

MODERN SLAVERY & HUMAN TRAFFICKING STATEMENT 2021/2022

This statement discloses the actions taken by Auswide Bank Ltd ABN 40 087 652 060 (“Auswide Bank”) to mitigate slavery and human trafficking in our business and supply chain, during the reporting year ended 30 June 2022. This statement has been prepared to comply with the requirements of section 16 Modern Slavery Act 2018 (Cth).

Our Position

Auswide Bank is committed to developing, maintaining and improving systems and processes to avoid being complicit in human rights violations. We understand that slavery and human trafficking can occur in many forms, and we aim to identify and manage risks related to human rights abuse across our organisation and our supply chains.

Our Business

For over 50 years, Auswide Bank has been providing an extensive range of retail and commercial banking products and services to our valued customers. We have grown from a regional building society, becoming Australia’s 10th ASX listed bank in 2015 with a predominantly Australian customer base made up of approximately 85,000 customers. Auswide Bank is Australian based with a branch distribution network across Queensland. Auswide Bank has the below related entities:

- Auswide Performance Rights Pty Ltd ABN 19 096 925 736 is the trustee company for the Auswide Performance Rights Plan, set up to assist in the retention and motivation of executives, senior managers and qualifying employees; and
- Widcap Securities Pty Ltd ABN 67 010 578 202 is a wholly owned subsidiary which acts as the manager and custodian for Auswide Bank’s Warehouse Securitisation programs.

During the reporting period this statement covers, Auswide Bank actively engaged and consulted with the above entities to address the requirements of the Modern Slavery Act 2018. The directors of the above entities are also directors and board members of Auswide Bank, and these entities are wholly owned subsidiaries of Auswide Bank.

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Our Staff

Auswide Bank employs over 280 staff members who are primarily located throughout our branch network and corporate offices located in Queensland, along with broker representatives located in NSW and Victoria.

Our Workplace

Auswide Bank is committed to complying with relevant local and national laws in relation to workplace conditions. This includes a zero tolerance for any form of discrimination or harassment in the workplace. Auswide Bank is committed to ensuring workplace conditions meet at least minimum standards in relation to wages, hours of work, leave provisions and the health, safety and wellbeing of employees, contractors and visitors. Auswide Bank also supports diversity in the workplace and has outlined how it will achieve and maintain this through its' Diversity Policy.

For complaints relating to bullying and harassment employees are encouraged to lodge complaints with their Reporting Manager or through the use of Auswide Bank's whistleblower mechanism which is provided through an external service provider to ensure anonymity is maintained.

Our Customers

Auswide Bank has both lending and investment operations. Our credit products are largely provided to individual retail customers for their residential/investment homes, motor vehicles and everyday living purposes. Below is a breakdown of our credit product portfolio:

Mortgage Lending – 97.7%
Commercial Lending – 1.5%
Personal Lending – 0.8%

Our retail banking services provide simple, convenient and affordable banking products to more than 85,000 retail customers predominantly located in Queensland.

Our Supply Chain and Operations

Auswide Bank accesses a supply chain made up of around 100 contracted service providers, in the following sectors:

- 36% - Property services which includes services such as document shredding, air-conditioning maintenance, cleaning services etc;
- 34% - Specialty services which includes settlement processing, chequebooks, card related services ;

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- 15% - Information, Communications and Technology (“ICT”);
- 5% - Human Resources services
- 5% - Professional services including legal and audit related services.

The majority of our supplier base comprises property or specialty services in support of our direct banking operations.

Policies & Governance

Auswide Bank is committed to high standards of corporate governance. Our commitment to human rights is supported by policies and processes that mitigate risks of slavery and human trafficking.

Policies we have in place as a licensed financial services provider:

- AML/CTF Compliance Plan;
- Fraud and Corruption Control Plan;
- Customer Experiencing Vulnerability Policy;

Policies we have in place as a licensed credit provider:

- Consumer Credit Policy;
- Business Banking Lending Policy

Policies we have in place as the purchaser of goods:

- Contract Management Manual;
- Modern Slavery Policy & Risk Assessment Manual;
- Outsourcing Risk Management Manual;

Policies we have in place as an employer:

- Diversity Policy;
- Remuneration Philosophy and Performance Management Framework;
- Code of Conduct and Ethics;
- Whistleblower Protection Policy.

Training and Employee Awareness

Auswide Bank has sourced and rolled out a modern slavery training module to all employees. This training highlights the importance of identifying risk of modern slavery in Auswide Bank’s supply chains and customer base, how to identify and assess that risk and the action we may require to mitigate that risk.

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Auswide Bank employees are required to undertake this training module on an annual cycle. It informs the trainee what constitutes modern slavery, how to identify it, escalation processes to report it and Auswide Bank's zero tolerance for modern slavery in its' workplace, supply chains and customer conduct.

Modern Slavery Risk Management and Due Diligence Process for Service Providers

As a financial services organisation with a professional workforce based predominantly in Queensland, Auswide Bank considers the risk of modern slavery within its direct business operations to be low. Auswide Bank complies with the Fair Work Act requirements when engaging employees. Auswide Bank recognizes however, that through its supply chains and customer base, it can be indirectly exposed to the risk of modern slavery.

Using information gathered in our risk assessment and due diligence processes which we undertook, Auswide Bank has identified which high risk suppliers or sectors of our supply chain we are best positioned to influence in a positive way. We achieve this by making our suppliers accountable for assessing modern slavery in their own supply chains.

For all agreements being entered into since the commencement of the Modern Slavery Act 2019 Auswide Bank requests the inclusion of a contractual obligation on the service provider to comply with the legislation and report any non-compliance to Auswide Bank. We also request new and existing service providers to complete a Modern Slavery Risk Assessment to identify any inherent risks the service provider might be exposed to in their supply chain.

Modern Slavery Risk Management for Customers

Auswide Bank appreciates that it may have customers who are at higher risk of modern slavery abuse, particularly those customers working in high-risk industries, such as agriculture.

During 2022, Auswide Bank has undertaken a transfer of its' payment platform service provider to an alternative service provider. The new payment platform provider allows for a more extensive range of transaction monitoring rules than we are currently able to access. Two of the new rules, which will be deployed in November 2022 when the ML/TF module goes live, have been designed specifically to identify conduct which might indicate modern slavery activity.

Assessment of Effectiveness

Auswide Bank uses key performance indicators (KPIs) to measure how effective our actions are in identifying and addressing modern slavery practices in any part of our operations and supply chains.

Since the previous 2020/2021 reporting year Auswide Bank assesses its effectiveness in four key performance areas:

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- Staff completion rates for modern slavery training;
- Percentage of new agreements with modern slavery clauses included;
- Number of suppliers completing the modern slavery risk assessment; and
- Number of suppliers with published Modern Slavery Statements.

100% of Auswide Bank staff who have been nominated to complete the modern slavery training have successfully undertaken and completed the module.

Auswide Bank has now assessed 90% of its' contracted service providers, an increase from 76% for the previous 2020/2021 reporting period, and note the following:

- 60.8% of Auswide Bank's service providers have now been assessed as low risk based upon completion of a Modern Slavery Risk Assessment identifying no inherent risk for modern slavery, or inclusion of a contract clause, or a published Modern Slavery Statement evidencing the service provider's modern slavery commitment. This represents an increase from 41% in the 2020/2021 reporting period;
- 20% of Auswide Bank's service providers have provided a Modern Slavery Risk Assessment which includes indicia of modern slavery risk, such as engaging service providers in higher risk jurisdictions or industry sectors. These services providers have been assessed as having a medium inherent risk. Auswide Bank will review each of these service providers over the next reporting period to gather additional information in relation to the risk associated with each service providers supply chain. Auswide Bank will also work with each of these service providers to have contractual obligations included in the service provider agreement during the next contract review cycle;
- 10% have been assessed as high risk on the basis they have not returned a Modern Slavery Risk Assessment, they do not have published Modern Slavery Statements and they do not have clauses requiring their obligation to Modern Slavery embedded in their contracts. This represents a decrease from 24% in the 2020/2021 reporting period.

The remaining 9.2% of Auswide Bank's service providers have not returned a Modern Slavery Risk Assessment as per our request, nor do they have a published Modern Slavery Statement. These service providers are from the following supply chain areas:

- 30% - Specialty Services;
- 30% - Information Communication & Technology
- 40% - Property Services.

The expenditure ratio for these service providers represents 0.37% of Auswide Bank's total outsourced service provider expenditure, down from 2.25% in the previous reporting period.

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Auswide Bank will continue to contact these service providers until such time as it is able to obtain the required information and form an assessment of the residual risk.

Over subsequent reporting periods Auswide Bank will continue to review and enhance these KPI's and develop further metrics to assess the effectiveness of our actions. This will be particularly relevant to the agreements where risk assessments have been completed and which have indicia that may indicate a higher inherent risk of modern slavery in that supply chain.

This Statement was approved by the Board of Directors of Auswide Bank.

Signed,



MARTIN BARRETT
Managing Director

Dated: 08/12/2022

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