

ME Bank Modern Slavery Statement 2020

This statement discloses the actions taken by Members Equity Bank Limited ABN 56 070 887 679 to address modern slavery in our business and supply chain, during the financial year ending 30 June 2020. This statement has been prepared to comply with the requirements of the Australian Modern Slavery Act 2018.

Our Business

Members Equity Bank Limited, also known as ME Bank, is a sole entity operating as an Australian bank based in Melbourne, Victoria. ME Bank also has offices in Sydney, Brisbane, Adelaide, Perth, Hobart, Canberra and Darwin.

Founded in 1994 as Super Member Home Loans (SMHL) by Australia's industry superannuation funds, SMHL became Members Equity Bank in 1999, and received a banking licence from the Australian Prudential Regulatory Authority in July 2001. ME Bank is a public, unlisted company and holds an Australian Financial Services Licence and Australian Credit Licence 229500. ME Bank is also the parent entity to the wholly owned subsidiary ME Portfolio Management Limited, a public, unlisted company. ME Portfolio Management Limited holds an Australian Financial Services Licence 292301. ME Portfolio Management Limited's activities include acting as trust manager to ME's SMHL Series securitisation programme.

ME Bank's focus is on providing retail banking products to help Australians transact, save and borrow. ME is committed to providing products that enable people to meet their financial goals, including achieving their dream of owning a home. The bank offers products such as Personal Banking Products, limited Business Products (Term Deposits and online savings accounts), Wholesale Products and services through a variety of channels, including online, face-to-face and over the phone, directly and through our broker network.

The Bank utilises mobile banking managers in every state who specialise in home loans to visit customers at a time and place convenient to the customer. ME also distributes its home loans through a national network of mortgage brokers and aggregators. In addition, ME has established a "Member Benefits Program", which it distributes through the industry superannuation funds' and affiliated unions' networks of employers and members.

ME's core purpose remains committed to helping all Australians get ahead, which is now more important than ever.

Over the last financial year, ME Bank grew its customer base by 7% from 517,868 to 551,559.

ME Bank's supply chain provides goods and services across categories of Banking Services, Human Resources Services, Business and Professional Services, Marketing, Technology, Property and Facilities to support operations across ME Bank business channels.

Our Position

ME Bank was built on the principle of a fair go for all and an equal opportunity to get ahead in life.

That's why ME Bank recognises that we have a role to play in ensuring that it does not subscribe to activities and behaviours which may be considered as or contribute towards acts of modern slavery, within our operations, supply chain, or products and services.

ME Bank is committed to implementing and maintaining systems and processes to detect and avoid aiding modern slavery when and where ME Bank can.

Our Supply Chain & Supplier Due Diligence

ME Bank understands that some areas within our supply chain run the risk of some type of exposure to modern slavery, especially in our categories of office consumables, facilities management, low value goods and low value non-contracted purchases.

ME Bank believes in value for money as a founding principle of all procurement activities. A decision on price alone does not necessarily represent value for money. Value for money is achieved when all risks are considered across social, economic and environmental impacts. Procurement activities are documented to demonstrate the integrity, transparency, consistency and accountability of the process.

ME Bank values and respects human rights and the environment. Relationships with suppliers are based on lawful, efficient and fair practices. ME Bank expects its suppliers to be environmentally conscious and to obey the laws and regulations in their jurisdictions that require fair treatment of all workers within a safe environment.

In FY20, new requirements were introduced to the procurement supplier due diligence process and ME Bank is now asking suppliers to detail how they conduct their business as good corporate citizens – from their labour practices to their community involvement and development, and environmental policies. This will allow ME Bank to know more about who the bank currently works with, their social and environmental impact, and help the bank to make better decisions about who it chooses to work with in the future.

Our Actions Taken

In FY20 ME Bank undertook an exercise to understand all the requirements of the Modern Slavery Act 2018 (Cth), working with Legal on a 'best practice' approach to forming a robust compliance approach to embed controls into the bank to understand and manage modern slavery risks across ME Bank's business channels.

ME Bank formed a working group with a representative from every business unit across the bank, to ensure each business unit understood modern slavery risks in their supply chain, whilst taking a collaborative approach across the bank.

The working group has reviewed all Policies, Procedures and Guidelines to determine those in scope for modern slavery review. A gap analysis was undertaken to identify where further policy and procedure development was required for the purposes of avoiding modern slavery risk.

Key Policies requiring further development included the Procurement Policy, Sourcing Guidelines, Speak-up (Whistle-blower), Diversity & Inclusion, AML/CTF Policy, with the need to create a Recruitment Policy and Supplier Code of Conduct.

ME Bank's contract templates have been updated to include specific reference to the Modern Slavery Act, supplier requirements, sub-contractor requirements, and rights to audit in accordance with the new legislative requirements.

A review of ME Bank's supply base was undertaken to identify services considered high risk for modern slavery practices, based on Country, Commodity and Industry criteria. ME Bank highlighted suppliers that are at risk for modern slavery practices and applied a Severe, High, Med or Low risk rating within the supply chain.

Those suppliers that were rated as a "Severe" risk were engaged, utilising the new procurement supplier due diligence requirement, there were no concerns identified for these suppliers.

ME Bank has identified further items that will improve our approach, which are scheduled for development in FY21, building on the foundations established in FY20. This will include development of a remediation framework to support engagement with suppliers. ME Bank feels it will be important to be collaborative with our suppliers as those that are at greater risk of modern slavery beyond the first tier in their supply chain are those who often do not have access to resources or the capability to develop risk mitigation tools.

Build a better understanding of modern slavery with all ME Bank employees through development of training tools and materials.

Our Controls

ME Bank views the actions taken to mitigate modern slavery in the business as not 'set and forget' one-time actions and will require on going management and review.

ME Bank operates under a risk management framework to identify, measure, evaluate, monitor, report and control or mitigate all internal and external sources of material risk across the bank. Utilising our supplier LexisNexis, ME Bank is creating additional controls across the business guided by LexisNexis's recommended regulatory compliance obligations for Modern Slavery. These controls will be managed and tested annually as a part of the risk management framework to ensure they are effective and can be updated where required following assessment. ME Bank's internal audit function provides reasonable assurance to ME Bank's Audit and Governance Committee, the board and management that the bank's internal control environment, which is established to managed the bank's risks and achieve its strategic objectives, has been designed and is operating effectively.

The internal audit function is objective and independent and carries out audits under an annual plan, which is approved by the Audit and Governance Committee. The head of ME Bank's internal audit has a direct reporting line to the Chair of the Audit and Governance

Committee and the internal audit team has unrestricted access to management and the right to seek information and explanations to effectively manage ME Bank's controls.

Working with Our Entities

ME Portfolio Management Limited, is governed under the same policies, risk management framework and operating requirements as ME Bank. All of the outlined actions stated are required to be adhered by ME Portfolio Management Limited including the risk controls that are implemented under the risk management framework.

In partnership ME Bank assists ME Portfolio Management Limited in completing investor questionnaires wanting to understand ME Banks and ME Portfolio Management Limited Modern Slavery risk mitigation strategy and actions.

This statement will be reviewed and updated annually.

This statement has been endorsed by the Board of ME Bank.

Adam Crane

[Adam Crane \(Jan 15, 2021 17:00 GMT+11\)](#)

Adam Crane CEO