

Modern Slavery Statement 2020

This Modern Slavery and Human Trafficking Statement (Statement) is made pursuant to of the Australian Modern Slavery Act 2018 (Cth) by Heritage Bank Limited (ABN 32 087 652 024) (Heritage) and relates to the financial year 1 July 2019 to 30 Jun 2020 (FY2020).

About Heritage Bank

Heritage is Australia's largest customer-owned bank. Founded in 1875 in the Queensland city of Toowoomba, Heritage provides a range of financial products and services to personal and small business customers in Australia. Heritage has branches located across South-East Queensland and in Sydney, and lends to customers throughout Australia via a network of mortgage broker partners. Heritage has also established the Heritage Bank Charitable Foundation, which fulfils a philanthropic role by providing grants to eligible non-for-profit charity organisations across Australia.

Heritage's supply chain

Heritage has a global supply chain that is made up of approximately 600 direct suppliers but has a strong focus on supporting domestic and local vendors. Our supply chain relationships include suppliers from the following sectors:

- Communications;
- Information and Technology;
- Property Services, Facilities Management, Utilities, Cleaning, Waste Management, and Security;
- Logistics and Correspondence;
- Consulting Services;
- Marketing, Print and Promotional Goods, and Services;
- Fleet Management;
- Office Supplies; and,
- Corporate Clothing.

Our risk management and due diligence process

As a financial service organisation with a professional workforce, Heritage considers its direct risk of modern slavery to be low. However, we recognise we may be indirectly exposed to modern slavery through our supply chain. As a result Heritage has implemented a risk management process to identify, assess, mitigate and monitor any potential modern slavery risks.

In preparation for meeting its requirements under the Australian Modern Slavery Act, Heritage implemented a Modern Slavery Working Group comprising representation from diverse functions of the business and the Heritage Charitable Foundation. The working group was tasked with performing supply chain assurance on a subset of suppliers within their respective business units.

The assurance process sought to identify potential risk areas that could expose Heritage on human rights concerns including modern slavery and human trafficking. The group conducted a risk assessment process on all active suppliers during the FY2020. A triage process was used using financial exposure (spend) as a determinate of priority. Additionally, particular focus was placed on high risk sectors including garments

and low cost consumables regardless of spend. The country of origin of goods and services was also considered using the 2018 Global Slavery Index as a guide.

Any potential medium to high risk engagement were escalated and additional due diligence applied. This involved sourcing the suppliers Human Rights, Modern Slavery, ESG or similar policy statements. If none were available the supplier was asked to complete a questionnaire. Of the identified potential medium to high risk engagements, all vendors were able to furnish Heritage with relevant policy, procedure or completed questionnaire.

Measuring effectiveness

Heritage acknowledges the complexity issue that presents a challenge for all organisations in terms of providing credible measurements as to their effectiveness in addressing modern slavery risk. We continue to monitor our medium to high risk suppliers for the effectiveness of their control measures as well as any publically available adverse information.

Further actions

Further to the actions taken to identify and mitigate modern slavery and human trafficking, in 2020 Heritage implemented a new Environmental, Social and Governance (ESG) Policy. The Policy specifically addresses the need to embed internationally recognised human rights standards within our operations and to take steps to ensure that we do not enter business relationships with others who may act in violation of those human rights standards. The ESG Policy recognises that ESG risks exist within our supply chains, with potential exposure from third-party suppliers in relation to issues such as modern slavery. Heritage acknowledges that our supply chain decisions need to include considerations of more than the traditional factors such as cost, quality and speed of delivery.

Heritage has a number of policies which assist us in managing the risk of modern slavery. These include:

- Heritage Code of Conduct
- Heritage ESG Policy
- Group Whistleblower Policy
- Heritage Procurement Policy

The Procurement Policy was reviewed and updated during the FY2020 period to integrate reference to the Australian Modern Slavery Act requirements.

Our commitment

Heritage is committed to continuous improvement in all areas of our operations and this applies to our activities in relation to modern slavery. We continue to develop our approach through:

- Ongoing annual review of our supply chain;
- Expand the scope of our due diligence to include associations, memberships, donations and corporate sponsorships;
- Ensuring modern slavery issues are considered for new, or renewed, sourcing and contracting activities; and
- Conducting modern slavery awareness training for Heritage staff.

To optimise the effectiveness of our efforts, we will continue to focus our supply chain ESG Risk Assessment on suppliers that fall into the "High Risk" sectors and sensitive areas list identified through our working group review process.

We have also reviewed our sourcing categories to more clearly identify those that need to undergo more stringent risk assessment processes. The categories are now better aligned to our High Risk ESG sectors

and sensitive areas list. That means the sourcing categories with a higher likelihood of ESG risk, including modern slavery, are better flagged to undergo risk assessment.

Approval

This Modern Slavery Statement has been approved on 18 February 2021 by the Board of Heritage Bank Limited on behalf of all named reporting entities as the principal governing body for Heritage Bank Limited.



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Kerry Betros
Chairperson

26-3-21

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Date