

## **Modern Slavery Statement for the financial year ending on 31 December 2020**

### **1. Introduction**

This modern slavery statement is made by Agricultural Bank of China Limited, Sydney Branch (hereinafter referred to as “**ABCS**” or “**the Branch**”), pursuant to the *Modern Slavery Act 2018* (Cth) of Australia and for the financial year ending 31 December 2020 (“**Relevant Financial Year**”). Unless the context otherwise requires, capitalised terms have the meanings given to them in this statement.

### **2. Structure, operations and supply chains**

ABCS is a branch of Agricultural Bank of China Limited in Australia. ABCS obtained an authority from the Australian Prudential Regulation Authority (“APRA”) to carry on banking business as a Foreign Authorised Deposit-Taking Institution in 2014. ABCS was also issued in 2014 with an Australian Financial Services Licence (AFSL No. 449262) by the Australian Securities & Investments Commission (“ASIC”) authorising it to deal with and advise “wholesale” clients. The Branch is registered with ASIC as a registered foreign company (ARBN 140 372 729). The Branch is also regulated by the Australian Transaction Reports and Analysis Centre (“AUSTRAC”).

ABCS’s business departments comprise Corporate Banking, Trade Finance and Financial Markets whom primarily provide loans (syndicated and bilateral), trade finance and financial markets products to the Branch’s wholesale corporate, institutional, financial and government related clients, whom are primarily based in Australia and Asia. As at the end of the Relevant Financial Year, ABCS had 54 employees.

ABCS has some direct relationships with external suppliers, all of which are located in Australia, including professional services (such as those provided by external legal counsel, accountants, auditors, consultants and other advisors), IT infrastructure (such as computer hardware, software and telecommunications equipment), and physical supplies and facilities (such as office supplies, office maintenance and renovation).

### **3. Risks in the operations and supply chains**

ABCS has undertaken a risk assessment to identify the risks of modern slavery in its operations and supply chains. This risk assessment used the *2018 Global Slavery Index* as a source of relevant information and used the following risk indicators referred to in the *Commonwealth Modern Slavery Act 2018 Guidance for Reporting Entities* to identify modern slavery risks in the Branch’s operations and supply chains:

- Sector and industry risks
- Product and services risks
- Geographic risks
- Entity risks

This risk assessment identified that the inherent risks to which the Branch is exposed ranged from low to medium for these risk indicators. After assessing the effectiveness of the various controls which the Branch has in place to address and minimise these risks, it was assessed that the Branch's residual modern slavery risk for each of the risk indicator categories to be low.

During the next Financial Year, ABCS will continue to review its modern slavery risks and will endeavour to maintain the modern slavery risks in its operations and supply chains at a low level. The Branch also plans to include modern slavery risks in the Branch's Compliance risk assessment process and implement enhanced strategies and controls to mitigate its modern slavery risks.

#### **4. Actions taken to assess and address risks, including due diligence and remediation processes**

ABCS's Compliance framework includes a process to monitor the Branch's adherence to relevant legislative, policy and procedural requirements. During the next Financial Year, this process will be enhanced to include the actions and controls to mitigate risks relating to or arising from Modern Slavery.

##### ***a) Supply chain management***

ABCS selects, assesses and monitors its suppliers and outsource providers in accordance with the Branch's Procurement and Outsourcing Policies.

Prior to outsourcing any functions to a third party, the Branch undertakes a due diligence review of the potential service provider, including but not limited to adverse news, press releases, and other external factors like political, economic, social and the legal environment of the jurisdiction in which the service provider operates and other events that may impact service performance. The Branch also undertakes appropriate due diligence of its suppliers, including performing sanctions screening.

During the next Financial Year, ABCS will enhance and improve its assessment, due diligence and periodic review process of its suppliers and outsource providers to include modern slavery risks.

##### ***b) Policies and procedures to address risks***

ABCS also has its own set of compliance, risk and business policies and procedures, which specifically cover the relevant Australian laws and regulations which apply to the Branch and its employees. The Branch also has an established whistleblowing process, under which employees can anonymously report relevant concerns. During the next Financial Years, ABCS will update its relevant policies and procedures to specifically refer to the risks of modern slavery practices.

**c) Due diligence**

ABCS undertakes extensive due diligence on its customers and counterparties at both the onboarding stage and on a continual periodic basis, based on the risk level of the client, in accordance with the Branch's anti-money laundering policies and procedures. This due diligence includes using vendor database applications to search for adverse news relating to potential and existing clients, which includes news relating to human rights violations. ABCS also undertakes sanctions screening on its potential clients and regular ongoing sanctions screening of all its existing clients. During the next Financial Year, ABCS will enhance its suppliers due diligence process by specifically assessing the modern slavery risks associated with its suppliers.

**d) Training and raising awareness**

Employees of ABCS are all required to undertake a compliance induction training programme upon joining the Branch, as well as completing a compliance training programme throughout the year. This training ensures that the Branch's employees are aware of the compliance and legislation and requirements which apply to the Branch and to them. The compliance training which is provided to ABCS employees includes a topic and content covering modern slavery. During the next Financial Year, the Branch will improve the training regarding modern slavery.

**e) Employees**

All employees of ABCS are employed under contracts which comply with relevant Australian NSW State and Commonwealth legislation and requirements, which the Branch also complies with.

The *Fair Work Act 2009* governs the employee and employer relationship in Australia. ABCS's Employee Handbook details the Branch's employment management and practices. The Branch respects the rights of its employees, including but not limited to the minimum employee entitlements under the *Fair Work Act 2009*, minimum wages, compulsory superannuation, workers' compensation and equal opportunity in employment.

Before new employees join the Branch, the Branch will undertake various checks and screening on its employees to verify their background, experience, qualifications, fitness and propriety.

The *Work Health and Safety Act 2011* imposes strict obligations on employers to ensure the health and safety of their employees in the workplace as well as other people who are affected by the employer's business activities. ABCS supports and operates within the relevant legislation, awards and common law relating to Work Health and Safety, and is committed to providing and maintaining safe and secure premises, safe equipment and systems, and appropriate training and education to its employees.

**5. Assessment of the effectiveness of its risk-mitigating actions**

**a) Risk management structure**

ABCS operates under the "Three Lines of Defence" model.

The Senior Management of ABCS (General Manager and Deputy General Managers) has principal responsibilities for operation and management of the Branch. The General Manager is responsible for the oversight of the Branch committees, which provide intellectual support to the General Manager. ABCS's committees comprise the Asset and Liability Management Committee (ALCO), Credit Approval Committee (CAC), Risk Management Committee (RMC), Compliance Management Committee (CMC) and the Senior Management Executive Meeting. Risk issues impacting the Branch are primarily reported to, reviewed and discussed by the RMC and CMC.

**b) Comprehensive risk management system**

During the Relevant Financial Year, ABCS improved its risk management processes, policies and systems.

ABCS assesses the effectiveness of its risk-mitigating actions by using a methodology of compliance and operational risk assessment. The risk-mitigating actions are assessed based on the results of the Branch's annual Compliance and Operational Risk control self-assessments and testing.

ABCS conducts compliance and operational risk testing work with the aim of confirming the effectiveness of controls, promoting targeted compliance management measures, reducing compliance and operational risks and increasing corporate value. Testing of controls is undertaken by the Branch's Compliance and Internal Audit Departments.

During the Relevant Financial Year, ABCS issued a Reputational Risk Policy, which covers the Branch's reputational risk processes.

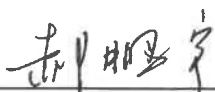
During the next Financial Year, ABCS's Compliance risk and control self-assessment and testing processes will be updated to include modern slavery risks.

**6. Process of consultation**

ABCS consulted with related parties in the preparation of this statement to improve the controls of modern slavery risk.

**7. Approval of this statement**

This statement has been approved and signed by Madam HAO Pengyu in her role as the principal governing body of ABCS, (the Senior Officer Outside Australia - SOOA) on 28 June 2021.

 (signature)

Name: HAO Pengyu

Title: Senior Officer Outside Australia (SOOA)