

# MODERN SLAVERY STATEMENT

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## UNDER THE MODERN SLAVERY ACT 2018 (CTH)

Victoria Teachers Limited, trading as Bank First  
ABN 44 087 651 769 ("Bank First")

REPORTING PERIOD: 2019 – 2020

Approved by the Board of  
Directors of Victoria Teachers  
Ltd on 24 November 2020

*B. Lloyd*

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Bernadette Lloyd  
Chair of the Board



# PLAYING OUR PART

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The key principles behind our Modern Slavery Statement

## 01 WE ACCEPT REALITY

Bank First accepts that, like all businesses of a certain scale, the incidence of modern slavery deep within its supply chains is likely an unfortunate reality, rather than some hypothetical concept.

## 02 WE ARE COMMITTED TO THE LONG HAUL

Bank First is committed to a long-term effort to reduce and, hopefully, eliminate, modern slavery from its supply chains and operations, including in the full spectrum of its investment portfolios. To that end, it has engaged and been working closely with subject matter experts on modern slavery. Bank First views this as an important component of its broader corporate social responsibility and human rights obligations.

## 03 WE'RE INVESTED

Pursuant to the government guidance on the scope of modern slavery risk assessment and reporting, Bank First has focused not only on the supply chains relating to physical products and venues used in its day-to-day business, but also on the investment portfolio supply chain of Bank First.

## 04 WE RECOGNISE THIS IS JUST THE START

Bank First recognises that the efforts and measures described in this inaugural statement are but the early formal steps, since the introduction of the Modern Slavery Act 2018 (Cth), in its targeted efforts to carry out uniform and evidence-based modern slavery remediation. What is contained in this Statement is not in any way suggested to be the achievement of an end goal in itself but rather a road map to build upon the positive initial steps that have been taken.

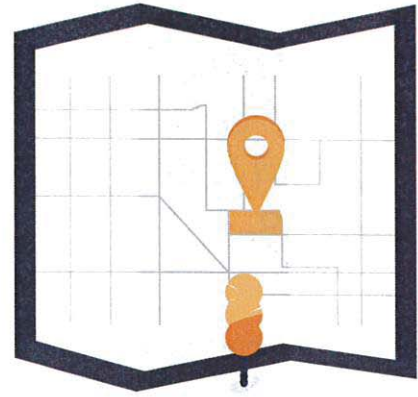
## 05 WE'VE WORKED HARD

In addition to meeting the specific legal reporting requirements under the Act, this Statement sets out Bank First's methodology, key findings and core future actions in relation to the issue of modern slavery risk identification and remediation.

## 06 WE'RE PROACTIVE

Bank First considers that being proactive in its efforts to address modern slavery in its supply chain and operations is wholly consistent with, and indeed required by, the company's enduring mission to share a message of health and hope with our community.

# ASSESSMENT PATHWAY

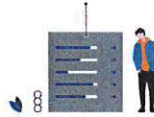


The preparation of this Statement has involved completion of a number of key phases over a period of several months, which comprises Bank First's overall modern slavery risk assessment process during the mandatory reporting period.

## KEY STAGES UNDERTAKEN TO DATE:



Initial Risk Assessment



Internal Education and Training



Supplier Self-Assessment Questionnaires



Assessment of Impact of COVID-19 Pandemic on Supply Chains



Update of relevant policies and contracts



Certification and Statement of Conformity

Bank First has identified the following key areas on which it intends to focus its modern slavery assessment and remediation efforts in the short to mid-term future:

i Post-survey supplier engagement – including the development of universal provision of online training modules relating to modern slavery risk assessment and remediation to be rolled out in future reporting periods.

## ACKNOWLEDGMENT OF FORMAL LEGAL REQUIREMENTS

### 01

Bank First recognises that the mandatory requirements under the Act relate to the description of modern slavery risks in its operations and supply chains, including a description of all factors that have the potential for Bank First, in a material way, to cause, contribute to, or be directly linked to modern slavery.

### 02

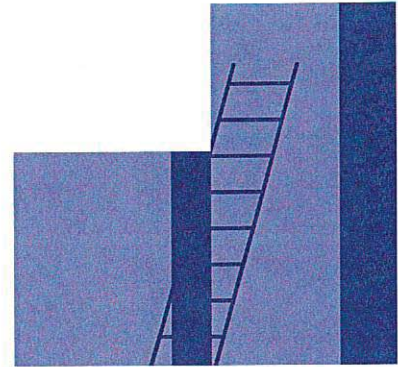
The mandatory reporting requirements of the Act require the provision of adequate description concerning various modern slavery risk factors.

### 03

The Act's seven mandatory reporting requirements, along with a brief response to, and/or quick reference as to what Parts of this Statement address the particular requirement are set out in the following paragraphs.

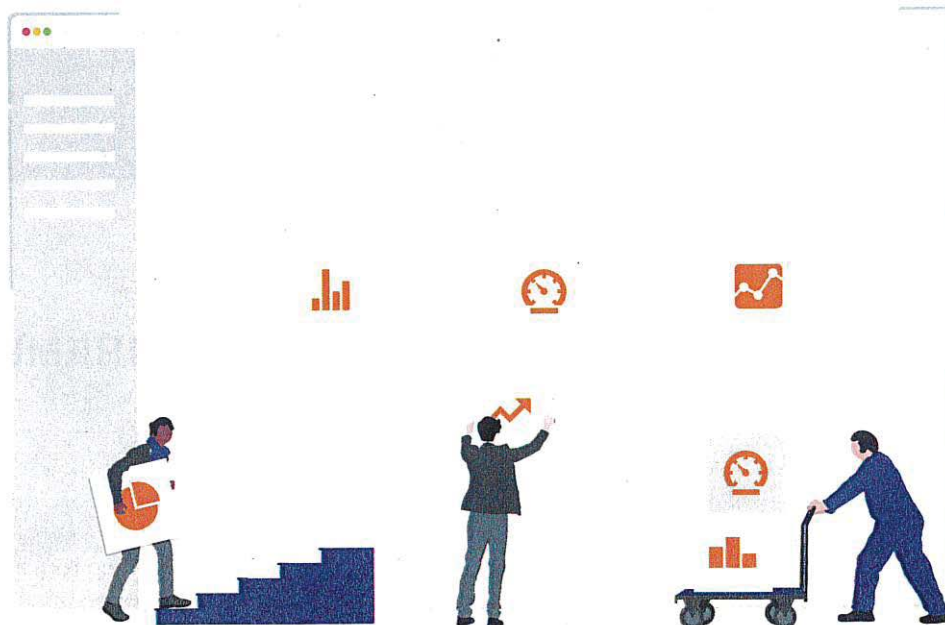
# REQUIREMENT 1

## DESCRIBE THE REPORTING ENTITY'S STRUCTURE, OPERATIONS AND SUPPLY CHAINS



Victoria Teachers Limited, trading as Bank First,  
ABN 44 087 651 769

- Bank First is registered as an Australian Public Company with annual revenue that exceeds the Act's minimum mandatory reporting threshold of \$100 million.
- Bank First is a customer owned mutual bank, an Authorised Deposit-taking Institution (ADI) and is regulated by the same authorities and requirements governing all Australian financial institutions. As a mutual bank, Bank First's customers are also its shareholders. Profits are reinvested into the organisation, to strengthen Bank First and return value to Members.
- As Bank First is an institution founded upon care and compassion, it has a deep organisational commitment to ensure that, in delivering positive banking and financial outcomes to its customers, it does not inadvertently support investment portfolios that might have hidden deep within their operations, conditions that promote, facilitate and/or otherwise increase the risk of modern slavery occurring.
- Key aspects of Bank First's supply chains and operations (including investment portfolios) are detailed in the Initial Assessment Analysis.



## REQUIREMENT 2:

### DESCRIBE THE RISKS OF MODERN SLAVERY PRACTICES IN THE OPERATIONS AND SUPPLY CHAINS

Key aspects of Bank First's processes for the identification of modern slavery risks are detailed in:



Initial Assessment Analysis; and



Supplier Self-Assessment Questionnaires.

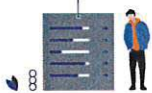
## REQUIREMENT 3:

### DESCRIBE THE ACTIONS TAKEN TO ASSESS AND ADDRESS THESE RISKS, INCLUDING DUE DILIGENCE AND REMEDIATION PROCESSES

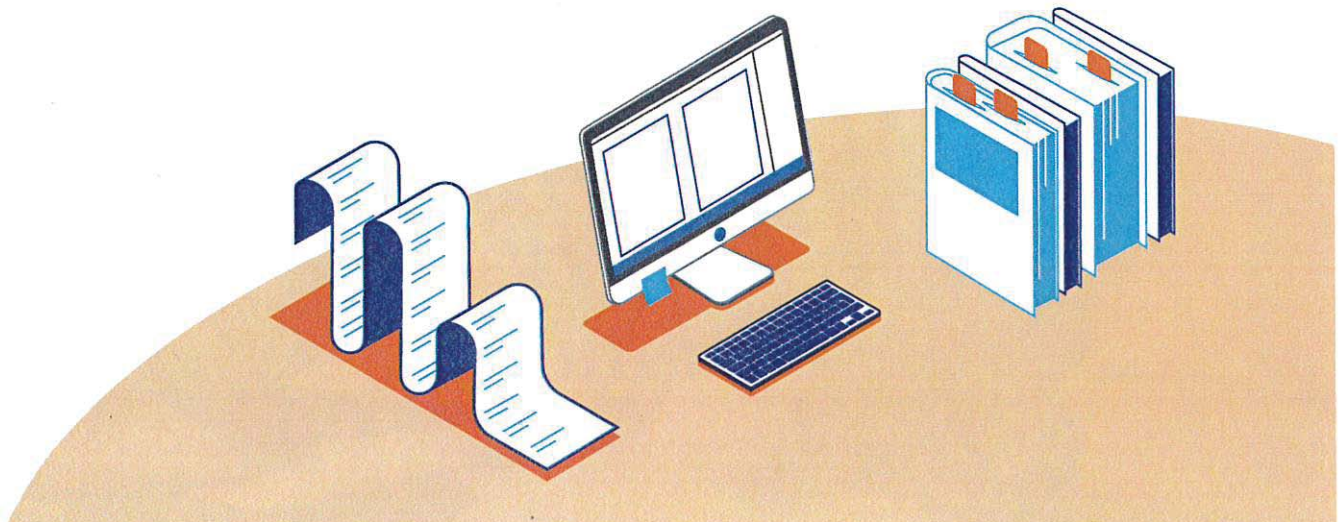
In addition to the processes listed immediately above, further key actions that Bank First has taken to assess and address the risks, include:



Policy and Supplier Contracts Update; and



Internal Education and Training



**REQUIREMENT 4:**  
DESCRIBE HOW YOU ASSESS THE  
EFFECTIVENESS OF THESE ACTIONS

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Bank First has implemented an effectiveness assessment framework that is specifically designed for modern slavery issues.

Bank First intends to continue its partnership with subject matter experts so that it remains informed of cutting edge modern slavery risk assessment and remediation tools in this swiftly evolving field.

Bank First has engaged independent consultants to undertake a phone based audit with one of Bank First's high risk suppliers.

**REQUIREMENT 5:**  
DESCRIBE THE PROCESS OF CONSULTATION WITH ANY  
ENTITIES THE REPORTING ENTITY OWNS OR CONTROLS

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Bank First owns VTMB Properties Pty Ltd. Bank First has included VTMB Properties spend data in its Initial Assessment of Modern Slavery risk.



# INITIAL RISK ASSESSMENT



## THE KEY PURPOSE:

The key purpose of Bank First's initial risk assessment was to identify the areas of likely greatest modern slavery risk in Bank First's supply chain. This includes both the operational supply chain and investment portfolio supply chain of Bank First. This baseline exercise formed the foundation for Bank First's subsequent focus in its ongoing due diligence and remediation activities.

## STEP 1

Incorporating company spend data throughout global markets, Bank First has utilised the proprietary technology of external consultants to trace 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 Bank First's 385 suppliers by spend.*

## STEP 2

Once the supply chain was mapped in that manner, raw trade data drawn from the following sources is compiled into Balanced Global Multi-Regional Input-Output (MRIO) tables to link the supply chain data from 190 countries, and in relation to 15,909 industry sectors:



The United Nations' (UN) System of National Accounts;



UN COMTRADE databases;



Eurostat databases;



The Institute of Developing Economies, Japan External Trade Organisation (IDE/JETRO); and



Numerous National Agencies including the Australian Bureau of Statistics.

## STEP 3

The MRIO is then examined against the following international standards:

- i The UN Guiding Principles for Business and Human Rights;
- ii The Global Slavery Index;
- iii International Labour Organisation (ILO) Global Estimates of Modern Slavery; and
- iv The United States' Reports on International Child Labour and Forced Labour.

## PART THREE - INITIAL RISK ASSESSMENT

### STEP 4

A proprietary algorithm has then been applied to synthesise publicly available risk data against the exclusively licensed MRIO table. The result of this process is the creation of a modern slavery risk profile to Tier 10 for each supplier for Bank First. The information obtained in the Initial Assessment was for purposes of risk identification under Section 16(1)(c) of the MSA. No information confirms the actual existence or non-existence of slavery in Bank First's supply chains or operations. Analysis was undertaken at the industry and country level and does not account for variances at the entity, region or product level however prioritises modern slavery risk for Bank First to undertake appropriate due diligence.

## HERE'S WHAT WE FOUND:

### THE TOP 15 RISK CATEGORIES



Other services,  
Communication | INDIA



Management Consultants,  
Repairs of household  
goods | SINGAPORE



Wholesale trade |  
AUSTRALIA



Library, museum & art  
gallery services |  
AUSTRALIA



Wholesale trade, Clothing  
| AUSTRALIA



Sport &  
Recreation |  
AUSTRALIA



Computer &  
related services |  
AUSTRALIA



Wholesale repair &  
servicing | AUSTRALIA



Wholesale trade, Retail  
trade | AUSTRALIA



Business Services,  
Advertising signs |  
AUSTRALIA



Pest Control | AUSTRALIA



Retail trade | AUSTRALIA



Business Services |  
AUSTRALIA



Wholesale trade,  
Furniture/wood furniture |  
AUSTRALIA

## OBSERVATIONS

The following are some general (anonymised) observations in relation to individual suppliers in the Initial Assessment:

- i** Even within the highest assessed risk categories, the overwhelming majority of the companies in the Top 50 list of Bank First's supply chains and operations are entities located within Australia. A significant number of these supplier companies are, themselves, reporting entities under the Act. Whilst this in no way means that modern slavery is not present, it is a strong indicator that much of the modern slavery risk relating to Bank First is buried deep within the subject supply chains and operations, rather than being likely in the first few tiers.
- ii** A foreign country that has been recognised as having a high relative risk of modern slavery that is represented in the Top 50 list for highest assessed risk for Bank First is India. Once again, this is a potent indicator that much of the modern slavery risk relating to Bank First is buried deep within supply chains and operations.
- iii** By and large, the industry categories represented in the Top 50 list for the highest assessed risk for Bank First are those that do not tend to have a significant incidence of modern slavery at, or near, the end product or service-delivery stage.
- iv** Accordingly, the combination of geographical and industry-related factors that form part of the Initial Assessment process are all indicative that effective modern slavery remediation efforts will require a high degree of supplier cooperation and visibility beyond many of the higher level tiers.

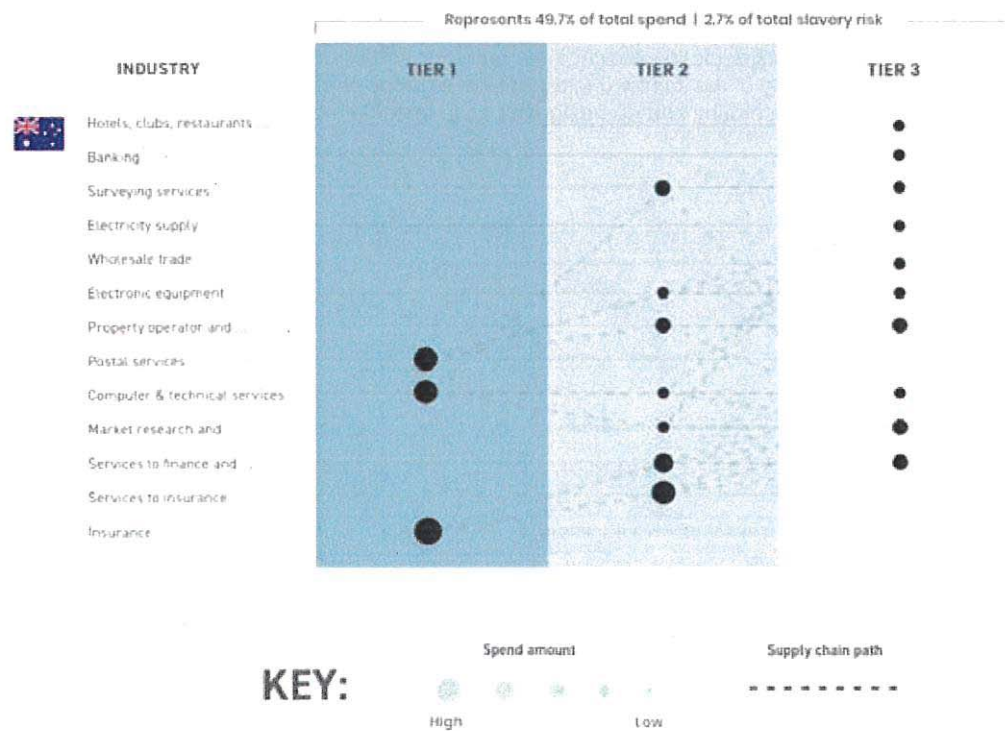
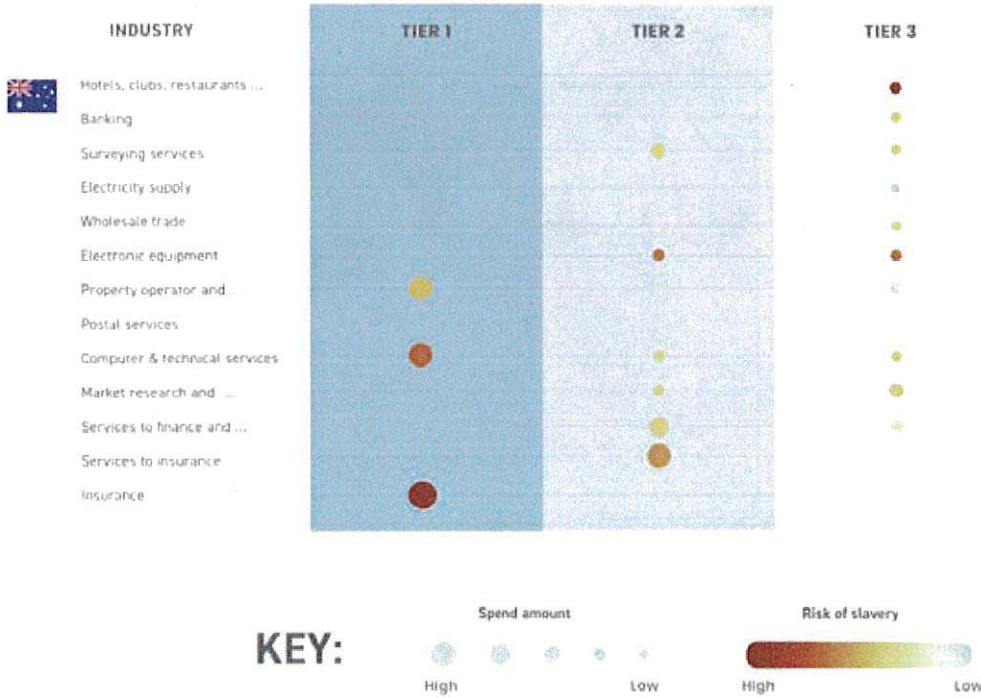
\* Details have been removed and generalised to protect the confidentiality of Bank First's actual suppliers and given that this Statement is to be available on a Public Register. If required for compliance purposes, more detailed and specific data can be provided.



# PART THREE - INITIAL RISK ASSESSMENT

## STEP 5: SUPPLY CHAIN: MODERN SLAVERY RISKS

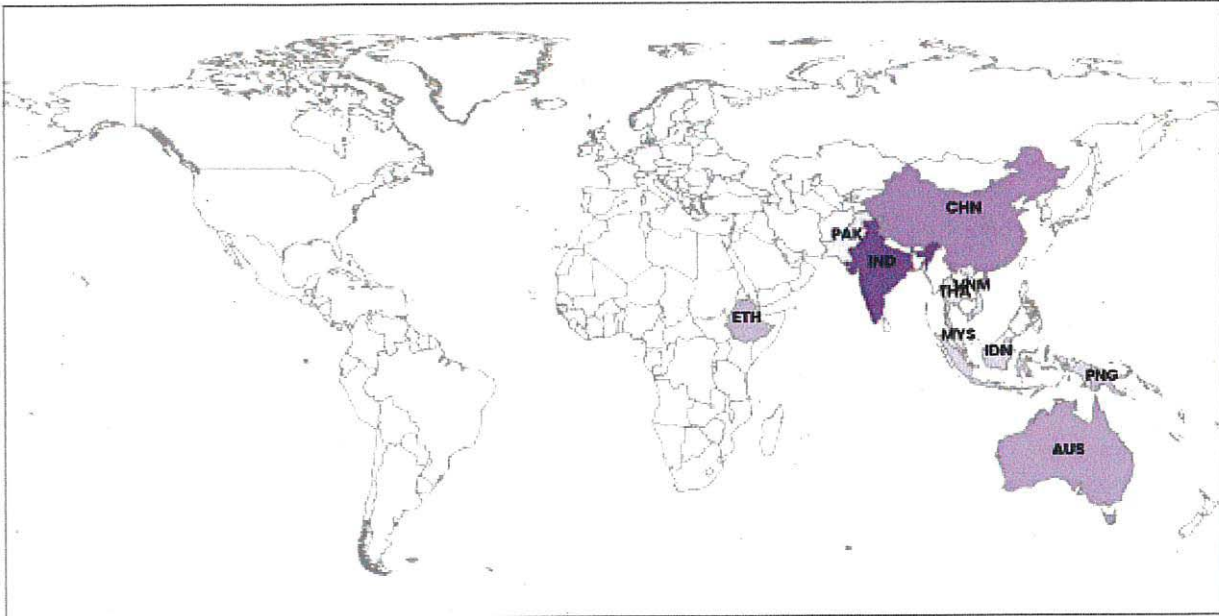
As a result of the supply-based risk assessment, we have identified the following aspects of Bank First's supply chains and operations as posing the highest risks in relation to modern slavery.



## PART THREE - INITIAL RISK ASSESSMENT

### Modern Slavery Risks by Country

To further describe the risks of modern slavery practices in Bank First's supply chains, we have depicted below a country-by-country modern slavery risk throughout the organisation's supply chain.



Accordingly, the image above illustrates that the highest likelihood of slavery in the supply chain is occurring in India.

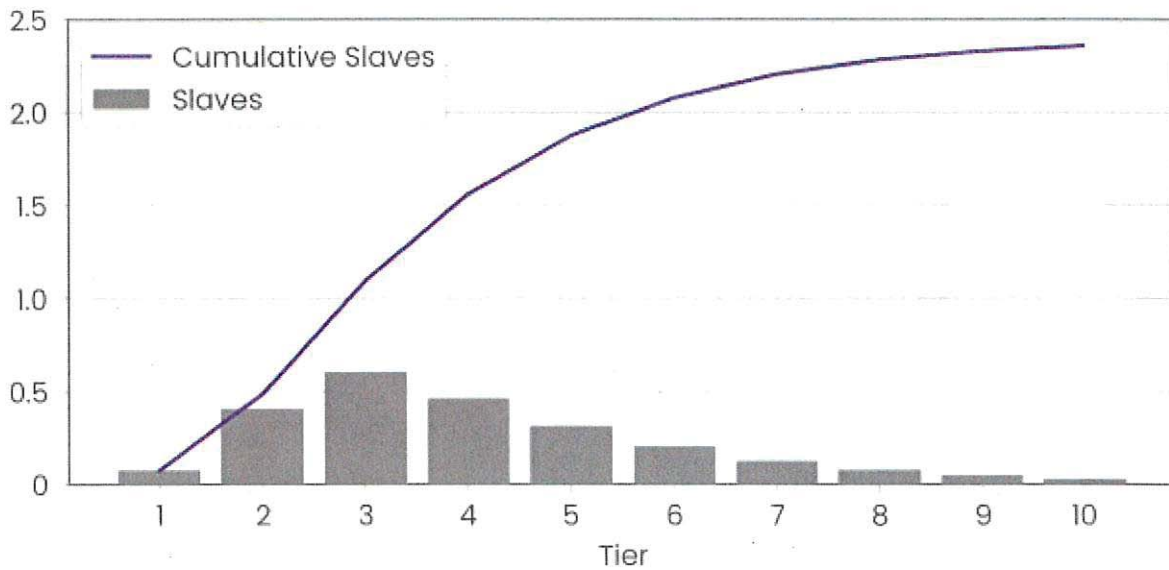
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Our proprietary methodology tracks slavery-tainted dollars throughout the global economy. The slavery risks depicted above may exist at any point within the tiers assessed. This depiction provides the basis for further due diligence to be performed on these high-risk priority areas. In other words, any of the supply chains that have goods or services pass through these identified 'high risk' countries are worthy of further scrutiny and due diligence as to specific modern slavery risks.

## PART THREE - INITIAL RISK ASSESSMENT

### Modern Slavery Risks by Tier of Bank First's Supply Chains





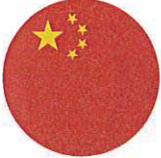

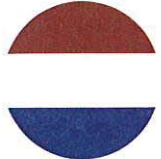






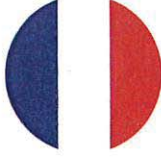



The graph below depicts a comparative population of people working in slavery or slavery-like conditions within the depths of Bank First's supply chains. It by no means illustrates a known population, but is rather an extrapolation for the purposes of risk identification for purposes of compliance with section 16(1)(b) of the Act. You can see from this graph that the highest risk at modern slavery is aggregating in Tier 3 of Bank First's Supply Chain.



## STEP 5: INVESTMENT PORTFOLIO: MODERN SLAVERY RISKS

The table below outlines the risk of modern slavery in Bank First's investment portfolio.



COUNTRY	INDUSTRY
 AUS	<ul style="list-style-type: none"> <li> SERVICES TO FINANCE AND INVESTMENT</li> <li> BANKING</li> <li> INSURANCE</li> </ul>
 CHN	<ul style="list-style-type: none"> <li> FINANCE</li> </ul>
 NLD	<ul style="list-style-type: none"> <li> FINANCIAL INTERMEDIATION SERVICES, EXCEPT INSURANCE AND PENSION FUNDING SERVICES</li> <li> REAL ESTATE SERVICES</li> <li> INSURANCE AND PENSION FUNDING SERVICES, EXCEPT COMPULSORY SOCIAL SECURITY SERVICES</li> <li> SERVICES AUXILIARY TO FINANCIAL INTERMEDIATION</li> </ul>
 JPN	<ul style="list-style-type: none"> <li> FINANCIAL SERVICE</li> </ul>
 FRA	<ul style="list-style-type: none"> <li> FINANCIAL INTERMEDIATION SERVICES, EXCEPT INSURANCE AND PENSION FUNDING SERVICES</li> <li> SERVICES AUXILIARY TO FINANCIAL INTERMEDIATION</li> <li> INSURANCE AND PENSION FUNDING SERVICES, EXCEPT COMPULSORY SOCIAL SECURITY SERVICES</li> </ul>

# SUPPLIER SELF- ASSESSMENT QUESTIONNAIRE



Following completion of the Initial Risk Assessment, Bank First provided high risk direct suppliers with a Modern Slavery Risk Supplier Self-Assessment Questionnaire.



Bank First selected its specific suppliers for participation in the Questionnaire based on a selection of suppliers that had been assessed as being in either the high or medium risk slavery risk categories.

As a result of the low response rate to the supplier self assessment questionnaires Bank First decided to develop appropriate training materials to provide to non-responsive suppliers to increase their level of awareness and engagement. This training will be rolled out during the second reporting period.



The purpose of the Questionnaire was to obtain information in relation to the following:

- i Whether the Bank First supplier was actively addressing modern slavery risks in their operations and supply chains;
- ii High level detail of the supplier's management systems and processes to detect, assess and remediate modern slavery risks; and
- iii The presence (or absence) within the participant suppliers own supply chains and operations of various recognised indicators of modern slavery, including (but not limited to) freedom of association, discrimination, health and safety procedures, freedom of movement, living conditions and the existence of grievance mechanisms.

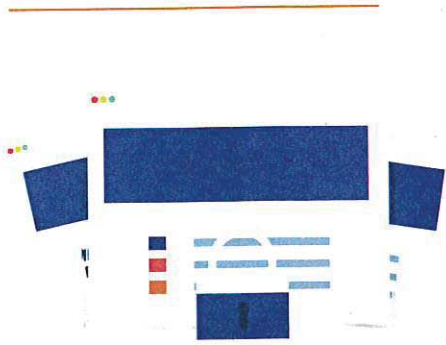


## PART FOUR - SUPPLIER SELF-ASSESSMENT QUESTIONNAIRE

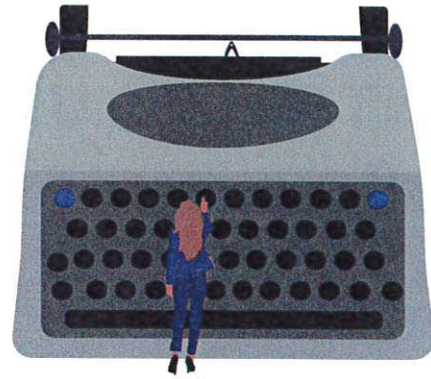


As with the Initial Risk Assessment, Bank First engaged external subject matter experts to carry out and assess the Supplier Self-Assessment Questionnaire process.

As expected, there was a significant non-response rate from suppliers that were sent the Questionnaire. Bank First decided that, in an effort to promote awareness raising and, hopefully, future supplier engagement from these entities, it would send these non-responsive suppliers further correspondence with a link to free professional training resources.



# POLICY AND SUPPLIER CONTRACTS UPDATE



Notwithstanding that the Act does not, by its terms, require any policy or document review or implementation of any specific internal policy or governance standard, Bank First has undertaken such an update as part of its overall Modern Slavery remediation strategy.

Bank First has done so to provide clarity and transparency in relation to its internal standards and framework governing how it is undertaking due diligence to identify, prevent, mitigate and account for how it addresses its modern slavery risks.

**Bank First has updated its Corporate Contracts Policy (which sets out the requirements for entering into and renewal of third party agreements/contracts) to include:**

- i** Reference to Modern Slavery and Bank First's Modern Slavery Policy
- ii** Responsibility for making appropriate enquiries and undertaking modern slavery due diligence (and what this may entail)
- iii** Actions to take when modern slavery is identified
- iv** "Red flags" – i.e known indicators of the occurrence or increased risk of modern slavery
- v** The requirement for a modern slavery clause to be inserted into new and renewed contracts

**The key policy updates that have been prepared and are now incorporated into Bank First's existing suite of internal policy and governance framework are as follows:**

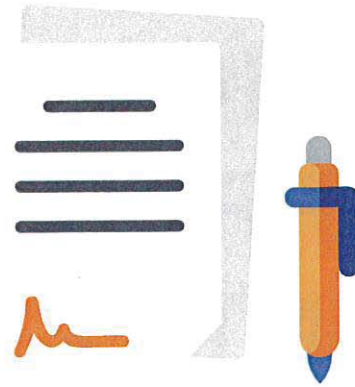
- i** Business Case Template;
- ii** Project Brief Template;
- iii** Recruitment & Selection Policy;
- iv** Discrimination Policy
- v** Modern Slavery Policy

In order to ensure that there is complete coverage of modern slavery awareness and best practice across the full extent of Bank First's internal governance framework policy updates have been made to reflect modern slavery obligations.



As part of the policy and document review of Bank First's existing framework, standard or 'model' provisions relating to modern slavery have been prepared for inclusion in forward renewed agreements that Bank First enters into with other entities that form part of its supply chains or operations.

# POLICY AND SUPPLIER CONTRACTS UPDATE (cont.)



## MODEL CONTRACT PROVISIONS FOR SUPPLIER AGREEMENTS

The inclusion of these provisions in future agreements may be in the form of entirely new supplier contracts between Bank First and another entity, or may be achieved through the updating of existing contracts (as provided for in the modification provisions of those contracts or otherwise by agreement of the parties).

Whilst it is a fundamental principle of contract law that the parties to any given agreement cannot bind any other entity (third party) that is not, itself, party to that agreement, Bank First believes that contractual provisions can still be used to push suppliers to carry out investigations deep into their supply chain, far beyond the operations of entities with which Bank First has a direct supplier relationship.

Accordingly, the proposed model provisions that Bank First is rolling out distinguishes between those entities that a particular supplier is, itself, in a direct contractual relationship with, and other, more legally remote entities where the supplier is not in privity of contract.

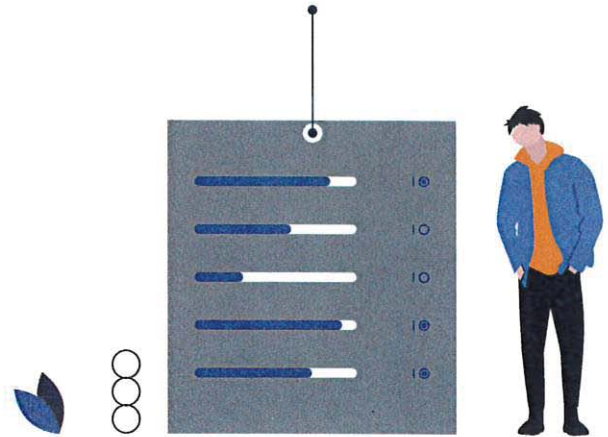
Nonetheless, the model provisions require that the subject supplier take those steps that are reasonably practicable and proportional to assess and evaluate whether the proscribed modern slavery activities are occurring in the supply chains and operations of not only the Supplier's Direct Suppliers, but also its Subcontractors. Bank First believes that this proposed approach represents an appropriate balance between genuine and meaningful improvements in modern slavery transparency and due recognition of commercial and practical realities.

Material Outsourced Contracts Policy to have modern slavery referenced (to Modern Slavery Policy) at next annual review (Nov 20).





# INTERNAL EDUCATION & TRAINING



Bank First acknowledges that increasing employee awareness about the prevalence and nature of modern slavery risks within its supply chains and operations is important both for risk reduction and remediation.

Bank First recognises that the higher the level of institutional knowledge and vigilance about the risks of modern slavery, the more effective it will be in its ongoing commitment to the elimination of such practices in its supply chains and operations.

Bank First has conducted specialised Modern Slavery training for the Bank First Board and members of the Executive Committee delivered by a modern slavery expert.

## TRAINING TOGETHER:

During the reporting period, Bank First has assigned a modern slavery online training module to its entire staff. As a starting point and to effectively raise awareness the training outlines what modern slavery is and what is expected of responsibility of the organisation to ensure compliance with the legislation.

**Bank First has also engaged in regular internal communications concerning modern slavery awareness raising including:**



Information paper to the Board and Executive Management Team;



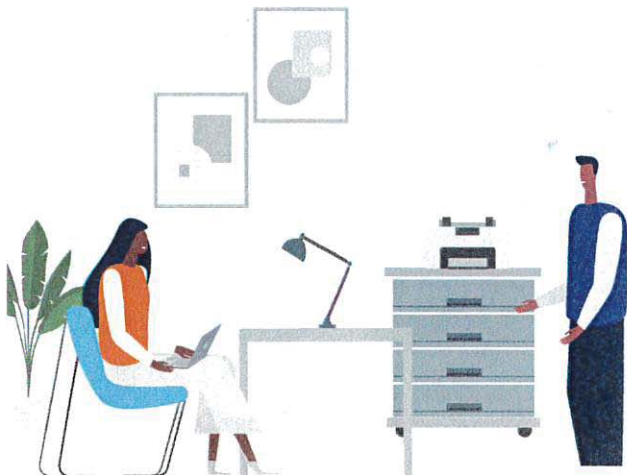
Periodic updates to the Board on the progress with the implementation of Bank First's modern slavery risk assessment and remediation measures



Staff communications via Yammer (internal social media network)

## FUTURE:

Plan face to face training of staff, facilitated by one of the Director's who is a modern slavery / sustainable supply chain expert.



# MODERN SLAVERY RISK ASSESSMENT AND REMEDIATION



As noted in Part Two, Bank First fully acknowledges that the modern slavery risk assessment, due diligence and remediation efforts that it has undertaken to date are but the early stages of seeking to achieve the Act's underlying aims.

## THE NEXT KEY STEPS ARE:

**01**

Pursue a period of further supplier engagement.

**02**

Make available online education modules to all suppliers selected for due diligence following the risk assessment to increase the rate of awareness and engagement on modern slavery issues.

**03**

Seek to partner with those suppliers for ongoing due diligence and remediation processes relating to actual modern slavery risks, as identified and assessed.

## POST-SURVEY SUPPLIER ENGAGEMENT

Bank First considers that supplier engagement at this stage of the modern slavery risk assessment process is highly supplier-specific and that there is no 'one-size-fits-all' solution.

### Common features of Bank First's Post-Survey Supplier Engagement include:

- i Seeking to improve supplier access to industry-specific training in the assessment and remediation of modern slavery risks;
- ii Negotiating mutually agreeable terms for the provision of supplier lists and other information for the purpose of more in-depth modern slavery risk assessment; and
- iii Seeking to better understand a supplier's business culture, practices, and governance structures with the aim of partnering for long-term modern slavery due diligence and remediation.

The Post-Survey Supplier Engagement will also seek supplier input on the feasibility and merits of on-the-ground auditing of supplier (or sub-contractor) facilities.

# CERTIFICATE & STATEMENT OF CONFORMITY

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As an organisation we understand that addressing modern slavery is an important part of the organisation's social license to operate. As a Board we are committed to continue to address modern slavery and see the organisation's 2020 Modern Slavery Statement as an integral part of this journey.

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