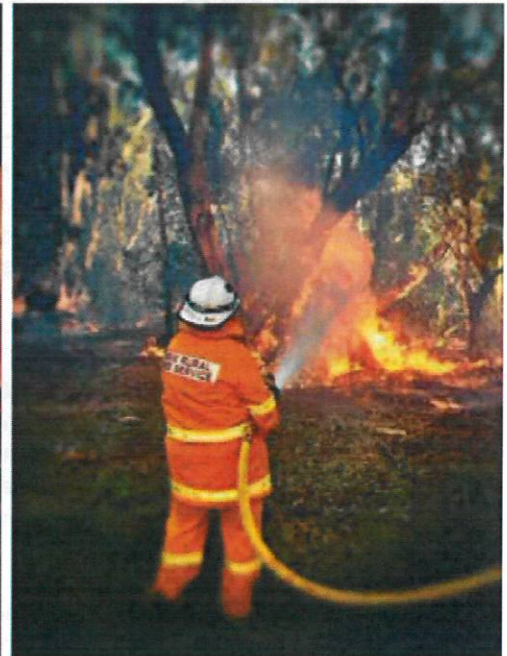


Modern Slavery Statement 2020



This statement is made in accordance with the *Modern Slavery Act 2018 (Act)* and applies to IMB Ltd trading as IMB Bank (IMB Bank), Hunter United and The Shire ...Local Banking (**IMB, our, we, us**) and its subsidiaries (collectively, the **IMB Group**) for the financial year ending 30 June 2020. It sets out the steps taken by the IMB Group during the year to prevent slavery, servitude, forced and compulsory labour and human trafficking in its enterprise and supply chain. This is the first such statement the IMB Group has published.

About IMB

Our values

Established in 1880, IMB Bank has been helping people achieve their financial goals for over 140 years. IMB Bank's values reflect the way we do things. They are the guiding principles by which we run the business and conduct ourselves in all interactions with our stakeholders. They comprise:

- Demonstrating integrity
- Showing respect
- Valuing performance
- Focussing on our members
- Striving to offer solutions.

We know that we must continuously enhance our policies and procedures to ensure that they deliver on our mutual values and meet the high standards expected of us by our members and the community.

We are committed to respecting all human rights as outlined in the Universal Declaration of Human Rights and specifically the rights of our members, employees and wider community. In upholding the IMB Bank Values, IMB rejects all forms of slavery, servitude, forced and compulsory labour and human trafficking (**modern slavery practices**) in our enterprise and supply chains.

About Us

IMB Ltd trading as IMB Bank (ACN 087 651 974, AFSL 237 391, Australian Credit Licence 237 391), the parent company of the IMB Group, is headquartered in Wollongong, NSW. IMB Bank is a financial services organisation regulated by APRA, ASIC and AUSTRAC and is a member of the Customer Owned Banking Association (**COBA**), an independent organisation representing mutual banks, building societies and credit unions. As a mutual organisation, IMB Bank is owned by and run for the benefit of its customers (who are its "members").

IMB Bank has a number of subsidiaries however none of these entities are reporting entities under the Act. They are: IMB Securitisation Services Pty Ltd ACN 104 474 179 which provides securitisation trust manager services, IMB Community Foundation Pty Ltd ACN 091 472 178, IMB Funeral Fund Management Pty Ltd ACN 003 238 542, and IMB Financial Planning Limited ACN 094 730 195 which are dormant entities with no business operations. These entities are 100% owned and controlled by IMB Bank.

As a member of the IMB Group, each subsidiary relies on the parent, IMB Bank, for the resources it requires to undertake its day-to-day operations. IMB Bank provides or procures all goods and services each subsidiary needs, including meeting any personnel requirements. No subsidiary procures goods and services for itself. They rely on IMB Bank to do this and therefore, their supply chains are effectively IMB Bank's supply chains.



**52 branches in
NSW. ACT & VIC**



**Over 600
employees**



**200,000
members**

Our banking activities

IMB Bank provides a full range of banking solutions: home and personal lending, savings and transaction accounts, term deposits, business banking as well as a selection of third-party issued insurance and travel products. IMB Bank's lending activities include the provision of overdrafts, car loans, personal loans, home loans, residential investment loans and equity lines to individual members. We also provide commercial lending to business members to purchase commercial property or equipment and manage cash flows. IMB Bank has approximately 200,000 members consisting of both individuals and business entities, who are primarily located in the Illawarra, Sydney, NSW South Coast, Hunter region, the ACT and Melbourne. IMB Bank does not have any operations established outside of Australia.

IMB Bank directly employs approximately 630 employees. IMB Bank operates through a network of 52 branches located in New South Wales, the ACT and Victoria. Members have access to internet, mobile and phone banking 24/7 and can obtain telephony and digital services through IMB Bank's contact centre which is also located in Wollongong, NSW. IMB Bank also has a team of mobile lending and business banking specialists who provide services to members.

Other operational activities include the provision, production, processing, and delivery of products and services, making financial investments, leasing of property, marketing and sales related initiatives.

Giving back to the community

IMB Bank, through the IMB Bank Community Foundation (ICF), has pledged over \$10 million in support of over 700 community projects in NSW, the ACT and Victoria over the last 20 years. All recipients of ICF funding are incorporated and permanently established in IMB Bank's areas of operations, within Australia. The ICF has a key focus on projects that demonstrate tangible benefits for local communities, which facilitate positive change at a grass roots level. IMB Bank also sponsors several local community enterprises such as locally incorporated clubs and associations which allows IMB Bank to be part of the activities they operate in our region. In the reporting period, IMB pledged \$50,000 to the Vinnies Bushfire Appeal and distributed grants of \$50,000 to community groups in bushfire affected areas.



Our suppliers

IMB Bank is a large purchaser of goods and services required for our enterprise and has a supply chain made up of approximately 200 suppliers with a value of approximately \$40m in the reporting period. We have established and amended policies and procedures that will enable IMB Bank to partner closely with our direct suppliers to understand their supply chain practices. Our supply chains are mostly local with approximately 87% of suppliers operating within Australia. Approximately 10% of suppliers operate in the United States of America with the remainder operating from the United Kingdom, New Zealand, Singapore and the Netherlands.

IMB Bank's major suppliers are engaged on a fixed term basis typically ranging between 1 and 5 years. They provide us with goods and services in the following sectors:



Customer engagement which includes marketing and digital services and services supporting our products and digital channels;

Business services which include logistics, services supporting our property footprint, document management services, printing services, construction of new buildings and fit out of existing sites, security, tools of trade and office supplies, cleaning, training, recruitment and contingent workforce services and professional services (including corporate services, independent auditors, actuarial services and legal services);

Banking services which include services for payments processing, online payment services (including real-time card-based payments), bulk electronic direct credit or debit transactions, ATMs, cheque representation, fraud and online account opening;

Lending Services which includes property valuation, credit reporting checks, settlement related services, debt collection systems, and online lending platforms; and

IT and telecommunications which include cybersecurity infrastructure, data security, cloud storage, internet banking hosting, software and hardware equipment.

IMB Bank seeks to do business with suppliers that act in a manner consistent with the IMB Bank values, including in relation to modern slavery and human rights. Our newly established Suppliers Code of Conduct outlines how we expect our suppliers to act, including:

- Demonstrating a commitment to human rights and fair employment practices;
- Providing fair remuneration and work conditions to all workers including equal pay for equal work;
- Ensuring all work is freely chosen – without the use of forced, bonded or involuntary labour;
- Ensuring workers are of legal age and preventing any form of child labour.

Risks of modern slavery practices

In preparing this Statement, IMB Bank has undertaken its first risk assessment relating to modern slavery risks in IMB's operations and supply chain.

The focus of the risk assessment described in this Statement is on 'risks to people'. IMB Bank considered the areas in which we could potentially cause, contribute to, or be directly linked to, modern slavery through our operations and supply chain. We then rated the potential risk of modern slavery as low, moderate and high.

As a financial services provider IMB Bank considers the overall risk of modern slavery within IMB Bank's direct business operations to be low however IMB Bank recognises that it can be indirectly exposed to these risks, for example through its supply chain or customer relationships.

We have identified 4 key categories where there are risks of modern slavery practices in our operations and supply chain.

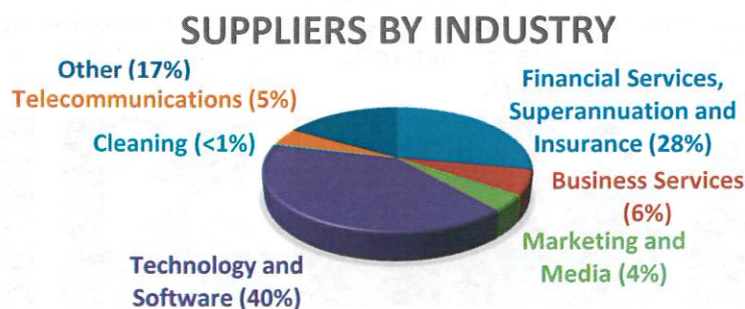
Our suppliers

IMB Bank conducted an initial risk assessment of its direct supply chain in relation to modern slavery risks. The majority of our suppliers are located in, or have Australian operations, within lower risk industries. Offshore suppliers are typically the providers of information technology software and hardware and are located in the United States, Singapore and United Kingdom. We therefore consider the risk that IMB Bank causes, contributes to or is directly linked to modern slavery through its direct supply chain to be low.

However, we recognise the need to undertake a more extensive mapping of our supply chain. Based on the nature of the products and services IMB Bank obtains and our high level understanding of key supplier's operations, we know that there is likely to be a moderate risk of modern slavery identified as we examine the supply chains of IMB Bank's suppliers at a deeper level.

IMB Bank has identified the following areas in our indirect supply chains where modern slavery risks are most likely to arise:

- IT and electronic equipment where such goods may have been manufactured by another entity using minerals sourced or mined using forced labour. For example, the potential use of child labour in the mining of cobalt in the Congo;
- Cleaning services obtained by our suppliers where personnel performing the service may be subject to debt bondage;
- Corporate clothing obtained by our suppliers where such goods have been manufactured/supplied by another entity; and
- Print and promotional goods and services.



Our people

100% of IMB Bank's workforce live and work in Australia, and operate in highly skilled roles. IMB Bank has minimal reliance on temporary or labour-hire employees engaged through agencies. When such workers are engaged, they are placed into professional or highly skilled roles. IMB Bank utilises reputable agencies with a demonstrable commitment to protecting against modern slavery and all such individuals are employed under an Australian workplace contract after meeting IMB Bank's standard background and screening processes.

IMB Bank has therefore assessed the risk of modern slavery occurring through our employment practices to be low, and considers that it has well-established systems and controls to manage this potential risk.

Our members

As a financial services organisation, IMB Bank accepts that it may be linked to modern slavery practices through the financial services and loans we provide to members. IMB Bank has assessed that there is a low to moderate risk of IMB Bank contributing to or being directly linked to modern slavery through its dealings with members. This is due to factors such as:

- the size and composition of IMB Bank's member base which is made up primarily of individuals, the majority of whom live and work in close proximity to IMB's physical footprint in Australia;
- the limited services IMB Bank provides with respect to cross border transactions;
- conservative credit policies which do not permit for example, complex lending structures, lending for offshore investment, or lending for mining or large-scale construction and development;
- the high levels of scrutiny applied through onboarding and monitoring of business clients;
- the assessment of IMB Bank's exposure to money laundering and terrorism financing;
- the sectors in which IMB Bank's customers operate.

Our investments

Given IMB Bank's purpose and operations, it has a large investment portfolio for the benefit of its members. IMB directly manages its own investment activities and has not appointed any external fund managers to make investments on its behalf. IMB Bank has assessed the risk of IMB causing or contributing to modern slavery through its investment activities as low.

IMB Bank's investment policies are relatively limited in the activities and types of investments they permit, and are established to enable IMB to comply with its prudential obligations with respect to investment risk and liquidity requirements. Investments are typically placed in other rated and unrated Australian ADIs, government entities and rated corporate entities. Investments are in the form of term deposits, treasury and bank bills, bonds, and notes. IMB Bank does not have share portfolio investments and any property investments are premises from which IMB operates its retail branch network. Further information on our approach to investing is set out in our Annual Report.



Our approach to tackling modern slavery practices

In the reporting period, IMB Bank's efforts were focused on clearly understanding its modern slavery obligations, how to prepare a Modern Slavery Statement that meets the requirements and intent of the Act, and establishing the framework components required to support IMB Bank's efforts to address the risks of modern slavery in its operations and supply chain.

With the establishment of these foundational elements, in the next reporting period, IMB Bank's focus will shift to building broader awareness of the ways in which it can help to eradicate modern slavery, to ensure the policies and procedures set out below are well-embedded in the organisation and learning from external industry initiatives aimed at financial services organisations.

Our Board and management

Ultimate oversight and responsibility for the steps that IMB Bank takes to identify and address the risk of modern slavery practices in operations and supply chains rests with the Board. IMB Bank's progress is reported to and monitored by its Board Risk Committee.

IMB Bank's enterprise-wide risk management framework considers sustainability / corporate responsibility risks. IMB plans to enhance its risk management framework and risk monitoring systems to more explicitly support IMB's compliance with its modern slavery obligations and to deliver continuous improvement in the way IMB identifies, assesses, and addresses modern slavery risks.



Our policies

IMB Bank has established and amended policies and procedures relevant to identifying, assessing and mitigating the risks of modern slavery practices in our enterprise as listed below. These are designed to help IMB Bank meet the spirit of the IMB Bank values and to comply with our legal obligations. In the next reporting period, we intend to further embed these policies and procedures across our operations and build awareness in our workforce and supply chains of IMB Bank's expectations and commitments in relation to modern slavery.



Our suppliers

IMB Bank has well-established supplier due diligence processes that have been expanded to enable IMB Bank to more effectively identify, assess, manage, mitigate and report potential and actual material modern slavery risks in our supply chains.

IMB Bank established:

- a Modern Slavery Policy under which we will expect our people and suppliers to undertake not to exploit fundamental human rights;
- a Suppliers Code of Conduct (Code) which sets out our expectation for suppliers in relation to governance, human and labour rights, and work health and safety. In particular, the Code includes a number of commitments in relation to human rights including compliance with local and international standards such as the prohibition on all forms of modern slavery practices. It is our aim that over time, our suppliers will influence their own supply chains through compliance with the Code;
- a risk-based assessment process within our contract management procedures for new suppliers to enable contract managers to identify whether any suppliers may be at a higher risk of having modern slavery practices in their operations or supply chains. We

plan to do this for existing suppliers as part of our annual contract review process with them.

- template agreement clauses, which will be negotiated into contracts where possible which requires suppliers meet certain obligations such as:
 - Implementing and maintaining effective systems and controls to ensure that there are no modern slavery practices in their business and supply chains.
 - Provide IMB Bank with information and reasonable assistance to enable it to assess modern slavery risks in their business and supply chains.
 - Notify us if they are aware of or have suspicions about any modern slavery practices within our business and supply chains.



In the reporting period, IMB's efforts in relation to supply chain risks were focused on conducting the initial risk assessment of IMB's direct suppliers, which helped to inform the development of the expanded supplier due diligence requirements outlined above. In the next reporting period, IMB Bank will implement these requirements and continue the work to understand modern slavery risks deeper in its supply chain.

Our people

As a financial services organisation, IMB Bank operates in a highly regulated environment with respect to its employment arrangements. IMB Bank has well-embedded policies and procedures concerning recruitment practices and employment screening (including work eligibility checks), employment conditions (including fair pay and hours) and expected workplace behaviour. IMB Bank's key conduct and recruitment related policies and procedures have been updated to more explicitly address IMB Bank's expectations in relation to modern slavery risks in its direct operations:

- the Code of Conduct has been expanded to include IMB Bank's zero-tolerance approach to all forms of modern slavery and draws linkages to the Modern Slavery Policy;
- the Consequence Management Framework and Recruitment and Staff Movement Policy set out that any person who knowingly engages or otherwise takes any form of action that supports modern slavery in IMB's operations and supply chains may face disciplinary action up to and including termination of employment or engagement with IMB Bank.
- the Whistleblower Policy promotes honest and ethical conduct amongst our people and suppliers by providing a framework for the escalation of conduct that is non-compliant with our policies and values.



In the reporting period, in order to prepare for the submission of IMB's first modern slavery statement and to develop the supporting framework, key employees from IMB's compliance and financial crime business units underwent intensive modern slavery training with external providers. In future reporting periods they will work with a broader group of employees to provide more targeted training to assist these employees with the identification and prevention of modern slavery as it relates to their role and responsibilities.

As part of our ongoing efforts to eradicate modern slavery practices in our enterprise, we also procured modern slavery awareness training which will be made available to all staff in the next reporting period and on an ongoing basis. The training includes an explanation of how modern slavery occurs, what the Modern Slavery Act is and what it is trying to achieve, the different signs of modern slavery, what makes people vulnerable to modern slavery, how organisations can address modern slavery and how to report modern slavery.

Our members

We have policies, processes and systems to help reduce and mitigate human rights and modern slavery risks in the banking and lending services we provided to our members. We take a proactive role in identifying potential perpetrators through robust onboarding, transaction monitoring and enhanced customer due diligence programs.



IMB Bank meets mandatory standards in relation to customer due diligence. Know Your Customer (KYC) procedures enable us to confirm who our member is and to assess fraud and Money Laundering / Terrorism Financing risks. Members assessed as high risk for money laundering or terrorism financing undergo enhanced due diligence measures and monitoring, senior management review and compliance approval.

All new members are screened against relevant databases which can provide alerts relevant to modern slavery risks and all new business clients are subject to a central compliance review prior to being able to conduct any business with IMB Bank. This review includes checks against high risk industry indicators and other financial crimes indicators. For our larger Business Banking members, a relationship manager is assigned and we conduct periodic reviews of business records and in certain cases, visit their business premises to discuss and understand their business.

IMB Bank's Fraud/AML Services and Lending Quality Assurance units are trained to identify specific scenarios that may indicate a risk of modern slavery as part of IMB Bank's monitoring of suspicious matters and high risk customers. In accordance with our AML/CTF obligations, where a suspicion is formed, reports will be lodged with the appropriate regulator, including AUSTRAC.

These business units stay up to date with typologies provided by the Australian Transaction Reports and Analysis Centre (AUSTRAC), the Australian Border Force and other industry guidance. We also work with regulators and law enforcement bodies and share relevant information via financial services industry groups.

Our investments

Our focus in the reporting period has been on the review of IMB Bank's investment portfolio and associated risk management frameworks to assess the risk of modern slavery in our investment activities. Such activities are already subject to well documented risk limits and criteria as contained in IMB Bank's Treasury Risk Management Policy and Liquidity Management Strategy and are subject to review and oversight by IMB Bank's Assets and Liabilities Committee and Board Risk Committee.

In future reporting periods, IMB Bank intends to integrate our approach to modern slavery risk management as it relates to IMB Bank's investment activities (and broader operations and supply chains) within a wider Environmental, Social, and Governance (ESG) framework. IMB Bank seeks to uphold the principles of corporate social responsibility more broadly and sees value in leveraging our work in relation to an ESG framework to strengthen our response to modern slavery.



Assessing and reporting on effectiveness

IMB Bank recognises that modern slavery is a complex issue and that we will need to continuously enhance our approach to addressing modern slavery risks within IMB Bank's supply chain and business operations. We will continue to report on the progress we have made and review the effectiveness of the measures we have put in place.

We are still developing our approach for measuring the effectiveness of how we assess and manage modern slavery-related risks. Therefore, we are assessing and reporting on the effectiveness of our actions in a manner consistent with the same way that we would assess the effectiveness of any other risk category under IMB Bank's 'three lines of defence' model of enterprise risk management which entails risk reviews and control self-assessments undertaken by risk owners (first-line), controls assurance testing undertaken by the Risk function (second-line) and regular review of the risk management framework by Internal Audit (third-line). This is supported by monthly and quarterly risk reporting to the Board and Board Risk Committee respectively.

Currently we monitor compliance with our organisational policies and procedures through internal audit and risk assurance reviews, reviews of complaints raised under our Whistleblowing Policy, completion of compliance training, activity taken under IMB Bank's AML/CTF Compliance Program and the centralised review of new supply contracts and annual reviews of supply contracts.

In the reporting period:

- there were no reports or complaints received by IMB that related to concerns about modern slavery;
- while IMB Bank made a number of reports to law enforcement bodies as a result of its transaction monitoring and customer due diligence, none of these matters were directly related to concerns about modern slavery.

We are considering how we can better define measures of effectiveness and implement regular monitoring of modern slavery risks as part of our 2020-2021 program.

Consulting with entities that we own and control

This statement covers each member of the IMB Group (although none of IMB Bank's subsidiaries are currently reporting entities under the Act), with all members of the IMB Group being owned and controlled by IMB Ltd trading as IMB Bank. Each subsidiary relies on the parent, IMB Bank, for the resources it requires to undertake its day-to-day operations. IMB Bank provides or procures all goods and services each subsidiary needs, including meeting any personnel requirements (i.e the subsidiaries do not have any unique employees), hence each subsidiary works under the management, policies, and process of IMB Bank. IMB Bank's Group Executive, Board Risk Management Committee and the Board (which is comprised of all of the same members of the boards of the subsidiary entities) were engaged when preparing this statement.

Other relevant information

The novel coronavirus (COVID-19) pandemic resulted in changes to the way both IMB Bank's branch and head office employees worked throughout the reporting period. On a very limited number of occasions, some branches had to be closed temporarily due to the effects of the pandemic. Branches that were trading on Saturdays had their hours reduced to temporarily remove Saturday trading hours to minimise the risks facing frontline workers. Employees usually located in IMB's head office or contact centre premises typically worked from home and there was minimal disruption to IMB Bank's operations. For example, IMB Bank's Fraud/AML Services Unit continued to conduct all of the same monitoring and assurance activities in relation to IMB Bank's members. While there was a lower level of recruitment activity during the reporting period, IMB Bank's recruitment and employee due diligence processes remained largely unchanged, with the exception of candidate interviews, which were conducted in a virtual manner. IMB Bank has not undertaken any form of workplace reduction as a result of the pandemic.

COVID-19 has had a limited impact on IMB Group's supply chain. While our required supplies of office consumables decreased due to remote working arrangements, IMB Bank attempted to procure other necessary supplies through our existing suppliers such as cleaning supplies and personal protective equipment which offset the impact of order cancellations and reductions. IMB Bank's Crisis Management Team also maintained monthly contact with our key suppliers throughout the pandemic to monitor their COVID-19 preparedness, impacts to their workforces and any impacts to IMB Bank supplies and services. There were limited impacts in the reporting period, and where necessary, IMB Bank implemented extended delivery or service level timeframes with relevant suppliers as necessary to relieve strain on their operations and supply chains.

Approval

This statement has been approved by the Board of Directors of IMB Ltd trading as IMB Bank.

Signed on behalf of IMB Bank by



Name: *NOEL CORNISH (CHAIRMAN)*

Director of:

- IMB Ltd
- IMB Securitisation Services Pty Ltd
- IMB Financial Planning Ltd (Dormant)
- IMB Funeral Fund Management Pty Ltd (Dormant)
- IMB Community Foundation Ltd (Dormant)

23 MARCH 2021