



MODERN SLAVERY STATEMENT

UNDER THE MODERN SLAVERY ACT 2018 (CTH)

**REPORTING PERIOD:
1 July 2019 – 30 June 2020**

People's Choice Credit Union
Australian Central Credit Union Ltd
ABN 11 087 651 125



Contents

Part 1: Chief Executive's Summary

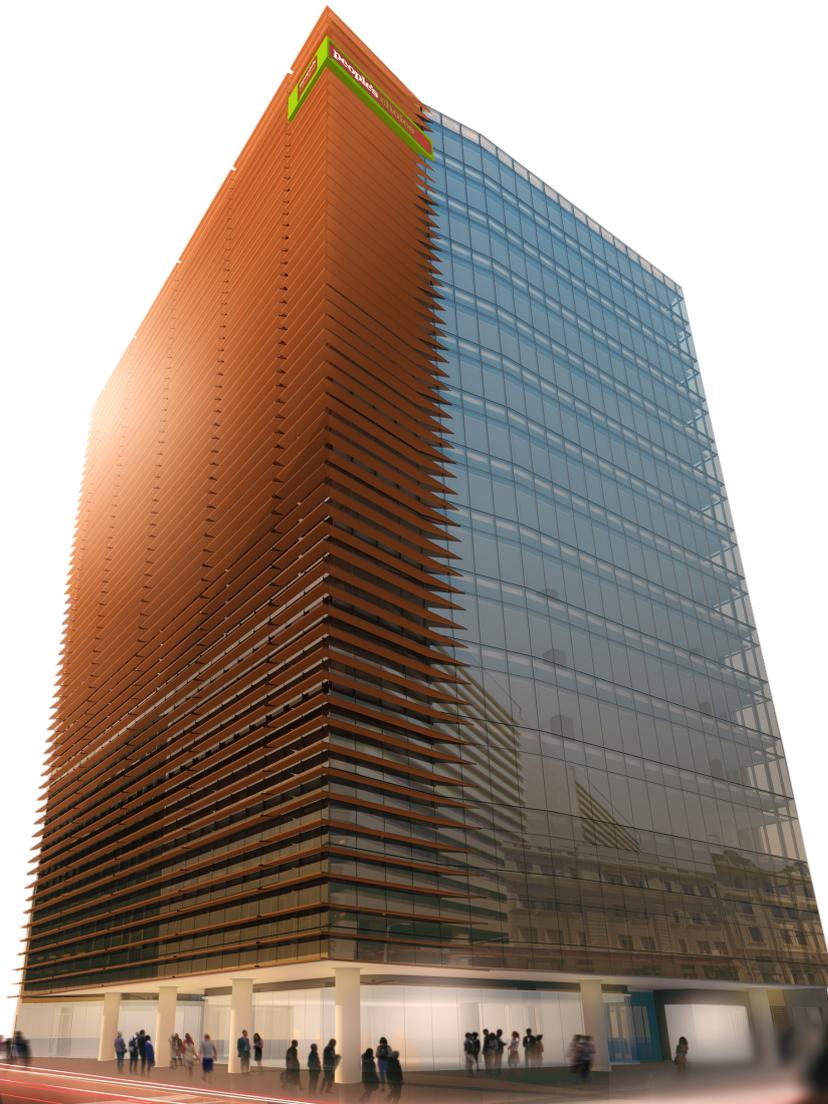
Part 2: Who we are

Part 3: Identification of Reporting Entity, Structure, Operations and Supply Chain

Part 4: Identification of Modern Slavery Risks

Part 5: Risk Assessments

Part 6: Measuring Effectiveness



1 Chief Executive's Summary

This document is our first modern slavery statement made in accordance with the Modern Slavery Act 2018 (Cth) (the Act).

The mandatory reporting entity under the Act is Australian Central Credit Union Ltd - ABN 11 087 651 125. Throughout this Statement the entity will be referred to under its trading name – People's Choice Credit Union (or simply, 'People's Choice', 'we' or 'our').

People's Choice owns or controls the following corporate entities that are not, individually, mandatory reporting entities under the Act:

- People's Choice Community Foundation Limited
ABN 97 154 717 987;
- Financial Solutions Australasia Pty Limited
ABN 36 008 939 599; and
- Australian Central Services Pty Ltd
ABN 68 007 968 041

This statement has been prepared with input from members of our Executive. It has also involved the collaboration of subject matter experts, both from within our organisation, and with the assistance of external subject matter experts.

The People's Choice Board of Directors has approved this statement and authorised my signing it as CEO of People's Choice. The Directors of People's Choice's subsidiaries, as listed above, have been consulted in the process of preparing this statement. The internal governance framework for the subsidiaries listed above, are all subject to People's Choice oversight.



Steve Laidlaw
Chief Executive Officer
and Managing Director



2

Who We Are

People's Choice is a mutual organisation, meaning our customers are our members. We exist to meet the needs of our members in the delivery of products and services.

Our philosophy is simple; we are about people, not profit. We care about our people - our members, our communities and our staff. We are serious about our commitment to do our part to improve business awareness and responses to modern slavery.

It is an unfortunate present-day reality that modern slavery is prevalent throughout global supply chains. Whilst our risk assessment and due diligence measures to date have not revealed any actual or suspected incidences of modern slavery, we acknowledge that risks may occur deep within supply chains and that the United Nations has estimated more than 40 million people are trapped in modern slavery globally.

We understand that to reduce and prevent modern slavery in our supply chains and operations, our efforts must be sustained, holistic and specifically tailored to our corporate circumstances.

We welcome the opportunity to meaningfully engage with other businesses in our supply chain as we continue to enhance our management of risks associated with our supply chain. Our engagement with other businesses in our supply chain is intended to raise awareness, identify, assess and address modern slavery risks.

We also hold a 50% share in Mutual Marketplace Pty Ltd (Mutual Marketplace), a joint venture between People's Choice and Credit Union Australia Ltd (CUA). We engage Mutual Marketplace to supply goods and services and they in turn engage and enter into agreements with suppliers in order to supply those goods and services to us. Most of the goods and services we procure are procured in this fashion.

Mutual Marketplace is itself a mandatory reporting entity; we understand that it will have separately lodged a Modern Slavery Statement in accordance with the Act. We look forward to continuing our close engagement with Mutual Marketplace in improving practices for identifying, assessing and addressing modern slavery risks.



Our Approach

Our Board and Executive is committed to acting responsibly, ethically and with the highest standard of integrity to ensure that People's Choice's activities are continually structured and undertaken in a manner that allows us to meet the needs of our members.

We take a principled approach to achieve sound corporate governance and business practices. To achieve this, the Board has adopted policies that are capable of practical implementation throughout all levels of our organisation. We strive to ensure that our governance 'in action' is of the highest standard, consistent with our mutual underpinnings, while at the same time being practical and transparent to our members.

People's Choice is committed to ensuring we have the right framework, policies and procedures to undergo continuous improvement in addressing modern slavery in our supply chain and operations.

This Statement describes the steps we have taken towards improving practical awareness of modern slavery and reducing risks in our supply chain. Recognising that an effective modern slavery response requires a long-term investment, this Statement also includes an outline of our commitments to address modern slavery in future reporting periods.



“People's Choice is committed to ensuring we have the right framework, policies and procedures to undergo continuous improvement in addressing modern slavery in our supply chain and operations.”

3 Mandatory Reporting Requirements under the Act

Identify the reporting entity

Australian Central Credit Union Limited - ABN 11 087 651 125

Describe the reporting entity's structure, operations and supply chains

Our Structure

People's Choice is an Australian-based public company and member-owned credit union.

Our headquarters are located at 50 Flinders Street, Adelaide, SA 5000.

People's Choice was formed in 2009 through a merger of Australian Central Credit Union Limited and Savings & Loans Credit Union (S.A.) Limited.

The following entities are subsidiaries of People's Choice:

- People's Choice Community Foundation Limited ACN 154 717 987;
- Financial Solutions Australasia Pty Limited ACN 008 939 599; and
- Australian Central Services Pty Ltd ABN 68 007 968 041.

The operations of these subsidiaries include charitable fundraising, wealth management operations and provision of trust management and related services.

Our Operations

We have over 375,000 members across Australia, and up to 1000 employees. Our branches are located in South Australia, Northern Territory, Australian Capital Territory and Victoria.

We provide services and products in the following areas:



Business Financial Products

- Business Financial Products
- Business Accounts
- Business Loans
- Business Insurance
- Business Services



Personal Finance and Retail Banking Products

- Transaction Accounts
- Savings & Investment Accounts
- Personal Loans
- Home Loans
- Visa Credit Cards and Debit Cards
- Insurance
- Financial Planning & Advice
- Foreign Currency

Our Supply Chain

Our overall business operations involve relationships with over 700 suppliers. These entities range from large corporations, to smaller businesses and not-for-profits. A relatively large proportion of these suppliers are Australian-based or an Australian subsidiary of a global organisation. The majority of our suppliers are engaged and managed through Mutual Marketplace. We have collaborated with Mutual Marketplace to ensure that they also identify and address the risks of modern slavery with respect to suppliers that they engage and that form part of our supply chain.

We acknowledge that we need to have a clear understanding of our supply chain to identify and address modern slavery risks. In considering our supply chain, we recognise that we have relationships with businesses who supply us with goods and services. In turn those businesses have relationships with other businesses who supply them with goods and services and so on and so forth. It is important for us to recognise and understand the layers or 'tiers' within our supply chain.

An in-depth mapping of our supply chain, categorised by the amount spent, has revealed that, in the first tier, our suppliers primarily fall within the following industry categories:

- Computer and Technical Services
- Business Services
- Real Property Ownership
- Advertising Services

Our investment portfolio also contains the following first-tier industry categories:

- Banking Services
- Computer and Technical Services
- Non-Bank Finance



4 Risks of modern slavery practices in the 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 and controls

As a provider of retail and business financial products and services, our day-to-day operations, supply chain and investments are relatively removed from most widely recognised risks of modern slavery, especially in the lower tiers.

The industries within our first-tier supply chains with the higher spend categories generally provide direct supporting functions to our business operations such as the IT infrastructure that supports our banking services, buildings and maintenance services, and business marketing and advertising materials.



Risk Indicators

We acknowledge that modern slavery risks may be hidden deeply within our supply chains. Such hidden risks can potentially arise from a complex network of interacting factors, including:



Total supplier spend amounts (i.e., the value of our direct supplier contracts)



Industry category, including industries that, in turn, feed into particular categories further down the supply chain pipeline



Geographical area of operation



Depth or 'tiering' within the supply chain(s)- e.g. 3rd tier supplier, 5th tier supplier, etc.

Suppliers at Higher Risk

Based on in-depth analysis of the above indicators, we have determined that suppliers from the following industries will be prioritised for undertaking further due diligence in-line with our continuous improvement approach:



Computer and Technical Services



Real Property Ownership



Business Services



Advertising Services

Higher Spend Categories

One notable feature of our risk assessment is that the supply chains of the industry categories described above were assessed as having a higher relative risk of modern slavery due to the significant amounts spent by People's Choice on suppliers within these industries, rather than any inherent feature of the specific supply chains for these categories. Although a certain industry may not have an inherent risk of modern slavery, a higher overall spend is generally accepted as resulting in a heightened risk profile.

Identifying our suppliers by spend also provides People's Choice with the opportunity to strategically leverage our engagement with particular suppliers for meaningful collaboration and commitment to addressing the risks of modern slavery.



Identifying suppliers by spend



Addressing the potential risks

High Spend = Possible Risk

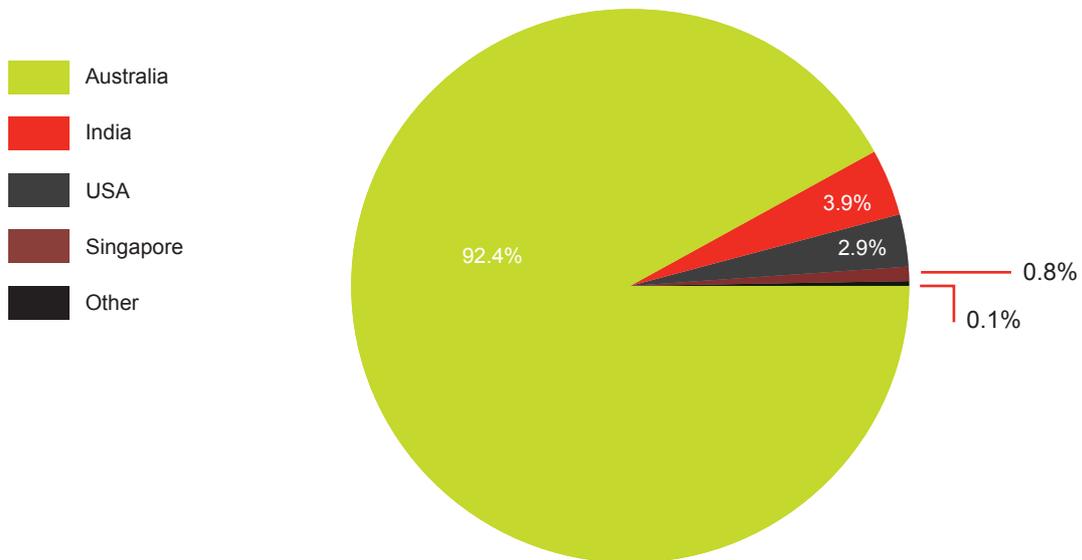
Geographical Location

Through the detailed analysis undertaken by our external consultants, we understand that some geographic locations present a higher risk of modern slavery. This means that where our supply chains have goods or services passing through these identified 'higher risk' countries, it may indicate that these relationships are worthy of further consideration as to specific modern slavery risks.

Analysis of our first-tier supply chain indicates that we acquire goods and services from entities that are predominantly based in Australia.

It is worth noting, however, that many of our suppliers have a global footprint in regions spanning the Asia-Pacific, Latin America and Europe.

Through our risk assessment, we have identified that certain geographic locations may be an indicator for further analysis in future reporting periods and will influence the priorities we set in our supplier engagement. For example, we may prioritise engagement with our suppliers with operations based offshore.



Another key outcome of our risk assessment (both investment portfolios and operational supply chains) is that many of our first-tier suppliers that (largely due to gross spend value) have been identified as containing potentially elevated risks of modern slavery in their supply chains are, themselves, mandatory reporting entities under the Act.

Our risk assessment exercise has identified additional opportunity for further due diligence in the current reporting period and has informed a targeted approach to engagement with key suppliers for future reporting periods.

5 Risk Assessments

Describe the actions taken by the reporting entity and any entities it owns or controls to assess and address these risks, including due diligence and remediation processes.

Our partnership with external consultants and subject matter experts has involved the following actions:



Initial risk assessment



Targeted due diligence through desktop auditing



Reviewing governance frameworks and policy documents



Internal education and training



Developing a plan for further activities to identify and address risks of modern slavery and monitor the effectiveness of our activity





Initial Risk Assessment

People's Choice has carried out an initial risk assessment to identify the elevated areas of modern slavery risks in our business operations and supply chains. This baseline exercise is a key component of the foundation for our subsequent focus for ongoing due diligence and risk mitigation activities, which we will refine and implement across upcoming reporting periods.

Spend data in global markets

Our external consultants have conducted analysis with respect to our spend data throughout global markets.

This has traced the economic inputs required to produce products and services sourced from Tier 1 suppliers to Tier 2 suppliers, Tier 2 suppliers to Tier 3 suppliers, and so on, all the way to Tier 10 suppliers of the supply chain of People's Choice top suppliers by spend.

Relative risks in Operational supply chain

We have conducted initial assessments as to the relative risks of modern slavery in our operational supply chain and investments to identify the industries having the most elevated risks of modern slavery. The initial assessments will influence the priority and nature of further assessments and targeted due diligence.





Due diligence: Desktop Audit

We have undertaken desktop auditing of a selection of key suppliers based on high-risk priority areas identified in the Initial Risk Assessment.

The following is a summary of the key indicators utilised in the desktop auditing process:

- ✓ The nature of goods and/or services provided by the supplier
- ✓ Whether the supplier was a reporting entity under the Act or any equivalent legislation
- ✓ Evidence of supply chain mapping undertaken by the supplier
- ✓ Publicly available internal governance structures and/or policies that address modern slavery
- ✓ Publicly available grievance mechanisms to address modern slavery and/or broader human and workers rights issues
- ✓ Geographical location of the supplier's primary operations
- ✓ Evidence of any internal education/ awareness-raising efforts on modern slavery

Whilst the desktop audit was limited to information that is publicly available, it has provided a further helpful source of information for us to target our efforts in planned future engagement with actual suppliers with an elevated modern slavery risk profile.





Existing Governance Framework and Policy Update

Code of Conduct

We have a strong culture of integrity providing context for our governance framework that is embedded within our organisation. Our codes of conduct contain our expectations for behaviour for all personnel, including Directors, Executives and staff.

These standards and behaviours, together with a range of other internal frameworks and corporate policies, support our commitment to ethical behaviour, including our risk management framework, fraud and corruption risk management frameworks, outsourcing and vendor management framework, whistle blower protection policy, and conflicts of interest requirements. We are currently in the process of ensuring that modern slavery is adequately (and, where appropriate, specifically) addressed in relevant internal governance documents and rolled out consistently within the organisation.

Existing Governance Structures

Existing governance structures include our Technology Vendor Management function, which was introduced in 2017. The outsourcing and vendor management framework ensures that all our technology arrangements undergo relevant due diligence, third party risk assessment and ongoing compliance reviews with oversight provided by the Management Technology & Cyber Risk Committee and Board Risk Committee.

For example, during the subject reporting period, we updated our key master technology contract to include modern slavery provisions. We intend to further develop the modern slavery provisions, including the potential revision of other master agreements to specifically address modern slavery issues.



Review of Internal Governance

Proposed new arrangements that are material in nature must be approved by the Board and undergo internal audit review.

We believe that our frameworks and policies already provide appropriate safeguards against a range of potential adverse issues in our supply chain. Nonetheless, we are undertaking a comprehensive review of internal governance arrangements to focus on continuous improvement in our frameworks, policies and processes, including through the rollout of provisions that expressly address modern slavery risks.

We also anticipate that within the next reporting period we will continue tailored due diligence activities, for example targeted supplier self-assessments for more effective risk assessment and supplier engagement and setting expectations around supplier conduct.



Internal Education and Training

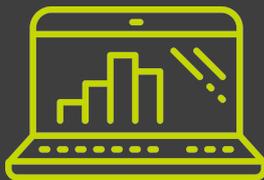
We have also commenced online training modules for key staff from departments including risk, legal, technology and finance.

We expect to continue to roll out training through our organisation during future reporting periods.

Other Relevant Information: Impact of the COVID-19 Pandemic

We are aware of the impact COVID-19 had to vulnerable workers in our supply chain and that as a result, we are undertaking further due diligence on suppliers that are located in higher risk industries and countries.

COVID-19 also had a significant impact on our business, resulting in some unanticipated deferral of activity we intended to undertake earlier in the reporting period.



6 Measuring the effectiveness of our modern slavery response

We are currently developing a plan for further activities to identify and address risks of modern slavery and embed within our existing frameworks appropriate monitoring to measure the effectiveness of our activity. These steps will facilitate the long-term evaluation of our responses to modern slavery risks.

1

Progress Activities

Our modern slavery working group will coordinate and progress our activities designed to assess and address modern slavery risks.

The working group is comprised of members of Executive and targeted management positions including representatives from a range of departments including risk, legal, technology and finance.

The activity described above is being undertaken with the aim of providing a high-level overview of our key efforts, along with a means of measuring progress in practically addressing modern slavery within our business operations and supply chains.

It is anticipated that effectiveness will primarily be measured through reporting and reviewing activities that will be considered by appropriate governance forums throughout the organisation.

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Liaise with Mutual Marketplace

Given our key relationship with Mutual Marketplace in respect of our supplier arrangements, we also liaise regularly with Mutual Marketplace.

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Continuous Improvement of Frameworks

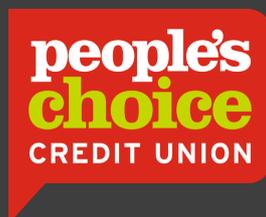
We endeavour to continually improve our frameworks and intend to develop appropriate risk indicators that measure our practices in addressing modern slavery risks.

4

Continuous Improvement of Supplier Engagement

Over the next twelve months, specific focus will be placed on continuing to improve supplier engagement both through our relationship with Mutual Marketplace and individual suppliers, to enhance our modern slavery risk identification and management, education and awareness in our organisation together with appropriate reporting and analytics.





People's Choice Credit Union

Australian Central Credit Union Ltd | ABN 11 087 651 125

Modern Slavery Statement

Under the Modern Slavery Act 2018 (CTH)

Reporting Period: 1 July 2019 – 30 June 2020