

Police & Nurses Limited

Trading as P&N Bank and BCU Bank ABN 69 087 651 876

Modern Slavery Statement

Under the *Modern Slavery Act 2018* (Cth)

REPORTING PERIOD

1 July 2022 – 30 June 2023



This Modern Slavery Statement has been approved by the Board of Police & Nurses Limited ABN 69 087 651 876 in their capacity as the principal governing body of Police & Nurses Limited on 11 December 2023.

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 Andrew Hadley in their role as the Chief Executive Officer on 11 December 2023.


Andrew Hadley
P&N Group CEO
11 December 2023

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Identifying the reporting entity

The reporting entity covered by this modern slavery statement is Police & Nurses Limited ABN 69 087 651 876 (referred to throughout this Statement as “P&N Group”, “PNL”, “we” and “our”).

P&N Group trades as two separate divisions and features two distinct brands - P&N Bank and BCU Bank.

P&N Group has been a mandatory reporting entity since the commencement of the *Modern Slavery Act 2018*.

This is our fourth modern slavery statement and covers the 2022-2023 Australian financial year.



Our structure, operations, and supply chains

Structure

P&N Group's corporate structure remains unchanged from the description in our last (FY22) modern slavery statement.

We are a customer-owned banking services provider operating under a mutual model. Our members and our shareholders are one and the same, therefore our focus is to provide ongoing value for the benefit of our members and their local communities.

P&N Group owns or controls the following entities, which form part of the Group, but have annual revenue below the threshold for reporting entities:

- Members Holding Company Pty Ltd ABN 79 009 011 769;
- P & N Landreach Pty Ltd ABN 89 082 440 702;
- P & N Management Pty Ltd ABN 24 009 198 681;
- National Home Loans Pty Ltd ABN 87 008 913 817;
- P&N Recruitment Pty Ltd ABN 85 637 912 488.

The operations and supply chains of these owned or controlled entities are covered by this Statement.

Operations

Our operations and supply chains have continued to be substantially the same as described in previous reporting periods, and we do not consider there to have been any material changes from a modern slavery risk perspective.

P&N Group is an Authorised Deposit Taking institution (ADI). We are regulated by various government bodies including APRA, ASIC, AUSTRAC, OAIC and the ACCC in relation to our provision of financial services. P&N Group's headquarters are located in Perth, Western Australia.

Core products and services offered – P&N Bank

P&N Bank provides the following core products and services:

Personal and Business Bank Accounts

- Everyday and savings
- Term deposits
- Children's
- Business

Insurance

- Home and contents
- Motor vehicle
- Landlord
- Caravan and trailer

Loans and Credit Cards

- Home loans – investment and owner occupied
- Personal loans
- Car loans
- Credit cards
- Reverse mortgages

Core products and services offered – BCU Bank

BCU Bank provides the following core products and services:

Personal and Business Bank Accounts

- Everyday and savings
- Term deposits
- Children's
- Business

Insurance

- Home and contents
- Motor vehicle
- Landlord
- Caravan and trailer

Loans and Credit Cards

- Home loans – investment and owner occupied
- Personal loans
- Car loans
- Credit cards
- Business & Commercial loans, including agribusiness

Branch locations – P&N Bank

P&N Bank primarily operates and services our members in Western Australia, with branches in the following locations:



Belmont	Morley
Bull Creek	Ocean Keys
Bunbury	Perth
Innaloo	Rockingham
Joondalup	Success
Maddington	Warwick
Mandurah	Whitfords
Midland	

Branch locations – BCU Bank

BCU Bank operates on Australia’s East coast, with branches in the following locations throughout New South Wales and South-east Queensland:



During the reporting period, individual BCU Bank branches in Murwillumbah, Bowraville and Iluka were permanently closed.

Our workforce

We strive to be an employer of choice and believe it is essential to offer our employees a unique and valued workplace experience. We seek to retain and attract talented individuals to help us achieve our vision and purpose and deliver exceptional member service. During the reporting period, we continued to engage our team through our Employee Value Proposition, which, together with investment in our talent acquisition capability, meant we remained competitive in what continues to be a challenging environment for recruitment and retention in terms of broader industry trends. Overall, our staff engagement remained high, sitting in the top quartile of engagement at 79%.

P&N Group’s total workforce for the reporting period comprised 637 individuals, with a total FTE of 596.82. This represented a slight increase in our overall employee numbers from the previous reporting period (602 individuals).

We strive to be an employer of choice and believe it is essential to offer our employees a unique and valued workplace experience.

The following tables provide a breakdown of our workforce composition:

Employment Type	Headcount	% of Headcount
Casual Staff	3	0%
Max Term Full-time Staff	12	2%
Max Term Part-time Staff	1	0%
Permanent Full-Time	516	81%
Permanent Part-Time	105	16%

Category	Headcount	% of Headcount
Executive/General Management	15	2%
Management	66	10%
Professional services	145	23%
Customer Service & Sales	264	41%
Administration/Clerical	147	23%

Our investments

We do not consider that there has been a material change, from a modern slavery risk perspective, in our investments compared to the previous reporting period.

We continue to have approximately 50 investment providers that are all Australia-based. Our portfolios exclusively comprise investments in Australian diversified banks or Australian based branches of international banking institutions.

Supply chains

We engaged a total of 673 individual suppliers over the reporting period. Although this represented an increase of approximately 100 suppliers from the previous reporting period, it did not involve what we consider to be any significant engagement in new industry sectors or otherwise involve significant new risk exposure.

The industry sectors that P&N Group continues to primarily engage with in its direct supply chains remains consistent with the previous reporting period, with somewhat of an increase of the individual number of suppliers engaged.

Key suppliers continue to operate across the following range of major Australian industry categories:

- printing and stationery
- finance and investment services
- market research & business management services
- computer and technical services
- property operations and developer services
- telecommunication services
- accounting
- advertising
- non-building construction
- retail trade
- legal services

Identified areas of potential modern slavery risk

Supply chains

A common feature of P&N Group's most significant areas of potentially elevated supply chain risk remains that those risks are almost entirely concentrated beyond the operations of our direct suppliers. The relevant industry categories that have been assessed as having, in relative terms, the most elevated supply chain risk exposure include:

- **Australian Business services:** including a range of professional service providers such as consultants, auditors, payroll providers, recruitment, and risk advisory services. Individual supplier characteristics range from large international professional service firms to small sole traders.
- **Australian Computer related services:** including electronics providers, software technicians, software services and subscriptions.
- **Australian Financial services** including investment companies, settlement providers and other financial management.
- **Australian Printed and Recorded Media services**

Australian Business Services, Australian Financial Services and Australian Computer Services

Brief Explanation of Identified Risks

Since P&N Group commenced reporting under the Act, these industry categories have been flagged by the risk assessment as posing the most elevated relative supply chain risk.

The common factor across these industry categories remains the near universal use of the high-risk supply chain input of electronic hardware and computers.

Australian Printing and Media Services

The Australian Printing and Media Services industry category is likewise a recurring area where potentially elevated risk continues to be identified. The risks associated with printed material are concentrated in the harvesting and production of raw material and paper related inputs, especially when located in higher risk international areas. Additionally, the media service providers are exposed to the same kinds of risks as Australian Business Services, through the sector reliance on computer products.

Our operations (including investments)

Our identified operational risks align with the previous reporting periods, including:

- Use of higher risk services essential to day-to-day operations. This includes cleaning providers at our corporate offices and our branch locations, and the security service providers at branches and in connection with the physical transit of cash to/from branches.
- The potential for misuse of our financial products and transaction facilities to facilitate the financial activities of those engaged in modern slavery practices. For example, the receipt of illegal recruitment fees, payments for online child sexual exploitation or financing businesses / infrastructure projects that use forced /bonded labour.

To counter the covert misuse of our products and services in facilitating criminal activity, P&N Group has robust Anti Money Laundering procedures and 'Know Your Customer' processes in place, which address many indicators of modern slavery related financial crimes. We closely adhere to our responsibility to report any suspicious matters to AUSTRAC and other statutory bodies, and continue to monitor transactions for any modern slavery related red flags.

During the reporting period, P&N Group completed the construction works on several branches that were previously destroyed due to flood and storm damage, as reported in our last statement. As a result, there was some residual engagement with construction suppliers, which is another recognised risk industry within Australia.

The overall identified modern slavery risks associated with P&N Group's investments have not changed substantially from prior statements. It is still considered to be low, primarily due to our investments being exclusively in Australian-based financial institutions or Australian branches of leading global financial service providers.

Identified areas of potential risk associated with our investment portfolio mirror those in relation to the industry categories of Australian Business Services, Australian Financial Services, and Australian Computer Services. This is because the financial institutions we invest in also have an indirect exposure to potentially elevated modern slavery risk through their dependence on computer-related supply chain inputs.



Assessing and addressing identified modern slavery risks

P&N Group did not become aware of any actual or suspected incidences of modern slavery in our supply chains or operations during the reporting period. We do not consider this to be attributable to an unacceptable lack of visibility over our direct operations and supply chains. Rather, P&N Group continues to have a relatively low degree of modern slavery risk, particularly due to our operations being entirely within Australia and the industry sector in which we operate. Put another way, our risk exposure aligns with the industry-level issues that exist for all Australian financial institutions that are operating exclusively or primarily in a domestic context.

All ongoing risk assessment, due diligence and risk mitigation measures described in P&N Group's previous modern slavery statements continue to be implemented across our entire organisation.

The areas in which P&N Group considers that we have made the most significant progress in addressing modern slavery risk over the reporting period include:

- Rollout of our updated procurement procedure integrating modern slavery risk assessment results into the onboarding of all new suppliers
- Completion of supplier specific 'desktop' auditing to provide high level due diligence assessment on identifying possible slavery risk within our suppliers
- Specific supplier modern slavery risk assessment results standardised and provided to staff undertaking procurement activities, to strengthen modern slavery knowledge within targeted groups.

Updated procurement procedure

P&N Group's new procurement procedure was finalised and fully implemented for Group-wide operation during the reporting period. This procurement procedure is the backbone of our approach to full integration of modern slavery risk into our broader vendor management framework.

The following is a snapshot of key stages in the process:

Stage One – Third Party Evaluation Tool

The first step in using the third-party evaluation tool is the completion of a 'supplier questionnaire', which first requires the user to determine the anticipated contract value.

For any supplier contract with an anticipated value exceeding \$50,000, the evaluation tool prompts the user to obtain a modern slavery risk assessment from our Corporate Assets Team (who have day-to-day responsibility of our modern slavery response). This slavery risk assessment is described at stage 2, below.

The third-party evaluation tool prompts users to complete a number of supplier due diligence activities including all prospective suppliers being subject to an adverse media screening process. This screening detects a range of issues, including any linkages to alleged human rights or modern slavery incidences reported in the media.

The third-party evaluation tool is comprehensive in its scope of operation. It is deployed during the engagement and evaluation stage of prospective contracts, as part of our vendor lifecycle management process, and prior to any of the following key actions occurring:

- Entering into a third-party contract (new or existing) for a new service or goods
- Renewing a third-party contract (e.g. when the existing contract is due to expire)
- Varying a third-party contract (e.g. when services are changing or being re-negotiated)
- Reviewing a third-party contract where certain internal policies apply (e.g. as part of an annual review of third party performance)
- Material change in a third-party (e.g. when the nature of the service changes)

Stage Two – Modern Slavery Risk Assessment

The second stage is engagement with our Corporate Assets Team to perform a modern slavery risk assessment, which requires the relevant new / renewing suppliers to be assessed using our long-term external consultant partner's proprietary initial risk assessment. Once this assessment is performed, the supplier is reviewed using our internally developed risk matrix. The Modern Slavery Risk Assessment matrix has been developed utilising leading data sources and analysis methodology to determine whether the subject supplier's assessed modern slavery risk is Very Low, Low, Moderate, Elevated, High or Very High.

Depending on the outcome of the risk assessment and the 'risk rating' assigned to the prospective supplier, the Corporate Assets Team then determines what further actions are required to complete the assessment before signing-off on the proposed engagement.

Designated pre-contract actions (depending on risk rating) include incorporation of mandatory contract provisions that expressly address modern slavery issues, undertaking prior supplier specific (desktop) audits, evaluation of alternative supplier options and/or specific risk review by external subject matter experts.

In addition to the primary risk matrix, the Corporate Assets team also developed and implemented a 'secondary' risk matrix during the reporting period. This applies to all new suppliers that have an estimated annual spend less than \$50,000 but are in higher risk industries.

Stage Three – Completion of the third-party evaluation

Following the specific risk assessment of the supplier by our Corporate Assets Team, the outcome of the assessment is recorded in the third-party evaluation tool. The score feeds into the overall risk score of the supplier (which considers a range of other factors, such as the supplier's financial stability, its geography of operation, whether the supplier uses contractors). A determination is then made as to the overall contract risk, which determines the nature and extent of risk mitigation measures that are required if contractual engagement is to proceed.

Supplier specific 'desktop' auditing

In the reporting period, P&N Group commissioned our external subject matter experts to complete 'desktop'-based due diligence on two of our higher risk suppliers. These suppliers comprised a uniform supplier and a media/marketing provider.

The following is a brief snapshot of audit findings:

- The marketing provider is an Australian subsidiary of a global company, which is a reporting entity. The parent entity has a relatively well-developed governance and policy framework, which appears to provide appropriate coverage to the specific levels and areas of assessed risk.
- The uniform provider is Australian company, which has lodged a voluntary modern slavery statement under the Act. The company reports that its garment manufacturing suppliers are required to be WRAP certified, be SEDEX members, and/or comply with the Ethical Trading Initiative standards. The company's overall response, including voluntary reporting, demonstrates that it appears to be working towards meaningfully addressing inherent risks in its industry of operation.

Education and training

During the reporting period, P&N Group continued to provide fraud and financial crime training to all employees of the reporting entity. There was also specialist training delivered to staff with procurement related activities, by way of providing insight into modern slavery risk assessment results, and focused upon identifying modern slavery related risks and assessment of modern slavery risks in suppliers, with the aim of supporting their application and use of the vendor management framework process detailed above. All of this content was developed in house.

Our risk exposure aligns with the industry-level issues that exist for all Australian financial institutions that are operating exclusively or primarily in a domestic context.

Measuring effectiveness

P&N Group considers that a feature of this reporting period was making real progress in certain significant areas of our overall modern slavery response, particularly when considered against the nature and extent of our overall assessed risk, key aspects of our modern slavery response are continuing to develop appropriately.

Our response framework is continuing to mature by embracing an attitude of continuous improvement. We view the successful implementation of our fully revised procurement procedure, with its full integration of modern slavery risk considerations, to be a significant achievement that involves the organisation-wide implementation of a measure that addresses risk in a practical impactful manner.

P&N Group considers that our updated procurement process has been an effective tool to ensure all new/renewed suppliers are risk assessed and all P&N Group relevant policies are also addressed prior to committing to spend or executing contracts. This focus on due diligence helps to ensure we are partnering with like-minded organisations who take responsible business practice seriously, including actively addressing modern slavery risks.

We identified a minor gap in the implementation of the updated procurement process in relation to some circumstances where the renewal of contracts with existing suppliers may not be captured by the reporting teams. However, internal stakeholders have improved processes to address this minor gap. We will continue to improve the process and capture of all new and renewed suppliers in the next reporting period.

Key Performance Indicator	Progress Update
Risk threshold for probable modern slavery instances in our supply chain based on spend value	The \$50,000 materiality threshold used during the reporting period has been reviewed against our annual risk assessment of actual spend across all suppliers. The threshold continues to be appropriate, with no instances of significant impact to our overall results due to engaging higher risk suppliers under the \$50,000 spend threshold.
Number of modern slavery risk assessments carried out in relation to our new and existing suppliers	673 direct suppliers subject to annual proprietary risk assessment. 11 prospective suppliers subject to proprietary risk assessment screening prior to contractual agreement.
Number of desktop audits undertaken for high risk suppliers or suppliers operating in high risk industries	Two desktop audits undertaken on suppliers operating in high risk industries.
Number of self-assessment questionnaires issued to high risk suppliers or suppliers operating in high risk industries	Nil prospective suppliers fell into the moderate risk category that triggers a self-assessment questionnaire. Three supplier self-assessment questionnaires issued to reporting entities who elected to share their Modern Slavery Statements for review in lieu of completing the questionnaires.
Finalising and operationalising the vendor management framework	Ongoing, with implementation of the fully revised Procurement Policy and Procedure with integration of modern slavery risk considerations completed.
Training and Education	Annual Fraud and Financial Crime training provided to all staff. Targeted training delivered to staff with procurement related activities. Specialist training under development.
Supplier due diligence	All prospective and new suppliers subject to adverse media screening with nil linkages to alleged human rights or modern slavery incidences reported.

Consultation with owned entities

Throughout the reporting period, P&N Group continued to consult with all controlled and owned entities (as listed above in relation to reporting requirement 2) to implement our ongoing modern slavery response.

As previously reported, all of these entities remain under the executive oversight and control of the Police & Nurses Limited Board, and operate in accordance with P&N Group's corporate governance policies and procedures. Additionally, all these owned and controlled entities have been subject to the comprehensive proprietary supply chain risk assessment.

Any other relevant information

P&N Group have no additional information relevant to modern slavery to report.





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