

Modern Slavery Statement – 2020/2021

This Modern Slavery Statement has been prepared in accordance with the Australian *Modern Slavery Act 2018* (Cth) ('the Act') for Qudos Mutual Limited (ACN 087 650 557) ('Qudos Bank'). It describes the risk of modern slavery practices in Qudos Bank's operations and supply chains during the reporting period of 1 July 2020 to 30 June 2021.

As a customer-owned bank, our values are at the heart of everything we do. Our values are premised on authenticity and acting with integrity. Qudos Bank believes that trust is earned by matching our words to our actions. Therefore, we take adherence to laws, including the Act, seriously, and we are fully supportive of the Government's initiatives aimed at the eradication of both slavery and human trafficking.

If Qudos Bank finds any evidence of modern slavery or human trafficking within our operations or supply chains, Qudos Bank is committed to immediately reviewing the ongoing viability of the supplier relationship. Qudos Bank expects all staff to comply with our Modern Slavery Policy and to behave ethically and be accountable for their actions.

Company structure

Qudos Bank is an unlisted public company limited by shares. We are a mutual entity under the *Corporations Act 2001* (Cth); meaning that our constitution provides that a person has no more than one vote at a general meeting of the company for each capacity in which the person is a member of the company. We are authorised to carry on banking business under the *Banking Act 1959* (Cth) and are regulated by the Australian Prudential Regulation Authority.

Operations

Qudos Bank (previously Qantas Credit Union) was founded in 1959 by a group of Qantas employees and is now one of Australia's largest customer-owned banks with over 100,000 members across Australia and branches in Sydney, Melbourne, Brisbane and Perth.

Qudos Bank is a member of the Customer Owned Banking Association and has made a commitment to follow the Customer Owned Banking Code of Practice. Qudos Bank does not own or control any other entities.

Qudos Bank provides retail banking products and services to our members, including home loans, personal loans, credit cards and savings accounts. Our members are predominately Australian individuals. We have a small number of non-personal memberships. We do not offer any commercial lending. Qudos Bank has various partnerships with third party businesses to provide additional products and services to our members, including general insurance, superannuation, financial advice, and international money services. Qudos Bank generally receives a commission for these sales.

Supply chains

The structure of Qudos Bank's operations and the nature of its supply chains have not materially changed in the 2020/2021 financial year.

At the date of this Modern Slavery Statement, Qudos Bank has approximately 145 first tier suppliers. It brought on another dozen or so new suppliers from the 2019/2020 financial year. These new suppliers are mainly to facilitate Qudos Bank's new lending origination system, including the new system provider as well as 'plug-in' providers to provide ancillary services such as data categorisation, property valuations and identification services.

The majority of our existing suppliers provide IT software and services. For some, Qudos Bank negotiates the service offering and the contractual arrangement, for example, our core banking and payment systems providers, fraud control and monitoring, and statement management providers. For others, Qudos Bank obtains an 'off-the-shelf' offering, for example, for online advertising, digital signatures, cloud software, project management software and source code software. For these suppliers, Qudos Bank typically signs a non-negotiable licence agreement.

Qudos Bank also engages suppliers to assist in running its branches and head office, including, for example, cleaning and building management, air conditioning, pest control, office furniture and supplies, fire equipment, stationery, and uniforms. Other suppliers also assist with our marketing activities, for example, merchandise suppliers, creative agencies, trend analysis companies and survey providers.

Qudos Bank also has memberships with various professional and industry representation groups. We obtain insurance and employment counselling from external providers. It also uses various brokers, ratings agencies and information providers for its treasury activities.

Risks of modern slavery practices in Qudos Bank's operations and supply chains

Qudos Bank offers a simple product offering (which is unchanged from the 2019/2020 financial year) – our main business activities include providing retail savings accounts and loan products to Australian individuals. We invest our cash reserves with other financial institutions or in government securities. We do not have a commercial lending operation and do not engage in trading activities.

Qudos Bank does not have long or complex supply chains. Our major suppliers (other than those that we use to meet our physical operating requirements in our head office and our branches) are IT software and services companies.

For the 2020/2021 financial year, we have determined that, considering these characteristics, there is a very low risk of modern slavery occurring in our operations and supply chains.

Actions taken by Qudos Bank to assess and address those risks

Continuing actions

In the 2020/2021 financial year, Qudos Bank continued to assess and address modern slavery risks within its operations and supply chains in the following ways:

- Surveying suppliers

Qudos Bank sends supplier questionnaires to new and renewed suppliers we identify as having a potential modern slavery risk; being those suppliers with business operations outside Australia, that supply Qudos Bank with physical goods or operate in a high-risk industry.¹

The supplier questionnaire includes questions about the supplier's business operations (including offshoring and outsourcing), production of physical goods, engagement with suppliers and employment practices.

- Risk assessment

Qudos Bank then conducts a risk assessment of our suppliers based on their answers to the supplier questionnaire. Qudos Bank relies on the Global Slavery Index (published by The Walk Free Foundation²) for its risk assessment matrix.

- Appropriate response action

Most suppliers have a very low modern slavery risk. Suppliers which are identified as having a potentially higher risk are flagged for further investigation. Contract amendments are sought for suppliers which present a modern slavery risk.

- Training for procurement staff

Qudos Bank provides staff training for managers and procurement staff on modern slavery risk, including how to survey new suppliers and conduct a risk assessment based on the above procedure.

¹ High risk industries being IT software or services, cleaning, catering or waste management.

² <https://www.globalslaveryindex.org/2018/data/maps/#prevalence>

New Actions

In its 2019/2020 Modern Slavery Statement, Qudos Bank identified further actions to strengthen its approach to modern slavery.

At the date of this 2020/2021 Modern Slavery Statement, Qudos Bank has taken the following further actions to address modern slavery:

- Company-wide training

Company-wide training was rolled out to all staff in 2021. Qudos Bank purchased a modern slavery module from Safetrac Pty Limited ABN 48 098 914 848 and then tailored this off-the-shelf offering to accommodate Qudos Bank's approach to modern slavery.

- Supplier Code of Conduct

Qudos Bank has developed a Supplier Code of Conduct which outlines Qudos Bank's expectations for supplier conduct regarding labour and human rights and employee health and safety. The Code also contains a commitment from suppliers to engage with Qudos Bank on an ongoing basis to review and monitor their compliance with the Code. The Code is being rolled out to all new suppliers that present a potential modern slavery risk (i.e. that we require to complete our supplier questionnaire).

Assessment of actions

We recognise the need to continually review the effectiveness of our actions to address and minimise modern slavery risk in our operations and supply chains.

For new and renewed supplier contracts from 1 January 2021 where the supplier presents a potential for modern slavery risk, we require a contractual commitment from the supplier to address and minimise modern slavery risk in their own operations and supply chains. We are now also requiring all suppliers that present a potential modern slavery risk (i.e. that we require to complete our supplier questionnaire to sign our Supplier Code of Conduct (discussed above).

When we engage a new supplier, we now carry out a comprehensive due diligence process on the supplier and make a risk assessment in accordance with our Modern Slavery Policy.

We have also rolled out bank-wide training to educate all staff on key indicators of modern slavery risk in our operations and supply chains.

We are generally finding that there is more awareness of modern slavery on the part of suppliers. For example, our merchandising supplier recently completed an independent sustainability assessment which highlighted areas for improvement, including in labour and human rights, and it is committed to making these improvements in 2022.

We will continue to monitor these modern slavery risks and continually develop and improve our approach.

Approval

This Statement was approved on the date set forth below by the board of directors of Qudos Mutual Limited (ACN 087 650 557). The foregoing boards of directors have authorised Cindy Hansen to sign this Statement on behalf of Qudos Bank in her capacity as General Counsel and Company Secretary of Qudos Bank.

Date: 1 DECEMBER 2021

Signed:

