

2220 Corporate Social Responsibility (CSR) Policy—Version 9.0

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1. Purpose

- [1] This Corporate Social Responsibility Policy (CSR) 2220 establishes our approach to ethical business and social responsibility practices and how we deliver on our responsibilities and commitments across 200+ actions. It encompasses:
- **Our purpose, mission and values** – what we do and why we exist
 - **Our culture and history** – how we do things and have done so for over 50 years
 - **Our legal structure**, as set out in our Constitution
 - **Our business** model of mutual banking
 - **Our Policies**, practises and procedures - how things get done
 - **Our five focus areas** of Ethical Business Practices, Members, Community, Employees and Environment
- [2] By using the term Corporate Social Responsibility Policy (CSR) in this document, we mean all ethical, social and environmental responsibilities.
- [3] Our commitment is to be a world leading ethical business, which means we can always go further.

2. Applicability

- [4] This policy is applicable to all staff of Teachers Mutual Bank Limited (the Bank), regardless of job role or classification. The scope of this policy covers all aspects of the workplace.

3. Guiding principles

We are a values based bank where profit has a purpose

- [5] A socially responsible and service culture has been integral to the Bank's operations since our founding in 1966. For over 50 years, doing business ethically and sustainably have driven our model of mutual banking.
- [6] Operating ethically and profitably are two side of the same coin, and that's been our currency since birth.
- [7] We recognise that our success is not only measured in terms of profits and growth, it is also how we engage with and support our members, communities, employees, and how we minimise our impact on the environment.
- [8] Being responsible and ethical is our core purpose.

We believe that being ethical is about the whole bank

- [9] Operating ethically and sustainably is integrated and integral to us. It is embedded in who we, are what we do and why we do it
- [10] Being ethical is not just part of our business, it is how we do business. It is built-in, not bolted on
- [11] It's about how we operate as a business, through our partnerships with suppliers, throughout external relationships, through the way we manage our impact on the economy, society and the environment, and in how we consider the ethics of our practices.

We are committed to the highest standards of ethical business practices

- [12] We aim to lead the financial sector in ethical standards and practices. We are committed to being an ethical business, because we believe it is the way business should be run, and that it should be driven by ethics.
- [13] We strive for excellence and international leadership in our ethical business practices. We have aligned policies, practices and procedures with international best practice standards to ensure they are robust, integrated and transparent. We make sure we are accountable, and benchmark ourselves against world leading standards.
- [14] We promote values based banking to other businesses and organizations in our sphere of influence, and by holding ourselves to high standards, we aim to influence the broader community.

Ethical banking is our business

- [15] As a national mutual bank serving the education and firefighting communities, banking ethically is core business. Ethical banking for us is an expectation, not an aspiration
- [16] We recognise the impact our business has on the economy and communities in which we operate, so we are responsible in the way we invest and lend. Ethical issues are embedded in our lending and investment practices.
- [17] The Bank strives to provide quality services to members via ethical and prudent lending practices that are financially, socially and environmentally sustainable.

4. About Teachers Mutual Bank Limited

4.1. Our Mission

- [18] *Teachers Mutual Bank Limited (the Bank) will grow its market share by primarily targeting the Australian education sector and niche markets in the professional and essential services sectors. TMBL will operate through a primarily digital, mobile and phone service operating models supported by some sales and service centres in selected regions.*

[19] *The Bank will build and nurture member focussed brands ethically, following sustainable business practices to provide the best financial products and services that will support and improve the financial wellbeing of all members.*

[20] *The Bank will operate in an ethically, socially and environmentally responsible manner and support appropriate community programmes.*

4.2. Our Values

[21] *Advocacy, Passion, Sustainability.*

4.3. Our Constitution

[22] The following Objects for the Bank are written in Our Constitution:

- (a) *‘to promote co-operative enterprise;*
- (b) *to provide programs and services to members to assist them to meet their financial, economic and social needs;*
- (c) *to promote, encourage and bring about human and social development among individual members and within the larger community within which members work or reside; and*
- (d) *to further the interests of members and the communities within which they work or live through co-operation with:*
 - (i) *other mutual banking institutions and co-operatives; and*
 - (ii) *associations of mutual banking institutions and co-operatives locally and internationally’.*

5. The Mutual Banking model

[23] We have a different structure than other banking organisations.

[24] As a mutual bank, we are a member-owned institution—owned by, and run for the benefit of our members. As our members own the organisation, there is no trade-off between shareholders and customers. Every member has one equal vote and one share in the business.

[25] We serve the Australian education community and niche markets in the professional and essential services sectors

[26] We are grounded in our community and, serve the real economy by primarily using member deposits to lend to other members

- [27] We reinvest profit so that it is returned to serve members and the community, create better products and services and invest in social, and environmental programmes
- [28] We focus on personal banking— and not business or commercial banking.
- [29] As a member owned bank, the foundation of our banking model is to use members' deposits to make loans to other members. The primary method of investing our member's money is by lending to other members.
- [30] Membership of the Bank is via three brands:
- Teachers Mutual Bank is open to employees in the Australian education sector and family members of existing Teachers Mutual Bank members who are Australian citizens or permanent residents.
 - UniBank is open to citizens or permanent residents of Australia who are current or retired employees, students and graduates of Australian Universities, or family members of existing members of the Bank.
 - Firefighters Mutual Bank is open to citizens or permanent residents of Australia who are current or retired employees of fire and emergency services in Australia or family members of members of the Bank.

5.1. Mutual banking regulation

- [31] Customer-owned banking institutions like TMBL are Authorised Deposit-taking Institutions (ADIs) under the Banking Act 1959 and public companies and Australian Financial Services Licensees under the Corporations Act 2001.
- [32] ADIs are regulated by the Australian Prudential Regulation Authority (APRA) and subject to various prudential requirements including capital, liquidity, risk management and governance.

6. International Partnerships on sustainable and ethical finance

- [33] We collaborate with leading international organisations to promote shared ethics and values in finance and create positive change.
- [34] **World Council of Credit Unions (WOCCU)** The mission is improve lives through credit unions and to expand financial inclusion worldwide through the global credit union community. The WOCCU Vision 2020 is a global campaign to add 50 million new credit union members worldwide by the year 2020.'
- [35] **'The Responsible Investment Association of Australasia (RIAA)** is the peak industry body representing responsible and ethical investors across Australia and New Zealand with over 160 members who manage more than \$1 trillion in assets under management.

- [36] **The Business Council of Co-operatives and Mutuals (BCCM)** is the national peak body representing the co-operative and mutual models of enterprise. It is the only organisation uniting the entire and diverse range of member owned businesses'
- [37] **CUFA** is an international development agency committed to alleviating poverty across the Asia Pacific. CUFA reaches over 4 million people each year through grassroots project work that focuses on economic, education, enterprise and employment activities – also known as economic development. CUFA works with the poorest of the poor, supporting, developing and teaching communities how to make, save and keep more money, so that they are able to lift themselves out of poverty and become financially independent.
- [38] **The Global Alliance for Banking on Values (GABV)** is a network of banking leaders from around the world committed to advancing positive change in the banking sector. GABVs' membership of 53 financial institutions has \$173 billion of assets serving 41 million customers. At its heart, the GABV is a Chief Executive Officer network providing a unique space for collaboration for leaders who are committed to values-based banking.
- [39] The collective goal is to change the banking system so that it is more transparent, supports economic, social and environmental sustainability, and is composed of a diverse range of banking institutions serving the real economy. Members have one thing in common: a shared mission to use finance to deliver sustainable economic, social and environmental development, with a focus on helping individuals fulfil their potential and build stronger communities.

7. Global Alliance on Banking on Values (GABV) commitments

7.1. GABV Principles of Values-based banking

- [40] We adhere to and support these principles which describe the fundamental pillars of values-based banking:
- Triple bottom line approach at the heart of the business model
 - Grounded in communities, serving the real economy and enabling new business models to meet the needs of both
 - Long-term relationships with clients and a direct understanding of their economic activities and the risks involved
 - Long-term, self-sustaining, and resilient to outside disruptions
 - Transparent and inclusive governance
 - All of these principles embedded in the culture of the bank

7.2. GABV Kathmandu Pledge

[41] As a signatory to this CEO initiative we commit to:

- Fostering long-term and integrated social, environmental and economic development in the communities and wider societies that we serve.
- Providing banking services to individuals and enterprises based on the Principles of Values-based Banking.
- Serving a vibrant and diverse mix of individuals and enterprises and being socially, environmentally and culturally conscious to contribute to the development, happiness and well-being of our stakeholders
- Being local, regional and global leaders providing progressive and visionary models for the renewal of the banking system through our actions
- Supporting innovative and continuous renewal and development in the real economy consistent with what our planet can support whilst placing people and human-based relationships at the core.

7.3. The GABV Scorecard

[42] We report against the Scorecard which is a structured approach to capture the vision, strategy and results of any bank relative to values-based banking. The Scorecard is based on the GABV's Principles of Values-based Banking.

8. Ethical Business Practices

[1] We are committed to being an ethical business, because we believe it is the way business should be run, and that it should be driven by ethics.

[2] Strong and ethical governance frameworks are the fundamental foundations to our business, and ensures we are here for the long-term.

[3] We put ethical practices at the forefront of our business, and integrate it throughout our operations, systems and relationships.

[4] We aim to lead the financial sector in ethical standards and practices.

8.1. Board Governance

[5] The objective of the Board is to uphold the sustainability, security and profitability of the Bank, while serving its members with products and services that support their financial well-being, as detailed in *Governance Policy (2219)*.

- [6] The Board approves and fosters an appropriate corporate culture consistent with the Bank democratic values, membership and history.
- [7] The Board is committed to maintaining and developing the culture of the Bank as a democratic mutual organisation aiming to support the prosperity of its member shareholders.
- [8] The Board endeavours to follow the principles of mutuality in exercising its powers. Specifically:
- open and voluntary membership within the Bond
 - democratic control
 - non-discrimination
 - service to members /distribution to members
 - building financial stability
 - ongoing education
 - cooperation among cooperatives
 - social responsibility.
- [9] The Board recognises that gender targets are an essential part of managing and improving business performance, similar to financial and operational targets. The Board has set a target that the representation of women on the Board will not drop below 40% recognising that the appointment of elected directors is outside of the organisation's control.

8.2. Financial Management

- [10] Board and management committees oversee all matters concerning internal control, accounting policies and financial reporting—including financial statements and *APS 330 Prudential disclosures*.
- [11] We remain committed to ongoing financial, geographic and membership growth. We take a measured approach—balancing growth with prudential financial management. And we continually look for ways to build economies of scale and manage business costs.
- [12] Our financial statements are prepared in accordance with the requirements of the *Corporations Act*, other mandatory professional and statutory reporting requirements and applicable accounting standards.
- [13] Accounting standards include the Australian equivalents to the *International Financial Reporting Standards* and the Interpretations of the *Australian Accounting Standards Board*.

8.3. Regulatory Compliance

[14] Compliance with regulatory requirements is vital to the Bank's business, ensuring the organisation:

- (a) conducts business as an authorised deposit-taking institution (ADI) and credit provider under the Banking Act
- (b) minimises possible losses, penalties, fines, damages, court injunctions, personal liabilities, or other financial consequences
- (c) is respected by its members and customers as an institution that complies with its regulatory and legal obligations.

[15] The Bank is committed to observing its legal obligations under its Australian Financial Services Licence, Australian Credit Licence and the Banking Act. The Bank observes these compliance obligations by:

- (a) engaging only in activities authorised under the Bank's Australian Financial Services and Australian Credit licences
- (b) engaging in all activities efficiently, honestly and fairly
- (c) ensuring the Bank continues to engage in all regulated activities with the requisite organisational and individual expertise via the Bank's appointed Responsible Managers and employees.

[16] The regulations that the Bank must comply with is stated below but is not limited to the following:

- Customer Owned Banking Code of Practice
- Banking Act 1959 (Cth)
- Australian Prudential Regulation Authority (APRA) Prudential Standards
- (ASIC) Act 2001 (Cth) & Regulatory Guides Corporations Act 2001 (Cth)
- Privacy Act 1988 (Cth)
- National Consumer Credit Protection Act 2009 (Cth)
- Cheques Act 1986 (Cth)
- State Fair Trading Acts
- ePayments Code
- Financial Services Reform Act 2001 (Cth).

[17] We foster a compliance culture. The Bank fosters an ethical culture, forging strong working partnerships with our employees in sharing the responsibility for strengthening our processes, practices and quality control around regulatory compliance. We seek continuous improvement through regular review of performance utilising a compliance monitoring review process.

[18] Refer to *Compliance Policy (2211)* for more information on the implementation of our approach to compliance.

8.4. Compliance Resources

[19] The Bank has processes in place to receive timely advice on changes to regulatory compliance requirements, including but not limited to:

- information from legal advisers
- regulator contact
- membership of professional groups
- subscription to information services and compliance monitoring tools
- attending industry forums and seminars
- industry association (COBA) compliance information and updates.

8.5. Risk Management

[20] The Board of Directors has overall responsibility for the establishment and oversight of our enterprise risk management framework. This responsibility includes approving the enterprise risk management framework and the policies that comprise that framework and setting the organisation's risk appetite. In order to discharge its duties and responsibilities in an appropriate and effective manner, the Board of Directors, using a 'three lines of assurance' approach to identifying and managing risk, receives reports from the auditors, both external and internal, and risk and compliance staff to monitor the management of risks and compliance with its regulatory and voluntary requirements.

[21] The Board of Directors has established both an Audit Committee and a Risk and Compliance Committee, comprising five directors to oversee financial reporting, the effectiveness of audits, the management of risk and the program of compliance.

[22] Our approach is to recognise and actively manage all types of risk including:

- Strategic risk
- Governance risk
- **Credit risk** (lending and investing)
- **Market risk** (liquidity and interest rate risk)
- **Operational risk** (Internal and External fraud; Employment Practices and Workplace Safety; Clients, Products and business practices; Damage to physical assets; Business Disruption and systems failures; Execution, Delivery and process management).

[23] Further information on how we manage risk is outlined in the *Risk Management Strategy*.

8.6. Reporting and transparency

[24] We have aligned policies, practices and procedures with international best practice standards to ensure they are robust, integrated and transparent

- [25] We measure and report on our ethical performance through our website, reports, publications and social media. We report against 90 targets and KPIs in the Annual Report and Sustainability Update.
- [26] We aim to continually improve on our ethical performance.
- [27] Transparency drives disclosure, which can be subjected to third-party review.

8.7. International benchmarking and external verification

- [28] External, independent third party verification and assessment provides evidence and concrete results of our commitments and performance over time. External assessment tests and validates data, systems and processes across hundreds of metrics.
- [29] The Bank strives for excellence and international leadership in its ethical business practices. We make sure we are accountable, and benchmark ourselves against world leading standards.
- [30] We validate our ethical performance against three main benchmarks.

8.7.1. The World's Most Ethical Companies

- [31] Ethisphere Institute is a global leader in defining and advancing the standards of ethical business practice. The World's Most Ethical Company assessment is based upon the Ethisphere Institute's Ethics Quotient (EQ) framework and honours superior achievements in transparency, integrity, ethics and compliance.

8.7.2. The London Benchmarking Group (LBG)

- [32] LBG is the global standard for measuring and benchmarking corporate community investment, The LBG model provides a comprehensive and consistent set of measures for corporate community investment professionals to determine their organisation's contribution to the community, including cash, time and in-kind donations, as well as management costs.

8.7.3. The Responsible Investment Association of Australasia (RIAA)

- [33] Bank is committed to RIAA Certification for Ethical Investment.
- [34] The RIAA's Certification Program provides investors with standardised and consistent information investment options that have been assessed and verified as responsible. RIAA's Certification Symbol Trade Mark provides consumers and industry alike with a quality mark of Australia and New Zealand's standard for responsible investing products and advice.

- [35] To be certified, an organization or individual must meet the strict disclosure practices required in each licence category. Once certified, the organisation or individual are licensed to use the Certification Symbol.

8.7.4. Industry awards

- [36] The Bank is committed to external assessment of its performance against a range of industries and sectors.

8.8. CSR Governance

- [37] Starting with the Board of Directors, Chief Executive and Senior Management, CSR is integrated throughout the business—and integrated into all areas of the work environment by people at all levels within the organisation.
- [38] All staff at Grade 6 and above have CSR KPIs.
- [39] CSR business plans, targets and KPIs are set and reviewed regularly by our CSR Committee and are integrated into the strategic planning process. The bi-monthly Committee meeting is chaired by the CEO and contains all ten executives, including the General Managers of UniBank and Firefighters Mutual Bank.
- [40] The monthly board meeting has a standing agenda item of CSR, and issue topics are also reported under other agenda items such as Human Resources.
- [41] Once a year the Board discusses and reviews annually the CSR Strategy which has been agreed by the CSR Committee.
- [42] The CSR Committee objectives are:
- Endeavour to maintain TMBL's international leadership in responsible and ethical business practices.
 - Ensure the delivery of our Strategic Business KPI that 'CSR is embedded in our policies, procedures and practices'.
 - Review and approve an Annual Sustainable Business Strategy.
 - Review and measure progress against our CSR Targets and KPIs.
 - Oversee the implementation of the organisation's CSR Policy (2220).
 - Review and approve significant CSR programmes and expenditure.
 - Report CSR progress to Executive, Management and Board on a quarterly or annual basis.
 - Ensure effective communication of CSR occurs throughout the organisation.

8.9. Stakeholder engagement

[43] Our *Stakeholder Engagement Standard* commits us to the AA1000 Accountability Principles. These are:

- **Inclusivity:** For an organisation that accepts its accountability to those on whom it has an impact and who have an impact on it, inclusivity is the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.
- **Materiality:** Materiality is determining the relevance and significance of an issue to an organisation and its stakeholders. A material issue is an issue that will influence the decisions, actions and performance of an organisation or its stakeholders.
- **Responsiveness:** Responsiveness is an organisation's response to stakeholder issues that affect its sustainability performance and is realised through decisions, actions and performance, as well as communication with stakeholders.
- **Accountability:** Acknowledging, assuming responsibility for and being transparent about the impacts of your policies, decisions, actions, products and associated performance. It obliges an organisation to involve stakeholders in identifying, understanding and responding to sustainability issues and concerns, and to report, explain and be answerable to stakeholders for decisions, actions and performance. It includes the way in which an organisation governs, sets strategy and manages performance.

[44] We have multiple avenues for engagement including face-to-face meetings and communications, electronic direct mail and newsletters, attendance and speaking at conferences and association meetings, social media, an annual member survey, a compliment and complaints process and focus groups.

[45] By embedding our social purpose into everything we do, it is communicated across our relationships. As a positive force for change, the Bank becomes a multiplier for ethical business practices across communities.

8.10. Social impact and advocacy

[46] We pursue research thought leadership and policy advocacy for social purpose solutions and encourage debate.

[47] We engage and collaborate across sectors with government, academic institutions, business, and non-profits/non-governmental organizations (NGOs) to advance sustainable community issues, address barriers and tackle complex social or environmental problems; accelerate the implementation of solutions; advocate for measures to enhance community well-being.

8.11. Commitment to being a responsible lender

[48] The Bank is committed to being a responsible lender and complying with the *National Consumer Credit Protection Act 2009 Cth* and *ASIC Regulatory Guide 209 Credit Licensing: Responsible Lending Conduct*.

[49] The Bank acknowledges its obligation to be transparent, act with integrity, enhance the financial knowledge of our members/customers, as well as support them when they may be in financial difficulty.

[50] The Bank commits that it will:

- (d) prudently assess all credit applications
- (e) promote the responsible use of credit and ensure it takes into consideration the borrower's capacity to service their borrowings
- (f) periodically reviews its credit assessment policies and criteria for credit products.

Responsible provision of credit

[51] Prior to providing credit, the Bank undertakes an assessment to ensure that the credit quality is acceptable and that the process of providing credit satisfies the Bank's disclosure, conduct and responsible lending obligations.

[52] In accordance with its commitment to its ethical principles, the Bank will:

- (a) Design its processes so that consumers are sufficiently well-informed of the Bank's advice, products and services
- (b) Only offer advice, products and services that are safe and fit for the purpose for which they are sold
- (c) Not engage in practices that are unfair or contrary to good faith
- (d) Endeavour to meet the needs of those who, as consumers, are most vulnerable, or at greatest disadvantage and
- (e) Provide accessible and timely redress where consumer detriment has occurred due to the Bank's acts or omissions.
- (f) The Bank's required standard of business is to create and maintain an environment where the respect and trust of members, customers and stakeholders is achieved through fair and honest provision of advice, products and services.

8.12. Responsible lending and ESG (Environmental, Social and Governance) issues

[53] We understand the influence our business has on the economy and communities in which we operate, so we are responsible in the way we invest and lend.

[54] ESG issues are embedded in our lending and investment practices.

[55] *Lending Risk Policy (2236)* Business Objective is ‘The Bank strives to provide quality services to members via ethical and prudent lending practices that are financially, socially and environmentally sustainable.’

[56] Various lending opportunities are disqualified from the Bank’s lending origination business. Such exclusions are where the primary purpose of the entity or business is alcohol, armaments, correctional facilities, deforestation or gross environmental degradation, gambling, military activities, political activities, pornography, slavery, tobacco or uranium.

8.13. Responsible lending and climate change

[57] We are committed to public disclosure of our investment policy on climate change and fossil fuels.

[58] *‘Various lending opportunities are disqualified from the Bank’s lending origination business. Such exclusions are where:*

- *The purpose would be to finance large scale greenhouse gas pollution from fossil fuel exploration, extraction, production and use*
- *The purpose would be to directly lend to, buy equity or debt in any large scale greenhouse polluting activities from fossil fuel exploration, extraction, production and use.’*
- *The Bank will not directly invest in any large scale greenhouse gas polluting (i.e. fossil fuel exploration, extraction, production and use) activities or companies’.*

8.14. CSR in the supply chain

[59] Our responsibilities do not end with our own operations. We leverage our commitment to CSR by driving ethical business practices through our supply chain.

[60] Through our supply chain we can minimise our negative impacts and enhance the positive impacts on society and the environment. This can add value both to our financial bottom-line, through reduced costs and enhanced supplier relationships, as well as to our environmental and social footprints.

[61] We mandate and embed CSR in our supply chain Vendor Governance Framework (VGF) Policy and procedures. CSR is one of six metrics and forms part of the balanced scorecard approach.

[62] Suppliers are sent the CSR Supplier Survey as part of the VGF meeting and engagement process. This covers the four topics;

- Strategy
- Metrics & Performance
- Products & Services
- Provision of Material

[63] The supplier responses are turned into a reporting scorecard (the CSR Health Check) with a traffic light system. The CSR Health Check is used to drive performance improvement via engagement.

[64] We mandate that all new material suppliers complete the CSR Supplier Survey when submitting an RFI or RFP.

8.15. Human rights

[65] Our approach to human rights is embedded in how we do business. We are committed to respecting all human rights as outlined in the Universal Declaration of Human Rights and specifically the rights of:

- **Our employees**—by providing reasonable work conditions and a safe, healthy, harassment- and bullying-free work environment, which respects diversity and encourages individual development.
- **Our members**—by providing fair and responsible access to financial services and products and empowering our members through ongoing education to improve their financial knowledge.
- **Our communities**—by providing support for projects that address social and environmental issues across the community.

8.16. Fraud, bribery and corruption

[66] We have zero tolerance to fraud, bribery and corruption.

[67] We create a work environment that seeks to eradicate or minimise the possibility of both internal and external fraud by using risk-based methodology, appropriate investigations, transaction monitoring, and by utilising appropriate fraud prevention strategies. We ensure that any fraudulent attempt, internal or external, is thoroughly investigated and reported to the appropriate authorities. We have zero tolerance for internal fraud, and attempts at internal fraud.

[68] We have a Fraud Control unit whose role and responsibility is to safeguard our members' accounts by taking a lead role in fraud education, deterrence, detection, investigation and reporting of all types of fraud to the Board of Directors, Senior Management and appropriate authorities.

[69] Our Incident Management and Response Plans are in place in case of any fraudulent event, including cyber-crime, fraud, and bribery and corruption, affecting one or more business units to enable a co-ordinated approach.

[70] Further information on our approach is outlined in our *Fraud Investigations and Prevention Policy (2260)*.

8.17. Cybersecurity Framework

- [71] The Framework provides a common language for understanding, managing, and expressing cybersecurity risk both internally and externally. It can be used to help identify and prioritise actions for reducing cybersecurity risk, and it is a tool for aligning policy, business, and technological approaches to managing that risk. It references globally recognised standards for cybersecurity.
- [72] The Framework provides a common taxonomy and mechanism for the Bank to:
- (1) Describe its current cybersecurity posture
 - (2) Describe its target state for cybersecurity
 - (3) Identify and prioritise opportunities for improvement within the context of a continuous and repeatable process
 - (4) Assess progress toward the target state and
 - (5) Communicate among internal and external stakeholders about cybersecurity risk.
- [73] The Framework is a risk-based approach to managing cybersecurity risk, and is composed of three parts:
- (1) the Framework Core
 - (2) the Framework Implementation Tiers and
 - (3) the Framework Profiles.

8.18. Anti-Money Laundering and Counter Terrorism Financing program

- [74] We have a comprehensive policy designed to identify, manage, and mitigate money laundering or terrorism financing risk—that is, the risk that TMBL, whether inadvertently or otherwise, might reasonably be implicated in money laundering or terrorism financing via provision of a designated service.
- [75] The Board and Management approve and maintain continuing oversight of this programme and its designated AML/CTF Compliance Officer. We also employ:
- an ongoing employee due diligence programme in the form of risk awareness training, and
 - screening measures for all employees
- [76] For more information, refer to the *Anti-Money Laundering and Counter Terrorism Financing Program Policy (2227)*.

8.19. Gifts and entertainment

[77] Our *Human Resources Policy (2313)* outlines guidelines for accepting gifts and entertainment. From time to time, employees may be offered gifts in appreciation of building relationships or providing excellent service.

[78] In relation to acceptance of gifts, all employees must ensure such acceptance does not influence (or appear to influence) provision of services or purchasing decisions. Gifts over the notional \$300 value will be scrutinised in detail.

8.20. Lobbying and Government engagement

[79] We engage with our industry body, COBA, which advocates on the sector's behalf to government, media and the wider financial sector.

[80] COBA is the voice of the mutual banking sector and provides representation and advocacy for its members.

8.21. Political Donations

[81] We do not donate, give gifts or employee or management time, to support political candidates or political organisations.

9. Members

[82] **As a mutual bank, our members are our shareholders. Therefore, it is imperative that we engage with our members, ensure member inclusion and aim to achieve the highest level of member satisfaction and member value that we can.**

[83] **Our commitment to our members is embedded in our Constitution, which commits us to encourage savings amongst our members and provide programs and services to assist them to meet their financial, economic and social needs.**

[84] **We strive to provide quality services to members via ethical and prudent lending practices that are financially, socially and environmentally sustainable.**

9.1. Commitment to members

[85] We aim to help our members achieve financial well-being by providing simple, practical and ethical banking solutions. We work together with members to help them achieve their financial goals—evolving our products and services, and forming strategic alliances and partnerships that enhance our offering to members.

- [86] We ensure our products and marketing fully comply with all legislative and regulatory requirements and industry codes.
- [87] Retaining our members' confidence and trust is vital to the Bank. Our commitments to our members include communicating:
- (a) the legal background to our banking relationship
 - (b) the role of the agreements or contracts between us
 - (c) terms and conditions of our accounts and services in plain language and in easy-to-read format
 - (d) accurate and concise information on our products and services
 - (e) our members right to privacy
 - (f) what our members should do if they have a complaint.
- [88] All products and services are regularly reviewed following instances of member feedback, employee feedback, through monthly risk assessments or member surveys, as required.
- [89] If any risks or issues are identified, product management will implement the required steps to minimise or rectify these issues.

9.2. Member service and satisfaction

- [90] Our commitment to providing friendly and efficient service to customers means:
- keeping our members informed
 - making banking easy
 - ensuring finances are accessible
 - ensuring our product and services meet member needs and expectations
 - implementing new technology to benefit members
- [91] Member satisfaction is an important measurement of our success as a mutual organisation and we regularly measure and track our performance against this indicator through member satisfaction surveys. Results of these surveys enable us to develop strategies to make further improvements to the experience of members. Our commitments are outlined further in the Customer Owned Banking Code of Practice.

9.3. Customer Owned Banking Code of Practice

- [92] The Bank is a strong supporter of the *Customer Owned Banking Code of Practice (COBCOP)*, which promotes good financial practice by formalising standards of disclosure and conduct. COBCOP is our standard for day-to-day decision making and how we deliver on our guarantee to serve our members first.
- [93] The Bank promises to abide by the 10-key COBCOP commitments:
- be fair and ethical in our dealings with you

- focus on our members
- give you clear information about our products and services
- be responsible lenders
- deliver high customer service and standards
- deal fairly with any complaints
- recognise member rights as owners
- comply with our legal and industry obligations
- recognise our impact on the wider community
- support and promote this code of practice.

9.4. Responsible marketing

[94] To ensure we meet the expectations of both the wider community and our members, we use best practice marketing and research and aim to be truthful in all our communications.

[95] We are committed to responsible marketing and selling and we adhere to relevant industry codes and legal and regulatory requirements and guidelines as outlined in both internal and external guidance documents

[96] In meeting all regulatory, legislative and industry practice requirements on product and pricing disclosures, where appropriate we will seek to go beyond these requirements.

9.5. Accessibility

[97] As a predominantly remote service provider, it is important to us that our members have access to information and assistance and are able to contact us when they need to.

[98] We understand that there is diversity in our membership. To ensure appropriate access channels are available for all our members' needs we are committed to:

- on-going investment in the enhancement and innovation of our remote access channels—especially online services
- expanding our office network by maintaining mobile offices and business centres in key metropolitan and regional areas
- workplace visits including schools, TAFEs, universities and fire stations and other workplaces of our core members.

9.6. Financial hardship assistance

[99] We will seek to find mutually acceptable solutions that suit the circumstances of members experiencing financial difficulty via our transparent and highly accessible financial hardship assistance service.

[100] We also provide access to financial services for people in urgent need of financial assistance, such as following a disaster. For further information, refer to *Credit Assistance Service*.

9.7. Financial knowledge

[101] We value education and knowledge.

[102] Part of our role as responsible lenders is to provide access to information that helps our members ensure they are confident when making a financial decision and to avoid compromising their financial stability.

[103] We provide a range of advice to our members on how to better manage their financial situations by:

- delivering information and tools to assist members making informed and empowered financial decisions
- sharing financial news and information with members with context and analysis where appropriate to keep them updated on what's happening in the finance industry
- training staff to provide them with the knowledge to improve our members' financial wellbeing.

9.8. Privacy

[104] The Bank has developed a Privacy Governance Framework to assist it in complying with the requirements of the *Privacy Act 1988* (Cth), Australian Privacy Principles (APPs) and the Credit Reporting Code of Conduct as well as to provide guidance on its obligations.

[105] In handling members' personal information, the Bank is committed to complying with the *Privacy Act 1988* (Cth) the Australian Privacy Principles and the Customer Owned Banking Code of Practice. These commitments are further outlined in the Bank's *Privacy Policy (2204-A)*.

[106] The Bank is also committed to ensuring that its members/customers have the knowledge and tools to protect their private information from identity fraud and phishing. The Bank's websites contain material relating to online security and updates are communicated to members when appropriate.

[107] The Bank has developed a Data Breach Response Plan (DBRP) that sets out procedures and clear lines of authority for staff in the event that the Bank:

- suspects a data breach has occurred or
- experiences a data breach.

[108] The DBRP is intended to enable the Bank to:

- contain, assess and respond to data breaches in a timely fashion, to help mitigate potential harm to affected individuals.

9.9. Complaints handling and dispute resolution

- [109] We want to ensure our products and services meet our clients' expectations so we value any feedback about our performance. We aim to resolve all issues effectively and efficiently.
- [110] We have implemented Complaints Handling and Dispute Resolution processes to manage all complaints, feedback and disputes including those lodged with an external dispute resolution scheme. The processes can be accessed free of charge. This means:
- (a) clients have easy access to a simple, effective and efficient complaints system
 - (b) complaints and disputes are dealt with in a timely and fair manner
 - (c) disputes are regularly reviewed by the Risk and Compliance Committee so that systemic and recurring problems are identified and remedied
- [111] The Bank is committed to ensure that:
- (a) complaints and disputes are dealt with fairly and efficiently and resolved fairly, promptly, on just commercial terms, and in a friendly, professional manner
 - (b) complainants have access to a simple, effective and efficient complaints system that allows them to register via various channels
 - (c) all complaints are logged in a register
 - (d) the register of complaints and disputes effectively allows identification of systemic and recurring problems
 - (e) regular reviews of the complaints register is conducted by the responsible managers and auditors
 - (f) staff training is provided covering procedures for complaints handling and dispute resolution
 - (g) adequate resources are provided to manage complaints
 - (h) all staff are provided with easy access to the complaints handling and dispute resolution policy and procedures.
- [112] The Bank will follow the guiding principles of AS ISO 10002-2006 to effectively handle client complaints. These are: Visibility, Accessibility, Responsiveness, Objectivity, Charges, Confidentiality, Customer-focused approach, Accountability, Continual improvement.
- [113] For more information, refer to the *Complaints Handling and Dispute Resolution Policy (2250)*

10. Community

- [114] **Returning profits back to the community is fundamental to how we operate because we are a purpose driven bank.**
- [115] **Our Constitution directs us to ‘promote, encourage and bring about human and social development among individual members and within the larger community within which members work or reside’.**
- [116] **Our community investment creates opportunities for our members, their families and communities to flourish.**

10.1. Investing in the community

- [117] Our commitment is to invest a minimum of 3% of profits into the community and support a diverse range of programmes and initiatives that help communities build brighter futures.
- [118] We measure and benchmark our total community investments using the London Benchmarking Group (LBG) framework, the global standard for measuring and benchmarking corporate community investment. It covers the full range of contributions (cash, time, in-kind donations and management costs) made to community causes.
- [119] We invest in a diverse range of initiatives across the teacher, education and firefighting communities. This encompasses:
- (i) *Scholarships*
 - (ii) *Sponsorships*
 - (iii) *Grants*
 - (iv) *Conferences and events*
 - (v) *Professional associations and bodies*
 - (vi) *Professional development, training and mentoring*
 - (vii) *Education awards*
 - (viii) *Charity donations*
 - (ix) *Staff fundraising and volunteering*
 - (x) *Workplace giving*
 - (xi) *Matched donations for staff*
 - (xii) *Emergency relief for natural disasters*
 - (xiii) *Micro finance and financial literacy programmes in Asia Pacific*

10.2. Sponsorships

- [120] We develop and implement a national sponsorship strategy.

[121] We aim to partner with organisations that are aligned to our values. This commitment is further articulated in our *Sponsorship Guidelines*, which have ethical rules that exclude categories such as gambling, political organisations, religious doctrines, environmental damage, discrimination, staff members' friends and family.

[122] Our *Sponsorship Guidelines* are published on our website and provides details of our approach. We review these guidelines annually.

10.3. Professional development

[123] A major focus of our investment is providing support for professional development. We support conferences and scholarships that are an integral part of extending and improving the professional lives of our members and the community.

10.4. Partnerships with key institutions

[124] We work in partnership with State authorities and bodies, Universities and Colleges, Government and Non-Government Schools and Public Sector Associations.

10.5. Support for Indigenous Programs

[125] We are committed to improving support for indigenous education initiatives via our scholarship and grant funding.

10.6. Alleviating Poverty in Asia Pacific

[126] We support disadvantaged communities overseas, and invest in CUFA's programmes to alleviate poverty in the region. In partnership with CUFA, we seek to develop economic capacity and community self-reliance in ultra-poor communities through education, employment and enterprise projects.

10.7. Emergency Relief for Natural Disasters

[127] We aim to provide support and access to financial services for members requiring financial assistance after a disaster.

11. Our people

[128] **We believe our employees are key to our ongoing success and we strive to create an engaged workforce by having fair and equitable policies in place that enhance**

the working environment. Recognising and respecting the rights of our employees is a fundamental part of our work ethic.

[129] **Our culture is clearly defined by education. Our people are encouraged and supported to further their education, develop a career path and maintain a healthy work/life balance.**

[130] **Key strategies employed for attracting and retaining high quality employees include flexible work practices, strong leadership programs, generous remuneration and attractive benefits.**

[131] **Our strong reputation for genuine caring for people is demonstrated through various strategies and initiatives.**

11.1. Employer of Choice

[132] Our objective is to be an employer of choice—to attract the most committed, highly motivated people who support our core values, and in particular, who:

- are supportive of each other in the spirit of teamwork
- do not practise or tolerate discrimination, harassment or bullying
- fully comply with our policies
- take primary responsibility for their own career development, while we work together to facilitate continuous learning and employability.

11.2. Leadership

[133] We understand the importance of leading by example and encourage our leaders to establish clear lines of communication, foster teamwork, acknowledge achievements, provide recognition and constructive, authentic feedback, act as a coach and mentor, and provide development opportunities that enable people to reach their full potential.

11.3. Health and Wellbeing

[134] We are committed to providing a safe and healthy work environment for our people, members, contractors, volunteers and other visitors. We go beyond our Workplace Health and Safety (WH&S) regulatory obligations to focus on the broader well-being of our people through various workplace initiatives that enhance their working environment and improve their general health and wellbeing.

[135] We have established a WH&S Committee with employee and management representatives to ensure ongoing consultation regarding workplace health, safety and wellbeing issues.

[136] We implement a range of programs to address the broader health and wellbeing issues identified and large departments have relief team staff to manage short and long-term

absenteeism. For more information, refer to the *Workplace Health and Safety Policy and the Rehabilitation Policy (2233A and 2233B)*.

11.4. Employee Development

[137] We place great emphasis on learning and development. With a culture of learning, our people are encouraged and supported to reach their full potential through furthering their education, developing a career path and gaining new skills. Our training, learning and development policies are comprehensive and encompass skills training for all people, including a Traineeship Program. From time to time we conduct training needs analysis to help identify skill gaps and training needs across the organisation to ensure we continue to develop capability for the future.

[138] We provide:

- (a) study leave and financial assistance for certificates, diplomas, undergraduate and postgraduate courses and courses required to gain professional standing , e.g. CPA
- (b) a Traineeship program for school leavers, employing a number of trainees per year
- (c) extensive internal training as well as opportunities to attend external training
- (d) annual formal performance review and development plan.

[139] A Talent Management Program has been designed and implemented as part of our approach to employee development and succession planning. This initiative is designed to identify a pool of high potential employees and develop them for future leadership and/or specialist roles within the organisation by providing these staff with additional training, development and stretch opportunities through formal coaching and mentoring.

11.5. Flexible working

[140] We understand the importance of family life outside of work. With this in mind we have introduced a range of work/life balance initiatives and flexible working arrangements to help employees meet the demands they face in their personal lives.

[141] These initiatives include paid maternity/paternity leave, flexible working hours, rostered days off, job sharing, part-time work, carers leave, and work-from-home policies.

11.6. Diversity and equality

[142] We know that having a diverse employee base delivers better results for our business and is imperative to our commercial success. TMBL recognises that our workforce needs to reflect our membership and the wider community. We understand that building a diverse and inclusive workforce will result in improved employee and member satisfaction. Diversity is about recognising and valuing individual differences. These differences include ethnicity, gender, sexual orientation, age, physical abilities, family status, religious beliefs, etc.

- [143] TMBL's commitment to recognising the importance of diversity extends to all areas of the business including recruitment, training and development opportunities, career and promotional opportunities, mentoring, flexible work arrangements and succession planning.
- [144] TMBL is also committed to providing equality to all employees, members and the broader community. Specifically, we pride ourselves on being an *Employer of Choice for Gender Equality (EOCFGE)* and have policies and practices in place supporting women across the organisation, achieving positive outcomes for both women and the business.
- [145] We are committed to satisfying the *Workplace Gender Equality Agency's (WGEA)* criteria, including:
- (a) having effective processes and a culture that is gender-inclusive, championed by the CEO, driven by senior executives and holds line managers accountable
 - (b) having strategies in place that remove barriers for women
 - (c) educating all employees on their rights and obligations regarding sex-based harassment and discrimination
 - (d) ensuring equal pay for equal work and closing the gender pay gap
 - (e) delivering improved outcomes for women.
 - (f) having a Gender Diversity Committee in place comprised of Senior Management and Executive representatives whose role is to oversee the implementation of TMBL's Gender Diversity Strategy by leading the creation of an inclusive culture that recognises the value and competitive edge a gender diverse organisation brings.
- [146] Our *Equal Opportunity Policy and Non-Discriminatory Policy* (part of our *Human Resources Policy (2313)*) provide structure to our workplace where all employment processes and practices are based on merit.
- [147] We are committed to developing strategies for addressing a maturing work force, gender imbalances in non-traditional roles and providing indigenous communities an opportunity to be part of the organisation.

11.7. Discrimination and harassment

- [148] We have a zero tolerance to discrimination and harassment.
- [149] Our Board and management are committed to ensuring that all our people enjoy good working relationships with each other and with management.
- [150] This means that everyone should feel comfortable in the workplace and that differences should be respected and everyone must be able to work in an environment free from all types of harassment including harassment based on sex, race, marital status, disability, age, pregnancy and sexual orientation. It is unlawful under the *NSW Anti-Discrimination Act 1977* for employees to be harassed during the course of their work.
- [151] We are committed to educating our people in respect of their responsibilities with regard to discrimination and harassment including this policy statement, compulsory information

on harassment and how to deal with it, and the appointment of an Affirmative Action Coordinator to handle complaints.

11.8. Bullying

[152] We have a zero tolerance to bullying. Our Board and management are committed to providing a workplace free from bullying.

[153] We recognise the importance of good working relationships and consider it to be a fundamental right for all our people to be treated with respect and dignity by their colleagues, superiors, members or other third parties. Bullying in the workplace is inappropriate and will not be tolerated. Employees found to have either committed or condoned such behaviour will be subject to disciplinary action.

[154] We recognise the importance of good working relationships and consider it to be a fundamental right for all our people to be treated with respect and dignity by their colleagues, superiors, members and third parties.

11.9. Employee Assistance

[155] We recognise there are times when our people have challenging personal issues to deal with which may impact their health, wellbeing and job performance.

[156] We offer a free, confidential, professional guidance and counselling support service through our *Employee Assistance Program*.

11.10. Employee Benefits—Rewards and Recognition

[157] To attract and retain high quality employees we endeavour to offer salary and employment benefits above those of our competitors. We also offer performance-based pay increases that recognise individual performance. Our salary and grading structures are freely available to all our people as we believe openness and transparency are crucial to building trust.

[158] Other policies referenced in the Human Resources Policy (2313) ensure just and favourable conditions of work for all our people, covering:

- equal pay for equal work
- working hours
- entitlements
- family commitments
- termination and redundancy provisions
- superannuation and retirement provisions.

11.11. Freedom of Association

- [159] We respect the right of our employees to have freedom of association and to bargain collectively. Union membership is a matter of employee choice. We prohibit conduct that discriminates against employees who wish to engage in collective bargaining or to be represented by the Finance Sector Union (FSU).
- [160] We aim to fully co-operate with the FSU to achieve mutually beneficial outcomes.

11.12. Grievance and Reporting Mechanisms

- [161] We realise that employee grievances can have a significant impact on health and productivity. With this in mind, we have a procedure to ensure grievances are resolved in an open, communicative and consistent manner.
- [162] We actively encourage our people to bring to our attention any issues, whether they are concerns or complaints. Any matters raised receive proper and prompt attention with follow-up actions respecting and protecting individual rights.
- [163] Our *Whistleblower Policy (2223)* and Protection Program supports our people with provision of confidential reporting mechanisms.
- [164] We realise that employee grievances can have a significant impact on health and productivity.

11.13. Employee engagement

- [165] We encourage and support employees to be champions of CSR, and have established a *CSR Engagement Committee* with these objectives:
- Drive fundraising and increase funds raised
 - Drive and increase staff engagement awareness on CSR
 - Drive and increase the number of participants in the Volunteering programme including Workplace Giving
 - Drive in-house charity initiatives including four charity days per year.

11.14. Volunteer Leave Policy

- [166] The Bank recognises the importance of engaging and empowering employees for both personal and community involvement in charitable initiatives. To support this TMBL provides all employees with Volunteer Leave to enable them to be involved in a volunteering activity which is meaningful and rewarding to them while linking to TMBL's broader CSR Strategy and efforts.

11.15. Staff sponsorship and Donation Policy

[167] Staff sponsorship grants of up to \$500 per employee per year are available to all permanent staff (full or part time), to assist them or a family member participate in community activities that actively improve the world we live in.

12. Environment

[168] **We want the next generation to live in a better world.**

[169] **The environmental damage created by banks is largely from the negative impacts of their lending and investments, rather than their direct footprint. Climate change is the largest and most urgent environmental issue.**

[170] **As a financial services organisation with a remote service model and mainly online banking service, our direct environmental impacts are modest compared with other sectors.**

[171] **We reduce our direct impact by focusing on solar power energy, waste, water and paper, in our buildings, and across our supply chain.**

12.1. Climate change and investment

[172] The Bank has zero direct investment in any large-scale greenhouse polluting activity or company.

[173] The Bank does not use members' funds to finance large-scale greenhouse-gas pollution.

[174] The Bank does not use members' deposits to directly lend to, buy equity or debt in, any large-scale greenhouse polluting activities from fossil fuel exploration, extraction, production and use.

[175] **These are written into our Lending, Credit and Treasury policies:**

(1) Lending Risk Policy (2236)

Various lending opportunities are disqualified from the Bank's lending origination business. Such exclusions are where:

- (a) The purpose would be to finance large scale greenhouse gas pollution from fossil fuel exploration, extraction, production and use
- (b) The purpose would be to directly lend to, buy equity or debt in any large scale greenhouse polluting activities from fossil fuel exploration, extraction, production and use'

- (2) Treasury Credit Risk Management Policy (2216)
 - (a) 'The Bank will not directly invest in any large scale greenhouse gas polluting (i.e. fossil fuel exploration, extraction, production and use) activities or companies'.

12.2. Our environmental footprint

[176] To minimise our environmental footprint we are committed to:

- measuring our performance and setting improvement targets
- reporting on our progress annually
- delegating responsibilities for environmental management throughout the business
- implementing an integrated reporting system for environment and supply chain metrics
- investing in new technologies to minimize our impact
- engaging and influencing our supply chain.

12.3. Net Zero and renewable energy

[177] We are committed to:

- achieve Net Zero Emissions for all owned buildings
- all new building leases to have minimum 3.5 star NABERS Energy rating
- mandatory installation of solar PV and LEDs for all new owned buildings
- measure and report on our energy, emissions and solar PV performance annually.

12.4. Carbon neutral banking

[178] Since July 2012, the Bank has maintained its commitment to be a carbon neutral bank, and all members' accounts are with a carbon neutral bank.

12.5. Greenhouse Gas (GHG) reporting

[179] We have undertaken a GHG emissions Inventory that creates a financial accounting system for our organisational GHG emissions under our operational control for Scope 1 and Scope 2 emissions. These are electricity, Diesel, Petrol and Natural gas.

12.6. Paper

- [180] Paper use is a significant consumer of environmental resources and is also a very visible resource among customers and stakeholders. Marketing and member communications is our largest single paper use.
- [181] We regularly review means to improve efficient use of technology and adopt new technology to minimise our paper consumption.
- [182] We operate a centralised supplier system for our paper and print production, and CSR criteria is embedded in our contracts. Our target is for 100% paper purchased to be from a certified sustainable source.
- [183] Our supplier contract stipulates strict environmental, social, labour and welfare criteria including chain of custody and verification data, and for example, FSC (Forestry Stewardship Council) as standard.

12.7. Waste and water

- [184] We are committed to measuring, minimising and reporting on our consumption of water. We continue to drive improvements with water-saving and efficiency initiatives.
- [185] We are committed to measuring, minimising and reporting on our generation of waste. We seek to continually increase the proportion of waste we recycle and to reduce our overall generation of waste.
- [186] We operate a Bank-wide recycling and waste minimisation schemes that cover both in-house and through our waste contracts. This covers six streams of waste and includes printers, toners, IT equipment, phones, paper, cardboard, glass and plastics.

13. Feedback and Review

- [187] We encourage feedback on our policy and approach and will take all feedback into consideration when the policy is reviewed annually.
- [188] We commit to responding to any member enquiries within 24 hours.
- [189] For further information on this policy or to provide feedback please contact us at
Email: csr@tmbank.com.au, or telephone 13 12 21.

14. Appendix A—Key Terms

Term	Meaning in this document
ADI	Authorised Deposit-taking Institution
COBA	Customer Owned Banking Associations – the industry body for the Australian mutual financial services sector
Bank, the	Teachers Mutual Bank Limited (TMBL)
Board, the	The Board of Directors of Teachers Mutual Bank Ltd
CUFA	Credit Union Foundation Australia
CUSCAL	Credit Union Services Corporation (Australia) Ltd
Directors	Directors of the Board
EOCFW	Employer Of Choice For Women
FSU	Financial Sector Union
LBG	London Benchmarking Group
COBCOP	Customer Owned Banking Code of Practice
TMBL	Teachers Mutual Bank Limited
WH&S	Workplace Health and Safety
WOCCU	World Council of Credit Unions