

Police & Nurses Limited

Trading as P&N Bank and BCU Bank ABN 69 087 651 876

Modern Slavery Statement

Under the *Modern Slavery Act 2018* (Cth)

REPORTING PERIOD

1 July 2023 – 30 June 2024



This Modern Slavery Statement has been approved by the Board of Police & Nurses Limited ABN 69 087 651 876 as the reporting entity's principal governing body on 10 December 2024.

Pursuant to the requirements of the *Modern Slavery Act 2018* (Cth), the contents of this Statement have been reviewed and confirmed as accurate by a duly authorised person.

This statement is signed by Andrew Hadley in their role as the Chief Executive Officer on 10 December 2024.



Andrew Hadley
CEO P&N Group
10 December 2024

P&N Group respectfully acknowledges the Traditional Custodians of the lands on which we operate and pay respects to Elders past and present. Our registered office is located on the lands of the Whadjuk people of the Noongar nation in Perth, Western Australia.





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About P&N Group

The reporting entity

Police & Nurses Limited ABN 69 087 651 876 (referred to throughout this Statement as “P&N Group”, “PNL”, “we” and “our”) is the reporting entity.

This is our fifth modern slavery statement under the *Modern Slavery Act 2018* (Cth) (the **Act**) and relates to the 2023-2024 Australian financial year.

All numbers, statistics and facts described in this statement are as at 30 June 2024, unless otherwise stated. Many of the descriptions in this year’s statement about static aspects of the mandatory reporting criteria e.g. our corporate structure, operations, core supply chains, etc. remain the same, or substantially similar, to last year’s statement. Due to the consistency in our core business operations and procurement activities, these continue to be accurate descriptions for reporting under the Act.

Structure

P&N Group is represented by two retail bank brands - **P&N Bank** in Western Australia and **BCU Bank** in New South Wales and South East Queensland. Where appropriate, individual descriptions are provided for each of these brands throughout this Statement.

The principal governing body of PNL is our Board of Directors. Our corporate structure remains as described in previous statements.

P&N Group owns or controls the following entities, which each have individual annual revenues that fall below the Act’s statutory threshold:

- Members Holding Company Pty Ltd ABN 79 009 011 769
- P&N Landreach Pty Ltd ABN 89 082 440 702
- P&N Management Pty Ltd ABN 24 009 198 681
- National Home Loans Pty Ltd ABN 87 008 913 817
- P&N Recruitment Pty Ltd ABN 85 637 912 488.

These owned/controlled entities are fully integrated into our operations and are subject to all aspects of P&N Group’s anti-slavery response. Their supply chains and operations have undergone all steps to identify, assess and address modern slavery risk described in this Statement, and these entities were fully consulted in relation to the preparation and contents of this Statement.

Operations

We are a customer-owned banking services provider operating under a mutual model. We offer in person, digital and contact centre customer service channels as well as mobile lending, broker and business banking services. Our members are our shareholders. Our focus is always on providing ongoing value for the benefit of our customers and their local communities.

P&N Group’s core operations and supply chains remain as described in previous reporting periods and we do not consider there to have been any material changes from a modern slavery risk perspective.

PNL is an Authorised Deposit-taking Institution and is regulated by various government bodies including APRA, ASIC, AUSTRAC, OAIC and the ACCC in relation to our provision of financial services.

Our headquarters are in Perth, Western Australia. During the reporting period we operated the following retail branches for our two brands:

P&N Bank Branches (Based in WA)

Bull Creek	Karrinyup	Ocean Keys
Bunbury	Mandurah	Rockingham
Carousel	Midland	Success
Joondalup	Morley	Whitfords

In terms of change from the last reporting period, four (4) P&N Bank branches were closed (Belmont, Innaloo, Maddington, Warwick) and two (2) new branches were opened (Karrinyup, Carousel).

BCU Bank Branches

(Based in NSW and South East Queensland)

Ballina	Lismore	Toormina
Bellingen	Macksville	Tweed Heads South
Brisbane	Maclean	Urunga
Coffs Harbour	Maroochydore	Woolgoolga
Dorrigo	Nambucca Heads	Yamba
Grafton	Port Macquarie	

In terms of change from the last reporting period, a single BCU Bank branch was closed (Park Beach Plaza in Coffs Harbour).



Our workforce

P&N Group employed 617 employees during the reporting period, with a full-time equivalency (FTE) of 579.98. Our team members continue to fulfill a variety of roles, as summarised in the following table (numbers representing the individual team members in each business area).

Customer Service & Sales	246
Professional Services	207
Administration/Clerical	83
Management	66
Executive	15

80.2% (495) of our team are employed on a permanent full-time basis. Only three (3) individuals worked for us on a casual basis during the reporting period.

P&N Group is committed to being an employer of choice. We believe it is important to offer our people a unique employee experience that they value, and one that also attracts future talent. We strive to offer a collaborative and inclusive workplace where our people feel a strong sense of belonging, recognition, and a genuine sense of being part of something bigger. We are proud of our team and the following workforce characteristics highlight this:

- 90% of our team feel a sense of belonging at work
- 80% of employees feel supported to balance work and personal life
- 53% of leadership positions held by women
- 42% of our workforce are working parents or guardians.

Our customers, core products and services

Our total membership numbers by the end of the reporting period had reached **192,990 individual customers**. This represents 6.97% growth from the previous reporting period.

P&N Bank and BCU Bank continue to provide the following core products and services to our loyal, valued, and growing number of customers:

Personal and Business Bank Accounts

- Everyday and savings
- Term deposits
- Children's
- Business

Insurance

- Home and contents
- Motor vehicle
- Landlord
- Caravan and trailer

Loans and Credit Cards

- Home loans – investment and owner occupied
- Personal loans
- Car loans
- Credit cards
- Reverse mortgages (P&N Bank)
- Business and commercial loans
- Agribusiness (BCU Bank)

Our investments

Our investment activity is very stable and remains largely unchanged, with approximately 50 Australian-based investment providers. Our portfolios exclusively comprise investments in Australian diversified banks or Australian based branches of international banking institutions.

Supply chains

P&N Group engaged a total of **623 unique suppliers** throughout the reporting period. This represents a slight decrease in total numbers of engaged suppliers for last year (673). This fluctuation was not the result of any major operational change and is not considered to be a marked trend reflecting any significant shift in our procurement activities or practices.

Once again, the Australian industry sectors that P&N Group continues to primarily engage with in its direct supply chain remains consistent with previous reporting periods, including:

- Accounting services
- Advertising
- Computer and technical services
- Finance and investment services
- Legal services
- Market research and business management
- Non-building construction
- Printing and stationery
- Property operations and developer services
- Retail trade services
- Telecommunication services

Our modern slavery risks

Identifying, assessing and addressing modern slavery risk

P&N Group did not receive any reports, or otherwise become aware of, any actual or suspected incidences of modern slavery in our operations or supply chains during the reporting period.

We assess our direct operations as being very low risk for modern slavery. All P&N Group's business operations occur within Australia. Our employed workforce primarily comprises tertiary-educated and experienced professionals who all operate in a very low-risk sector. They are directly employed under written employment contracts and subject to Australia's strict and protective workplace laws and regulations.

In terms of potential risk areas that are most proximate to our day-to-day operations, office cleaning, facilities management and security services are, as we have previously described, workforces that often comprise more vulnerable migrant and low skilled employees, combined with more prevalent industry practices such as opaque sub-contracting arrangements and the use of third-party labour hire agencies.

We remain vigilant in relation to the potential covert exploitation of our financial services for illegal payment transfers relating to modern slavery. To counter the covert misuse of our products and services in facilitating criminal activity, P&N Group continues to implement robust Anti Money Laundering procedures and 'Know Your Customer' processes, which address many indicators of modern slavery related financial crimes. We continue to closely adhere to our responsibilities relating to AUSTRAC reporting, and to monitor transactions for any modern slavery related red flags.

Our investments

PNL's investments-related modern slavery risk profile remains low, given that our portfolios only cover either solely Australian-based financial institutions or Australian branches of leading global institutions. Identified areas of potential risk associated with our investment portfolio continue to mirror those in relation to the identified supply chain industry categories of Australian Business Services, Australian Financial Services, and Australian Computer Services (described further below).

Supply chains

As an overall trend in relation to our procurement activity (compared to previous reporting periods), we continue to partner with long-term suppliers across previously identified Australian industry categories.

Despite our consistency across successive reporting periods in procurement activity, we continue our long-term practice of comprehensive and updated risk assessment of our entire procurement activities for every reporting period.

All 623 unique suppliers were assessed as part of our annual supplier assessment of total spend. 30 prospective/renewing suppliers with predicted annual spend exceeding \$50,000 were specifically assessed for modern slavery risk prior to entering into new or renewed agreements. Additionally, contract provisions that expressly address modern slavery issues were incorporated into 40 new or renewed supplier agreements.

Key Australian industry sectors that PNL secure services from that were again flagged as having potentially elevated risks include:

- **Australian business services** (including a range of professional service providers, such as consultants, auditors, payroll providers, recruitment, and risk advisory services. Individual supplier characteristics ranges from large international professional service firms to small sole traders)
- **Australian computer services**
- **Australian financial services**

As previously described, these assessed areas of potentially elevated risks relate to supply chain characteristics that are present well beyond the operations of our direct suppliers (i.e. deeper tiers relating to manufacturing and the extraction/refinement of raw materials). In particular, the common factor across these industry categories is the prevalence of high-risk supply chain inputs relating to computers and other electronic products.

This year's risk assessment flagged a new category of 'Australian Construction', which replaced 'Australian printing and media services' (a new category described in last year's statement).

We attribute this to relatively significant spend on suppliers and service providers engaged for multiple new branch fit outs. These suppliers were assessed using the procurement assessment process which is now a well-established part of P&N Group's business-as-usual practice.



Our long-term annual risk assessment involves engaging external consultants that use proprietary technology to trace the economic inputs required to produce the products and services that P&N Group obtains from our direct suppliers. This tracing is completed all the way to Tier 10 of our supplier's supply chain by spend. In performing this risk assessment, a balanced, global Multi-Regional Input-Output (MRIO) table is used to perform the supply chain mapping, which links supply chain data from 208 countries, and 37,318 unique industry/country combinations. Fair Supply's data universe comprises over 35,000 local industries categories, which represents more than 98% of global GDP.

The MRIO is regularly updated and draws from the most comprehensive and credible global data inputs available, including 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 official statistical data from many national agencies worldwide, including the Australian Bureau of Statistics. The synthesis of global economic supply chain data is overlayed, via a proprietary algorithm, with the best available research and estimates of modern slavery incidences at the national and industry levels, including the Walk Free Foundation's Global Slavery Index (last updated in May 2023); the International Labour Organisation's Global Estimates of Modern Slavery; official reports published by the United States on International Child Labour, Forced Labour and Human Trafficking, and our external consultant's own database of modern slavery risk factors by country and sector.

Supplier-specific due diligence

In recognition of the importance of assessing and addressing modern slavery issues by not only obtaining a comprehensive picture of potentially elevated risk areas on an industry category and location basis, but also having regard to the nature and extent of risk mitigation frameworks that individual suppliers have in place, P&N Group undertook, via our external consultants, supplier-specific due diligence of this kind.

Two of P&N Group's actual suppliers with connections to assessed elevated risk areas and industries within Australia were the subject of comprehensive desktop-based analysis.

To preserve confidentiality and supplier confidence for further in-depth engagement and due diligence activities of a similar nature in the future, we are not describing the results of this due diligence activity here in specific detail.

Neither company appeared to have any unacceptably high and unmitigated areas of modern slavery risk. However, there were also clear areas for potential improvement and further collaboration, as both companies appear to lack a very sophisticated understanding of addressing modern slavery issues.

Improving our approach to supplier self-assessment engagement

P&N Group recognised the need, beyond focusing on quantitative measures relating to the number of issued surveys, to provide a structured approach to reviewing and analysing supplier responses. Key priorities include effectively highlighting areas of concern to further engage with suppliers about, and producing useful modern slavery risk ratings to prioritise future due diligence action.

In response to these challenges, we developed and implemented a **Supplier Self-Assessment Questionnaire (SSAQ) Analysis Register**. When a prospective supplier is assessed for modern slavery risks through our long-term external consultant partner's platform, we use our established modern slavery risk matrix to determine an initial risk rating. Following targeted supplier engagement, we then assess and score the responses to each individual question within the SSAQ. These questions are divided into six categories to determine a score across key modern slavery indicators:

- Modern Slavery Reporting;
- Commitment to Addressing Modern Slavery;
- Training Education and Engagement;
- Supplier Standards;
- Risk Assessment & Auditing; and
- Allegations & Responses.

The score for each category is then averaged to determine the residual risk rating and determine future action and approaches with the respondent supplier.



Internal awareness and vigilance

Our internal training process on modern slavery risk issues, including detecting related criminal activity involving the covert use of financial services, is now firmly entrenched as a business-as-usual practice for P&N Group.

We continue to provide annual fraud and financial crime training to our entire workforce. Specialist modern slavery education is delivered to team members who are engaged in procurement related activities.

P&N Group also ensure that our established internal training practices (and all other aspects of our modern slavery response framework) remain appropriately aligned to broader industry trends and practices, through the attendance and participation of key team members at two external events:

- Sustainability Professionals Association webinar, “Addressing Modern Slavery: Practical Implementation for Grievance Mechanisms and Living Wages”.
- GRC Solutions webinar, “Key sustainability considerations of asset managers for 2024”.

Developing more specific policy and grievance mechanism for modern slavery issues

PNL’s Human Rights Policy has been developed during the reporting period intended as a key pillar of our modern slavery response framework. Once implemented, the policy will confirm PNL’s commitment to respecting internationally recognised human rights principles through our business activities.

As part of our continuous improvement efforts, we have also reviewed our Whistleblower Protection Policy, being our current Human Rights Grievance mechanism with a view to provide clarity specific to how we action human rights disclosures (including modern slavery issues) that are not specifically referenced under the Whistleblower Protection Policy.

These further modern slavery framework improvements are subject to final internal approval and expected to be implemented during the FY25 reporting period.

Measuring our effectiveness

In measuring the effectiveness of our actions and approach to our modern slavery response, we have now tracked multiple key performance indicators (KPIs) across successive reporting periods, as summarised in the following table.

Key Performance Indicators	Progress update for reporting period
Risk threshold for probable modern slavery instances in our supply chain based on spend value	\$50,000 total spend across the life of a contract The materiality threshold used during the reporting period has been reviewed against our annual risk assessment of actual spend across all suppliers. The threshold continues to be appropriate, with no instances of significant impact to our overall results due to engaging higher risk suppliers under the spend threshold.
Number of modern slavery risk assessments carried out in relation to our new and existing suppliers	623 direct suppliers subject to annual proprietary risk assessment. 30 prospective suppliers subject to proprietary risk assessment screening prior to contractual agreement.
Number of desktop audits undertaken for high-risk suppliers or suppliers operating in high-risk industries	Two desktop audits undertaken on suppliers operating in higher risk industries.
Number of self-assessment questionnaires issued to high-risk suppliers or suppliers operating in high-risk industries	Four prospective suppliers fell into the moderate risk category that triggers a supplier self-assessment questionnaire (SSAQ). Three SSAQs issued to reporting entities with two being completed thoroughly by the suppliers and then reassessed via P&N Group's SSAQ Analysis Register, and two electing to share their Modern Slavery Statement for review in lieu of completing the questionnaire.
Modern Slavery contract provisions	40 new/renewed contracts with modern slavery clauses captured.
Training and education	Annual fraud and financial crime training provided to all employees. Targeted modern slavery education delivered to employees with procurement related activities.
Supplier due diligence	All prospective and new suppliers were subject to adverse media screening (as part of our procurement process). Nil linkages to alleged human rights or modern slavery incidences reported. 25% increase since FY23 (calculated across a quarterly average of 24.25 submissions per quarter) of compliance with the procurement process by employees undertaking procurement activities, capturing preliminary supplier modern slavery risk assessments and adverse media screening.



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