

Industrial and Commercial Bank of China Limited, Sydney Branch

Modern Slavery Statement

This statement is prepared and published in accordance with section 13 of the *Modern Slavery Act 2018* (Cth) (the “**Act**”). This statement sets out the measures taken by Industrial and Commercial Bank of China, Sydney Branch (**ICBC Sydney**) and all of Australian Branches in preventing modern slavery and human trafficking in its business and supply chains, for the year ended 31 December 2020.

Introduction

Industrial and Commercial Bank of China Limited, Sydney Branch, ARBN 086 866 506 and all other sub-branches operating under the Sydney Branch, including Perth Branch, Melbourne Branch and Brisbane Branch (hereinafter collectively referred to as “**ICBC Sydney**” or “**We**”) is a Foreign Authorised Deposit-Taking Institution carrying on business in Australia, providing financial and banking services to our clients.

ICBC Sydney is a foreign branch of Industrial and Commercial Bank of China Limited, a Chinese corporation based in Beijing, China, listed on both Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited.

ICBC Sydney is a “reporting entity” for the purposes of the Act.

We are committed to the combating of the growing problem of modern slavery, human trafficking and child labour. We believe that the crimes of modern slavery are a fundamental violation of human rights and we take our duty and responsibility seriously with regards to the risks we may encounter in our operations, our stakeholders, our clients, our partners and our suppliers.

Our Structure and Operations

ICBC Sydney, including all its sub-branches, has total assets of AUD 26.7 billion and 154 employees. Our core businesses in Australia include corporate banking, institutional banking, structured financing, trade financing, payment platforms, treasury operations and clearing.

ICBC Sydney does not own or operate any subsidiaries in Australia.

Our Supply Chains

ICBC Sydney has several supply chains that underpin our operations in Australia. Most directly, this includes our employment of local staff and engagement of local suppliers, such as for back office suppliers, IT operations, catering and services. The main type of goods and services we procures are marketing services (including brand promotional materials), IT services (including hardware, software, telecommunication solutions and online services), local facilities services (including leasing, office occupancy, and business contingency services) and professional consultancy services (including legal, advisory and external audit services). Our suppliers are mainly located locally in Australia.

Our Values

We are committed to serving common interests of various stakeholders in economic and social development, promoting sustainable economic development and social progress, developing core values such as “Integrity, Humanity, Prudence, Innovation and Excellence”, and maximising comprehensive value to economy, environment and society. Based on our “zero-tolerance” compliance principle, we conduct our business in compliance with all legislative and regulatory requirements and do not tolerate any



crimes in our operations or supply chains, including slavery, human trafficking and child labour.

Identifying the Risk in Our Operations and Supply Chains

We have identified a number of areas within our operations and supply chain that pose higher modern slavery risks and exposures. In high risk procurement areas, we undertake a formal assessment before entering into contractual relationships with the identified contractors or suppliers. The high risk procurement areas we have identified include:

- IT hardware;
- marketing collateral (including branded clothing and products);
- building services, including office cleaning suppliers and office cleaning supplies manufacturers;
- stationary manufacturers and suppliers; and
- any other procurement area determined by the AML/Compliance Sub-Committee to be high risk.

Our company officers appointed to key senior management positions must have sufficient qualifications and experience to enable them to effectively contribute to the management of modern slavery risk and governance with third-parties in the above-mentioned procurement areas. Moreover, as stipulated under our Modern Slavery Policy, which is currently in the process of being implemented, all procurement contracts are required to include a modern slavery risk clause with specific prohibitions against the use of forced, compulsory or trafficked labour, or anyone held in slavery or servitude. We expect all our third-party contractors and suppliers to have fully implemented policies and procedures regarding the prevention of modern slavery in their business and supply chains.

Due Diligence

Being in the wholesale banking and financial services industry, we recognize the risk of modern slavery with our current and prospective customers. Our Compliance Department is responsible for the management and prevention of such risks through the operation of our AML/CTF Program. Before on-boarding of a customer, we conduct a thorough KYC process, including the gathering of negative news and conducting a background investigation to ensure our customers are not associated with modern slavery-related crimes. Our customers' profiles are reviewed periodically and screened through various sanction lists. We reserve the right to terminate the customer relationship if we discover or suspect modern slavery practices through our due diligence process. We will report issues to the regulator where required.

Moreover, with the operation of our Modern Slavery Policy, we will continue to conduct due diligence with regards to our supply chains and our employees to ensure a modern slavery-free environment and operations, both internally and externally.



Our Approach on Preventing Modern Slavery

As modern slavery risks may be encountered by business units in ICBC Sydney, we have designed and implemented an overarching framework for all business units to enable them to manage, mitigate and eliminate modern slavery risks.

The oversight and responsibility for managing modern slavery risks sits with our General Manager, also being a member of our Risk Committee. The responsibilities in relation to modern slavery risk management and governance have been assigned to various internal ICBC Sydney departments, including Compliance, Human Resources, Procurement and Customer Screening. The head of each department is responsible for the specific risk associated with the department and ultimately reports on risk management to the General Manager. Any material monetary, reputational or other risk that may arise is escalated to the General Manager, where considered appropriate by the Risk Committee of ICBC Sydney.

We have used the above framework during the reporting period in order to both assess and address our modern slavery risks. By using various risk management approaches, we are able to better prepare our organisation to respond to future modern slavery risks.

In addition to the above, we also seek to address its modern slavery risks through continuous training. Staff training is an important mechanism for ICBC Sydney to raise awareness of modern slavery risks. Before and during the reporting period, we required all existing staff to complete mandatory initial and ongoing training on anti-money laundering and counter terrorism-financing, anti-corruption and bribery, sanctions, whistleblowing, code of conduct (including modern slavery) and other relevant financial crime areas on regular basis. We also conduct ad-hoc training regularly for all related business units based on the industry trends and alerts.

Effectiveness of Our Policies on Modern Slavery

Our internal policies reflect the principles that govern how ICBC Sydney manages its risk in all business areas. We require compliance with all internal policies to ensure we operate our business in accordance with applicable legislation, regulations and regulators' directions.

We have adopted the "three lines of defence" model for our internal risk management. The model ensures there is accountability where each line of defence owns and manages a particular risk, oversees such risk and provides independent assurance. Under the three lines of defence model, we are able to promote the principle of responsibility and accountability and to ensure all employees clearly understand their roles in relation to risk management, and ultimately combating modern slavery.

We consider the following policies and procedures are effective in controlling our modern slavery risk:

- **Code of Conduct** sets out the governing principles regarding our operations as a whole, and on each individual employee. This Code describes the conduct expected by ICBC Sydney of its employees. It is designed to help all employees make informed choices about their own behaviour and to communicate our core values of teamwork, integrity and performance.



- The **Compliance Manual** provides all staff with a reference regarding the compulsory legal and statutory requirements which ICBC Sydney and employees have to comply with when conducting business, and the internal rules and procedures of our internal governance.
- The **Standard AML and CTF Program Part A and Part B** requires the identification of money laundering and terrorism financing risk and the implementation of necessary procedures and controls to manage and mitigate the risk that ICBC Sydney may reasonably face including money laundering, financing of terrorism and modern slavery. The AML/CTF Program also prescribes a compulsory, on-going customer and transaction screening process to ensure we are able to identify modern slavery risk during interactions with its clients and staff.
- **Whistle Blowing Guidelines** facilitate early detection and rectification of misconduct of our employees where there has been a violation of laws, regulations, our policies or other applicable rules. The guideline strengthens the internal framework, restores integrity and behaviour and protects the officer or employee who reports the conduct.
- The **Outsourcing Policy** applies to outsourcing arrangements entered into by ICBC Sydney, whether in Australia or overseas. It applies to outsourcing arrangements with related companies as well as third parties. It applies to outsourcing arrangements which involve business activities and types of services that are material in nature. Together with the **Modern Slavery Policy**, we are able to mitigate its modern slavery risks with its contractors and suppliers.
- The **Remuneration Policy** establishes a formal remuneration framework which outlines the remuneration objectives of ICBC Sydney. In essence, the policy is designed to encourage employee behavior that supports our long term financial soundness and the risk management framework of the branch. The policy also ensures a level of equity, fairness and consistency across the ICBC Sydney.

In order to ensure that our approach is effective, we will periodically audit our supply chains and internal process to assess effectiveness of our controls mitigating modern slavery risks and to address any weaknesses. Such assessments will be made in consultation with various internal stakeholders, as well as our suppliers.

Our Future Outlook in Combating Modern Slavery

We strive to increase employee awareness on modern slavery and human trafficking risks. Therefore, we will continue to engage with all our employees, clients, partners, contractors and suppliers to manage and mitigate the risks within our operations and supply chains and enhance employment practices that relate to modern slavery if and when required.

Through the implementation of our Modern Slavery Policy, we will continue to assess any outsourced products and services to ensure our policy objectives and outsourcing contracts are being enforced and the highest standards are upheld. We will continue to monitor our approaches in combating modern slavery.

We recognise modern slavery risks are on-going and constantly evolving, as such we continue to advance and enhance our processes in order to have effective risk management controls over such risks.

Our consultation process

We consulted relevant parties in the preparation of this statement, including Sydney Branch and its sub-branches.

Approval

This Statement has been approved by the Senior Officer Outside Australia (SOOA) in his role as the principal governing body of ICBC Sydney on 28 June 2021.



Signed by Mr Weiwu Zhang

Senior Officer Outside Australia