



# Modern Slavery Statement 2021

**Heritage Bank**

*People first.*

# Modern Slavery Statement 2021

This Modern Slavery and Human Trafficking Statement (Statement) is made pursuant to the Australian Modern Slavery Act 2018 (Cth) by Heritage Bank Limited (ABN 32 087 652 024) (Heritage) and relates to the financial year 1 July 2020 to 30 Jun 2021 (FY2021).

## About Heritage Bank

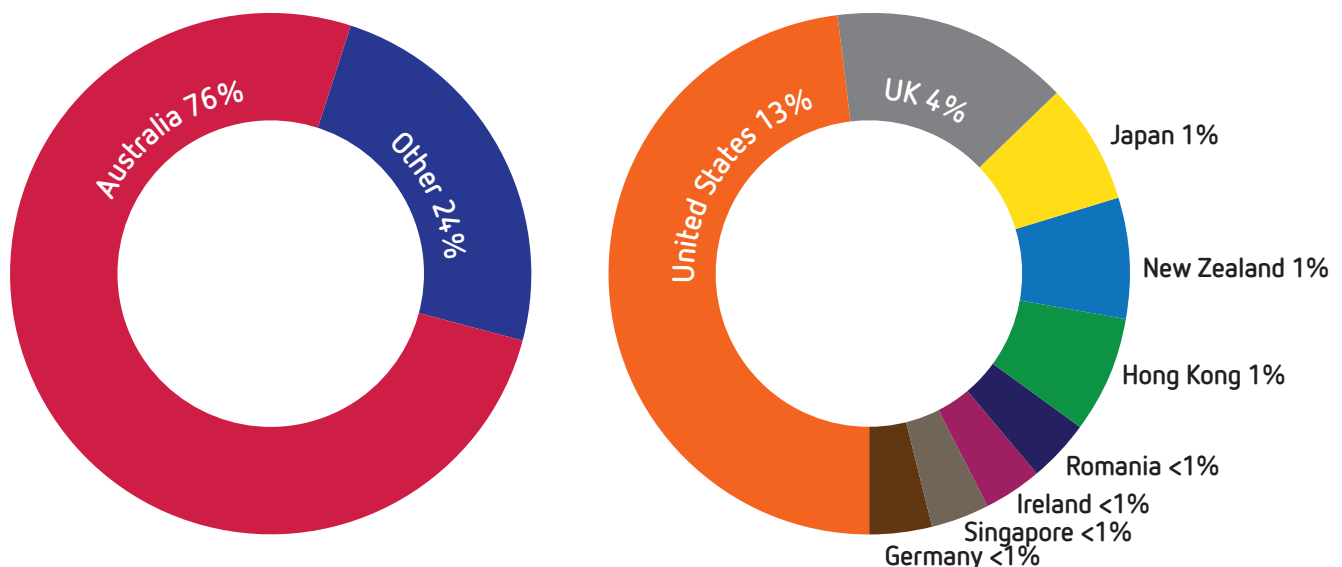
Heritage Bank is a socially responsible, member-owned organisation, passionately committed to achieving social and economic development for our community. We act only to deliver financial security and prosperity to our members and the communities in which they live. Our intention is to maximise member value whilst acknowledging the competitive environment in which we operate.

Heritage Bank is based in Toowoomba, with over 60 branches across South East Queensland and targeted NSW locations servicing approximately 330,000 customers as well as Australia-wide lending via a broker network. Heritage has also established the Heritage Bank Charitable Foundation, which fulfils a philanthropic role by providing grants to eligible non-for-profit charity organisations across Australia.

## Heritage's supply chain

Heritage has a global supply chain that is made up of approximately 600 direct suppliers with a strong focus on supporting domestic and local vendors. A breakdown of our supply chain by location is as follows<sup>1</sup>:

Our Supply Chain by Location

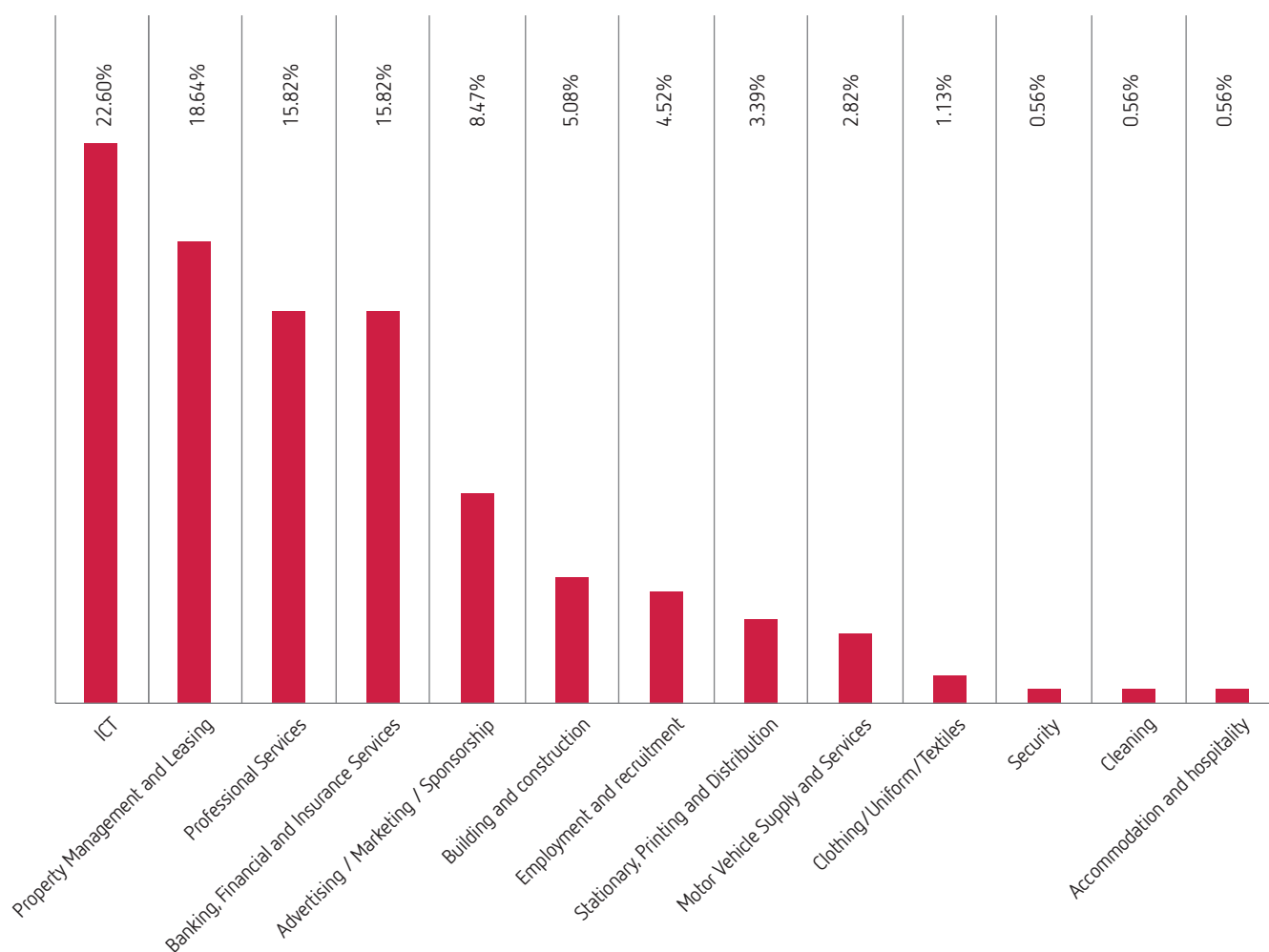


Our supply chain relationships include suppliers to the following categories<sup>2</sup>:

<sup>1</sup>Percentage of Suppliers with spend greater than \$50,000

<sup>2</sup>Percentage of Suppliers with spend greater than \$50,000

## Our Supply Chain by Category



## Our risk identification and due diligence process

As a financial services organisation with a professional workforce, Heritage considers its direct risk of modern slavery to be low. However, we recognise we may be indirectly exposed to modern slavery through our operations and supply chain. As a result Heritage has implemented a risk management process to identify, assess, mitigate and monitor any potential modern slavery risks.

In 2019 Heritage implemented a Modern Slavery Working Group comprising representation from diverse functions of the business and the Heritage Charitable Foundation. The working group is tasked with performing operations and supply chain assurance on a subset of our direct suppliers and operational activities within their respective business units.

The assurance process seeks to identify potential

risk areas that could expose Heritage on human rights concerns including modern slavery and human trafficking. This year the group conducted a risk assessment process on active suppliers, lending and investments during the FY2021.

For the purchasing of goods and services, a triage process was employed using financial exposure as a determinate of priority. Additionally, particular focus was placed on high risk sectors including garments and low cost consumables regardless of spend. The country of origin of goods and services was also considered using information available from independent resources.

Any potential medium to high risk engagements were escalated and additional due diligence applied. This involved sourcing the suppliers Human Rights, Modern Slavery, ESG or similar policy statements. Of the identified potential medium to high risk engagements, all vendors were able to provide Heritage with a relevant policy or procedure.

As part of our broader approach identifying operational risk we conduct regular assessments on the following:

- the attributes of the financial products and services we offer and the ability for those attributes to facilitate the misuse of funds;
- the channels through which we deliver our services including new technologies and third party engagements;
- the people and organisations we lend to; and
- our financial flows and transactions through high risk locations.

Further, through consultation with the Heritage Charitable Foundation we sought to understand the risk that we could support organisations involved in modern slavery through our charitable donations.

## Our risk management

We continue to monitor our medium risk rating suppliers through proactive engagement and by monitoring various sources for adverse information about organisations, locations, products and individuals.

We strive to be a responsible lender. This includes lending practices that are consistent with our ESG Policy. Our ESG Policy helps to manage ESG risk, including human rights and modern slavery risk, in the credit process.

In accordance with AML/CTF legislation, Heritage collects specific information in order to identify and verify our various customer types. By extension this information assists in identifying risk of modern slavery. This ongoing customer due diligence is also undertaken for the duration of the relationship to ensure currency and correctness of the information, and in the event further detail or analysis is required on the basis of the customer's activities or transactions.

As an employer, we implement employment practices designed to support employees and treat them fairly and with respect.

As a supporter of communities, we have a policy and standard that requires donations be made only with registered charities and continually monitor those for adverse information.

## Measuring effectiveness

We have sought to identify changes in our activities year on year that would have materials changes to our exposure to Modern Slavery risk, including changes to our activities by geographic location. Additionally, we continue to monitor our medium to high risk suppliers for the effectiveness of their control measures, as well as any publically available adverse information.

## Further actions

Further to the actions taken to identify and mitigate modern slavery and human trafficking, in 2020 Heritage implemented a new Environmental, Social and Governance (ESG) Policy. The Policy specifically addresses the need to embed internationally recognised human rights standards within our operations, and to take steps to ensure that we do not enter business relationships with others who may act in violation of those standards. The ESG Policy recognises that risk exists within our supply chains, with potential exposure to issues such as modern slavery. Heritage acknowledges that operational and supply chain decisions must consider more than traditional factors such as profit, cost, quality and speed of delivery.

Heritage has a number of policies which assist us in managing the risk of modern slavery. These include:

- Heritage Code of Conduct
- Heritage ESG Policy
- Group Whistleblower Policy
- Heritage Procurement Policy



## Our commitment

Heritage is committed to continuous improvement in all areas of operation, including activities in relation to modern slavery. We continue to develop our approach through:

- ongoing reviews of our operations and supply chain;
- ensuring modern slavery issues are considered for new, or renewed, sourcing and contracting activities; and
- conducting modern slavery awareness training for Heritage staff.

To optimise the effectiveness of our efforts, we will continue to focus our supply chain ESG Risk Assessment on suppliers that fall into the “High Risk” sectors and sensitive areas list identified through our working group review process.

We have also reviewed our sourcing categories to more clearly identify those that require more stringent risk assessment processes, which ensures greater alignment to High Risk ESG sectors and sensitive areas list. Sourcing events with a higher likelihood of ESG risk, including modern slavery, are therefore assessed more appropriately for risk.

This Modern Slavery Statement has been approved on 25th November 2021 by the Board of Heritage Bank Limited on behalf of all named reporting entities as the principal governing body for Heritage Bank.

Signed



Kerry Betros  
Chairman

14 December 2021



## Find out more

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