

Modern Slavery Statement 2023

Respecting Human Rights.

Teachers Mutual Bank Limited


AFSL/Australian Credit Licence: 238981

ABN: 30 087 650 459

Acknowledgement of Country



ARTWORK BY ABORIGINAL ARTIST LEE HAMPTON OF KOORI KICKS ARTS.

 Teachers Mutual Bank Limited acknowledges the Traditional Custodians of Country throughout Australia and recognises their continuing connection to land, waters and community. We pay our respects to them and their cultures; and to Elders both past and present.

About this Modern Slavery Statement

This Modern Slavery Statement (Statement) is made in accordance with the Australian Modern Slavery Act 2018 (CTh) (Act). It applies to and describes the steps taken by Teachers Mutual Bank Limited during the financial year ending 30 June 2023 to identify, manage and mitigate the specific risks of modern slavery in its operations and supply chain.

This statement has been approved by the Board of Directors.

Maree O'Halloran
Chair of the Board of Directors

11 December 2023

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Message from the Chair

Maree O'Halloran

At Teachers Mutual Bank Limited, we strive to be a bank for good, for those who do good.

This is Teachers Mutual Bank Limited's fourth Modern Slavery Statement outlining the actions we are taking to address and prevent modern slavery throughout our operations and supply chains.

As a bank for good, we strive to continually improve our practices and collaborate with like-minded organisations to drive positive change. As we celebrate our 57th year in 2023, we remain committed to putting people before profit, building upon the values established in 1966 when we first began providing financial services.

Today, as one of Australia's largest mutual banks, we seek to integrate social responsibility into our daily operations. Our commitment to respecting all human rights, as outlined in the Universal Declaration of Human Rights, is formalised in our Corporate Social Responsibility Policy.

We believe that by adopting a zero-tolerance approach to modern slavery, we can make a meaningful impact on the lives of vulnerable individuals and contribute to a more just and equitable society.

As a trusted financial services provider, and significant employer, we recognise that we have an important role to play in the global goal to eradicate modern slavery and we expect our people and partners to share our commitment. Together, we can collectively address the root causes of modern slavery and contribute to a brighter future for all.



Maree O'Halloran
Chair of the Board of Directors



Our structure, operations and **supply chain**

Structure and Operations

For 57 years, Teachers Mutual Bank (formerly Teachers Credit Union) has provided key financial services for those in the education sector.

Today, Teachers Mutual Bank Limited is one of Australia's largest mutual banks with more than 230,000 members and over \$10 billion in assets supporting five divisions: Teachers Mutual Bank, UniBank, Firefighters Mutual Bank, Health Professionals Bank and Hiver Bank, that provide financial services to essential workers in the education, emergency services, and healthcare sectors. Teachers Mutual Bank Limited is the ultimate parent company and its controlled entity is EdSec Funding Trust No. 1.

The EdSec Funding Trust No. 1 is a wholly owned securitisation vehicle and has no dedicated staff or suppliers.

We conduct business throughout Australia, with our head office located in Homebush, NSW, and 9 other offices across the country. We directly employ 591 staff.

Our commitment to be a world-leading socially responsible bank is verified by third party certification and assessment. This provides our Members and stakeholders with proof that our sustainability credentials can be trusted, and provide a clear view of how we are banking for good.

We have been named as one of the World's Most Ethical Companies for ten consecutive years 2014 – 2023, one of only four banks on a list of 135 companies. This recognition demonstrates the Teachers Mutual Bank Limited's ongoing commitment to global ethical leadership, and honours companies demonstrating business integrity through best-in-class ethics, compliance, and governance practices

In January 2022, we became a Certified B Corporation, joining over 5,000 organisations worldwide, 1 of 44 banks and credit unions, committed to using business as a force for good.

At our 2022 AGM, 91.4% of our Members voted in favour to update our constitution to include B Corp rules. Certified B Corporations meet high standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose.

More information about our business is set out in our [2022-2023 Annual Report and Sustainability Update](#).

Our structure, operations and supply chain

Our Members and Products

As a mutual bank, we are owned by and run for the benefit of our Members. As our Members own the organisation, there is no trade-off between shareholders and customers. Every Member has one equal vote and one share in the business.

We primarily serve the Australian essential worker sector by providing banking and financial products and services to those individuals (and their family members) from across the teaching, tertiary education, firefighting, emergency and healthcare sectors.

We are grounded in our communities and serve the real economy by primarily using Member deposits to lend to other Members.

Our Members are Australian citizens or permanent residents of Australia. We focus on personal banking. We do not have any operations in foreign jurisdictions.

Our main products are basic deposit products (such as savings accounts, transaction accounts), non-cash payment products (such as cards) and loan products (such as home loans, personal loans and credit cards). We also provide telegraphic transfer and foreign exchange services to our Members. In addition to our main products, we arrange for an independent company, Members Automotive Services Pty Ltd trading as Teachers Car Buying Service, to provide car buying services to members of Teachers Mutual Bank in NSW and ACT. We also arrange for the issuance of general insurance products, such as home and contents, car and caravan, as agent for Allianz Australia Insurance Limited; and life insurance products as agent for Zurich Australia Limited.

Our subsidiary, EdSec Funding Trust No. 1 is a funding vehicle to obtain liquid funds from the Reserve Bank of Australia.



Our structure, operations and supply chain

Our Supply Chain

We procure a range of goods and services from a diverse supply chain. Our supplier arrangements range from one-off purchases with non-contracted suppliers through to multi-year, large value strategic partnerships governed by master agreements. We recognise that each of these suppliers has their own complex web of supply chains.

We understand the opportunity our supply chain provides to create positive impact through diverse sourcing strategies and practices. We aim to promote social and economic participation by continuing to expand relationships with Indigenous owned businesses and other Certified B Corporations, and to continue to expand these groups over time.

Fostering strong relationships built on mutual respect is fundamental to our procurement strategy, and as such, we seek to ensure that we build long-term strategic relationships with our suppliers.

Supplier spend is managed in the following categories:



Customer Engagement

Includes marketing and digital services, services supporting our products, digital channels, contact centres and car buying services.



Corporate Services

Includes office services, logistics, supporting our property footprint, security, travel and entertainment, tools of trade and office supplies, training, recruitment and contingent workforce services and professional services.



Technology

Includes IT, payment processing, telecommunications, computer hardware and software, mobile and terrestrial telephone and data services.



Identifying our modern slavery risks

Modern slavery includes slavery, servitude, forced labour, forced marriage, the worst forms of child labour, debt bondage, deceptive recruiting for labour or services and human trafficking.

Our approach to human rights is embedded in how we do business. We are committed to respecting all human rights as outlined in the Universal Declaration of Human Rights and guided by the 2011 United Nations Guiding Principles on Business and Human Rights (UNGPs). The UNGPs outlines 'the corporate responsibility to respect human rights' and that business may cause, contribute or be directly involved with adverse human rights impacts as a result of business relationships in its value chain.

Our modern slavery risks

We acknowledge that there are risks of involvement in modern slavery across our operations and supply chain through our various roles:



Employer

There is a risk that there could be exploited labour within indirect employment arrangements.



Investor

There is a risk that we could invest in entities with links to modern slavery.



Partner and Sponsor

There is a risk that we could partner, support or donate financially or through advocacy to organisations involved in modern slavery.



Members

There is a risk that some Members may use our products for activities that involve modern slavery.

Members may transact to and from certain geographies or by facilitating investment in certain sectors.

These could include linkages to modern slavery through entities that may use financial services to launder money derived from modern slavery.

We acknowledge that we may also have Members who are vulnerable persons subject to exploitation or exposed to modern slavery risk through personal or work circumstances.



Purchaser of Goods and Services

There is a risk we could purchase goods or services involved in modern slavery in their creation or provision.

This could be impacted by sourcing practices, engaging in one-off purchases and/or the use of non-contracted suppliers.

In addition we acknowledge that risks in our supply chain may be higher where we procure goods and services that are manufactured in, or use raw materials from, industries and/or countries that are at a higher risk for modern slavery.

Our actions to address modern slavery risks

Our actions to address modern slavery risks

The Bank recently commenced the implementation of a new system to automate and streamline oversight of third party relationships. This will assist in monitoring, accessing, and managing risks from third-party vendors. It will streamline oversight of vendor relationships, establish measurements, controls and processes to quickly understand, prioritise, and manage risks.

We continue to assess our operations, supply chain and investment portfolio to improve our understanding of modern slavery risk.

There were no actual or suspected instances of modern slavery identified during this reporting period.

In this period we utilised a third party proprietary algorithm and data-analysis system to identify and examine modern slavery risks. The methodology maps the supply chain up to 10 tiers of inputs. Tier 1 in the supply chain represents the supplier with whom we have a direct relationship. Tier 2 represents the suppliers of our Tier 1 supplier, and Tier 3 represents the suppliers of Tier 2, and so on.

The methodology provides an estimate of modern slavery risk in our supply chain based on industry type, country of tier 1 supplier and our relative spend/invested amounts. This provides an indication of industries that are more likely to be at a greater risk of modern slavery. This likelihood is reflected in an overall 'slaves per million dollars' and is known as the Total Relative Slavery Risk Rating.

The risk rating illustrates where further due diligence is required. Suppliers and Investments with higher 'slaves per million dollars' spent are identified as those that hold the greatest modern slavery risk.



Our actions to address modern slavery risks

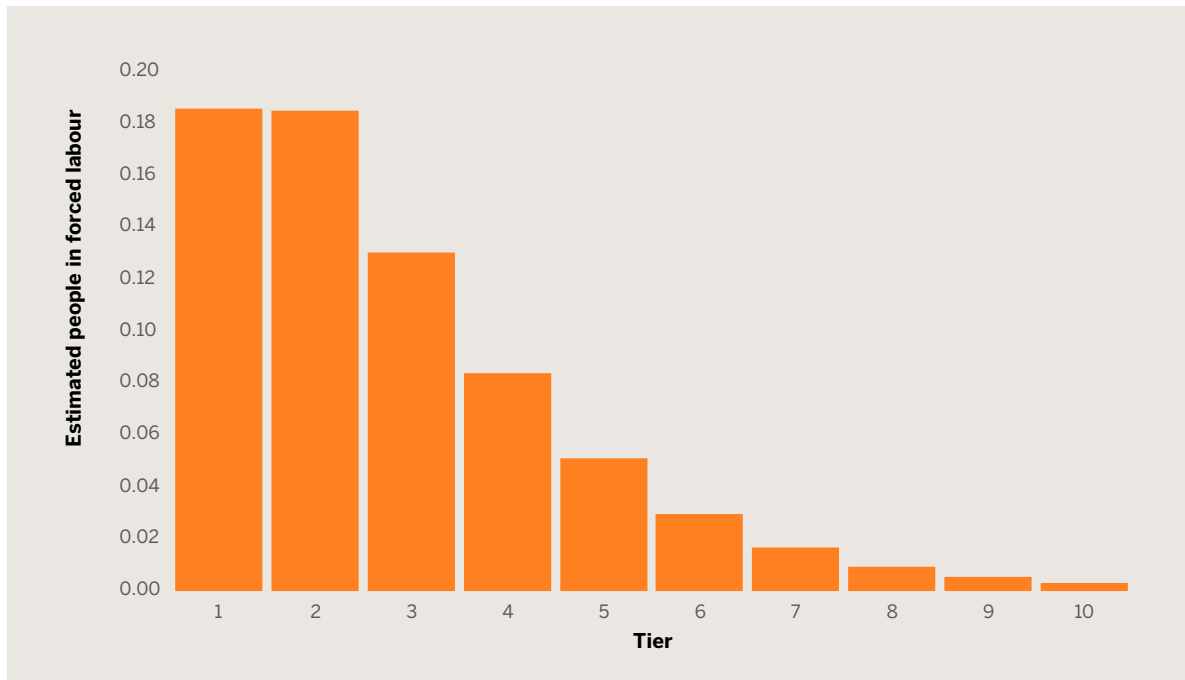
Supply Chain

In FY2023, we procured goods and services from 604 suppliers, ranging from very large, established corporates critical to our business operations, to those that provide us with low value, infrequent products and services. Our supply chain includes 33 suppliers domiciled offshore, the majority of which are in the USA.

In total 96 percent of our spend is with 31% of our suppliers.

We performed our risk assessment on the top 434 unique suppliers, including all the overseas suppliers. Our risk assessment enabled us to examine the risks hidden within our supply chain. The methodology indicates that the highest likelihood of slavery in the supply chain is occurring in Australia.

FIGURE 1: DEPICTS MODERN SLAVERY RISK BY TIER OF SUPPLY CHAIN



The risk assessment further identifies the comparative population of people working in slavery or slavery-like conditions within our supply chain. It indicates that tiers 1 and 2 is where the greatest risk of slavery may exist and where we will prioritise due diligence for FY2024. The theoretical slavery footprint is an estimate of probable slaves associated with the value spent, industry and country throughout the supply chain.

In FY2024 we will also focus on improving our systems to provide stringent controls and immediate assessment capability to on-board the right partners who share our commitment to eradicate modern slavery practices.

Our actions to address modern slavery risks

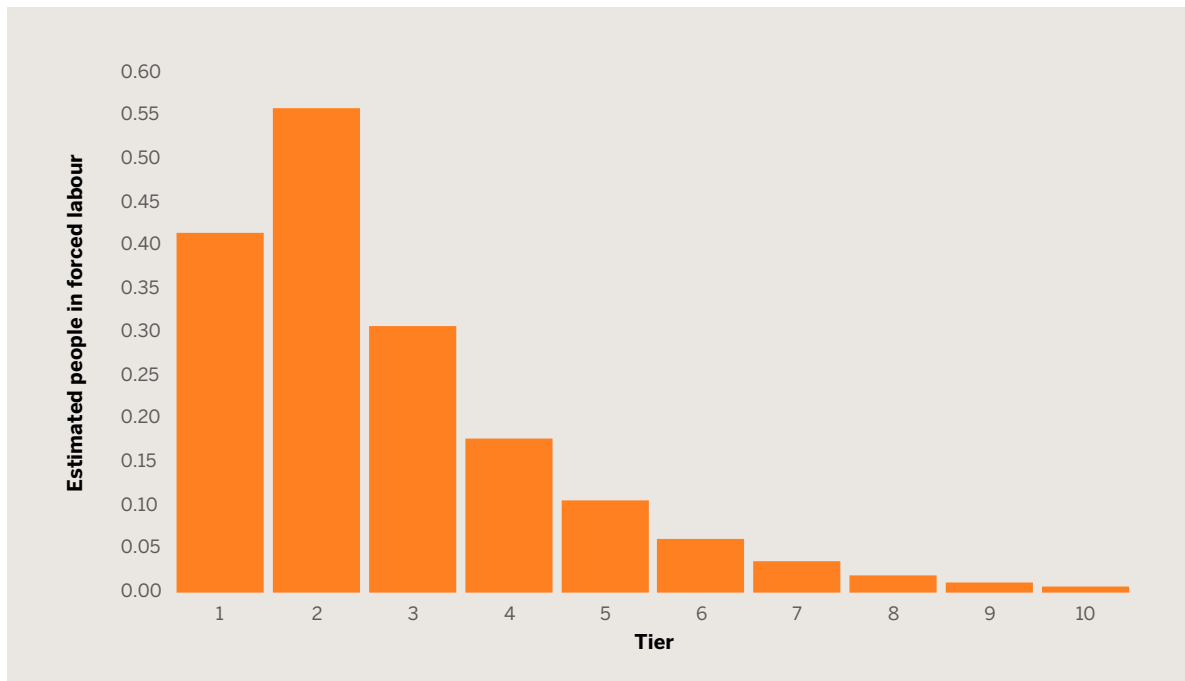
Investment Portfolio

In this reporting period we also undertook a risk assessment of our investments.

The analysis indicated that the highest likelihood of slavery in our investment supply chain is occurring in Australia. It also indicated that tier 2 is where the greatest risk of slavery may be found.

The proprietary methodology tracks slavery-tainted dollars throughout the global economy. The slavery risks identified may exist at any point within the tiers assessed. It provides the basis for further due diligence to be performed on these high-risk priority areas.

FIGURE 2: MODERN SLAVERY RISK BY TIER OF INVESTMENTS



Enhanced due diligence is regularly undertaken on our investments. New investments are selected by assessment against our Sustainability Investment Exclusion criteria and a review of the organisations commitment to eradicate modern slavery practices.

Our actions to address modern slavery risks

Due diligence in our supply chain

Contractor Management

We use an online contractor management, prequalification, and compliance solution. This pre-qualifies contractors, performs checks including reputation, licences and insurances. This also provides a site orientation and specific induction and training, as well as a record of these activities. This means we can be confident that when contractors access our sites they are compliant with our requirements.

New and Existing Supplier Screening

We are aware the risk of encountering modern slavery practices in our operations lies where we do not have direct management control and supervision. This may include contractors or suppliers who provide staff (amongst others, in cleaning, security or catering).

We have a Vendor Governance Framework (VGF) in place. The VGF establishes our process to identify, assess, manage, mitigate and report material corporate social responsibility (CSR) risks in our supply chain. Selected material and strategic suppliers are contractually required to complete a comprehensive Sustainability survey initially and then every two years to assist us in assessing supplier CSR risk. Processes such as screening, risk assessment and supplier due diligence both during on-boarding and ongoing are continually reviewed and strengthened to ensure they remain as effective as possible in mitigating the risk of modern slavery practices in our supply chain.

We utilise screening technology, which screens entities against a global proprietary database of adverse media information. All suppliers are screened on a regular basis, ensuring that when/if new adverse information becomes available through

the database we are made aware of that fact. In the event that a supplier is associated with an adverse media article, an alert is generated and further due diligence undertaken to assess impacts and decide on the appropriate mitigation actions. All suppliers continue to be screened with no reportable concerns. All suppliers will be screened prior to on-boarding.

Addressing High and Medium Risk Suppliers

Where a supplier is identified as high or medium risk (due to their industry and geographic location), we undertake a due diligence process to understand how and if modern slavery risks are being managed by the supplier, which includes any/all of the following actions:

- Gathering and assessing publicly available information where available, including the suppliers' policies and procedures.
- If required, contacting suppliers directly to verify (where information is publicly available) or to request information on their approach to addressing modern slavery within their operations or supply chain.
- Inserting a modern slavery clause, where deemed necessary, on contract renegotiation or in new supplier contracts.

In the case of cleaning contractors we engage, we take steps to ensure that work is only undertaken by the contracted entity and is not further outsourced. This includes ensuring that the contracted entity has undertaken an occupational health and safety prequalification and has appropriate insurance, and that all staff engaged are employed directly (not through subcontractors, unless specialised services are required and we are made aware of this) and have appropriate rights to work within Australia. Where deemed necessary, we will also request proof of wage payments.

Our actions to address modern slavery risks

Risks and due diligence in our lending operations

We ensure environmental, social and governance (ESG) issues are embedded in our lending and investment practices, and written in our Treasury Credit Risk and Lending Risk Policy. This includes those that have a higher risk of exposure to modern slavery practices.

We do not lend to, or invest in, sectors where the primary purpose of the entity or business is alcohol, armaments, correctional facilities, cryptocurrency, deforestation or gross

environmental degradation, fossil fuels, gambling, military activities, political activities, pornography, slavery, tobacco or uranium.

We also do not use Member's deposits to directly lend to, buy equity or debt in, any large-scale greenhouse polluting activities from fossil fuel exploration, extraction, production and use.



Our actions to address modern slavery risks

Tackling financial crime

Modern slavery practices are crimes and the perpetrators are likely to seek to launder the proceeds through the financial system to legitimise them. We leverage intelligence, analytics, investigations and partnerships with other financial institutions and regulators to identify, mitigate and deter financial crime. We have processes that analyse the types of activities that are likely to be indicative of modern slavery practices.

We are aware that child sexual exploitation (CSE) is among the worst forms of modern slavery and that this activity can involve victims and perpetrators in any jurisdiction including Australia. Payment for this activity takes a variety of forms.

We have engaged with partner agencies to discuss current typologies thus enabling us to better profile and detect payments that may relate to CSE, and have implemented client transaction monitoring practices targeted specifically at this behaviour.

We adhere strictly to our reporting obligations under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* in order to enable law enforcement to take any action it deems necessary.



Raising awareness and training

Raising awareness and training

We aim to empower our staff to identify, mitigate, manage and report on modern slavery risks in their roles. Training is delivered through an online module as part of our work to build internal awareness and capability.

This year we worked on an approach to expand the rollout of training to all employees to provide broader visibility to this issue.

The training provides education on the various forms of modern slavery, the cost and impact on individuals, businesses and the wider community, business activities and industries where modern slavery practices are prevalent and provides practical examples on addressing modern slavery risks.

The regular training also provides information on our obligations under the Act, and is in line with the annual production of this Modern Slavery Statement.

We continue to work with our Learning and Development team to acquire a revised training module specifically targeted at modern slavery risk management in the financial services industry.



Grievance mechanisms and remediation

Grievance mechanisms and remediation

We aim to identify, prevent, mitigate and account for our adverse human rights impacts. We are committed to providing for or cooperating in remedy when appropriate. We provide mechanisms through which grievances can be raised.

Concerns and instances in which modern slavery practices are occurring or is suspected, breaches in labour or human rights or non-compliance with our policies can be raised through our complaints and dispute resolution process or our Whistleblower Policy. Concerns may be raised through a variety of channels, including phone, email and in writing, with all mechanisms publicly available.

Our Whistleblower Policy has been developed to protect those reporting and ensure that concerns can be raised without individuals being subject to victimisation, harassment or discrimination. We are committed to ensuring that concerns are assessed in a timely manner, and addressed fairly and confidentially, in line with our policy.

Where there is evidence of a failure to adhere to standards in preventing acts of modern slavery and human trafficking, we choose to engage, rather than divest. The UNGPs recognise different remedies that organisations may seek to provide (or cooperate in providing) if they identify that they have caused or contributed to human rights harm. These could include:

- Apologies;
- Restitution;
- Rehabilitation;
- Financial or non-financial compensation and punitive sanctions (criminal or administrative, such as fines); or
- Prevention of harm through, for example, injunctions or guarantees of non-repetition.

A remediation plan will be developed with suppliers or investments should an incident of modern slavery be identified for ongoing tracking, management and reporting.

We trust our Statement is a means for our employees across the operation and supply chain to be confident in our commitment to identifying, mitigating and remediating risks, and that they come forward if they feel that a breach of our standards has, or may, occur.



Policies and Frameworks

Policies and Processes

Conducting business ethically and responsibly is fundamental to how we operate. Our behaviour is underpinned by our values, which includes our commitment to ethical business. Policies and processes which outline our expectations include:

POLICY / PROCESS DOCUMENT	PURPOSE
AML – CTF Program	Sets out how we comply with our legislative obligations for anti-money laundering and counter-terrorism financing.
Code of Conduct	Outlines our commitment to treat others with respect, dignity and fairness, and ensuring a safe and healthy work environment for all employees, contractors, visitors, members and customers.
Complaints and Dispute Resolution Policy	Outlines our approach to complaints handling. We are committed to working with complainants to understand their issue and providing an appropriate outcome.
Corporate Social Responsibility Policy	Outlines our approach to ethical business and social responsibility practice and how we deliver on our responsibilities and commitments. It includes our commitment to respecting human rights, and specifically the rights of our employees, our members, and our communities.
Customer Owned Banking Code of Conduct	Sets standards of good practice for customer owned banks.
Human Resources Policy	Governs employment and personnel matters, including our commitment to ensuring appropriate remuneration and benefits for employees and contractors, and providing a workplace free of discrimination and harassment.
Vendor Governance Committee Charter	Outlines oversight of policies, procedures and tools.
Vendor Governance Policy	Outlines management of the supply chain (including vendors, third parties, and partners) and related contracts, performance, relationships and risks.
Vendor Governance Framework	Outlines the monitoring procedures used to manage operational risk associated with third party arrangements.
Vulnerable Persons Policy	Outlines our approach to supporting vulnerable persons.
Whistleblower Policy	Outlines our approach to the reporting of unethical, corrupt, illegal or undesirable conduct and to ensure that those who do report can do so safely, securely and with confidence that they will be protected and supported by us.

Governance

Our Board has ultimate oversight over our actions to address the risk of modern slavery practices within our business and our partnerships with suppliers.

The Board approves and fosters an appropriate corporate culture consistent with our values. The Board Risk and Compliance Committee, a subcommittee of the Board, monitors and reports on our progress in tackling modern slavery practices in our operations. Day-to-day responsibility and execution of actions, such as engaging with new suppliers and ensuring adherence to our policies and procedures, is led by our management team.

Risk Management Framework

A 'Three Lines of Defence' (3LOD) model has been adopted to actively manage risks. The Risk Appetite Statement is cascaded throughout the business, is monitored and reported within the 3LOD model which is described as:

1

Line 1: Business Management

The primary area responsible for risk management. It lies with the business – the area where the risks are generated and managed.

2

Line 2: Risk Management

Responsible for risk advice, control and challenge. It provides the analytical insight, oversight and challenge, and assurance that business decisions reflect the Board's risk appetite; and

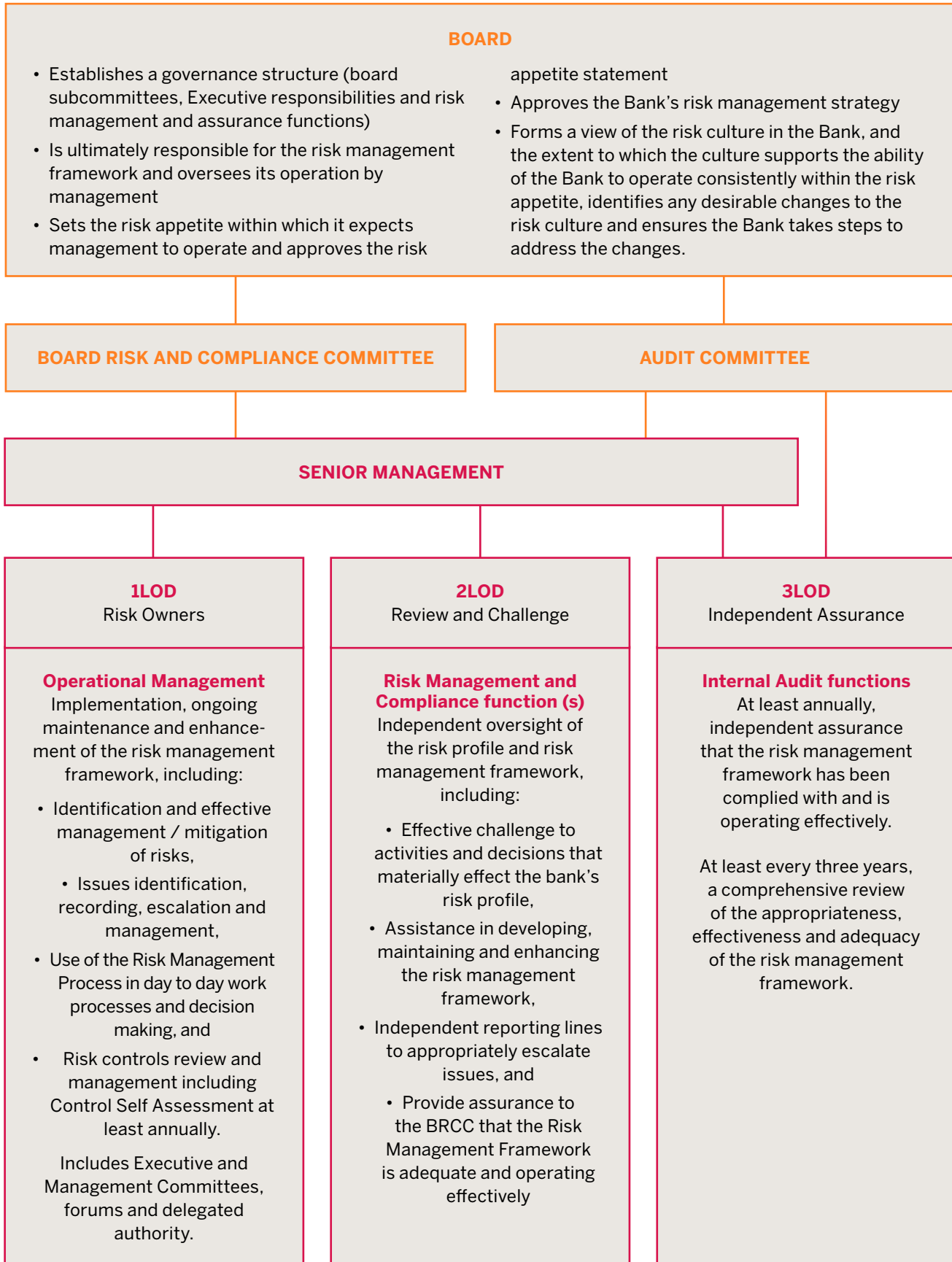
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Line 3: Internal Audit Function

Providing independent review and assurance.

The Bank's Risk Management Framework illustrates the structure within which the Bank identifies, measures, evaluates, monitors and reports risk.

Modern Slavery Statement 2023



EXTERNAL AUDIT

FIGURE 3: RISK MANAGEMENT FRAMEWORK

Assessing the effectiveness of our actions

We are committed to continually improving our approach to modern slavery and advancing human rights. We acknowledge that measures of effectiveness are critical to assist in informing appropriate actions to address our risks.

Assessing the effectiveness of our actions

We identify appropriate action based on the following principles:

1

Prioritisation

We place a focus on where the greatest risks of modern slavery are identified in our operations, lending, supply chain and investments.

2

Leadership

We use our industry influence to spread knowledge and drive greater advancement in managing modern slavery risks.

3

Collaboration

We work with like-minded organisations and stakeholders to continually learn about and reduce the risk and occurrence of modern slavery.

We are committed to continuous learning and innovating our approach to proactively mitigate and address the risks of modern slavery in our value chain. During the coming year we will continue to strengthen our approach.

Appendix 1: Overview of reporting entities

Teachers Mutual Bank Limited is the ultimate parent company and its controlled entity is EdSec Funding Trust No. 1. The EdSec Funding Trust No. 1 is a wholly owned securitisation vehicle and has no dedicated staff or suppliers.



Appendix 2: Mandatory Criteria

Australian Modern Slavery Act Mandatory Criteria

This Statement was prepared to meet the mandatory reporting criteria set out under the Australian Modern Slavery Act. The table below identifies where each criterion is addressed within this statement.

AUSTRALIAN MODERN SLAVERY ACT MANDATORY CRITERIA	THIS STATEMENT
Identify the reporting entity.	<ul style="list-style-type: none"> About this statement (page 2) Our structure, operations and supply chain (page 5)
Describe its structure, operations and supply chains.	
Describe the risks of modern slavery practices in the operations and supply chains of the reporting entity and any entities it owns or controls.	<ul style="list-style-type: none"> Identifying our modern slavery risks (page 8)
Describe the actions taken by the reporting entity and any entities that the reporting entity owns or controls to assess and address these risks, including due diligence and remediation processes.	<ul style="list-style-type: none"> Our actions to address modern slavery risks (page 9) Grievance mechanisms and remediation (page 16)
Describe how the reporting entity assesses the effectiveness of these actions being taken to assess and address modern slavery risks.	<ul style="list-style-type: none"> Assessing the effectiveness of our actions (page 20)
Describe the process of consultation with any entities the reporting entity owns or controls (a joint statement must also describe consultation with the entity giving the statement).	<ul style="list-style-type: none"> Appendix 1 Overview of reporting entities (page 21)
Any other relevant information.	<ul style="list-style-type: none"> Message from the Chair (page 4)