



# JOINT MODERN SLAVERY STATEMENT

## Under the *Modern Slavery Act 2018* (Cth)

### **QUEENSLAND COUNTRY BANK**

Queensland Country Bank Limited  
ABN 77 087 651 027

### **QUEENSLAND COUNTRY HEALTH FUND**

Queensland Country Health Fund Ltd  
ABN 18 085 048 237

Reporting Period: 1 July 2020 – 30 June 2021

This Joint Modern Slavery Statement has been prepared and lodged by Queensland Country Bank ABN 77 087 651 027 and Queensland Country Health Fund Ltd ABN 18 085 048 237, including on behalf of its wholly owned subsidiaries: Queensland Country Care Navigation Pty Ltd ABN 92 610 024 916 and, MTG QCCU Trust Repo Series No. 1.

Pursuant to the requirements of the *Modern Slavery Act 2018 (Cth)*, the contents of this Statement have been approved by the Board of Queensland Country Bank Limited ABN 77 087 651 027 and Queensland Country Health Fund Ltd ABN 18 085 048 237 as the governing body of each organisation.



Chair, Queensland Country Bank Limited  
21 October 2021



Chair, Queensland Country Health Fund Ltd  
21 October 2021

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## 1 **PART ONE**

### 1.1 **Introduction, Background, and Preliminary Mandatory Reporting Requirements**

This Joint Modern Slavery Statement is made pursuant to the requirements of the *Modern Slavery Act 2018* (Cth) (the **Act**).

The mandatory reporting entities under the act are:

- **Queensland Country Bank Limited (QCB)** - ABN 77 087 651 027
- **Queensland Country Health Fund Ltd (QCHF)** - ABN 18 085 048 237

("referred to collectively, unless separately differentiated throughout this Statement, as **QCB**")

Building upon the foundation laid during the inaugural reporting period under the Act, we have focused on the following areas for the current period:

- Risk assessment of new suppliers;
- Internal education and awareness raising; and
- Developing a modern slavery measuring effectiveness framework.

Controlled entities that are also covered by this Statement but are not, themselves, mandatory reporting entities are:

- **Queensland Country Care Navigation Pty Ltd** (ABN 92 610 024 916): which is subject to a management agreement with the Bank and also a subsidiary of Queensland Country Health Fund Ltd. This entity was established to provide care coordination to policy holders.
- **MTG QCCU Trust Repo Series No. 1** – is a trust supporting the liquidity management of the Bank. The Bank is the residual income unit holder of the trust.

QCB and QCHF have consulted with the above controlled entities throughout the process of preparing this Statement, and in relation to our modern slavery approach in general.

### 1.2 **Our Structure, Operations, and Supply Chain**

QCB is a member-owned bank based in Queensland. We have been operating since 1971. Our purpose is to help people in our communities' live better lives through better financial wellbeing.

QCB was previously known as the "Queensland Country Credit Union". In February 2020, we shifted from a credit union into a Member-owned bank. This transition has not materially affected our supply chains and operations from the perspective of our overall modern slavery risk profile.

QCB is an authorised banking business and is regulated by the Australian Prudential Regulation Authority. We are also regulated by ASIC licence for the provision of financial services and credit.

QCB provides financial services, banking, and insurance products to approximately 110,000 Members in Australia.

Queensland Country Health Fund Ltd is a registered "for profit" health insurer. QCHF shares management services with the Bank and have assessed their operational supply chain in collaborations with QCB.

QCHF has over 60,000 persons covered throughout Australia. We are proud partners of the Members Health Fund Alliance and are a signatory to the Private Health Insurance Code of Conduct

We also provide health insurance products to our customers in the Northern Territory through the brand 'Territory Health Fund' operated by Queensland Country Health Fund.

All Queensland Country staff are employed by Queensland Country Bank and operate the Health Fund and Care Navigation businesses pursuant to a Management Agreement. Queensland Country Group has over 420 employees.

We provide the following products and services to our members:

### **Personal Banking**

- Home Loans
- Fixed rate Home Loans
- Standard variable rate Home Loans
- Home Equity Loans
- Line of credit
- Personal Loans such as:
  - Car Loans
  - Secured and unsecured Personal Loans
  - Renovation Loans
  - Transaction Accounts

- Savings Accounts
- Credit Cards
- International Transfers
- Foreign Exchange
- International Payments

### **Business Banking**

- Platinum Account
- Basic Account
- Online Saver Account
- Fixed Term Deposits (Interest at maturity or monthly)
- Business Loans
- Commercial Overdrafts
- Business Visa Credit Cards
- Business Payment Solutions

### **Insurance**

- Home and Contents Insurance
- Car Insurance
- Caravan Insurance
- Travel Insurance
- Landlord Insurance
- Boat Insurance

### **Health Insurance**

- Members Claim Management
- Hospital and Extras Cover
- Dental Services
- Community Nurse Care Navigation Services
- Accommodation Units based near major Metropolitan Hospitals

As a Member-owned organisation, we are committed to partnering and reinvesting profits within our communities. We participate in a range of community initiatives including:

- ***Queensland Country Good for Good Community Grants*** – applying funds to eligible non-for-profit projects, with a focus on supporting projects that enable people to participate, experience, grow, learn, reach out, connect, make a difference and be safe. And

- **Charity Partnership with Ronald McDonald House:** particularly the North Australia and South East Queensland Chapters.
- **Annual Community Sponsorships,** including to the following organisations:
  - North Queensland Toyota Cowboys
  - Mackay Cutters
  - Mount Isa Rotary Rodeo, and
  - Townsville Cricket Club
- **Community Partner Program** - benefits such as waived monthly account service fees, fundraising assistance, and a merchandise welcome pack for not-for-profits we work with.

Our direct supply chains include over 1,400 direct suppliers. We employ various services in support of our operations, including;

- Computer and Technical Services
- Market Research
- Services to Finance and Investment
- Advertising Services
- Business Services
- Insurance Services
- Printing and Stationery Services
- Legal Services

The direct suppliers for QCB, QCHF and our controlled entities are primarily Australian-based companies (or Australian subsidiaries of global countries.)

## 2 **PART TWO**

### 2.1 **Modern Slavery Risk Assessment**

No actual or suspected incidences of Modern Slavery were identified in our operations and supply chains or in our investment portfolio during the reporting period.

As set out in our First Statement, QCB's operations are centred around the range of financial and insurance services that we provide to our members. Accordingly, we have a relatively low modern slavery risk profile within our supply chain by virtue of our operational focus, especially in terms of direct suppliers.

QCB has engaged external subject matter experts to undertake detailed mapping of our supply chains for modern slavery risk to the tenth tier. This risk assessment provides a holistic review across each business unit, whilst providing a basis for potential individual actions to be undertaken in relation to specific, identified suppliers (or suppliers falling within industry categories). The assessment undertaken incorporates a complex interaction of factors that can impact upon risk within supply chains, including:

- Anonymised Company spend data throughout global markets
- Anonymised total spend amounts for individual suppliers (i.e., the value of our direct supplier contracts)
- Geographical area of operation
- Industry categorisation, including industries with substantive inputs from other industry categories further down the supply chain, and
- Relative depth of tiering within the supply chain(s), e.g., 3<sup>rd</sup> tier supplier, 5<sup>th</sup> tier supplier, etc.

A summary of the proprietary initial risk assessment methodology is set out in the Appendix to this Statement.

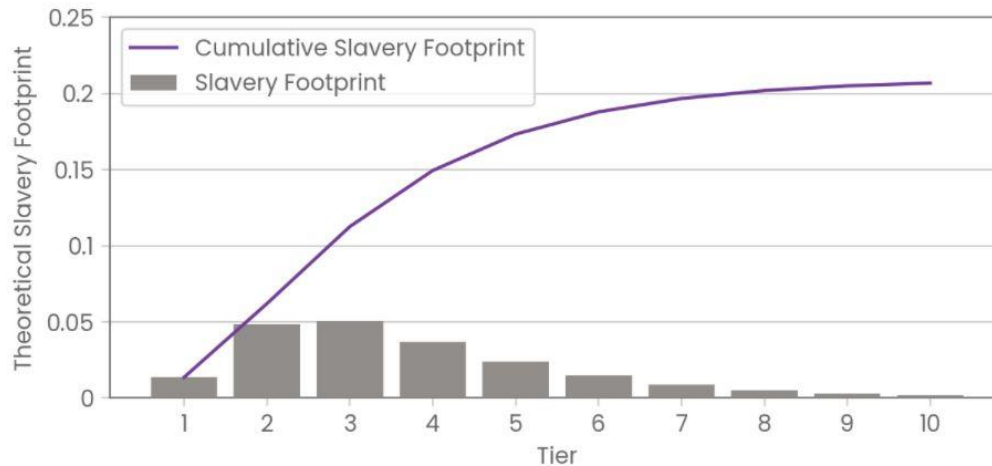
Based on the proprietary analysis, industry category areas identified as having potentially elevated modern slavery risks from our operational supply chains are:

- Computer and Technical Services
- Market Research, and
- Advertising Services

We note that overall, these risk results are relatively low with less than 1.5% of a total relative slavery risk for our top three highest industry categories.



The following graph depicts a visualisation of our modern slavery risks by tier.



The reasons that the supply chains for the above industry categories have been identified as having a more elevated risk of modern slavery is because of factors that are not related or proximate to the end products or services that are being provided. This is indicative that the identified risk areas are with more remote parts of our supply chains, and relatively elevated factors are identified beginning only at Tier 3 and proceeding into the more remote tiers.

Relative spend amount is also another significant factor. Whilst a particular industry category may not be within an inherently risky modern slavery 'hot spot', a high overall spend will result in a heightened risk profile. However, in considering our remediation and due diligence perspective, we also recognise that the higher our spend footprint is within a particular industry, the greater the potential influence we may have to leverage an effective modern slavery response.

## 2.2 Computer and Technical Services

Computer and technical services were assessed as having one of the highest relative risks for modern slavery within our supply chain.

This industry category represents a range of hardware, technical maintenance, software, and IT consultancy services. While this does represent a professional services category, which is considered to be low risk in terms of exposure to direct modern slavery practices, the heavy industry reliance upon electronic products and computer hardware represents the source of the elevated risk profile.

A large share of Australian imports of technology products are either directly sourced from China and Malaysia or have supply chain inputs from these countries.

We are aware of the growing evidence of forced labour amongst Uyghurs and other ethnic minorities potentially entering the electronics and manufacturing supply chain within the Xinjiang region.

There are also reported modern slavery issues occurring in the Malaysian electronic manufacturing industry. There are documented concerns of the prevalence of modern slavery practices such as oppressive recruitment fees and debt bondage occurring within major manufacturing companies.

<https://www.verite.org/wp-content/uploads/2016/11/VeriteForcedLaborMalaysianElectronics2014.pdf>

### **2.3 Market Research and Advertising Services**

We attribute our relatively high spend in both of these general industry areas as the primary reason for the elevated rating in the initial risk assessment, rather than any proximity to a specific risk factor that can be the basis of targeted and due diligence and remediation efforts.

Both of these general industry categories in Australia are, as a whole, low risk for modern slavery. However, in terms of supply chain inputs, market research and advertising service providers have a relatively high reliance on electronic and technological inputs. This, in turn, leads to a similar risk profile as the computer and technical services industry categories discussed above. However, the risk profile is likely occurring at a slightly deeper level of overall the supply chain tier.

Given the commonality of risk factors for these industry categories, we have concluded that the appropriate due diligence approach is the same as for the computer and technical services category, discussed above.

### **3 PART THREE**

#### **3.1 Addressing modern slavery risks**

During the current reporting period, we have undertaken a variety of measures in continuing to progress our overall modern slavery response.

In our First Statement, we outlined an intention to implement mandatory modern slavery training for all staff. This is because we recognise that increasing employee awareness of modern slavery is a foundational due diligence measure.

In February 2021, we arranged for specialised modern slavery employee training to be undertaken.

This training was issued to all staff across the Group as an online module to encourage participant engagement. We had a highly successful completion rate of the module, noting that out of the 423 eligible staff issued with the module, to date 420 staff have completed the training.

We have also focused upon creating a comprehensive roadmap of future modern slavery focused actions that we are committed to implementing in future reporting periods.

## 4 **PART FOUR**

### 4.1 **Measuring effectiveness, controlled entity consultation; and other relevant information**

In consultation with external subject matter experts, we have developed a comprehensive Measuring Effectiveness Framework.

The Framework is designed to assess our modern slavery response against measurable Key Performance Indicators (KPIs) and seek to continually improve its effectiveness.

Key features of the Framework include:

- Maximising the number of suppliers assessed for Modern Slavery risk
- Providing training and engagement for select suppliers and developing processes to ensure compliance with Code of Conduct
- Creating a Modern Slavery Working Group that is comprised of key personnel, including at the Senior Management Level and monitoring of KPI's
- Maximising the number of staff completing annual training on Modern Slavery.
- Development of Grievance and Reporting mechanisms to specifically address Modern Slavery

All necessary consultation and engagement across all controlled entities within the Queensland Country Bank group has occurred in relation to the modern slavery response over the reporting period, as set out in this Statement.

The mandatory reporting criteria addressed in this Statement have been carried out with input from, and on behalf of, all separate legal entities that are owned or controlled by Queensland Country Bank and Queensland Country Health Fund.

Finally, we are pleased to report that the ongoing COVID-19 has not materially impacted upon our operations given our location base in North Queensland. Accordingly, we have not been required to procure additional PPE products or similar and there has been no significant operational or resourcing constraints that would have otherwise impacted our Modern Slavery risk profile or response.

## 5 ***APPENDIX - Initial Risk Assessment Methodology Summary***

As discussed in Part 2 of this Statement, we continued our engagement with external subject matter experts to carry out the same comprehensive risk assessment in relation to new supplier categories that were not previous subject to assessment. This baseline exercise provides the basis for our subsequent focus for ongoing due diligence and remediation activities across not only the present reporting period but for upcoming years.

Incorporating company spend data throughout global markets, we have utilised external consultants with proprietary technology to trace the economic inputs required to produce products and services sourced from Tier 1 suppliers to Tier 2 suppliers, Tier 2 suppliers to Tier 3 suppliers, and so on, all the way to Tier 10 suppliers of the supply chain of QCB's top suppliers and investments by spend.

This supply chain mapping was performed using a balanced, global Multi-Regional Input-Output (MRIO) table which links supply chain data from 190 countries, and in relation to 15,909 industry sectors. This MRIO table is assembled using the following sources:

- The United Nations' (UN) System of National Accounts
- UN COMTRADE databases
- Eurostat databases
- The Institute of Developing Economies, Japan External Trade Organisation (IDE/JETRO); and
- Numerous National Agencies including the Australian Bureau of Statistics

The MRIO is then examined against the following international standards:

- The UN Guiding Principles on Business and Human Rights
- The Global Slavery Index
- International Labour Organisation (ILO) Global Estimates of Modern Slavery, and
- The United States' Reports on International Child Labour and Forced Labour.

A proprietary algorithm has then been applied to synthesise publicly available risk data against the exclusively licensed MRIO table. The result of this process is the creation of a modern slavery risk profile to Tier 10 for each supplier and investment of QCB.

This analysis was performed for the purposes of risk identification under Section 16(1)(c) of the Act. No information confirms the actual existence of non-existence of slavery in QCB's supply chains, operations, or investments. Analysis was undertaken at the industry and country level. It does not account for variances at the entity, region, or product level.

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The multi-faceted approach to modern slavery risk assessment that we have undertaken has included examination and analysis of the following:

- The individual suppliers, investments and industries with the most elevated risk of Modern Slavery
- Supply chain and investment plots to provide a visual representation of the supply chain and investment supply chains for QCB's top 3 first tier industries
- Plotting the relative slavery risk in the supply chain and investment by tier, up to tier 10
- Geographical depiction of the cumulative risk of Modern Slavery across the supply chain and investments around the world, and
- An overview of the classification of the first tier of our supply chain and investments by country and industry, including relative Modern Slavery risk
- Suppliers and investments in our supply chains and operations that posed any calculated risks in relation to Modern Slavery were identified.