

Modern Slavery Statement 2024

Respecting Human Rights



About this Statement

This Modern Slavery Statement (Statement) is made in accordance with the *Australian Modern Slavery Act 2018* (Cth) (Act). It applies to and describes the steps taken by Teachers Mutual Bank Limited during the financial year ending 30 June 2024 to identify, manage and mitigate the specific risks of modern slavery in its operations and supply chain.

This statement has been approved by the Board of Directors.

Maree O'Halloran

Maree O'Halloran AM
Chair of the Board of Directors

25 November 2024



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Teachers Mutual Bank Limited acknowledges the Traditional Custodians of Country throughout Australia and recognises their continuing connection to land, waters and community. We pay our respects to them and their cultures; and to Elders both past and present.

Message from the Chair

Maree O'Halloran

At Teachers Mutual Bank Limited, our purpose is banking for good, for those who do good.

As one of Australia's largest mutual banks, we aim to integrate social responsibility into our daily operations. We strive to conduct our business responsibly and ethically and continually evolve our practices and collaborate with like-minded organisations to drive positive change.

We recognise that we have an important role to play in the global goal to eradicate modern slavery and we expect our people and partners to share our commitment. Our commitment to respecting all human rights, as outlined in the Universal Declaration of Human Rights, is formalised in our Corporate Social Responsibility Policy.

This modern slavery statement reflects our progress to date and highlights our commitment as we continue to evolve to address and prevent modern slavery throughout our operations and supply chains.

Maree O'Halloran

Maree O'Halloran AM

Chair of the Board of Directors



Maree O'Halloran, Chair

Our structure, operations and supply chain

Structure and operations

For almost 60 years Teachers Mutual Bank (formerly Teachers Credit Union) has provided key financial services for those working in the education, health, and emergency services sectors.

Today, Teachers Mutual Bank Limited is one of Australia's largest mutual banks with approximately 242,000 members, almost 600 people, one head office and less than 10 other office and branch locations, and has more than \$11 billion in assets. The bank operates five retail brands: Teachers Mutual Bank, UniBank, Firefighters Mutual Bank, Health Professionals Bank and Hiver Bank, and has a controlled entity, EdSec Funding Trust No 1, a wholly owned securitisation vehicle which has no dedicated staff or suppliers.

Our commitment to be a socially responsible bank is verified by third party certification and assessment. For the fourth year in a row we have been named as a Responsible Investment Leader by the Responsible Investment Association Australasia. This assessment recognises commitment to responsible investing and explicit consideration of environmental, social and governance factors in investment decision-making.

Teachers Mutual Bank Limited is a Certified B Corporation, alongside approximately 8,900 other organisations worldwide and is just one of only 57 banks that have obtained this certification. Certified B Corporations meet high standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose.

More information about our business is set out in our [2023-2024 Annual Report](#).

Our Members and Products

As a mutual bank, we are owned by and run for the benefit of our Members. As our Members own the organisation, there is no trade-off between shareholders and customers. Every Member has one equal vote and one share in the business.

We primarily serve the Australian essential worker sector by providing retail banking and financial products and services to those individuals (and their family members) from across the vocations of education, health, and emergency services.

Our Members are Australian citizens or permanent residents of Australia. We focus on personal retail banking. We do not have any operations in foreign jurisdictions.

Our main products are basic deposit products (such as savings accounts, transaction accounts), non-cash payment products (such as cards) and loan products (such as home loans, personal loans and credit cards). We also provide telegraphic transfer and foreign exchange services to our Members. We also arrange for the issuance of general insurance products, such as home and contents, car and caravan, as agent for Allianz Australia Insurance Limited; and life insurance products as agent for Zurich Australia Limited. Our subsidiary, EdSec Funding Trust No.1 is a funding vehicle to obtain liquid funds from the Reserve Bank of Australia.

Our Supply Chain

We procure a range of goods and services from a diverse supply chain. Our supplier arrangements range from one-off purchases with non-contracted suppliers through to multi-year, large value strategic partnerships governed by master agreements. We recognise that each of these suppliers has their own complex web of supply chains.

We understand the opportunity our supply chain provides to create positive impact through diverse sourcing strategies and practices.

Supplier spend is managed in the following categories:

Customer Engagement



Includes marketing and digital services, services supporting our products, digital channels and contact centres.

Corporate Services



Includes office services, logistics, supporting our property footprint, security, travel and entertainment, tools of trade and office supplies, training, recruitment and contingent workforce services and professional services.

Technology



Includes IT, payment processing, telecommunications, computer hardware and software, mobile and terrestrial telephone and data services.

Identifying our modern slavery risks

Modern slavery includes slavery, servitude, forced labour, forced marriage, the worst forms of child labour, debt bondage, deceptive recruiting for labour or services and human trafficking.

We are committed to respecting all human rights as outlined in the Universal Declaration of Human Rights and guided by the 2011 United Nations Guiding Principles on Business and Human Rights (UNGPs). The UNGPs outlines 'the corporate responsibility to respect human rights' and that business may cause, contribute or be directly involved with adverse human rights impacts as a result of business relationships in its value chain.



Our modern slavery risks

We acknowledge that there are risks of involvement in modern slavery across our operations and supply chain through our various roles.

Employer

There is a risk that there could be exploited labour within indirect employment arrangements.

Investor

There is a risk that we could invest in entities with links to modern slavery.

Partner and Sponsor

There is a risk that we could partner, support or donate financially or through advocacy to organisations involved in modern slavery.

Members

There is a risk that some Members may use our products for activities that involve modern slavery. Members may transact to and from certain geographies or by facilitating investment in certain sectors. These could include linkages to modern slavery through entities that may use financial services to launder money derived from modern slavery. We acknowledge that we may also have Members who are vulnerable persons subject to exploitation or exposed to modern slavery risk through personal or work circumstances.

Purchaser of goods and services

There is a risk we could purchase goods or services involved in modern slavery in their creation or provision. This could be impacted by sourcing practices, engaging in one-off purchases and/or the use of non-contracted suppliers. In addition we acknowledge that risks in our supply chain may be higher where we procure goods and services that are manufactured in, or use raw materials from, industries and/or countries that are at a higher risk for modern slavery.

Our actions to address modern slavery risks

The Bank employs a system which streamlines oversight of third party relationships. This assists in monitoring, accessing, and managing risks from third-party suppliers. It streamlines oversight of supplier relationships, establishes measurements, and supports processes to quickly understand, prioritise, and manage risks.

Over the reporting period, we have clarified executive ownership and relationship managers for each of our third-party suppliers in order to strengthen visibility of third-party practices.

We continue to assess our operations, supply chain and investment portfolio to improve our understanding of modern slavery risk. There were no actual or suspected instances of modern slavery identified during this reporting period.

As with previous reporting periods, we engaged FairSupply to identify our exposure to modern slavery in the supply chain. FairSupply employs a proprietary algorithm and data-analysis system. The system's methodology maps the supply chain up to 10 tiers of inputs. Tier 1 in the supply chain represents the supplier with whom we have a direct relationship. Tier 2 represents the suppliers of our Tier 1 supplier, and Tier 3 represents the suppliers of Tier 2, and so on.

The methodology provides an estimate of modern slavery risk in our supply chain based on industry type, country of tier 1 supplier and our relative spend/invested amounts. This provides an indication of industries that are more likely to be at a greater risk of modern slavery. This likelihood is reflected in an overall 'slaves per million dollars' and is known as the Total Relative Slavery Risk Rating.

The risk rating illustrates where further due diligence is required. Suppliers and Investments with higher 'slaves per million dollars' spent are identified as those that hold the greatest modern slavery risk.



Supply Chain

In FY2024, we procured goods and services from 526 suppliers, ranging from very large, established corporates critical to our business operations, to those that provide us with low value, infrequent products and services. Our supply chain includes 31 suppliers domiciled offshore, the majority of which are in the USA. In total 95 percent of our spend is with 33% of our suppliers. The risk assessment was undertaken by FairSupply on all 526 unique suppliers, including all the overseas suppliers.

The risk assessment enabled us to examine the risks hidden within our supply chain. FairSupply's methodology (which uses five risk ratings of High, Moderate High, Moderate, Moderate Low and Low) indicates that 92% of our suppliers can be classified as low risk with the highest likelihood of slavery in the supply chain occurring in Australia.

Figure 1.
Depicts modern
slavery risks by tier
of supply chain



The risk assessment further identifies the comparative population of people working in slavery or slavery-like conditions within our supply chain. It indicates that tiers 1 and 2 is where the greatest risk of slavery may exist and where we will continue to prioritise due diligence for FY2025. The theoretical slavery footprint is an estimate of probable slaves associated with the value spent, industry and country throughout the supply chain.

In FY2025, we will strengthen our efforts to address modern slavery practices within our supply chain by further enhancing our controls and assessment capabilities through use of a market-leading data provider and industry-available data. We are committed to on-boarding partners who share our dedication to combating these issues.



Investment Portfolio

In this reporting period we also undertook a risk assessment of our investments through FairSupply. As with the previous period, the analysis indicated that the highest likelihood of slavery in our investment supply chain is occurring in Australia. It also indicated that tier 2 is where the greatest risk of slavery may be found. The proprietary methodology tracks slavery-tainted dollars throughout the global economy. The slavery risks identified may exist at any point within the tiers assessed. It provides the basis for further due diligence to be performed on these high-risk priority areas.

Figure 2.
Depicts modern
slavery risks by tier
of investments



Enhanced due diligence is regularly undertaken on our investments. We aim to assess and select new investments against our ESG Exclusion criteria and a review of the organisation's commitment to eradicate modern slavery practices.

Due diligence in our supply chain

New and Existing Supplier Screening

We are aware the risk of encountering modern slavery practices in our operations lies where we do not have direct management control and supervision. This may include contractors or suppliers who provide staff (amongst others, in cleaning, security or catering).

We have a Vendor Governance Framework (VGF) in place. The VGF establishes our process to identify, assess, manage, mitigate and report material corporate social responsibility (CSR) risks in our supply chain.

A review of our vendor governance processes has identified the following areas for improvement in FY25:

- Incorporation and use of industry data and data tools within our processes which will better identify areas for improvement with our suppliers and supply chain more broadly. The expectation is that these data tools will replace administrative requests such as ESG questionnaires;
- Introduction of a Supplier Code of Conduct which will clearly set out our expectations regarding modern slavery for our suppliers; and
- Oversight of supplier governance and the extended supply chain which will take into account the third-party and fourth-party practices for our key suppliers.

Addressing High and Medium Risk Suppliers

Our higher risk supplier types include cleaning, security and building contractors. In engaging these contractors, we take steps to ensure that work is only undertaken by the contracted entity and is not further outsourced. This includes ensuring that: the contracted entity has undertaken an occupational health and safety prequalification (where relevant); has appropriate insurance for the state in which they are providing services; all staff engaged are employed directly (not through subcontractors, unless specialised services are required and we are made aware of this); and have appropriate rights to work within Australia. Where deemed necessary, we will also request proof of wage payments and conduct police checks.



Contractor Management

We use an online contractor management, prequalification, and compliance solution. This pre-qualifies contractors, performs checks including reputation, licences and insurances. This also provides a site orientation and specific induction and training, as well as a record of these activities.

Risks and due diligence in our lending operations

We embed environmental, social and governance (ESG) matters in our lending and investment practices, and include within our Treasury Credit Risk and Lending Risk Policy. This includes those that have a higher risk of exposure to modern slavery practices. We aim to not lend to, or invest in, sectors such as gambling, fossil fuels, logging or nuclear power. We also aim not to use Member's deposits to directly lend to, buy equity or debt in, any large-scale greenhouse polluting activities from fossil fuel exploration, extraction, production and use.

Tackling financial crime

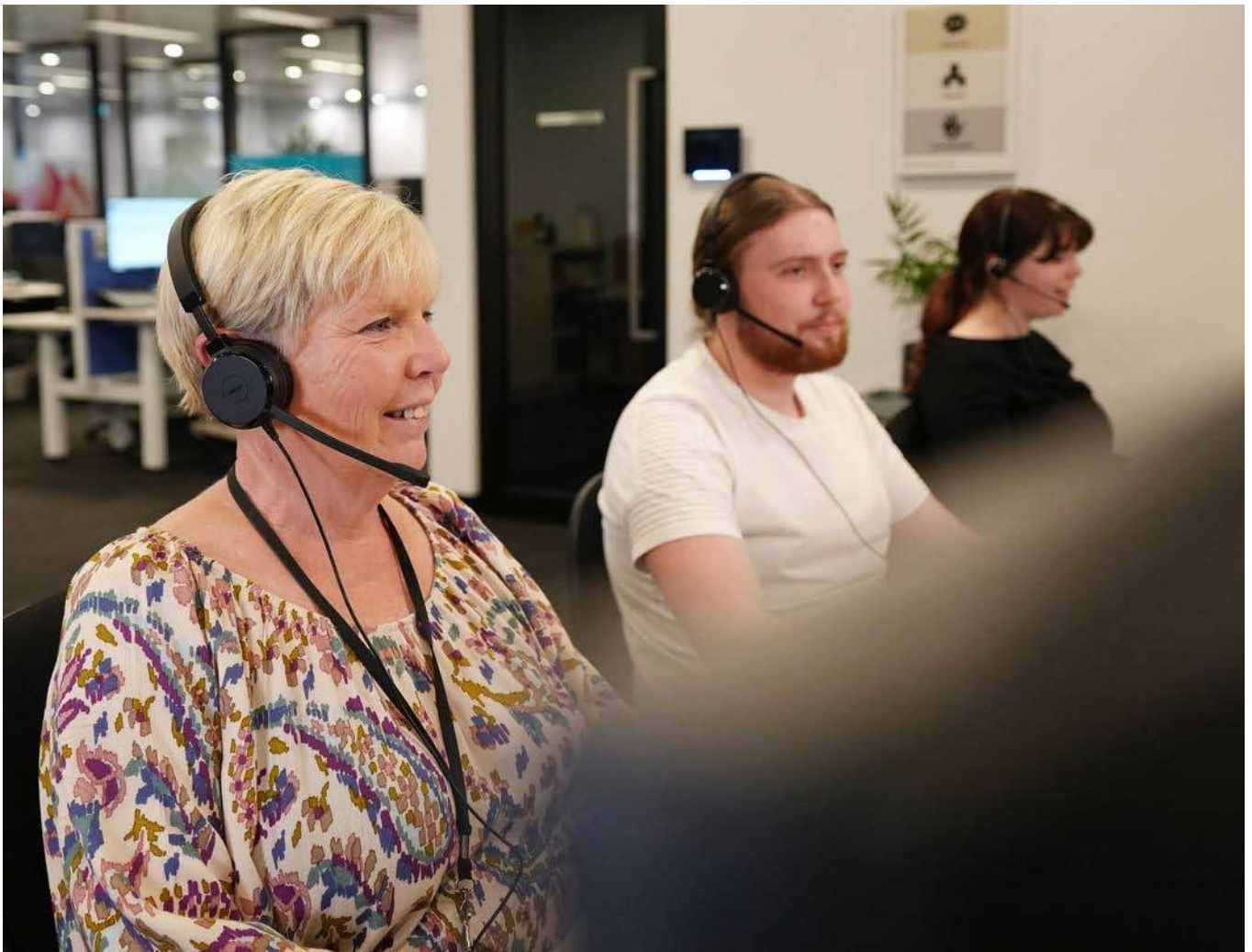
Modern slavery practices are crimes and the perpetrators are likely to seek to launder the proceeds through the financial system to legitimise them. We leverage intelligence, analytics, investigations and partnerships with other financial institutions and regulators to identify, mitigate and deter financial crime. We have processes that analyse the types of activities that are likely to be indicative of modern slavery practices.

We are aware that child sexual exploitation (CSE) is among the worst forms of modern slavery and that this activity can involve victims and perpetrators in any jurisdiction including Australia. Payment for this activity takes a variety of forms. We have engaged with partner agencies to discuss current typologies thus enabling us to better profile and detect payments that may relate to CSE, and have client transaction monitoring practices targeted specifically at this behaviour. We adhere strictly to our reporting obligations under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* in order to enable law enforcement to take any action it deems necessary.

Raising awareness and training

We aim to educate our people to identify, mitigate, manage and report on modern slavery risks in their roles. Training is delivered through an online module as part of our work to build internal awareness and capability. The training provides education on the various forms of modern slavery, the cost and impact on individuals, businesses and the wider

community, business activities and industries where modern slavery practices are prevalent and provides practical examples on addressing modern slavery risks. The training also provides information on our obligations under the Act, and is in line with the annual production of this Modern Slavery Statement.



Grievance mechanisms and remediation

We aim to identify, prevent, mitigate and account for our adverse human rights impacts. We are committed to providing for or cooperating in remedy when appropriate. We provide mechanisms through which grievances can be raised.

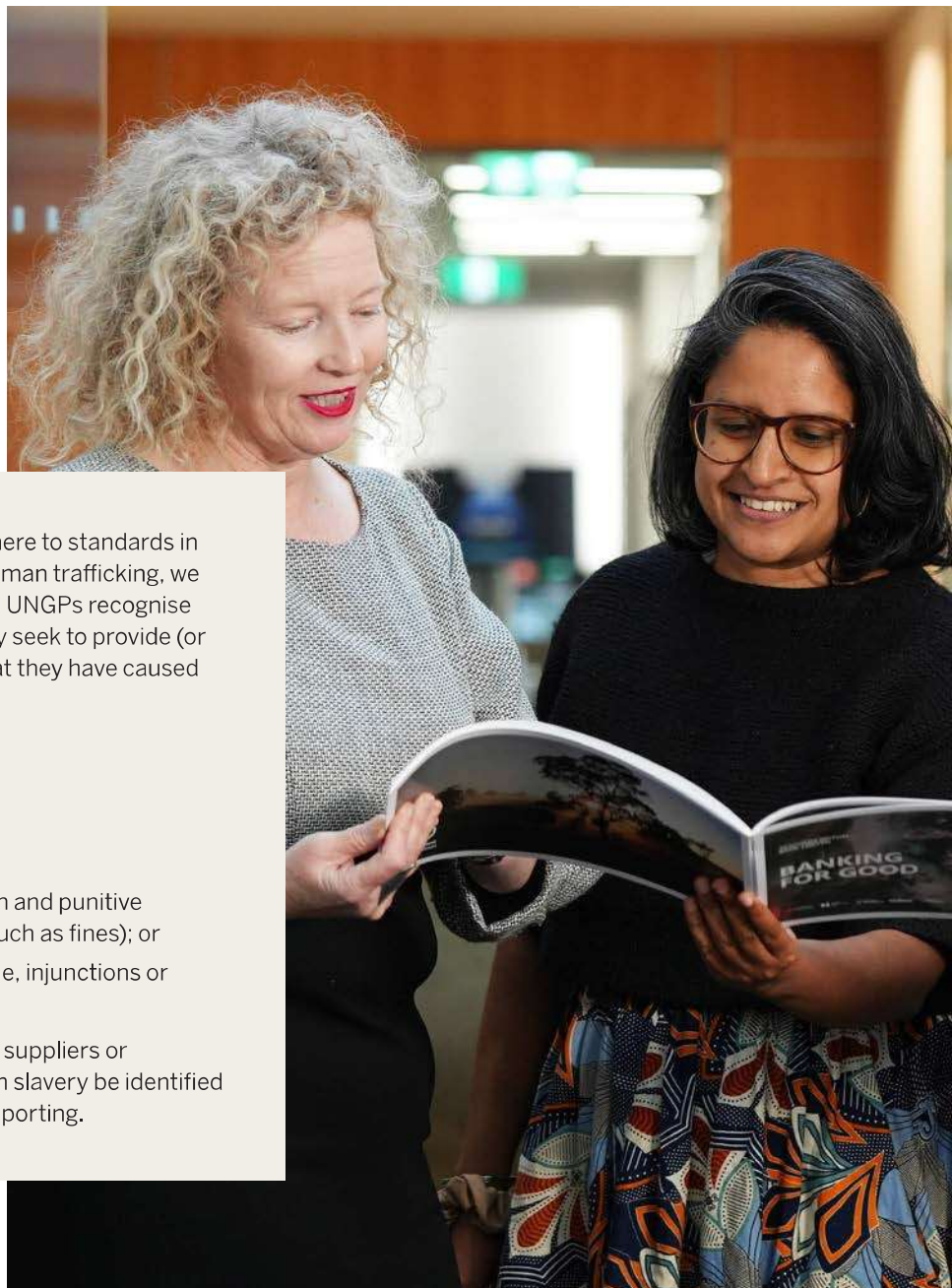
Concerns and instances in which modern slavery practices are occurring or is suspected, breaches in labour or human rights or non-compliance with our policies can be raised through our complaints and dispute resolution process or our Whistle-blower Policy.

Where there is evidence of a failure to adhere to standards in preventing acts of modern slavery and human trafficking, we choose to engage, rather than divest. The UNGPs recognise different remedies that organisations may seek to provide (or cooperate in providing) if they identify that they have caused or contributed to human rights harm.

These could include:

- Apologies;
- Restitution;
- Rehabilitation;
- Financial or non-financial compensation and punitive sanctions (criminal or administrative, such as fines); or
- Prevention of harm through, for example, injunctions or guarantees of non-repetition.

A remediation plan will be developed with suppliers or investments should an incident of modern slavery be identified for ongoing tracking, management and reporting.



Policies and Frameworks

Conducting business ethically and responsibly is fundamental to how we operate. Our behaviour is underpinned by our values, which includes our commitment to ethical business. Policies and processes which outline our expectations include:

Policy/Process Document	Purpose
AML – CTF Program	Sets out how we comply with our legislative obligations for anti-money laundering and counter-terrorism financing.
Code of Conduct	Outlines our commitment to treat others with respect, dignity and fairness, and ensuring a safe and healthy work environment for all employees, contractors, visitors, members and customers.
Complaints and Dispute Resolution Policy	Outlines our approach to complaints handling. We are committed to working with complainants to understand their issue and providing an appropriate outcome.
Corporate Social Responsibility Policy	Outlines our approach to ethical business and social responsibility practice and how we deliver on our responsibilities and commitments. It includes our commitment to respecting human rights, and specifically the rights of our employees, our members, and our communities.
Customer Owned Banking Code of Practice	Sets standards of good practice for customer owned banks.
Human Resources Policy	Governs employment and personnel matters, including our commitment to ensuring appropriate remuneration and benefits for employees and contractors, and providing a workplace free of discrimination and harassment.
Vendor Governance Committee Charter	Outlines oversight of policies, procedures and tools.
Vendor Governance Policy	Outlines management of the supply chain (including suppliers, third parties, and partners) and related contracts, performance, relationships and risks.
Vendor Governance Framework	Outlines the monitoring procedures used to manage operational risk associated with third party arrangements.
Vulnerable Persons Policy	Outlines our approach to supporting vulnerable persons.
Whistleblower Policy	Outlines our approach to the reporting of unethical, corrupt, illegal or undesirable conduct and to ensure that those who do report can do so safely, securely and with confidence that they will be protected and supported by us.

Governance

Our Board has ultimate oversight over our actions to address the risk of modern slavery practices within our business and our partnerships with suppliers. The Board approves and fosters an appropriate corporate culture consistent with our values. The Board Risk and Compliance Committee, a subcommittee of the Board, monitors and reports on our progress in tackling modern slavery practices in our operations. Day-to-day responsibility and execution of actions, such as engaging with new suppliers and ensuring adherence to our policies and procedures, is led by our management team.

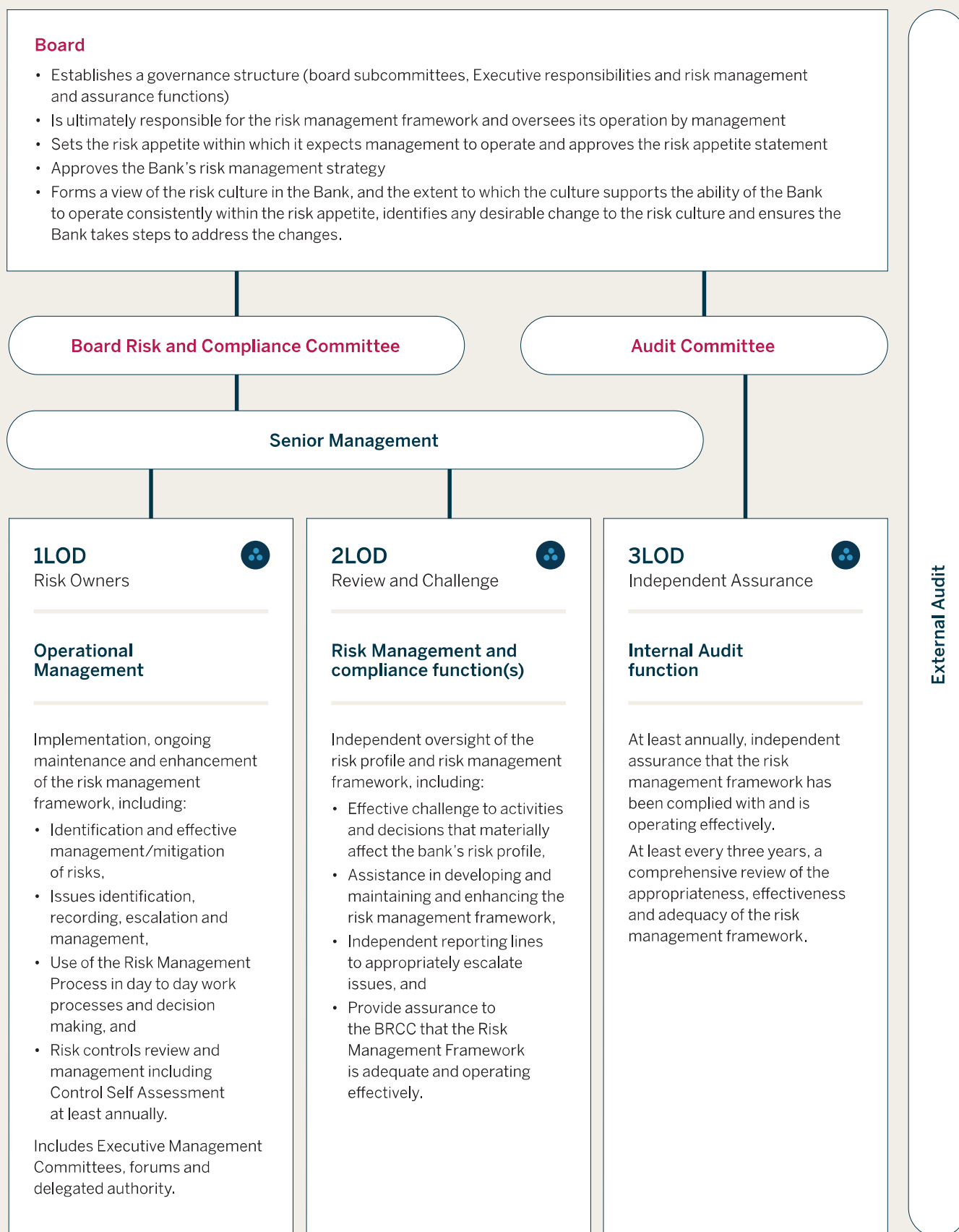
Risk Management Framework

A strengthened 'Three Lines of Defence' (3LOD) model actively manage risks. The Risk Appetite Statement is cascaded throughout the business, is monitored and reported within the 3LOD model which is described as:

Line of defence	Responsibility
First	Line 1 Business management The primary area responsible for risk management. It lies with the business – the area where the risks are generated and managed
Second	Line 2 Risk Management Responsible for risk advice, control and challenge. It provides the analytical insight, oversight and challenge, and assurance that business decisions reflect the Board's risk appetite and
Third	Line 3 Internal Audit function Providing independent review and assurance

The Bank's Risk Management Framework illustrates the structure within which the Bank identifies, measures, evaluates, monitors and reports risk.

Figure 5.
Risk Management Framework



Assessing the effectiveness of our actions

We are committed to continually improving our approach to modern slavery and advancing human rights. We acknowledge that measures of effectiveness are critical to assist in informing appropriate actions to address our risks.

We identify appropriate action based on the following principles:

Prioritisation



We place a focus on where the greatest risks of modern slavery are identified in our operations, lending, supply chain and investments.

Leadership



We use our industry influence to spread knowledge and drive greater advancement in managing modern slavery risks.

Collaboration



We work with like-minded organisations and stakeholders to continually learn about and reduce the risk and occurrence of modern slavery.

We are committed to continuous learning and innovating our approach to proactively mitigate and address the risks of modern slavery in our value chain

APPENDIX 1

Overview of reporting entities

Teachers Mutual Bank Limited is the ultimate parent company and its controlled entity is EdSec Funding Trust No 1.

The EdSec Trust No1 is a wholly owned securitisation vehicle and has no dedicated staff or suppliers.

APPENDIX 2

Australian Modern Slavery Act Mandatory Criteria

This Statement was prepared to meet the mandatory reporting criteria set out under the Australian Modern Slavery Act. The table below identifies where each criterion is addressed within this statement.

Australian Modern Slavery Act mandatory criteria	This statement
Identify the reporting entity.	• About this statement – page 2
Describe its structure, operations and supply chains.	• Our structure, operations and supply chain – page 5
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls.	• Identifying our modern slavery risks – page 8
Describe the actions taken by the reporting entity and any entities that the reporting entity owns or controls to assess and address these risks, including due diligence and remediation processes.	• Our actions to address modern slavery risks – page 8 • Grievance mechanisms and remediation – page 13
Describe how the reporting entity assesses the effectiveness of these actions being taken to assess and address modern slavery risks.	• Assessing the effectiveness of our actions – page 17
Describe the process of consultation with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity giving the statement).	• Appendix 1 Overview of reporting entities – page 18
Any other relevant information.	• Message from the Chair and CEO – page 4



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