



Modern Slavery Statement

2023

About this statement

This Modern Slavery Statement is made by Bank of Sydney Limited (ABN 44 093 488 639) pursuant to the Modern Slavery Act 2018 (Cth) (*the Act*).

This statement is relevant for the period 1 January 2023 to 31 December 2023.

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This statement has been prepared in accordance the mandatory requirements of the Act.

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Approval

This statement is made pursuant to section 13(1) of the Act. It was approved by the Board of Directors of Bank of Sydney Limited, being the principal governing body for the purposes of the Act, at its meeting of directors on 20 June 2024. It has been signed by an officer of Bank of Sydney Limited pursuant to an authorisation provided by the Board of Directors.



Melos Sulicich
Chief Executive Officer, Bank of Sydney Limited
20 June 2024

Our structure, operations and supply chains

Identification

The reporting entity covered by this modern slavery statement is Bank of Sydney Ltd – ABN 44 093 488 639 (hereafter referred to as 'Bank of Sydney', 'the bank', 'we', 'our').

This is the Bank's initial modern slavery statement and covers the period 1 January 2023– 31 December 2023.

Structure

The principal governing body of the Bank is its Board of Directors. The Executive team shares key responsibilities (as delegated by the Board) across the Bank.

The Bank is an Authorised Deposit Taking institution (ADI), being regulated by various government bodies including APRA, ASIC, AUSTRAC, OAIC and the ACCC in relation to the provision of financial services.

The Bank has been providing banking services to its customers for 23 years across its branch network and digital channel. The branch network is spread across Sydney, Melbourne and Adelaide. The Bank's head office is located in the Sydney CBD.

Operations

The Bank's core operations can be categorised in the following groups:

- Retail & Business Banking Services
- Employer
- Investments

Retail & Business Banking Services

The Bank provides a range of retail and business banking services to both individual and business customers.

The Bank's primary business is providing transaction accounts, savings accounts, term deposit accounts, home loans, business loans and other business banking products and services.

Employer

The Bank's operations includes its branch network and head office operations, which are all based in Australia.

The team of staff comprises Australian citizens, permanent residents and individuals that otherwise hold a valid work visa.

Investments

The Bank has a dedicated Treasury function to support the strategic funding and investing needs of the Bank.

The activities undertaken include;

- Investing funds (liquid) in Australian (and International) Banks and Australian Government investments;
- Management of financial risks including liquidity, funding and interest rate risks.

Supply Chains

To support and enable the Bank's operations, procurement of a range of goods and services are required. The Bank is proud to support Australian businesses through its supply chain, with the majority located in Australia. Our international supply partners include businesses from the United State of America, New Zealand, Singapore and India.

The types of industry categories in which our key suppliers operate, includes:

- Information Technology (hardware & software);
- Financial services;
- Marketing / advertising services;
- Merchandise (including marketing material & uniforms);
- Cleaning services;
- Property and maintenance services;
- Accounting & consulting services;
- Telecommunication services;
- Printing and Stationery;
- Office supplies;
- Legal services.

Describe any known risks of modern slavery practices

For this reporting period the Bank engaged with a purpose driven environmental, social and governance (ESG) technology and data business, to help identify any modern slavery risk across operations and supply chains. This external subject matter expert has comprehensively assessed (through detailed supply chain analysis) the Bank's modern slavery risk profile. Upon the completion of this review, there has been no detection of any high risk exposure of modern slavery in the supply chain of the Bank.

Possible Risks

As an Australian ADI it is considered that the operational exposure to modern slavery risk to be very low, as the day-to-day operations of the Bank sits well outside the most widely recognised risks of modern slavery.

Banking Services

The Bank understands that there are risks that certain transactions made by customers and or through the funds provided may be associated (even indirectly) with financing certain modern slavery conduct.

The Bank remains diligent with its responsibility to report any detected suspicious activity to regulators such as AUSTRAC, ASIC and other relevant law enforcement bodies, and continue to closely monitor transactions for recognised red flags.

Our People

The Bank employs staff (comprising permanent, fixed term, casual and contractors) to service its operations. All arrangements for employment are subject and compliant with national employment laws.

To support our people and their health, safety, and wellbeing, we have the following policies in place:

- Discrimination Harassment and Bullying Policy
- Remuneration Policy
- Workplace health and safety
- Diversity and Gender Equality Policy

These policies are reviewed and updated annually to ensure our commitment in providing a safe and healthy working environment for all employees. We are confident that the risks of modern slavery to our people is extremely low.

Supply Chain

Due to the nature of operations the Bank has a diverse chain of suppliers, providing differing services and goods. The Bank is cognisant that procurement of goods and services (either directly or indirectly through supply chains) from certain international regions can increase the risk of exposure to forms of modern slavery.

Through the assessment completed on our supply chain, it has been identified that our supply partners in Southern Asia or suppliers with links to this region have an intrinsic higher risk of modern slavery practices.

The sectors of these supply partners include:

- Computer / IT related services;
- Merchandise / apparel goods;
- Office supplies.

The form of modern slavery that has been identified as being at the greatest risk in the above sectors is:

- Forced labour, which occurs when workers are not compensated at fair market rates. Any type of labour can become forced labour such as indentured labour, prison labour, child labour and labour that forces hazardous conditions on workers.

Action being taken to address the known risks of modern slavery practices

While this is the first modern slavery statement prepared for the Bank, measures have been taken prior to this reporting period which were targeted to address and minimise any known risk of modern slavery exposure in daily operations.

These measures include:

- Policy enhancements;
- Increased Due Diligence;
- Contractual obligations;
- Education & Training

Policy enhancements

Following the commencement of the *Commonwealth Modern Slavery Act*, a review of the Bank's Procurement Policy was undertaken. Following the review, modern slavery obligations were included into the policy outlining new requirements prior to engaging with a new third party vendor / supplier.

These new requirements were aimed to prevent exposure to modern slavery practices in the Bank's operations. The new Procurement Policy was finalised and fully implemented for Bank wide operation well prior to the current reporting period (~2020).

Increased Due Diligence

Coinciding with the review of the Bank's Procurement Policy, a review of the existing due diligence process for engaging new third party vendors was also undertaken.

Upon review the due diligence process was increased to include a new modern slavery risk assessment on the proposed vendor. The assessment is based upon numerous factors (including results of searches undertaken in the due diligence process / location of the supplier / nature of the services or goods involved), and is conducted by the business unit proposing the new engagement.

The completed modern slavery risk assessment (together with the full due diligence) is then reviewed by the Bank's independent Line 2 compliance function. Further pre-contract actions may be determined as a result of the outcome of the Line 2 compliance review.

Contractual obligations

Potential agreements with new third party vendors are reviewed by the Bank's legal team. Part of this process involves an assessment as to whether modern slavery obligations need to be included in the proposed contractual agreement.

The assessment (to determine if their inclusion is required) takes into account, the completed modern slavery risk assessment, any recommendation from the compliance function, or any further pertinent information that may have arisen in the contract negotiations.

The obligations inserted in the draft agreement are bespoke to reflect the type of agreement under negotiation. The obligations cover both the proposed vendor and any of its sub-contractors / agents. It also includes a strict notification requirement should a party become aware of a circumstance of a modern slavery offence in its supply chain.

Education & Training

All employees receive ongoing training in the areas of fraud, financial crime and AML & CTF. Targeted training specifically covering modern slavery compliance and the Bank's obligations has previously been provided and completed (prior to this reporting period). This targeted training was provided to any staff that existing or possible supplier relationships.

How we assess the effectiveness of our actions to address the known risks of modern slavery practices

The Bank understands that to achieve ongoing improvement in managing modern slavery risks within the supply chain and operations, continued commitment is required. To assess the effectiveness of the actions previously implemented, the Bank (as outlined above) engaged external subject matter experts to comprehensively review the Bank's supply chain. While the results were positive, the assessment process undertaken has raised awareness on focus areas that when implemented will build upon the existing actions already undertaken by the Bank. These future actions include:

- Ongoing External Services;
- Further Governance improvements;
- Desktop reviews;
- Enhanced Education & Training.

Ongoing External Services

While the Bank will continue to improve internal measures taken within future reporting cycles, it recognises the benefit provided by external subject matter experts. The Bank plans to continually utilise independent experts to again review the Bank's supply chain including any new vendors, and to ensure that the Bank remains across any emerging developments in the area.

Further Governance improvements

The Bank will continually review and uplift existing policies that both directly and indirectly deal with elements of modern slavery. In addition, the Bank plans on developing a new Supplier Code of Conduct.

This new Code would target specific modern slavery indicators, in which the supplier would undertake that they adhere too in their operations.

The Code would apply to new suppliers / service providers where it has been flagged in the due diligence process (modern slavery risk assessment) and will form part of the existing contractual obligations that are negotiated into the draft agreements.

The Code will also be used in any contract renewals with existing suppliers / service providers where it is deemed appropriate.

Desktop Reviews

During reporting cycles the Bank plans on introducing desktop reviews to complete on selected suppliers. The purpose of these reviews would be to undertake ongoing 'in-time' reviews on any material / news that is publicly available.

The purpose of these reviews would be to complement the annual analysis conducted on the Bank's supply chain by any external professional. It will also enable the Bank to monitor existing suppliers in higher risk sectors for modern slavery, and improve the ability to take 'real time' action should it be required.

Enhanced Education & Training

The Bank will continue to provide ongoing awareness and training to staff that have any involvement in procurement and or supplier / vendor third party management. Training for these staff members will now become mandatory and be rolled out annually. The Bank may also look to external parties for consent and material to supplement the currently utilised internally created material and modules.

Describe any consultation with entities we own & provide any other relevant information

Consultation with entities we own

There has been no consultation undertaken, as the Bank does not currently own or control any other entity.

Provide any other relevant information

The Bank has no additional information or comment relevant to modern slavery to report.



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