
Modern Slavery Statement

for the period 1 January – 31 December 2021

Bank of Communications Co., Ltd. Sydney Branch (“BoComAU”) as reporting entity.

In Australia, BoComAU is registered as a foreign company with ARBN 137 909 963. BoComAU obtained its banking authority from APRA on 13 October 2011, and an Australian Financial Services Licence, No. 409837, on 19 October 2011. BoComAU operates as a branch of Bank of Communications Co., Ltd. (‘BoCom’ or the ‘Bank’). It also established sub-branches in Brisbane in 2015 and in Melbourne in 2018.

Founded in 1908, BoCom is one of the note-issuing banks with the longest history in modern China. After restructuring, BoCom officially opened on 1 April 1987, becoming the first state-owned joint-stock commercial bank in China, with its head office located in Shanghai. The Bank was listed on the Hong Kong Stock Exchange in June 2005 and on the Shanghai Stock Exchange in May 2007. In 2015, the State Council approved the Deepening Reform Plan of BoCom. In 2020, the Bank deepened reforms in corporate governance, the development of policies and priorities in line with the national strategies, the improvement of organisational functions and institutional mechanisms, Fintech, credit risk and anti-money laundering, and institutional management and incentives. These initiatives have helped the Bank to implement the benefits of the reform plan and fuel the momentum of transformation.

Structure, Operation and Supply Chains

As a foreign ADI, BocomAU is managed by the local senior management team headed by the General Manager, with oversight from Senior Officer Outside Australia¹, who has delegated authority from the Bank’s Board of Directors.

All of the operations of BoComAU are currently conducted with wholesale customers in Australia and wholesale BoCom clients doing business in Australia. Further, BoComAU supports BoCom domestic branches in China, through offering remittance, international settlement, trade finance, lending and other traditional wholesale banking products.

Operation in Accordance with Laws and Regulations

Adhering to the idea of “compliance comes first” in all its business operations, the Bank has developed infrastructure to support compliance culture in the workplace. The Bank demonstrates its observance with the laws and regulations in its policies and procedures and relevant business operations. The Bank firmly promotes combating corruption, bribery and fraud and modern slavery in its business operations by strengthening supervision and internal governance frameworks with primary focus on risk prevention in all of its manifestations.

BoComAU outlines responsibilities and accountabilities of key employees as required by the regulators, by drawing clearly articulated accountability obligations and accountability map where accountability is aligned with authorisation. The General Manager receives Power of Attorney from the Head Office to do everything necessary to conduct and operate a banking business in Australia. Said authorisation is then delegated to the senior management team and the department heads ensuring everyone acts within their authorisation and their agreed responsibilities.

¹ Paragraph 46 of APRA Consolidated Prudential Standard 510 states that foreign ADI must nominate a senior officer (whether a director or senior executive) outside Australia with delegated authority from the Board (senior officer outside Australia) who will be responsible for overseeing the Australian branch operation.

Strengthening Risk Control

Prudent operation is the Bank's solemn commitment to its stakeholders. With the continuing effect of the COVID-19 pandemic during the period, potential risks quickly materialised and with compounding effects. As such, the industry faced an unprecedented challenge that tested its ability to manage business risk in a severe situation. Facing heightened risks, the Bank has further optimised and improved the risk control strategy by focusing on minimising existing risks and preventing incremental risks, balanced long-term and short-term benefits while keeping track of its long-term development capability.

Risk of Modern Slavery within Branch Operations and Supply Chains

BoComAU offers banking products and services through its two core frontline business, Corporate Banking and Financial Institution. The Branch may be exposed to modern slavery risk through its commercial loan portfolio which represents majority of the total lending.

BoComAU's banking business activities are supported by a network of service providers and suppliers. BoComAU's supply chain provides services for direct banking operations which include domestic and international counterparty banks, correspondent banks, settlement agents and services, rating agencies and platforms, securities and other financial services brokers. Professional services such as legal, audit, consulting and training.

BoComAU's supply chain also includes goods and services providers such as for office supplies, maintenance and cleaning services, computing and network systems, risk management systems, and payments systems.

The Branch may be exposed to modern slavery risk through the activities of the Branch in purchasing supplies/services from manufacturers/providers of those supplies/services. All service providers and suppliers were reviewed for modern slavery risk under the Third Party Due Diligence Procedures.

Actions taken to Assess, Address and Remediate, Modern Slavery Risks

BoComAU strives to take appropriate actions to prevent or mitigate negative impacts of modern slavery risks such as force labour and child labour which can potentially arise from our business activities. In 2021, the Branch carried out an end-to-end business risk analysis to identify potential source of modern slavery risk in the business and developed appropriate controls to manage those risks.

Suppliers and Service Providers

BoComAU is committed to observing very high standards of integrity and efficiency in the conduct of its business. The Branch's Code of Conduct outlines how it conducts its business and how it treats its clients, employees, suppliers and other third parties it interacts with.

In February 2021, the Branch developed its Modern Slavery Policy which outlines the framework in identifying, assessing and mitigating modern slavery risk in the business operation. It also outlines the responsibilities of each employee in relation to managing the modern slavery risk posed by the service providers and suppliers to the bank.

In July 2021, the Branch developed the Third Party Due Diligence Procedure as part of the modern slavery framework. This Procedure details the risk-based due diligence process for third parties who are part of a commercial transaction, including third-party agents and intermediaries, suppliers and other business partners. This process includes Enhanced Due Diligence where required.

Before entering into any third-party relationships, BoComAU carefully assess the modern slavery risks posed by the third-party relationship by undertaking initial due diligence. These arrangements are reviewed annually or during contracts renewal.

The business unit who proposes to engage a third party is required to gather general and specific information about the third party through the use of a template questionnaire. In addition to the information provided by the third party, the business unit is required to gather information about the third party from independent sources for the purpose of identifying risks and business opportunities. In the context of a commercial transaction, BoComAU gathers information on Third Parties, such as:

- Third-party intermediaries such as consultants, accountants, lawyers, advisors, brokers, freight forwarders, agents, sales representatives, distributors and other representatives;
- Third-party vendors, suppliers, manufacturers, contractors and other service providers; and
- Third-party business partners such as co-investors, joint venture partners and strategic partners.

All material engagement arrangements with a third party must be evidenced by a written, legally binding agreement that includes an obligation to comply with the modern slavery legislation. Senior management approval is required before engaging a material third party supplier or service provider.

Customers and counterparties

As required under the AML/CTF laws, BoComAU conducts due diligence on its customers and counterparties. The customer due diligence process includes gathering business and ownership information, screening for reputational risk or adverse information relating to breaches of its obligations or fines and reprimands from regulatory bodies, involvement in high risk industry such as cash intensive businesses, and doing business in high risk jurisdiction for money laundering, corruption, and poor governance practices. The above information is taken into consideration when allocating a risk rating to the customer. Senior management approval is required before on-boarding a high risk customer or counterparty.

Employees

The risk of modern slavery through the Branch's hiring practice is low. The Branch only hires employees that live and are permitted to work in Australia in accordance with the law. The Branch has local and expatriate employees from the head office.

BoComAU is committed to respect human rights in the workplace and has implemented policies and procedures that comply with local regulations in relation to employment, recruitment and the workplace environment, including;

- Code of Conduct
- HR Policy
- Work Health and Safety Policy
- Recruitment Procedures
- Whistleblower Policy and
- Guidance for Epidemic Prevention

In 2021, the Branch conducted training to all employees on the modern slavery framework. Throughout the year, the Branch conducts training sessions and other learning activities to promote understanding of expected behavior in the workplace and the importance of respect and

professionalism and the prohibition of bullying and harassment.

Assessing Effectiveness of Actions taken to Prevent/Detect Modern Slavery

The Board of Directors, as the highest decision-making body in the Bank, is responsible for approving policies related to *Corporate and Social Responsibilities (CSR)*, and *Environmental, Social and Governance (ESG)*. The senior management takes lead in executing the CSR and ESG strategy and policies approved by the Board, and periodically reports to the Boards on the status and outcomes of the strategy.

In 2020, the *Social Responsibility and Consumer Protection Committee of the Board of Directors* was established to develop and evaluate the Bank's ESG performance and measures. The Committee held a total of 5 meetings in which it reviewed 14 proposals and reports including the annual CSR report, the annual report on green credit work and the request submitted to the Shareholders' General meeting to confirm material donations for combatting the COVID-19 pandemic.

BoComAU uses variety of tools to monitor BoComAU's activities against a suite of obligations. Regular and ad-hoc monitoring is done by the Compliance & Legal Department, and results of the monitoring activities are reported to the Branch Risk committee for noting, and any exceptions identified are monitored and tracked until completion.

In 2021, the Branch's internal audit carried out a review on third party service providers and suppliers. The policy and procedures on third party due diligence and assessment was tested for compliance against the relevant prudential standards and modern slavery requirements. The Branch's Internal Auditors during the period were an external firm, KPMG.

Impacts of COVID-19

The COVID-19 pandemic has continued to impact BoComAU's business environment including its customers, employees and suppliers. The Branch continued to ensure that its suppliers especially the small businesses are supported and paid on time. Temporary measures on customer due diligence procedures were implemented to ensure minimal impact on the business operation.

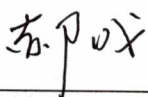
The Bank allocated special funds to ensure the expenditure of pandemic control measures across the bank are sufficient and in place. The Branch established a pandemic response mechanism to ensure the health and safety of employees through daily monitoring of COVID-19 cases and following government's advice, adjustment of work arrangement and distribution of protective supplies to all employees.

Process for Consultation

BoComAU does not own or control any entities in the context of the Modern Slavery Act, and thus a process of consultation is not applicable.

Approval

This statement is approved by the principal governing body of Bank of Communications Co., Ltd. Sydney Branch, the Senior Officer Outside Australia on 26 April 2022.



Mr. Cheng Hao,
Senior Officer Outside Australia