

Modern Slavery Statement - 2020

This Modern Slavery Statement has been prepared in accordance with the Australian *Modern Slavery Act 2018* (Cth) ('the Act') for Qudos Mutual Limited (ACN 087 650 557) ('Qudos Bank'). It describes the risk of modern slavery practices in Qudos Bank's operations and supply chains during the reporting period of 1 July 2019 to 30 June 2020.

As a customer-owned bank, our values are at the heart of everything we do. Our values are premised on authenticity and acting with integrity. Qudos Bank believes that trust is earned by matching our words to our actions. Therefore, we take adherence to laws, including the Act, seriously, and we are fully supportive of the Government's initiatives aimed at the eradication of both slavery and human trafficking.

If Qudos Bank finds any evidence of modern slavery or human trafficking within our operations or supply chains, Qudos Bank is committed to immediately reviewing the ongoing viability of the supplier relationship. Qudos Bank expects all staff to comply with our Modern Slavery Policy and to behave ethically and be accountable for their actions.

Company structure

Qudos Bank is an unlisted public company limited by shares. We are a mutual entity under the *Corporations Act 2001* (Cth); meaning that our constitution provides that a person has no more than one vote at a general meeting of the company for each capacity in which the person is a member of the company. We are authorised to carry on banking business under the *Banking Act 1959* (Cth) and are regulated by the Australian Prudential Regulation Authority.

Operations

Qudos Bank (previously Qantas Credit Union) was founded in 1959 by a group of Qantas employees and is now one of Australia's largest customer-owned banks with over 100,000 members across Australia and branches in Sydney, Melbourne, Brisbane and Perth. Qudos Bank is a member of the Customer Owned Banking Association and has made a commitment to follow the Customer Owned Banking Code of Practice. Qudos Bank does not own or control any other entities.

Qudos Bank provides retail banking products and services to our members, including home loans, personal loans, credit cards and savings accounts. Our members are predominately Australian individuals. We have a small number of non-personal memberships. We do not offer any commercial lending. Qudos Bank has various partnerships with third party businesses to provide additional products and services to our members, including general insurance, superannuation, financial advice, and international money services. Qudos Bank generally receives a commission for these sales.

Supply chains

Qudos Bank has approximately 130 first tier suppliers. Most of these suppliers provide IT software and services. For some, Qudos Bank negotiates the service offering and the contractual arrangement, for example, our core banking and payment systems providers, fraud control and monitoring, and statement management providers. For others, Qudos Bank obtains an 'off-the-shelf' offering, for example, for online advertising, digital signatures, cloud software, project management software and source code software. For these suppliers, Qudos Bank typically signs a non-negotiable licence agreement.

Qudos Bank also engages suppliers to assist in running its branches and head office, including, for example, cleaning and building management, air conditioning, pest control, office furniture and supplies, fire equipment, stationery, and uniforms. Other suppliers also assist with our marketing activities, for example, merchandise suppliers, creative agencies, trend analysis companies and survey providers.

Qudos Bank also has memberships with various professional and industry representation groups. We obtain insurance and employment counselling from external providers. It also uses various brokers, ratings agencies and information providers for its treasury activities.

Risks of modern slavery practices in Qudos Bank's operations and supply chains

Qudos Bank offers a simple product offering – our main business activities includes providing retail savings accounts and loan products to Australian individuals. We invest our cash reserves with other financial institutions or in government securities. We do not have a commercial lending operation and do not engage in trading activities.

Qudos Bank does not have long or complex supply chains. Our major suppliers (other than those that we use to meet our physical operating requirements in our head office and our branches) are IT software and services companies.

We have determined that, in light of these characteristics, there is a very low risk of modern slavery occurring in our operations and supply chains.

Actions taken by Qudos Bank to assess and address those risks

Qudos Bank has taken various actions to assess and address modern slavery risks within our operations and supply chains (for both existing and new suppliers), including:

1. Surveying suppliers
2. Undertaking a risk assessment of suppliers
3. Staff training
4. Developing a Supplier Code of Conduct

Surveying suppliers

Qudos Bank sent supplier questionnaires to existing suppliers we identified as having a potential modern slavery risk; being those suppliers with business operations outside Australia, that supply Qudos Bank with physical goods or operate in a high-risk industry.¹

The supplier questionnaire includes questions about the supplier's business operations (including offshoring and outsourcing), production of physical goods, engagement with suppliers and employment practices.

Risk assessment

¹ High risk industries being IT software or services, cleaning, catering or waste management.

Qudos Bank then conducted a risk assessment of our suppliers based on their answers to the supplier questionnaire. Qudos Bank relied on the Global Slavery Index (published by The Walk Free Foundation²) to develop our risk assessment matrix. Most suppliers have a very low modern slavery risk. Suppliers which were identified as having a potentially higher risk were flagged for further investigation and discussions are ongoing with those suppliers about the natures of their operations and supply chains. Contract amendments will be sought for some suppliers at contract renewal.

Staff training

Qudos Bank conducted staff training for our managers and procurement staff on modern slavery risk. This included how to survey new suppliers and conduct a risk assessment based on the above procedure. Company wide training will be rolled out in 2021.

Supplier Code of Conduct

Qudos Bank is developing a Supplier Code of Conduct which outlines Qudos Bank's expectations for supplier conduct regarding labour and human rights and employee health and safety. We expect our suppliers to act with the utmost integrity and treat their employees fairly. The Code will also contain a commitment from suppliers to engage with Qudos Bank on an ongoing basis to review and monitor their compliance with the Code. The Code will be rolled out to new suppliers in the second half of 2021.

Assessment of actions

We recognise the need to continually review the effectiveness of our actions to address and minimise modern slavery risk in our operations and supply chains. We will continue to monitor these risks and continually develop and improve our approach.


As outlined above, we plan to develop a Supplier Code of Conduct in the second half of 2021 which will set out Qudos Bank's expectations for supplier conduct. For all new and renewed supplier contracts from 1 January 2021 where the supplier presents a potential for modern slavery risk, we will require a contractual commitment from the supplier to address and minimise modern slavery risk in their own operations and supply chains. When we engage a new supplier, we now carry out a comprehensive due diligence process on the supplier and make a risk assessment in accordance with our Modern Slavery Policy. We are also rolling out bank-wide training to educate all staff on key indicators of modern slavery risk in our operations and supply chains.

Approval

This Statement was approved on the date set forth below by the board of directors of Qudos Mutual Limited (ACN 087 650 557). The foregoing boards of directors have authorised Cindy Hansen to sign this Statement on behalf of Qudos Bank in her capacity as General Counsel and Company Secretary of Qudos Bank.

Date: 25/02/2021

Signed:



² <https://www.globalslaveryindex.org/2018/data/maps/#prevalence>