

Newcastle Greater Mutual Group Ltd
ACN 96 087 651 992

Modern Slavery Statement

Under the *Modern Slavery Act 2018* (Cth)

Reporting period: 1 July 2023 – 30 June 2024



NGM
GROUP



This Modern Slavery Statement was approved by the Board of Newcastle Greater Mutual Group Ltd (**Newcastle Greater Mutual Group Ltd**) as the principal governing body on 30 October 2024.

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 Samantha Martin-Williams in her role as Chair on 30 October 2024.

Chair
Newcastle Greater Mutual Group Ltd

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Reporting Requirement #1: Identify the reporting entity

The reporting entity is **Newcastle Greater Mutual Group Ltd** – ABN 96 087 651 992/ACN 087 651 992 (also referred to in this Statement as “**NGM Group**”, “**we**” and “**our**”).

This is NGM Group’s first full reporting period under the Act. As described in our FY23 statement, on 1 March 2023, NGM Group was formed through the corporate merging of **Newcastle Permanent Building Society Limited** and **Greater Bank Limited**.

Greater Bank and Newcastle Permanent Building Society continue to operate as separate brands, under the single company registration of Newcastle Greater Mutual Group Ltd.

Reporting Requirement #2:

Our structure, operations and supply chains

Newcastle Greater Mutual Group's operational focus is on delivering the highest value and service to our valued customers. As one of Australia's leading customer-owned banks, we are trusted by more than 600,000 Australians.

Headquartered in the Hunter region of NSW, we have a significant economic and social impact in regional Australia, a workforce of more than 1,850 people, a multi-million-dollar annual innovation and technology investment spend, and total assets of more than \$20 billion. We offer our customers competitive rates, award-winning service, and a true commitment to supporting our communities, making us a great alternative to the major banks.

NGM Group is an authorised deposit-taking institution regulated under the *Banking Act 1959* (Cth) and by government agencies such as *Australian Prudential Regulation Authority* (APRA), *Australian Securities and Investments Commission* (ASIC), and *Australian Transaction Reports and Analysis Centre* (AUSTRAC).

We remain 100% customer owned. With no shareholders to consider we will continue to invest profits for the benefit of our customers and local communities.

The principal governing body of Newcastle Greater Mutual Group Ltd is a Board of Directors.

Our operations

Our branch network for the reporting period, across both of our operational brands, comprised a total of 100 individual branch locations (53 Greater Bank and 47 Newcastle Permanent).

Locations are spread across New South Wales and South East Queensland: including Central Coast, Hunter region, New England region, Mid and Central West regions, Mid North and North Coast, Gold Coast, Illawarra and South Coast. We also have a further presence online, and through our broker network, which includes the Queensland market.

As at the conclusion of the reporting period, the NGM Group team was comprised of 1,850 employees. This represents stability in our overall workforce that was flagged as an important feature of the merger and formation of NGM Group in early 2023.

Stability and consistency also continue to define our core product and service offerings, including:

Personal Finance and Retail Banking Products

- Home & Personal Loans
- Savings, Transaction & Investment Accounts
- Visa Credit cards and Debit cards
- Home, Car, Caravan & Trailer Insurance

Business Banking Products

- Business Accounts
- Term deposits
- Merchant facilities
- Trust Account facilities

Newcastle Greater Mutual Group's owned and controlled entities

The mandatory reporting entity is Newcastle Greater Mutual Group Limited (NGM Group) – ABN 96 087 651 992

NGM Group owns or controls the following associated entities, which are consolidated into the group for annual accounting, reporting and auditing purposes. These associated entities are:

- Greater Investment Services Pty Ltd ABN 78 050 287
- Greater Charitable Foundation Pty Ltd ACN 146 962 067
- Greater Charitable Foundation
- GBS Receivables Repo Trust
- GBS Secured Funding Trust No.1.
- Newcastle Permanent Community Foundation Company Limited (ABN 26 589 812 647)
- Newcastle Permanent Charitable Foundation
- Newcastle Permanent Funding Trust No.1

We have continued the approach developed in prior reporting periods, of including the investment data of these entities in our risk assessments undertaken. This has enabled NGM Group to tailor an overall response that accounts for the entirety of the group risk. We have also continued to communicate our ongoing measures to all associated entities.

Our Charitable foundations still separately operate under their respective brands for Newcastle Permanent Building Society and Greater Bank.

Our supply chains

NGM Group engaged directly with a total of **599 unique suppliers** during the reporting period.

As foreshadowed in our last Statement, this number reduced further compared to the previous reporting period (745 unique suppliers). We attribute this to further consolidation and streamlining of suppliers as we settled into our first full reporting period as a merged entity. We have also undertaken more rigorous risk assessment analysis of our overall procurement data, which has resulted in the capture and elimination of a small number of previously “duplicate” supplier entries.

Core industry categories represented in our value chain continues across the following supplier and service providers:

- Accounting services
- Architectural services
- Banking services
- Business services
- Cleaning providers
- Computer and technical services
- Market research services
- Legal services
- Employment placements services
- Telecommunication services
- Courier services
- Maintenance and repair services
- Security services
- Printing and office supplies
- Retail trade.

All these suppliers remain either located in Australia or Australian-based subsidiaries of major global conglomerates.

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

Identified areas of potential modern slavery risk remain consistent with our previous modern slavery statement, including retail trade services, and the deeper tiers of computer-related services, printed material products, and financial intermediary services.

Rather than repeat the potential drivers and factors of identified risks in these categories, the description below instead focuses on two new categories that were flagged in the updated comprehensive risk assessment for this reporting period, being **Australian Construction Services** and **Australian Hotels and Restaurants**.

The reporting period featured an increase in primarily non-recurring expenditure in these categories, with further details described under each subheading below.

Australian Construction Services

This category covers a range of maintenance, building construction and trades-related suppliers. Our increased spend for the reporting period is directly attributable to two (2) new branch fit outs and major renovations across three (3) retail branches.

A relatively higher incidence of contracted labour and/or migrant workers, which may also be sourced via labour hire recruiters, and potentially reducing visibility over workplace conditions. These positions may be filled by workers with greater inherent vulnerability to exploitation, such as low levels of English-speaking proficiency, a lack of awareness concerning Australian workplace rights, and potential linkages between visa status and employment. The Australian construction sector was identified in the Walk Free Foundation's 2023 Global Slavery Index as an industry at higher risk of forced labour in the domestic Australian setting, particularly because of the reliance on foreign migrant workers.

At a supply chain level, tools, equipment and building materials are often manufactured offshore, using vast 'webs' of inputs and components. Recognised high-risk imported material inputs can include various metals (steel, aluminium and copper), timber, bricks, concrete and cement, electronic materials, conflict minerals, rubber, and PVC.

Australian Hotels and Restaurants

The suppliers NGM Group engaged in this category include accommodation venues, restaurants and corporate catering. The reporting period featured a relative increase in departmental activities at off-site venues, including internal conferences ('NGM Group People Forums'). For these, we utilised a variety of local accommodation and restaurant providers.

Recognised risks associated with this industry category relate to the higher dependency on higher risk services and operational suppliers such as professional cleaning services, catering providers, maintenance and security staff. The supply chain for catering providers/restaurants is also directly linked to the agricultural and horticultural sectors. The 2023 Global Slavery Index describes hospitality and agriculture as higher risk sectors in the Australian context¹ because of the use of migrant workers, and exploitative practices used by migration agents and labour brokers.

Several identified "at risk" products imported by G20 countries are commonly used in the catering and food services sector. This includes such as fish/seafood, cattle/beef products, cocoa, and rice.²

1. www.walkfree.org/global-slavery-index/country-studies/australia/

2. www.walkfree.org/global-slavery-index/findings/importing-risk/

Other changes in procurement patterns across reporting periods

This reporting period featured a decrease in spending in the 'computer services' category, which was primarily associated with the consolidation of our technology inventory post-merger. It is also influenced by the longer than annual life cycle for the upgrading and replacement of computers and other key electronic products.

Identified risks in our operations

The primary areas of identified modern slavery risk remain quite remote from our day-to-day core operations as an Australian bank.

We continue to reaffirm our vigilance of the potential for face-to-face encounters that our customer facing team members may have with both the victims and perpetrators of modern slavery practices in Australia due to our retail offering of banking and financial services to individuals.

The reporting period also provided us with the opportunity to practically engage with one of the most consistently identified areas of potential operational risk – namely – the use of professional cleaning services at our branches. Details of this initiative are described further below in relation to our approach to addressing modern slavery risks.

Identified risks in our investments

We have continued the ongoing process of annual modern slavery risk assessment in relation to our investments. Our governing investments policies and mandate remaining unchanged from previous reporting periods. Our investment activity also remains exclusively in Australian and Australia-based branches of globally reputable banking and financial institutions. Once again, no areas of significant risk were identified in our direct investments, including investment portfolios connected with our Foundations.

Reporting Requirement #4: Steps to assess and address modern slavery risks

Assessing risk

As an Australian financial institution with entirely domestic operations our overall assessed modern slavery risk remains low in relation to our supply chains, and very low in relation to our direct operations. Our overall investment portfolio remains very low risk, particularly compared to other asset classes (e.g. infrastructure investment).

Potential areas of elevated modern slavery risk in our supply chains and operations are identified and assessed annually through comprehensive analysis of NGM Group's entire procurement profile. This includes both our supplier purchases and institutional investments of deposited capital.

NGM Group did not receive any reports, complaints or otherwise become aware of actual or suspected instances of modern slavery in our supply chains or operations during the reporting period.

Addressing risk

From our perspective, a significant feature of the reporting period was an opportunity to meaningfully address areas of potentially elevated risk into NGM Group's day-to-day decision-making and broader procurement context.

For first time, NGM Group undertook comprehensive pre-contract screening for modern slavery risk in relation to tenders for **staff uniforms and professional cleaning services**.

This due diligence action was undertaken on prospective suppliers, prior to engagement. A range of detailed modern slavery considerations were material factors for preferred supplier selection.

Staff Uniform Tender Process

As foreshadowed in last year's statement, during the reporting period NGM Group undertook a major uniform procurement process for the engagement of a new apparel supplier as part of the NGM Group brand launch.

Actions that ensured modern slavery risk considerations were materially integrated into the overall procurement process included:

- Analysis of all potential suppliers using our long-term external consultant's proprietary risk assessment.
- Pre-contract engagement with the preferred tenderer (once identified) requiring comprehensive disclosure of information relating to its modern slavery risk mitigation framework and confirmation that it contained no critical gaps.

The preferred tenderer, which was ultimately awarded the contract demonstrated a relatively advanced policy framework, supplier screening and risk assessment processes. The supplier provided a copy of a recent SMETA³ audit report completed on their supplier, confirming that the supplier was actively undertaking on-the-ground due diligence. The audit report included observations from worker interviews and concluded no issues with child or forced labour at the factory. The successful contractor also disclosed its own Supplier Code of Conduct and standard contract provisions that specifically address modern slavery risk.

Professional Cleaning Services

In recognition of another repeatedly identified area with relatively closer proximity to our direct operations, NGM Group also focused on proactively addressing potentially elevated modern slavery risk through the selection, engagement and onboarding a new professional cleaning service during the reporting period. In addition to our pre-existing procurement procedures, NGM Group undertook tender phase engagement with all three prospective companies and required comprehensive disclosure of information relating to their modern slavery risk mitigation frameworks.

The selected supplier demonstrated a pre-existing framework for ongoing due diligence in relation to key modern slavery risks.

NGM Group has plans to monitor this supplier as part of our third-party risk management tool, which is being developed in compliance with the new APRA standards (described further below).

³ SMETA is an audit, which helps you to understand standards of labour, health and safety, environmental performance, and ethics within your own operations or at a supplier site

Broader Supplier Engagement

NGM Group recognises the importance of building its modern slavery response framework across multiple reporting periods, rather than limiting actions to a single year. Accordingly, our focus for broader supplier engagement for this reporting period focused on targeting those suppliers that had been non-responsive to our attempted engagement in the last period. We communicated with 50 suppliers in the sectors of Computer, IT and Technology, Business and Financial Services, Telecommunications and Construction Services.

These suppliers were also provided with access to our modern slavery training modules as further incentive for active participation.

Our baseline supplier engagement continues to remain focused on obtaining information about the measures being implemented by respondent suppliers in areas of:

- Governance and policy
- Risk identification and assessment
- Training and education
- Due diligence
- Grievance and Remediation procedures
- Measuring effectiveness

Continued internal leadership, capacity building and procurement systems updates

Our procurement team members (including contract owners) continue to receive annual training to assist with practical, day-to-day implementation of modern slavery due diligence, including steps to assess slavery risk pre-contractual engagement, red flags for suppliers, how to adopt a framework for making procurement decisions, and tips for using policy frameworks to engage and conduct supplier audits.

In our last statement, we described the amalgamation of our two brands' individual procurement systems as an ongoing process that would continue into this reporting period. Our fully merged procurement process is designed to highlight any potential now includes several questions specific to modern slavery issues. Involved staff must input information in response to these questions as part of NGM Group's updated procurement engagement processes.

Our Modern Slavery Working Group met quarterly throughout the reporting period. The Group is comprised of procurement team members, the Operations Business Manager, and our Chief Operating Officer.

New APRA Standards

As a result of the merger, NGM Group is now classified by APRA as a "Significant Financial Institution". In addition to reflecting the market-leading capital position that we now hold amongst peer customer-owned banks, the APRA Standard CPS 230 – Operational Risk Management, requires authorised deposit taking institutions like NGM Group to include operational risk management systems that actively mitigate legal and compliance risk, and risks posed by third party services. NGM Group is currently in the process of implementing a new third-party risk management tool to assist in meeting the CPS230 requirement, and it is embedding specific modern slavery considerations (with a particular focus on managing supplier risk).

Reporting Requirement #5: Measuring effectiveness

In NGM Group's inaugural statement last year, we foreshadowed our intention for the comprehensive development of an integrated approach to measuring the effectiveness of our modern slavery response. In terms of the finalisation of a formal framework, this is still being constructed to complement our approach to sustainability. For this year's statement, we have opted for a simple and candid evaluation of those aspects of our modern slavery response that stand out as highlights, contrasted with those specific areas where we recognise the need for extra effort in the upcoming reporting period to improve.

Highlights for the reporting period – what we think worked well

- Beyond our previous recognition of the relative proximity of potentially elevated modern slavery risk relating to staff uniforms and cleaning services, significant procurement activity in both these areas during the reporting period gave us an excellent opportunity to implement due diligence at all stages of the supplier life cycle. As described above, we were able to action these considerations particularly at the pre-contract phase in the direct procurement and tendering processes and effectively integrate them into broader procurement decision-making.
- Rather than concentrating most of the activity described in this Statement towards the conclusion of the reporting period, led by our Modern Slavery Working Group, we developed a month-by-month timeline with specific progress milestones. Overall, this approach helped us to remain largely on-track in completing our initiatives.

Where we think we need to improve

- Although, as described above, we deliberately focused on seeking to engage with suppliers who failed to respond in the last reporting period, the overall response rate of 14% – notwithstanding the incentive of our offer of access to the training module – was a disappointing outcome. We plan to review and refresh our approach to supplier engagement in the next reporting period.
- As noted from the outset of this section, the comprehensive development of an integrated approach to measuring effectiveness response remains unfinished. The development of a specific suite of Key Performance Indicators (KPIs), with both qualitative and quantitative components, and covering all key areas of our modern slavery response framework, will be a top priority for 2024/2025 financial year.

Reporting Requirement #6 and #7:

Consultation with owned and controlled entities, and any other relevant information

All owned/controlled entities (as listed in relation the reporting requirement #2) have been consulted in relation to all key aspects of NGM Group's modern slavery response, including the contents of this Statement.