

Modern Slavery Statement

under the *Modern Slavery Act 2018 (Cth)*

REPORTING PERIOD: 1 July 2022 – 30 June 2023

This Modern Slavery Statement was approved by the Board of Victoria Teachers Limited (trading as Bank First) as the principal governing body on 30 November 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 Michelle Bagnall in her role as the Chief Executive Officer on 18 December 2023.

A handwritten signature in black ink that reads "Michelle Bagnall". The signature is written in a cursive, flowing style.

Michelle Bagnall
Chief Executive Officer
18 December 2023

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Reporting Requirement 1: Identifying the reporting entity

The reporting entity covered by this modern slavery statement is Victoria Teachers Limited, trading as Bank First (ABN 44 087 651 769) (referred to throughout this Statement as “Bank First”, “we” and “our”).

Bank First 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.

Reporting Requirement 2: Our structure, operations, and supply chains

Structure

The principal governing body of Bank First is our Board of Directors.

Bank First owns and controls two entities that are not mandatory reporting entities. The first is VTMB Properties Pty Ltd (ABN 21 005 972), which was established in relation to the fit out of a commercial property, which is leased to Bank First and another tenant. VTMB Properties’ only other suppliers / service providers relate to ongoing facility maintenance. These supplier relationships continue to be managed by Bank First and are subject to the same controls and protocols as the rest of our organisation.

Bank First also controls the Victoria Teachers Trust Series 2012-1 (“Trust Series”), which was established to act as the Special Purpose Entity in relation to an internal securitisation, for the purpose of liquidity contingency for Bank First. The Trust Series does not have any direct employees. The Trust’s only suppliers are an Australian banking institution and financial auditor, both of which are directly engaged by Bank First and are therefore also subject to Bank First’s standard controls and protocols.

Operations

Our operations and supply chains have continued to be substantially the same as described in previous reporting periods, with no material changes from a modern slavery risk perspective.

Bank First is an Authorised Deposit-taking Institution supervised by the Australian Prudential Regulation Authority (APRA) under the Banking Act 1959. Bank First holds an Australian Financial Services Licence and an Australian Credit Licence.

Our headquarters are in Hawthorn East, Victoria. We have two retail branches located in Victoria.

As a mutual bank, our customers are our shareholders. Profits are reinvested back into our business

to benefit our members. Our Bank First Community Fund also invests in the community through awards, sponsorships, partnerships and grants.

Our core operations involve the provision of personal finance and banking products to our customers, including various lending and credit facilities, insurance products and financial planning and advisory services.

We employed 252 employees during the reporting period, with 240 full-time and 12 part-time positions. Our team members continue to fulfill a variety of roles from administration and corporate services, through to customer-facing roles and financial planning.

The Bank First Community Fund continues to support a various programs and initiatives in the education and health sectors. The Fund is an important part of our organisational commitment to support our members and the communities in which they live. In addition to financial support, our staff also participate in volunteering opportunities to directly support our community partners. Some of the community programs that we have actively engaged in over the reporting period include:

- nursing sponsorships for Alfred and St Vincent's hospitals;
- the Teaching Initiatives Program, which has provided almost \$800,000 in sponsorship to over 700 schools across Victoria for more than 30 years;
- partnering with One Box to distribute over 2000 boxes of fruit, vegetables, and other grocery items to families across Victoria;
- supporting State Schools' Relief, which helps with the funding of key resources to assist non-verbal students; and
- partnering with Sustainability Victoria for recognition of individual teachers who are leaders in environmental sustainability.

Our investments

Bank First's treasury investments remain held in Australian-based entities or Australian branches of major foreign finance institutions. Our investment portfolios have not otherwise changed from the previous reporting period.

Supply chains

Bank First engaged with a total of 389 direct (first tier) suppliers during the reporting period. This represented a small overall increase from the previous reporting period, but we do not consider this to have materially altered the overall nature and extent of previously identified areas of modern slavery risk.

Our direct suppliers continue to operate across the range of Australian-based industry categories as described in previous statements:

- *Facilities and building management services*
- *Valuation services*
- *Computer and technical services*
- *Security services*
- *Telecommunication services*
- *Insurance services*
- *Recruitment services*
- *Advisory, marketing and consulting services*
- *Printing services*
- *Financial services*
- *Promotional products*
- *Office supplies, stationery and office furniture*
- *Legal services*
- *Real estate services*
- *Education and training services*
- *Mortgage broking services*
- *Utilities and electricity providers*
- *Debt collection services*

An overwhelming majority (96%) of our suppliers are Australian. Bank First has 14 international suppliers, with the following characteristics:

- 6 x US suppliers of computer and business-related services
- 2 x UK computer services and business-related suppliers
- 1 x computer supplier based in Switzerland
- 2 x computer related suppliers based in Ireland
- 1 x business service provider based in Hong Kong
- 1 x computer related supplier based in Canada

Reporting Requirement 3: Identified areas of potential modern slavery risk

Our supply chains

A common feature of assessed areas of potentially elevated modern risk in Bank First's supply chains is 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 are:

- **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.
- **Retail trade:** including suppliers of office equipment, furniture, electronics (non-computer) and related goods.
- **Computer related services:** including electronics providers, software technicians, software services and subscriptions.
- **Financial services:** including investment companies, settlement providers and other financial management service providers.

Characteristics of supply chain risks - technological and electronic products

The manufacturing of individual components and the final assembly stages all have identified modern slavery risks, including forced and bonded labour, and deceptive recruitment practices, particularly in China and Malaysia.

Other risks related to these products include the mining and refinement of minerals and other key raw material inputs. For example, cobalt and lithium are key components of laptop computer batteries.

Bank First continues to implement an internal procurement checklist to specifically include recommendations relating to purchases involving lithium batteries.

Characteristics of supply chain risks - office furniture, stationery, and consumables

These office-related products have supply chain characteristics including low levels of visibility, and complex global supply chains featuring a vast array of individual material inputs.

A wide range of commonly used materials with elevated modern slavery risk include PVC, rubber, leather plastic, timber, paper and pulp, and plastic. Carpet suppliers also share some of the elevated risk characteristics of the global textiles industry.

Our operations (including investments)

Bank First's identified operational risks are consistent with the previous reporting periods, including:

- Reliance, for our day-to-day operations, on professional cleaning, security services and facilities management sectors. These industries often have workforces comprised of more vulnerable migrant and low skilled employees. Risks are also increased through prevalent

industry practices including sub-contracting arrangements and engagement of labour hire agencies.

- Bank First continues to acknowledge the risks associated with the covert exploitation of its transaction services for illegal payment transfers relating to modern slavery, including online child exploitation. As described in previous statements, we employ screening services by AMEX for all international transfers, which has developed risk mitigation programs to detect such criminal activity. Bank First also recognises potential linkages through accounts being used to collect illegal recruitment fees. Anti-money laundering and counter terrorism mechanisms continue to be implemented to detect and screen for any kinds of suspicious transactions.

The overall modern slavery risk profile of Bank First's investments has not changed substantially from prior statements. It remains assessed as being low, including due to our implemented policy of limiting investments to either solely Australian-based financial institutions or Australian branches of leading global institutions.

Reporting Requirement 4: Assessing and addressing identified modern slavery risk

Bank First did not receive any reports, or otherwise become aware of, any actual or suspected incidences of modern slavery during the reporting period. We do not consider this to be attributable to an unacceptable lack of visibility, at least insofar as our direct suppliers are concerned. Rather, Bank First continues to have a relatively low degree of operational and supply chain risk, owing to the exclusively Australian location of our operations and the industry sector to which we belong. The types of risks that we are exposed to are wholly consistent with other Australian mutual banking organisations.

All ongoing due diligence and risk mitigation measures described in Bank First's previous modern slavery statements continue to be implemented.

Continuing long-term risk assessment

During the reporting period, Bank First again carried out comprehensive modern slavery risk assessment via our continued long-term engagement of external consultants, who undertook analysis of our complete procurement data using proprietary technology and methodology.

Continuing internal awareness-raising, training, capacity-building and vigilance

Bank First continues to deliver specialist training to new employees as part of our team onboarding processes.

An annual modern slavery training module is also provided to all staff, which covers core concepts such as an overview of the Modern Slavery Act 2018 (Cth), awareness of what modern slavery is and

an overview of Bank First's approach to addressing modern slavery.

The annual training was also supplemented by specialist training on modern slavery issues that was delivered to our Risk, Compliance and Financial Crime Specialists.¹ This training included guidance for detecting indicators of modern slavery in risky transactions.

Further strengthening governance structures to address modern slavery risks

The development of Bank First's Corporate Contracts Standard and Service Provider Procurement and Material Outsourcing Policy were both finalised and implemented during the reporting period. From the perspective of addressing modern slavery risk, an important function of these instruments is the pre-screening of prospective suppliers during the tender process in relation to a specified array of modern slavery risks factors, such as a nexus to high-risk industries and countries, use of higher risk employment models (including subcontracting) or linkages to allegations of modern slavery.

Bank First also undertook a review of our Whistleblower policy and updated the kinds of conduct that are reportable under the policy. This included extending the scope of the policy to allow reports of conduct that is harmful to the health and safety of a person or group of people. We have used broad language to promote accessibility to vulnerable workers, who are often living in unsafe environments as result of coercive circumstances. Bank First is still committed to ensuring modern slavery is explicitly covered by this policy. We will continue to review the operation of the policy, to determine if further updates are required to ensure it is useable for workers it is designed to protect.

Ongoing key supplier engagement

In line with our approach of ongoing and targeted supplier engagement, Bank First issued supplier questionnaires to 58 entities.² These entities continue to be selected based on relative levels of assessed potential modern slavery risk.

The substantive response rate of 51.72% represented an increase on the previous reporting period's response rate of 42%.

The questionnaire assesses suppliers across various red flag indicators for child labour, forced and bonded labour, and poor working conditions. The questionnaire also reviews the quality of respondent's risk mitigation frameworks across the following areas:

- due diligence;
- risk identification;
- training and education;
- internal governance and policy frameworks;
- industry collaboration;

¹ This occurred shortly after the conclusion of the reporting period, and prior to the finalisation and lodgement of this Statement.

² This due diligence measure occurred shortly after the conclusion of the reporting period, and prior to the finalisation and lodgement of this Statement.

- grievance mechanisms; and
- measuring effectiveness.

The respondent suppliers also included several new suppliers in relatively elevated risk categories comprising computers, business, and financial services.

All respondent suppliers reported at least some form of implemented policy and organisational awareness relating to modern slavery risk.

However, a significant proportion of the respondent companies appears both to lack due diligence measures and had limited awareness of risks associated with the supply chains of products used on a day-to-day basis. This tells us that there is still significant further scope for targeted supplier engagement to raise overall awareness levels and improve the response to risks deep within supply chains.

Reporting Requirement 5: Measuring Effectiveness

Bank First considers that, relative to the nature and extent of our overall assessed risk, the core of our modern slavery response is appropriately adapted and operating with reasonable effectiveness. The central features of our modern slavery response framework have now been in place for several consecutive reporting periods.

However, we candidly acknowledge that, due to internal organisational restructuring and key personnel changes, we did not fully complete all previously planned measures for the reporting period.

Specific risk mitigation and due diligence measures that have been re-prioritised for completion in the next reporting period include:

- reviewing and updating our internal governance systems to develop and define our executive team's role more clearly as part of our overall modern slavery response;
- reviewing our member vulnerability guidelines to include material on identifying modern slavery indicators and providing accompanying training to our customer facing teams;
- updating our Whistle Blower Policy to specifically confirm that complaints relating to modern slavery issues are a protected disclosure; and
- continued review and development of a more comprehensive framework for measuring effectiveness.

Reporting Requirement 6: Consultation with owned entities

As noted above, VTMB Properties Pty Ltd (ABN 21 005 972) and the Victoria Teachers Trust Series 2012-1 are both non-reporting entities that are wholly owned by Bank First.

VTMB and the Trust Series are both subject to all aspects of Bank First's anti-slavery response. The supply chains and operations of both entities have undergone all steps to identify, assess and address modern slavery risk described above. Both entities were fully consulted in relation to the preparation and contents of this Statement.

Reporting Requirement 7: Any other relevant information

N/A