

Modern Slavery Statement

Under The Modern Slavery Act 2018 (CTH)

REPORTING PERIOD: 1 July 2021 – 30 June 2022

This Modern Slavery Statement was approved by the board of Victoria Teachers Limited in their capacity as the principal governing body of Victoria Teachers Limited (trading as Bank First) on 29 November 2022.

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 Michelle Bagnall in their role as Chief Executive Officer on 19 December 2022



Michelle Bagnall
Chief Executive Officer
19 December 2022

Table of Contents

Part One: Snapshot of key features over the reporting period	Page 4
Part Two: Company information addressing mandatory reporting requirements	Page 5
Part Three: Modern slavery risk assessment	Page 7
Part Four: Addressing modern slavery risks	Page 9
Part Five: Measuring the effectiveness of our approach	Page 12
Part Six: Consultation with controlled entities and other relevant information	Page 13

Part One: Snapshot of key features over the reporting period

1. This Part provides a brief overview of some key features of our modern slavery risk profile and response over the reporting period. Each of the mandatory reporting requirements are categorically addressed in the subsequent parts of this Statement.
2. Due to our industry sector and geography of operation (as a professional services and financial services provider in Australia), our overall modern slavery risk profile remains relatively low.
3. Computer products (and related technical services) and professional services (consultancy, mortgage brokering, market research, insurance, and advertising) are the highest assessed areas of potential risk exposure in our supply chains. These risks are concentrated in considerably more remote tiers than our direct suppliers, and are based on both the proportionally significant amount of expenditure in these categories and the nexus with high-risk products / materials.
4. We continue to recognise the potential for our direct operations to have a connection (including indirectly) to modern slavery risk through facilities management, security and cleaning services; lending facilities and customer transactions; and our investment portfolio. In addressing the latter area, we introduced a new internal policy that caps our investment exposure to Australian branches of overseas entities, particularly for short-term investments.
5. Over the reporting period, we have focused on the following key areas to bolster our year-on-year response to modern slavery:
 - a) Enhancing our supplier engagement and due diligence, through issuing supplier self-assessment questionnaires through our partner, Fair Supply. We worked closely with suppliers to improve our response rate. While the response rate increased in comparison to previous reporting periods, we candidly acknowledge that only 42% of suppliers engaged with the process, which is still below our expectations. We view this response rate as a reflection of the relative infancy of supplier awareness of modern slavery obligations, together with some opportunities to improve how we engage with third parties.

As such, Bank First have commenced a new engagement strategy to reissue supplier questionnaires to all third parties who did not initially respond. Bank First relationship managers have been engaged to ensure supplier contact details are up-to-date and to provide a personal touch-point into each third party to request completion and to follow up if a response is not received. This will ensure that third parties are aware that the questionnaire comes from Bank First and provides a mechanism for further follow up.

Bank First will utilise further responses obtained to enhance our understanding of our supply chain risks. We will also review the need to implement relationship management protocols for non-responsive suppliers.

- b) We have operationalised an improved contract management system, which has centralised contract, and related record, keeping. This new system assisted with greater review of our supplier network, to assist with future direct supplier engagement.
 - c) We have created a new supplier onboarding process that has integrated modern slavery considerations and awareness from the stage of supplier engagement through to contract renewal and management of higher risk suppliers.
6. Bank First is aware that there is more work to be done in addressing modern slavery, and so we will continue to review and enhance our measures to continuously improve our overall response.

Part Two: Company information addressing mandatory reporting requirements

7. This Victoria Teachers Limited's third Modern Slavery Statement prepared in accordance with our obligations under the Modern Slavery Act 2018 (Cth) ("the Act").
8. Victoria Teachers Limited trades, and is widely known, as Bank First ("Bank First")
9. This statement addresses each of the Act's mandatory reporting requirements, including describing identified direct and indirect risks of modern slavery and our continued action to address these risks.

Our structure

10. The reporting entity for the purposes of the Act is Victoria Teachers Limited, trading as Bank First (ABN 44 087 651 769).
11. VTMB Properties Pty Ltd (ABN 21 005 972) is an owned / controlled entity that is not a mandatory reporting entity. This entity was established to manage the fit out of a commercial property, which is currently leased to Bank First and another tenant. Aside from facilitating this leasing arrangement, VTMB Properties' only third party relationships are with facility maintenance providers. These supply relationships continue to be managed by Bank First and are subject to the same controls and protocols as all third party relationships with Bank First.
12. Bank First's structure remains unchanged from previous reporting periods. As a mutual bank, our customers are also shareholders. Our partnerships are important to us and we are particular about who we choose to partner with. There must be an alignment of values and cultures as well as genuine opportunities to create value.
13. We are a bank that cares for those who care for community. Profits are reinvested back into our business to benefit our Members and back into the community via our Bank First Community Fund, through awards, sponsorships, partnerships and grants.

Our operations and investments

14. Bank First is an Authorised Deposit-taking Institution supervised by the Australian Prudential Regulation Authority (APRA) under the Banking Act 1959. Bank First is also supervised by the Australian Securities & Investments Commission under the Corporations Act 2001 and holds an Australian Financial Services Licence and an Australian Credit Licence.
15. We are headquartered at Hawthorn East, Victoria and have two retail branches located throughout Victoria, Australia.
16. We have continued to provide personal finance and banking products to our customers, including various lending and credit facilities, insurance products and financial planning and advisory services.
17. To support our operations, Bank First employed 231 full-time equivalent employees throughout Australia, through this reporting period. These employees are engaged in a variety of roles from administration and corporate services, through to customer-facing roles and financial planning.
18. In addition to our primary financial services, the Bank First Community Fund supports a range of programs and initiatives in the education and health sectors. We provide support and care when partnering with strategic organisations that build the healthcare and education sectors, as part of our

organisational commitment to support our members and their communities. In addition to financial support, our staff also participate in volunteering opportunities to directly support our partners. Over the course of the reporting period, our support for partners has included the following initiatives:

- Providing nursing sponsorships to assist Alfred Hospital and St Vincent's Hospital.
- Continuing with the Teaching Initiatives Program (TIP). Since its inception, 29 years ago, we have provided more than \$780,000 in sponsorship to 600-plus schools.
- Partnering with One Box to distribute fruit, vegetables and other grocery items to Victorian Families. Our support, to date, has resulted in the distribution of 1853 boxes of fruit, vegetables and other grocery items.
- Supporting the State Schools' Relief, which helps Victorian specialist students with the funding of important tools and resources.
- Partnering with Sustainability Victorian to recognise individual teachers who are leading the way in environmental sustainability.

19. Our investment portfolios did not materially change from previous reporting periods. All treasury investments remain held in Australian-based entities or Australian branches of major foreign finance institutions.

Our supply chains

20. During the reporting period, Bank First's operational supply chains included over 350 direct suppliers supporting our day-to-day business functions. There has not been any significant variation in our supply chains from previous reporting periods. We continue in long-term relationships with suppliers operating in the following industries:

- Facilities and building management services
- Valuation services
- Computer and technical services
- Security services
- Telecommunication services
- Insurance services
- Recruitment services
- Advisory, marketing and consulting services
- Printing services
- Financial services
- Promotional products
- Office supplies, stationery and office furniture
- Legal services
- Real estate services
- Education and training services
- Mortgage broking services
- Utilities and electricity providers
- Debt collection services

21. Our direct suppliers remain, overwhelmingly, Australian-based. The few international suppliers engaged during the reporting period include:

- Software providers based in Ireland and the USA;
- A financial services provider from the Netherlands; and
- An online education provider in the USA.

Part Three: Modern slavery risk assessment

22. No actual or suspected instances of modern slavery were reported in our either operations or supply chains during the reporting period.
23. We continue to actively apply the UN Guiding Principles on Business and Human Rights in analysing our modern slavery risks in terms of whether we may be 'causing', 'contributing' or 'directly linked' to modern slavery.
24. Our overall modern slavery risk profile remains relatively low. This continues to be based on our industry sector and geography of operation (as a professional services and financial services provider in Australia).

Risks in our supply chains

25. Bank First continues to actively assess potential modern slavery risks in our supply chains, including through monitoring and evaluating industry risks associated with our highest spend in direct procurement categories.
26. The following industry categories are assessed as presenting the highest potential risk exposure in our supply chain. These elevated risks are concentrated in considerably more remote tiers than our direct suppliers, and are based on both the amount of expenditure in these categories and the nexus with high-risk products/materials:
 - Computer products and related technical services; and
 - Consultancy, mortgage brokering, market research, insurance, and advertising services.

Computer products and related technical services

27. Our computer and technical-related expenses increased during the reporting period, representing over a third of our annual procurement spend.
28. Computer related products continue to represent the greatest assessed area of supply chain exposure to modern slavery risk. This is due to the high proportion of products manufactured in high-risk geographies (including Malaysia and China), and reliance upon high-risk raw materials, including 'conflict minerals' that are commonly sourced from the Democratic Republic of Congo.
29. Our second modern slavery statement (published in 2021) disclosed two suppliers that are global brands involved in electronics / computer products and named in a published report as connected to manufacturers allegedly using forced Uyghur labourers in China.
30. During the reporting period, we continued to procure hardware from these suppliers, which we assessed the risk was being adequately mitigated through continued review of this supplier's public disclosures addressing the issue and related corporate sustainability reporting. However, as part of our long-term approach to addressing this specific risk exposure, in the next reporting period we intend to integrate related modern slavery considerations within the tender process for the planned renewal of our computer and related machinery supplier.

¹ See Australian Strategic Policy Institute's (ASPI) 2020 report: *Uyghurs for sale: 'Re-education', forced labour and surveillance beyond Xinjiang*: <https://www.aspi.org.au/report/uyghurs-sale>

Consultancy, legal services, mortgage brokering, market research, insurance and advertising services

31. Bank First also engages professional services, including consultants, mortgage brokerage, market research, insurance and advertising services. These professional and advisory services represent 30% of annual procurement spend during the reporting period.
32. The most significant modern slavery risks associated with Australian professional services related to the high dependency on computer related hardware and electronics (as per our own day-to-day operations), and the operational risks that we are also recognise below.

Risks in our operations

33. Bank First, as professional and financial services provider, is not operating within a recognised high-risk industry. Nonetheless, we recognise the potential for our direct operations to have a connection (including indirectly) to modern slavery risk through:
 - facilities management, security and cleaning services;
 - lending facilities and customer transactions; and
 - our investment portfolio.

Facilities management, security, and cleaning services

34. As a banking service provider with physical offices and branches, various support services underpin our day-to-day operations including facilities management, security, and cleaning services. We recognise that, even in the domestic Australian context, these industries entail potentially elevated modern slavery risk due to vulnerable workforces, such as unskilled migrant workers. Any contractual engagement that we enter into is inherently assessed for corporate and social responsibility. We will continue to review our governance to strengthen these controls for these type of suppliers.

Financial payment services and lending facilities

35. Bank First recognises that our core operations as a retail provider of banking and financial transaction services, may, without our knowledge, be used by offenders exploiting victims of modern slavery. We particularly acknowledge the nexus between digital payment transfer services and online child sexual exploitation. We continue to utilise American Express (AMEX) to facilitate our international transfers and have confidence in their robust screening frameworks to prevent and detect the occurrence of such heinous crimes.
36. In terms of our domestic services, Bank First continues to comply with legal obligations under AUSTRAC and Anti-Money Laundering / Counter Terrorism Financing regulations. Consequently, we have systems in place for screening customers against criteria with significant overlap into an array of common modern slavery indicators. These systems permit monitoring of transactions and assist in preventing the perpetration of illegal activities through our financial and lending services. Upon detection of any concerning transactions, we have strict protocols to ensure prompt reporting of suspicious activities to relevant authorities.
37. As part of our risk mitigation approach, Bank First will also consider modern slavery indicators when undertaking reviews of our transaction monitoring rules to consider if any additional rules will increase our ability to better monitor and assess modern slavery risk.

Investment portfolio

38. As detailed in our previous statements, we recognise that our investments have potentially significant modern slavery risk exposure such as through operating in high-risk emerging markets. To address these risks, Bank First has continued implementation of our long-term investment strategy to only hold investments in either Australian-based financial institutions (and related services), or Australian branches of overseas entities. This ensures APRA regulation across-the-board.
39. During the reporting period, we introduced a new internal policy that caps our investment exposure to Australian branches of overseas entities, particularly for short-term investments. It is anticipated that this investment policy cap will further reduce the overall modern slavery risk exposure of our investment activities, including through the further concentration of our investments within the Australian domestic market.

Part Four: Addressing modern slavery risks

40. Bank First has continued to address identified modern slavery risks in our operations and supply chains through specific and targeted due diligence measures.

Supplier due diligence and engagement

41. A key focus area during the reporting period was supplier engagement and due diligence through issuing, analysing and following-up on supplier self-assessment questionnaires. We have gained deeper insights into the risks associated with our suppliers, and have continued to develop priority areas for future due diligence over subsequent reporting periods.
42. Bank First issued almost 80 supplier surveys during the reporting period. The overall supplier response rate was 42%, which represents a 100% increase in uptake from the previous reporting period. We believe that this improved response rate is primarily attributable to our procurement team undertaking an intensive process of active supplier engagement, including candidly and comprehensively addressing supplier concerns about the questionnaire process. However, as discussed above, we still recognise there is more work to do with our suppliers to improve this response rate. We are committed to building on the momentum gained in this reporting period to follow up with non-responsive suppliers.
43. During the process, we focused on engaging with the following key supplier groups, including through the self-assessment questionnaire process:
- New suppliers engaged since 1 July 2021, as part of our new onboarding process (detailed below); and
 - Suppliers that were non-responsive in prior reporting periods where we still have an ongoing procurement relationship. This includes suppliers operating in the previously identified industries of potentially elevated modern slavery risk:
 - i. Computer and Technical Services (including electronic equipment goods)
 - ii. Security broking and dealings; and
 - iii. Insurance products.

44. Our bespoke supplier questionnaires have been developed through our ongoing collaboration with an external subject matter expert.
45. Areas covered are focused on gaining a more-than-cursory understanding of key modern slavery considerations, including:
- The supplier's level of maturity for visibility and mapping their own supply chains;
 - Internal responsibility for addressing modern slavery, including the existence of appropriate internal governance systems and substantive policies to address modern slavery;
 - The nature and extent of modern slavery-focused due diligence and risk mitigation frameworks, including active supplier screening at the pre-contractual (tender) phase;
 - The presence of risk factors such as the use of low-skilled migrant workers in our supplier's operations and supply chains;
 - Appropriate grievance and remediation mechanisms; and
 - Specifically tailored and actively administered training programs, including targeted education for key leadership and exposure roles (e.g. procurement department).
46. Our external consultant has reviewed and analysed supplier responses. Consistent with our approach in previous reporting periods and as a means of ensuring commercial confidence, supplier candour and the opportunity for ongoing positive collaboration and engagement, we maintain the anonymity of our supplier responses.
47. Without compromising such important considerations that underpin our desire to continually improve and develop our supplier relationships as part of our overall modern slavery response, the following is a summary of supplier responses:
- All but two of our suppliers have mapped (at least) their major Tier One suppliers. Deeper tiers of the supply chains of key products remain partially mapped. Just under half of these suppliers claim to have achieved full visibility beyond Tier One for key services and products they are procuring.
 - Over 70% of respondents report having implemented due diligence mechanisms for supply chain screening. Of the suppliers that did not have an operational screening framework, 75% indicated an intention to introduce one in the near future.
 - Just over half of respondents have provided modern slavery training to staff and/or board members. Respondents that have not provided internal training were primarily non-reporting, smaller sized entities, some of which intend to do so in the future.
 - Two suppliers report specific awareness of low skilled migrant workers in their supply chains. These suppliers are large reporting entities that also demonstrate sufficient capacity to appropriately mitigate this risk.
 - A large majority of respondents have established internal systems for assigning department or board members with primary responsibility for championing the organisation's modern slavery response.
 - Overall, the most undeveloped area of suppliers' approaches to risk mitigation relates to remediation frameworks. Only a handful of suppliers report the operation of any formal remediation system.
48. We intend to build on these responses and continue to explore additional ways to partner with suppliers to increase and improve capabilities and understand and mitigate risks.

Internal training and education

49. Our modern slavery statement for the previous reporting period detailed our intention to facilitate annual training on modern slavery issues for all employees. During this reporting period, all Bank First employees have been provided with access to an updated modern slavery training module, including:
- Understanding the nature and extent of modern slavery;
 - Increasing awareness about our legal obligations as a mandatory reporting entity and other implications under the Modern Slavery Act 2018 (Cth); and
 - Assisting staff to identify potential indicators of modern slavery practices.
50. All staff have successfully completed the Modern Slavery Act Awareness FY21-22 module and accompanying online assessment.
51. We also distribute various internal communications to our staff via channels such as 'Yammer' These annual updates on modern slavery issues are designed to promote an organisation-wide commitment to addressing modern slavery, through building awareness of what modern slavery is and how Bank First staff can play a role in responding to this issue.
52. During the next reporting period, Bank First will also assess the feasibility of developing and delivering training programs for our customer facing staff, focusing on identifying modern slavery vulnerabilities, given our potential exposure to victims at a branch level.

Policies, contract management and internal governance systems

53. During the reporting period, we have reviewed and enhanced our procurement and contract management processes, to better support modern slavery considerations within those departments at the frontline of implementing modern slavery responses.
54. We have implemented a new contract management system to facilitate central records management of all contracts and associated information. This has improved overall reporting, monitoring and oversight of our suppliers. It has also strengthened our capacity for deeper and more targeted supplier engagement, including on modern slavery issues.
55. Another focus area is the introduction of a new supplier onboarding process. This ensures that our new vendors are aware of our stance in relation to modern slavery from the commencement of our engagement. This has involved continued integration of our modern slavery clauses during contract negotiations, incorporating modern slavery requirements for our suppliers and mandatory completion of modern slavery questionnaires for suppliers providing high-risk products or services.
56. We have also tailored our procurement practices to address one of the prominent supply chain risks linked to our day-to-day operations (as described in our statement last year) - the use of lithium-ion powered devices. In direct response to this specific area of identified risk, we have developed an internal procurement checklist to specifically include recommendations relating to purchases involving lithium batteries giving considerations to any new and or alternate products.
57. Our internal systems have been improved through establishing a procurement team that is responsible, on a day-to-day basis, for managing our ongoing modern slavery response. In addition, Risk and Compliance provide timely contractual review and support to the Procurement function.
58. We acknowledge that one of the flagged actions for this reporting period in our second statement was a review and update of our internal governance systems as applicable to our Executive team.

Due to key personnel changes during the reporting period, Bank First has instead focused on re-establishing our new procurement team and designing a risk governance framework. The integration of deeper Executive oversight remains earmarked as a focus area for upcoming reporting periods.

59. Finally, as indicated in our last statement, we implemented our material outsourcing policy, which has been updated to expressly cover issues relating to modern slavery risk.

Part Five: Measuring the effectiveness of our approach

60. Bank First recognises the importance of regularly evaluating our initiatives across multiple reporting periods. We want to ensure that our resources and actions are optimised for maximum practical impact having regard to the specific characteristics of our supply chains and operations.

61. Our Board Audit Committee has continued to receive quarterly status updates for organisational monitoring of our modern slavery progress through regular compliance activity reporting.

62. The following Table provides a progress snapshot of the action areas identified in our Second Statement for future reporting periods:

KPI Action area	Progress Indicator
Reviewing and updating our internal governance systems in relation to the role of our executive team in our modern slavery efforts.	In progress, further focus area for next reporting period.
Updating our Material Outsourcing Policy.	Completed.
Due diligence and assessment of new third party relationships, focusing on suppliers in high risk categories.	Completed via issuing of supplier self-assessment questionnaires, ongoing for future reporting periods.
Facilitating annual modern slavery training for all employees.	Completed and ongoing in future reporting periods.
Review of our procurement processes.	Completed.
Continued review and development of Bank First's modern slavery framework for measuring effectiveness.	In progress, focus area for development next reporting period.

63. Bank First recognises that our modern slavery response requires year-on-year improvement, and so we will work to implement the following actions over the next reporting periods:

- Greater industry collaboration, particularly within the co-operative and mutual sector.

- Reviewing our member vulnerability guidelines to include material on identifying modern slavery indicators and providing accompanying training to our customer facing teams.
- Updating our whistle-blower policy to more specifically integrate modern slavery as a protected disclosure.
- Integrate relevant modern slavery considerations into our computer machinery tender process.
- Continued engagement with suppliers and bolstering of response rates to self-assessment questionnaires.
- Reviewing our assessment processes for supplier on-boarding.

64. Another major focus for Bank First during the next reporting period is the planned development of our ESG strategy and approach. We will ensure that modern slavery is appropriately embedded into this strategy and framework to continue building on our foundations developed to date.

Part Six: Consultation with controlled entities and other relevant information

65. All necessary consultation and engagement across all controlled entities has occurred in relation to the modern slavery response over the reporting period, as set out in this Statement. Bank First has addressed the mandatory reporting criteria on behalf of all entities it owns or controls.