



2021

**Modern Slavery
Statement**

**Building a
stronger future
for our members**



2021

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About IMB

Established in 1880, IMB Bank has been helping people achieve their financial goals for over 141 years.

This statement is made in accordance with the *Modern Slavery Act 2018 (Act)* and applies to IMB Ltd trading as IMB Bank (IMB Bank), Hunter United and The Shire ...Local Banking (**IMB, our, we, us**) and its subsidiaries (collectively, the **IMB Group**) for the financial year ending 30 June 2021. It sets out the steps taken by the IMB Group during the year to prevent slavery, servitude, forced and compulsory labour and human trafficking in its enterprise and supply chain. This is the second such statement the IMB Group has published.

Our purpose

IMB provides simple authentic member-owned banking that helps our members and communities be better off.

Our values

IMB's values reflect the way we do things. They are our guiding principles by which we run the business and conduct ourselves in all interactions with our stakeholders.

They comprise:

- Demonstrating integrity
- Showing respect
- Valuing performance
- Focussing on our members
- Striving to offer solutions.

We know that we must continuously enhance our policies and procedures to ensure that they deliver on our mutual values and meet the high standards expected of us by our members and the community.

We are committed to respecting all human rights as outlined in the Universal Declaration of Human Rights and specifically the rights of our members, employees, and wider community. In upholding the IMB Bank Values, IMB rejects all forms of slavery, servitude, forced and compulsory labour and human trafficking (**modern slavery practices**) in our enterprise and supply chains.

About us

IMB Ltd trading as IMB Bank (ACN 087 651 974, AFSL 237 391, Australian Credit Licence 237 391), the parent company of the IMB Group, is headquartered in Wollongong, NSW. IMB Bank is a financial services organisation regulated by APRA, ASIC and AUSTRAC and is a member of the Customer Owned Banking Association (**COBA**), an independent organisation representing mutual banks, building societies and credit unions. As a mutual organisation, IMB Bank is owned by and run for the benefit of its customers (who are its “members”).

IMB Bank has a number of subsidiaries, however none of these entities are reporting entities under the Act. They are: IMB Securitisation Services Pty Ltd ACN 104 474 179 which provides securitisation trust manager services, IMB Community Foundation Pty Ltd ACN 091 472 178, IMB Funeral Fund Management Pty Ltd ACN 003 238 542, and IMB Financial Planning Limited ACN 094 730 195 which are both dormant entities with no business operations. These entities are 100% owned and controlled by IMB Bank.

As a member of the IMB Group, each subsidiary relies on the parent, IMB Bank, for the resources it requires to undertake its day-to-day operations. IMB Bank provides or procures all goods and services each subsidiary needs, including meeting any personnel requirements. No subsidiary procures goods and services for itself. They rely on IMB Bank to do this and therefore, their supply chains are effectively IMB Bank’s supply chains.



**52 branches in
NSW, ACT & VIC**



**Over 600
employees**



**200,000
members**

Our banking activities

IMB Bank provides a full range of banking solutions: home and personal lending, savings and transaction accounts, term deposits, business banking as well as a selection of third-party issued insurance and travel products. IMB Bank’s lending activities include the provision of overdrafts, car loans, personal loans, home loans, residential investment loans and equity lines to individual members. We also provide commercial lending to business members to purchase commercial property or equipment and manage cash flows. IMB Bank has approximately 207,000 members consisting of both individuals and business entities, who are primarily located in the Illawarra, Sydney, NSW South Coast, Hunter region, the ACT and Melbourne. IMB Bank does not have any operations established outside of Australia.

IMB Bank directly employs approximately 630 employees. IMB Bank operates through a network of 52 branches located in New South Wales, the ACT and Victoria. Members have access to internet, mobile and phone banking 24/7 and can obtain telephony and digital services through IMB Bank’s contact centre, which is also located in Wollongong, NSW. IMB Bank also has a team of mobile lending and business banking specialists who provide services to members.

Other operational activities include the provision, production, processing, and delivery of products and services, making financial investments, leasing of property, marketing and sales related initiatives.

Giving back to the community

Despite disrupted scheduling, IMB Bank continued to fund not-for-profit projects and local enterprises that make our communities stronger, safer, more sustainable and more inclusive.



\$10.5m
worth of grants
since 1999

IMB Bank, through the IMB Bank Community Foundation (ICF), has pledged over \$10.5 million in support of over 750 community projects in NSW, the ACT and Victoria over the last 20 years. All recipients of ICF funding are incorporated and permanently established in IMB Bank's areas of operations within Australia. The ICF has a key focus on projects that demonstrate tangible benefits for local communities to facilitate positive change at a grass roots level. During the reporting period, the IMB ICF application and assessment criteria was updated to ensure that any projects successful in gaining grants share IMB's values and reject any form of modern slavery in their operations.


As was the case in 2020, IMB's sponsorship schedule in 2021 was impacted by the COVID-19 pandemic. Despite this, our sponsorship calendar continued to feature several highlights including numerous local community enterprises such as incorporated clubs and associations and charities.



Our suppliers

IMB Bank is a large purchaser of goods and services required for our enterprise and has a supply chain made up of approximately 200 suppliers with a value of approximately \$40m in the reporting period. We have policies and procedures that enable IMB Bank to partner closely with our direct suppliers to understand their supply chain practices. Our supply chains are mostly local with approximately 90% of suppliers operating within Australia. Approximately 10% of suppliers operate in the United States with the remainder operating from the United Kingdom, New Zealand, Singapore and the Netherlands.

IMB Bank's major suppliers are engaged on a fixed term basis typically ranging between 1 and 5 years. They provide us with goods and services in the following sectors:



Customer engagement which includes marketing and digital services and services supporting our products and digital channels;

Business services which include logistics, services supporting our property footprint, document management services, printing services, construction of new buildings and fit out of existing sites, security, tools of trade and office supplies, cleaning, training, recruitment and contingent workforce services and professional services (including corporate services, independent auditors, actuarial services and legal services);

Banking services which include services for payments processing, online payment services (including real-time card-based payments), bulk electronic direct credit or debit transactions, ATMs, cheque representation, fraud and online account opening;

Lending Services which include property valuation, credit reporting checks, settlement related services, debt collection systems, and online lending platforms; and

IT and telecommunications which include cybersecurity infrastructure, data security, cloud storage, internet banking hosting, software, and hardware equipment.

IMB Bank seeks to engage with suppliers that act in a manner consistent with the IMB Bank values, including in relation to modern slavery and human rights. Our Suppliers Code of Conduct, which is provided to every supplier we seek to do business with, outlines how we expect our suppliers to act, including:

- Demonstrating a commitment to human rights and fair employment practices;
- Providing fair remuneration and work conditions to all workers including equal pay for equal work;
- Ensuring all work is freely chosen – without the use of forced, bonded or involuntary labour; and
- Ensuring workers are of legal age and preventing any form of child labour.

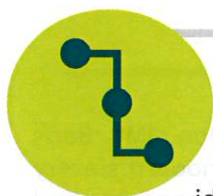
Risks of modern slavery practices

In 2020, IMB Bank conducted its first assessment of modern slavery risks in IMB's operations and supply chain, focusing on 'risks to people'. IMB Bank considered the areas in which we could potentially cause, contribute to, or be directly linked to, modern slavery through our operations and supply chain. We then rated the potential risk of modern slavery as low, moderate and high.

In 2021 IMB enhanced its risk assessment by engaging an independent consultant to assess IMB's supply chain and investments beyond tier 1.

As a financial services provider, IMB Bank's overall risk of modern slavery within IMB Bank's direct business operations continues to be low. However, IMB Bank recognises that it can be indirectly exposed to these risks, for example through its supply chain or customer relationships.

IMB Bank has identified 4 key categories where there are risks of modern slavery practices in our operations and supply chain.

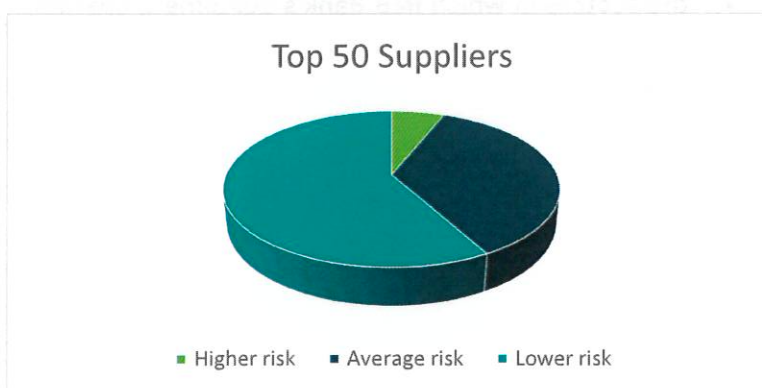


Our suppliers

In 2020, IMB Bank conducted an initial modern slavery risk assessment of its direct supply chain. To build on this initial assessment, IMB identified a need to undertake a more extensive mapping of our supply chain beyond tier 1. During the reporting period, IMB Bank engaged a specialist consulting firm, who conducted a risk assessment of our supply chain using risk-assessment software in conjunction with its specialist and industry knowledge.

The majority of our suppliers are located in or have Australian operations within lower risk industries. The external risk assessment confirmed IMB's offshore suppliers are typically providers of information technology software and hardware and are located in the United States, Singapore and United Kingdom, highlighting that beyond tier 1, the highest risk of IMB's theoretical modern slavery footprint is in Asia and Indonesia. IMB has therefore assessed the risk that IMB Bank causes, contributes to or is directly linked to modern slavery through its direct supply chain to be **moderate**.

The external risk assessment covered the majority of IMB Bank's first tier suppliers and reviewed the supply chain up to tier 10. Our top 50 suppliers were broken down into higher, average and lower risk categories, representative of the potential for modern slavery within the supplier's own business and supply chain. This graph shows the breakdown of IMB Bank's top 50 suppliers considering both industry risk and total spend. This assessment has allowed us to prioritise due diligence processes by considering the risk of modern slavery for specific suppliers.



The external risk assessment also identified the following areas in our indirect supply chains where modern slavery risks are most likely to arise:

- Australian computer and technology services – security and investigation & services to finance and investment; and
- Australian business services.

100% of IMB Bank's workforce live and work in Australia and operate in highly skilled roles. IMB Bank has minimal reliance on temporary or labour-hire employees engaged through agencies. When such

workers are engaged, they are placed into professional or highly skilled roles. IMB Bank utilises reputable agencies with a demonstrable commitment to protecting against modern slavery and all such individuals are employed under an Australian workplace contract after meeting IMB Bank's standard background and screening processes. Before entering into agreements with agencies, IMB conducts due diligence and negotiates appropriate anti-modern slavery clauses to ensure the agencies share a consistent approach in relation to preventing modern slavery practices.

IMB Bank has therefore assessed the risk of modern slavery occurring through our employment practices to be **low**, and considers that it has well-established systems and controls to manage this potential risk.

Our people



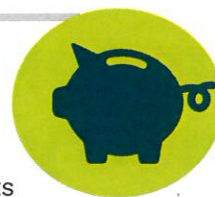
Our members

As a financial services organisation, IMB Bank accepts that it may be linked to modern slavery practices through the financial services and loans we provide to members. IMB Bank has assessed that there is a **low to moderate** risk of IMB Bank contributing to or being directly linked to modern slavery through its dealings with members. This is due to factors such as:

- the size and composition of IMB Bank's member base which is made up primarily of individuals, the majority of whom live and work in close proximity to IMB's physical footprint in Australia;
- the limited services IMB Bank provides with respect to cross border transactions;
- conservative credit policies which do not permit for example, complex lending structures, lending for offshore investment, or lending for mining or large-scale construction and development;
- the high levels of scrutiny applied through onboarding and monitoring of business clients;
- the assessment of IMB Bank's exposure to money laundering and terrorism financing; and
- the sectors in which IMB Bank's customers operate.

Given IMB Bank's purpose and operations, it has a large investment portfolio for the benefit of its members. IMB directly manages its own investment activities and has not appointed any external fund managers to make investments on its behalf.

Our investments



IMB Bank's investment policies are relatively limited in the activities and types of investments it permits and are established to enable IMB to comply with its prudential obligations with respect to investment risk and liquidity requirements. Investments are typically placed in other rated and unrated Australian ADIs, government entities and rated corporate entities. Investments are in the form of term deposits, treasury and bank bills, bonds, and notes. IMB Bank does not have share portfolio investments and any property investments are premises from which IMB operates its retail branch network. Further information on our approach to investing is set out in our Annual Report.

The external risk assessment identified IMB Bank's investments ranked from highest likelihood of modern slavery to lowest, based on the estimated total number of slaves in the supply chain of each investment. This highlighted that there is a relatively low risk that IMB Bank causes or contributes to modern slavery practices through its investments. IMB Bank has assessed the risk of IMB causing or contributing to modern slavery through its investment activities as **low**.

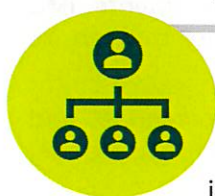
In the future, IMB aims to produce targeted training for key investment personnel and incorporate modern slavery risks into the development of IMB Bank's broader Environmental, Social, and Governance (ESG) framework.



Our approach to tackling modern slavery practices

After preparing IMB's first Modern Slavery Statement and establishing the framework components required to support IMB Bank's efforts to address the risks of modern slavery in its operations and supply chains, IMB Bank's focus has shifted to building broader awareness of the ways in which it can help to eradicate modern slavery. IMB Bank has worked to ensure the below policies and procedures are embedded in the organisation and that it is continuously learning from external industry initiatives aimed at financial services organisations.

In future reporting periods, IMB Bank intends to integrate our approach to modern slavery risk management as it relates to IMB Bank's investment activities (and broader operations and supply chains) within a wider ESG framework. IMB Bank seeks to uphold the principles of corporate social responsibility more broadly and sees value in leveraging our work in relation to an ESG framework to strengthen our response to modern slavery.



Our management

Ultimate oversight and responsibility for the steps that IMB Bank takes to identify and address the risk of modern slavery practices in operations and supply chains rests with the Board. IMB Bank's progress is reported to and monitored by its Board Risk Committee.

IMB Bank's enterprise-wide risk management framework considers sustainability / corporate responsibility risks and these systems enable IMB to monitor and to deliver continuous improvement in the way IMB identifies, assesses, and addresses modern slavery risks.

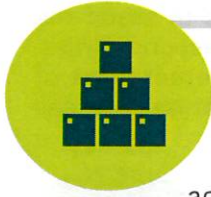
IMB Bank has policies and procedures relevant to identifying, assessing and mitigating the risks of modern slavery practices in our enterprise as listed below. These are designed to help IMB Bank meet the spirit of the IMB Bank values and to comply with our legal obligations. In the reporting period, we have embedded these policies and procedures across our operations and build awareness in our workforce and supply chains of IMB Bank's expectations and commitments in relation to modern slavery.

Our policies



Our investments

During the reporting period IMB Bank's investment portfolio and associated risk management frameworks were reviewed to assess the risk of modern slavery in our investment activities. Such activities are already subject to well documented risk limits and criteria as contained in IMB Bank's Treasury Risk Management Policy and Liquidity Management Strategy and are subject to review and oversight by IMB Bank's Assets and Liabilities Committee and Board Risk Committee.



Our suppliers

IMB Bank has well-established supplier due diligence processes that have been expanded to enable IMB Bank to more effectively identify, assess, manage, mitigate and report potential and actual material modern slavery risks in our supply chains.

IMB Bank maintains:

- a Modern Slavery Policy under which we expect our people and suppliers to agree not to exploit fundamental human rights;
- a Suppliers Code of Conduct (Code) which sets out our expectation for suppliers in relation to governance, human and labour rights, and work health and safety. A copy of the Code is provided to all (new and existing) suppliers prior to executing any service agreements. In particular, the Code includes a number of commitments in relation to human rights including compliance with local and international standards such as the prohibition on all forms of modern slavery practices. During the reporting period IMB wrote to its suppliers setting out our expectations in relation to our new Code. It is our aim that over time, our suppliers will influence their own supply chains through compliance with the Code;
- a risk-based assessment process within our contract management procedures for new and existing suppliers to enable contract managers to identify whether any suppliers may be at a higher risk of having modern slavery practices in their operations or supply chains. Specific training on identifying modern slavery risks within supply chains was rolled out to our contract managers during the reporting period; and
- template agreement clauses which consider the risk-based assessment and requires suppliers meet certain obligations such as:
 - Implementing and maintaining effective systems and controls to ensure that there are no modern slavery practices in their business and supply chains.
 - Providing IMB Bank with information and reasonable assistance to enable it to assess modern slavery risks in their business and supply chains.
 - Notifying us if they are aware of or have suspicions about any modern slavery practices within our business and supply chains.



Our people

As a financial services organisation, IMB Bank operates in a highly regulated environment with respect to its employment arrangements. IMB Bank has well-established policies and procedures concerning recruitment practices and employment screening (including work eligibility checks), employment conditions (including fair pay and hours) and expected workplace behaviour. IMB Bank's key conduct and recruitment related policies and procedures address IMB Bank's expectations in relation to modern slavery risks in its direct operations:

- the Code of Conduct includes IMB Bank's zero-tolerance approach to all forms of modern slavery and links to the Modern Slavery Policy;
- the Consequence Management Framework and Recruitment and Staff Movement Policy set out that any person who knowingly engages or otherwise takes any form of action that supports modern slavery in IMB's operations and supply chains may face disciplinary action up to and including termination of employment or engagement with IMB Bank; and
- the Whistleblower Policy promotes honest and ethical conduct amongst our people and suppliers by providing a framework for the escalation of conduct that is non-compliant with our policies and values.

IMB delivered targeted training and guidance to a broad group of employees to assist the identification and prevention of modern slavery as it relates to their role and responsibilities. The training includes an explanation of how modern slavery occurs, the different signs of modern slavery, what makes people vulnerable to modern slavery, how organisations can address modern slavery and how to report modern slavery.

We have policies, processes and systems to help reduce and mitigate human rights and modern slavery risks in the banking and lending services we provided to our members. We take a proactive role in identifying potential perpetrators through robust onboarding, transaction monitoring and enhanced customer due diligence programs.

Our members



IMB Bank meets mandatory standards in relation to customer due diligence. Know Your Customer (**KYC**) procedures enable us to confirm who our member is and to assess fraud and Money Laundering / Terrorism Financing risks. Members assessed as high risk for money laundering or terrorism financing undergo enhanced due diligence measures and monitoring, senior management review and compliance approval.

All new members are screened against relevant databases which can provide alerts relevant to modern slavery risks, and all new business banking clients are subject to a central compliance review prior to being able to conduct any business using IMB Bank services. This review includes checks against high-risk industry indicators and other financial crimes indicators. For our larger business banking members, a relationship manager is assigned and we conduct periodic reviews of business records and in certain cases, visit their business premises to discuss and understand their business.

IMB Bank's Fraud/AML Services and Lending Quality Assurance units are trained to identify specific scenarios that may indicate a risk of modern slavery as part of IMB Bank's monitoring of suspicious matters and high-risk customers. In accordance with our AML/CTF obligations, where a suspicion is formed, reports will be lodged with the appropriate regulator, including AUSTRAC.

These business units stay up to date with typologies provided by the Australian Transaction Reports and Analysis Centre (AUSTRAC), the Australian Border Force and other industry guidance. We also work with regulators and law enforcement bodies and share relevant information via financial services industry groups.



Grievances and remediation

IMB Bank is committed to preventing and remediating the harm caused by modern slavery practices. IMB Bank seeks to identify, prevent, mitigate, and account for potential modern slavery impacts. There are several ways that suppliers, employees and the community can report potential incidents of modern slavery such as via IMB's whistleblower program, IMB's complaint mechanism and for suppliers through their IMB contact or during their annual review.

If IMB Bank identifies or is notified of potential modern slavery practices within its operations and supply chains, the following actions would be taken as appropriate:

- Apologise to those impacted and the wider community;
- Provide restitution involving both financial and non-financial compensation;
- Commence remediation involving the changing of policies and procedures, employee training and awareness and engagement with relevant suppliers.

Assessing and reporting on effectiveness

IMB Bank recognises that modern slavery is a complex issue and we will need to continuously improve our approach to addressing modern slavery risks within IMB Bank's supply chain and business operations. We will continue to review the effectiveness of the measures we have put in place and report on the progress we have made.

IMB Bank is developing its approach to measuring the effectiveness of how we assess and manage modern slavery-related risks. We are assessing and reporting on the effectiveness of our actions regarding modern slavery consistent with our methodology for measuring the effectiveness of other risks under IMB Bank's 'three lines of defence' model of enterprise risk management. This entails risk reviews and control self-assessments being undertaken by risk owners (first-line), controls assurance testing undertaken by the Risk function (second-line) and regular review of the risk management framework by Internal Audit (third-line). This is supported by monthly and quarterly risk reporting to the Board and Board Risk Committee respectively.

Currently we monitor compliance with our organisational policies and procedures through internal audit and risk assurance reviews, reviews of complaints raised under our dispute resolution processes and Whistleblowing Policy, completion of compliance training, activity taken under IMB Bank's AML/CTF Compliance Program and the centralised review of new supply contracts and annual reviews of supply contracts.

In the reporting period:

- there were no reports or complaints received by IMB that related to concerns about modern slavery;
- while IMB Bank made a number of reports to law enforcement bodies as a result of its transaction monitoring and customer due diligence, none of these matters were directly related to concerns about modern slavery.

As part of continuous improvement, IMB is considering how we can better define measures of effectiveness and implement regular monitoring of modern slavery risks as part of our 2021-2022 compliance program.



Consulting with entities that we own and control

This Modern Slavery Statement covers each member of the IMB Group, notwithstanding that no IMB Bank subsidiary currently meets the threshold of a reporting entity under the Act. All members of the IMB Group are owned and controlled by IMB Ltd trading as IMB Bank. Each subsidiary relies on the parent, IMB Bank, for the resources it requires to undertake its day-to-day operations. IMB Bank provides or procures all goods and services each subsidiary needs, including meeting any personnel requirements (i.e. the subsidiaries do not have any unique employees), hence each subsidiary works under the management, policies, and process of IMB Bank.

IMB Bank's Group Executive, Board Risk Management Committee and the Board (which is comprised of all of the same members of the boards of the subsidiary entities) were engaged when preparing this Statement.

Other relevant information

The novel coronavirus (COVID-19) pandemic resulted in changes to the way IMB Bank's branch and head office employees worked throughout the reporting period. On a very limited number of occasions, some branches had to be closed temporarily due to the effects of the pandemic. Branches that were trading on Saturdays had their hours reduced to temporarily remove Saturday trading hours to minimise the risks facing frontline workers. Employees usually located in IMB's head office or contact centre premises typically worked from home and there was minimal disruption to IMB Bank's operations. For example, IMB Bank's Fraud/AML Services Unit continued to conduct the same monitoring and assurance activities in relation to IMB Bank's members. While there was a lower level of recruitment activity during the reporting period, IMB Bank's recruitment and employee due diligence processes remained largely unchanged, with the exception of candidate interviews, which were conducted virtually. IMB Bank has not undertaken any form of workplace reduction as a result of the pandemic.

COVID-19 has had a limited impact on IMB Group's supply chain. While our required supplies of office consumables decreased due to remote working arrangements, IMB Bank attempted to procure other necessary supplies through our existing suppliers such as cleaning supplies and personal protective equipment which offset the impact of order cancellations and reductions. IMB Bank's Strategic Response Team also maintained monthly contact with our key suppliers throughout the pandemic to monitor their COVID-19 preparedness, impacts to their workforces and any impacts to IMB Bank supplies and services. There were limited impacts in the reporting period, and where necessary, IMB Bank implemented extended delivery or service level timeframes with relevant suppliers as necessary to relieve strain on their operations and supply chains.

Mandatory criteria

This Modern Slavery Statement addresses each of the mandatory criteria in section 16 of the Act:

Mandatory Criteria	Page number/s
a) Identify the reporting entity;	3-4
b) Describe the reporting entity's structure, operations and supply chains;	3-6
c) Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls;	7-9
d) Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes;	10-12
e) Describe how the reporting entity assess the effectiveness of these actions;	13
f) Describe the process of consultation on the development of the statement with any entities the reporting entity owns or controls;	14
g) Any other information that the reporting entity, or the entity giving the statement, considers relevant.	14

Approval

This Modern Slavery Statement was approved by the *principal governing body* of IMB Ltd trading as IMB Bank as defined by the *Modern Slavery Act 2018 (Cth)* on 7 December 2021.

This Modern Slavery Statement is signed by a responsible member of IMB Ltd trading as IMB Bank as defined by the Act.

Name: Peter Fitzgerald

Signature: 

Director of:

- IMB Ltd
- IMB Securitisation Services Pty Ltd
- IMB Financial Planning Ltd (Dormant)
- IMB Funeral Fund Management Pty Ltd (Dormant)
- IMB Community Foundation Ltd (Dormant)

7 December 2021