

**TEACHERS MUTUAL
BANK LIMITED**

3220 CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY



July 2021

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1. Purpose

1. This Corporate Social Responsibility Policy (CSR) 3220 sets out our framework to be a Socially Responsible Bank. It shows how we deliver on our responsibilities and commitments across 184actions. 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 support for people, community and society**
 - By using the term Corporate Social Responsibility Policy (CSR) in this document, this encompasses our ethical, social, and environmental responsibilities and is the basis of being a Socially Responsible Bank.

2. Applicability

2. This Policy applies to the Teachers Mutual Bank Limited Group, and covers all aspects of the workplace. This policy is applicable to all staff of Teachers Mutual Bank Limited (the Bank), regardless of job role or classification. The Bank supports five divisions under its umbrella: Teachers Mutual Bank, Firefighters Mutual Bank, Health Professionals Bank, UniBank and Hiver. Edsec Funding Trust No 1 is a wholly owned subsidiary controlled by the Bank.

3. About Teachers Mutual Bank Limited

We are not like other banks - profit for purpose is our business model and philosophy. We are a values-based bank where profit has a purpose.

3.1. The mutual banking model

3. As a mutual bank, we have a different structure to many banking organisations. Our members own the organisation, so there is no trade-off between the priorities of shareholders and members. Every member has one equal vote and one share in the business.
4. Instead of profits being distributed to institutional shareholders and investors via dividends, profits are re-invested back into the Bank to benefit all members and the communities they support.
5. The foundation of our banking model is to use deposits of members and customers to provide credit to members. We focus on personal banking – and not business or commercial banking. We are grounded in our community and serve the real economy.
6. Membership of the Bank is via five brands:
 - Teachers Mutual Bank, UniBank, Firefighters Mutual Bank, Health Professionals Bank, Hiver.

3.2. Our mission

7. The Bank will grow its membership and market share within its niche markets of education, emergency services and health communities by delivering quality financial advice, products and services that are aligned with members' needs.
8. We will operate in an ethical, and sustainable manner, complying with our obligations to provide advice, products, and services efficiently, fairly and honestly.
9. We will hire the right people who demonstrate the right values and behaviours, who will fit with our ethical culture and who understand the role they play in creating positive experiences.

3.3. Our values

10. Our values underline everything we do. They tell our members, employees and communities what we stand for and act as a guide for making decisions. Our three core values are:

Advocacy We are there for members at every step of their financial journey, helping them make the most of every dollar they earn and supporting them to reach their financial goals. We are proud to offer advice, products and services that have been carefully designed to meet our members' needs.

Passion We are passionate about being the best of the best – and putting our members first in everything we do. We are unrelenting in our efforts to give our members excellent service,

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however they interact with us. We're a team of committed people eager to deliver exceptional advice, products and services to our members.

Sustainability For over 50 years, doing business ethically and sustainably has driven our model of mutual banking. Being responsible and ethical is at the heart of everything we do. It's built-in, not bolted on. We recognise that our success is not only measured in terms of profit and growth, it is also how well we support our members, communities and employees and how well we minimise our impact on the environment.

3.4. Our Code of Conduct

11. Our Code of Conduct provides a set of clear commitments that reflect our values and guide our day-to-day behaviour. All employees are required to comply with the policies, principles and spirit of the code at all times. We commit to:
 - a. Act professionally at all times
 - b. Act with honesty, integrity and fairness
 - c. Maintain a safe and healthy working environment
 - d. Identify and manage conflicts of interest
 - e. Comply with our legal and regulatory obligations and internal policies
 - f. Comply with the requirements of confidentiality and privacy
 - g. Identify, investigate and report any suspected non-compliance.

3.5. Our Constitution

12. The following objectives for the Bank are written in Our Constitution:
 - a. 'to promote co-operative enterprise;
 - h. to provide programs and services to members to assist them to meet their financial, economic and social needs;
 - i. 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
 - j. 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'.
13. In accordance with its Constitution, the Bank may raise deposits from members and non-members (i.e. customers) but may only provide credit to members.
14. The Bank's Constitution has a 'restricted' bond which means that only persons who meet the eligibility criteria specified in the Constitution may join the Bank.

4. Ethical Governance Practices

Strong and ethical governance frameworks are the foundation of our business, and ensure we are here for the long-term. We place ethical practices at the forefront of our business, and integrate them throughout our operations, systems, and relationships.

The Bank's strategic goal is to grow the Bank by primarily targeting niche markets in the professional and essential services sectors. The Bank will build and nurture member focused brands ethically, following sustainable business practices to provide the best financial products and services that will support and improve the financial wellbeing of clients.

The 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'.

4.1. Board governance

15. 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)*.
16. The Board approves and fosters an appropriate corporate culture consistent with the Bank democratic values, membership and history.
17. 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.
18. 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.
19. The Board recognises that gender targets are an essential part of managing and improving business performance. 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.

4.2. Financial management

20. Board and management committees oversee all matters concerning internal control, accounting policies and financial reporting—including financial statements and *APS 330 Prudential disclosures*.
21. 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.
22. 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.
23. Accounting standards include the Australian equivalents to the *International Financial Reporting Standards* and the Interpretations of the *Australian Accounting Standards Board*.

4.3. Regulatory Compliance

24. 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.
25. 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.
26. 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

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- (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).

27. 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.

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

4.4. Compliance resources

29. 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.

4.5. Risk management

30. Our risk management framework presents our approach to minimising and eliminating the impact of potential risks to our business. It seeks to ensure we maintain our operations and remain resilient in the face of disruptions.

31. The Board of Directors has overall responsibility for the establishment and oversight of our enterprise risk management framework. 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.

32. 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.
33. 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).
34. We manage sustainability risks through the provision of our quality services to members, ethical and prudent lending practices, and throughout our supply chain.
35. Further information on how we manage risk is outlined in the *Risk Management Strategy (2206)*.

4.6. CSR Governance

36. The CEO (chairs the CSR Committee and the objectives are:
- a. To ensure that the Bank achieves its aim to be the leading socially responsible bank in Australia, and to maintain international leadership.
 - b. To ensure that the Bank fulfils its CSR responsibilities, to the spirit and the letter, as defined in its purpose, mission, vision, values, strategies and policies.
 - c. Provide strategic leadership and a decision-making body for the Bank.
37. 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.
38. 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.
39. The Board discusses and reviews the CSR Strategy annually, as agreed upon by the CSR Committee.
40. All senior staff have CSR KPIs included as part of regular performance reviews.

4.7. Reporting and transparency

41. Our reporting process ensures that we are transparent on our performance over time, and tests and validates data, systems, and processes across both internal and external metrics. Transparency drives disclosure, which can be subjected to third-party review

42. We measure and report annually against our *Banking For Purpose* framework which guides our metrics and approach to ensuring that we always act for people, for community, and for society.
43. Our reporting is based on 9 main targets:
- a. Strive for international leadership in socially responsible banking
 - b. Benchmark to global standards on reporting, transparency and verification
 - c. Map our Social Responsibility targets to the UN Sustainable Development goals
 - d. Strengthen our governance, policies and operations to ensure that the bank is run for people, planet and profit
 - e. Enforce strict responsible and ethical investment criteria to our total balance sheet and lending and investment policies
 - f. Set socially responsible products as the standard for our members and investors
 - g. Ensure our values of Passion, Advocacy and Sustainability are embedded and remain core to the organisations' people and culture
 - h. Foster partnerships and advocate for transformational change to achieve sustainable finance solutions
 - i. Advance fossil fuel free banking.
44. Reporting is under three categories:
- People: Professional growth, Inclusion and Wellbeing
 - Community: Member growth and Satisfaction, Investing in Impact
 - Society: Responsible operation, Sustaining our planet

Refer to Section 5 for further details of our external disclosure processes.

4.8. Social impact and advocacy

45. We pursue research thought leadership, and offer support to advocate for policy changes designed to improve social and environmental outcomes.
46. 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 and advocate for measures to enhance community well-being.

4.9. Stakeholder engagement

47. We believe genuine, ongoing stakeholder engagement allows us to work more responsibly and effectively. The Bank strives to identify, understand, and respond to stakeholder needs and concerns to drive strategy and deliver on our values and vision.

48. Our directors consider stakeholders in their decision-making including consideration of:
- the likely consequences of any decision or act for the company in the long term
 - the interests of the company's employees
 - the need to foster the company's business relationships with suppliers, customers and others
 - the impact of the company's operations on the community and the environment
 - the desirability of the company maintaining a reputation for high standards of business conduct
 - the interests of the members of the company
 - the ability of the company to create an overall positive impact on society and the environment.
49. As a member owned organisation engagement with members is intrinsic to our business model. Four brands are served by a dedicated Advisory Committee. The Committees are tasked with providing a link between the Board and members and providing industry expertise and engagement within the relevant sector (education, essential services and health).
50. Our approach to stakeholder engagement is guided by the following principles:
- Inclusivity:** we accept accountability to those on whom we have an impact and who have an impact on us. We have multiple avenues for engagement to ensure various stakeholder groups receive adequate representation.
 - Materiality:** we determine the relevance and significance of an issue to the Bank and our stakeholders in order to allocate resources appropriately and efficiently.
 - Responsiveness:** we respond to stakeholder issues that affect sustainability performance through decisions, actions and performance, as well as communication with stakeholders.
 - Impact:** we monitor, measure and are accountable for how our actions affect our broader ecosystems.

4.10. Environmental, Social and Governance (ESG) issues in lending and investment practices

51. We invest money responsibly and ethically under strict rules. We do not lend to or invest in industries that harm our society or our world.
52. We make sure Environmental, Social and Governance (ESG) issues are embedded in our lending and investment practices and written in our Lending Risk and Treasury Credit Risk Policies.

53. 2216 Treasury Credit Risk Management Policy (2216) and Lending Risk Policy (2236) state that; 'Various lending and investment opportunities are disqualified from the Bank's lending origination business for ESG (Environment Social and Governance) exclusion criteria. Credit is for consumer lending and can only be provided to individuals or members. Therefore the bank does not provide finance (i.e directly lend to, invest in, buy equity or debt) to corporations that operate in these industries;

- Alcohol (production and distribution)
- Controversial weapons manufacturing and sales (cluster munitions, anti-personnel mines, nuclear, biological and chemical weapons, depleted uranium)
- Animal cruelty (testing on animals, live exports)
- Cryptocurrency
- Gambling (products or services or operations and ownership)
- Fossil fuels (coal, oil and gas - exploration for and extraction of reserves, exports, combustion for power generation, major suppliers to the oil, coal and gas industries)
- Logging
- Palm oil (non –RSPO production, distribution and significant ownership) ¹.
- Pesticides
- Nuclear power (including uranium mining, excluding medical uranium use)
- Pornography (production or ownership or operation or distribution)
- Tobacco (growing and production retailing and sales, packaging)
- Industries that create environmental degradation, Human rights abuses and labour rights violations

ESG exclusions described do not apply for the uses derived from the provision of credit to members, for example to purchase alcohol or petrol'.

4.11. CSR in the supply chain

54. Our responsibilities do not end with our own operations. 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.

¹ The Roundtable on Sustainable Palm Oil (RSPO) was established in 2004 with the objective of promoting the growth and use of sustainable oil palm products through global standards and multistakeholder governance.

55. We mandate that all new material suppliers complete the CSR Supplier Survey when submitting an RFI or RFP, which is sent as part of the VGF meeting and engagement process. This covers the four topics:
- Strategy
 - Metrics & Performance
 - Products & Services
 - Provision of Material
56. The supplier responses are turned into a reporting scorecard (the CSR Health Check) with a traffic light system, which is used to drive performance improvement via engagement.
57. We address supply chain issues in *Our Modern Slavery Statement 2020* and the actions and commitments outlined in that document.

4.12. Human rights

58. 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:
1. **Our employees**—by providing reasonable work conditions and a safe, healthy, harassment- and bullying-free work environment, which respects diversity and encourages individual development.
 2. **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.
 3. **Our communities**—by providing support for projects that address social and environmental issues across the community.

4.13. Commitment to being a responsible lender

59. 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.
60. The Bank commits that it will:
- a. prudently assess all credit applications
 - b. promote the responsible use of credit and ensure it takes into consideration the borrower's capacity to service their borrowings
 - c. periodically review its credit assessment policies and criteria for credit products.

4.14. Responsible provision of credit

61. 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.
62. 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.
63. 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.

4.15. Fraud, bribery and corruption

64. We have zero tolerance to fraud, bribery and corruption.
65. 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.
66. 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.
67. Our processes, controls and 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.
68. Further information on our approach is outlined in our Financial Crimes Control and Investigation Policy (2260).

4.16. Cybersecurity framework

69. 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.
70. The Framework provides a common taxonomy and mechanism for the Bank to:
- Describe its current cybersecurity posture
 - Describe its target state for cybersecurity
 - Identify and prioritise opportunities for improvement within the context of a continuous and repeatable process
 - Assess progress toward the target state and
 - Communicate among internal and external stakeholders about cybersecurity risk.
71. The Framework is a risk-based approach to managing cybersecurity risk, and is composed of three parts:
- the Framework Core
 - the Framework Implementation Tiers and
 - the Framework Profiles.

4.17. Anti-Money Laundering and Counter Terrorism Financing program

72. We have a comprehensive policy designed to identify, manage, and mitigate money laundering or terrorism financing risk—that is, the risk that the Bank, whether inadvertently or otherwise, might reasonably be implicated in money laundering or terrorism financing via provision of a designated service.
73. 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
74. For more information, refer to the Anti-Money Laundering and Counter Terrorism Financing Program Policy (2227).

4.18. Gifts and entertainment

- 75. Our *Human Resources Policy (3313)* 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.
- 76. 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.

4.19. Lobbying and government engagement

- 77. We engage with our industry body, COBA, which advocates on the sector's behalf to government, media and the wider financial sector.
- 78. COBA is the voice of the mutual banking sector and provides representation and advocacy for its members.
- 79. We engage with the Business Council of Co-operatives and Mutuals (BCCM), the national peak body representing the co-operative and mutual models of enterprise.

4.20. Political donations

- 80. We do not donate, give gifts or employee or management time, to support political candidates or political organisations.

5. External benchmarking and sustainable finance partnerships

We adopt leading international benchmarks and collaborate with a range of industry bodies and organisations to amplify our positive impact. These partnerships facilitate knowledge sharing and capacity building; leverage collective action on shared goals; and guide our disclosure and assurance processes.

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.

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.

5.1. The Global Alliance for Banking on Values (GABV)

81. 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. 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.

We adhere to the GABV principles on 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

We are a signatory to the GABV Kathmandu Pledge. 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.

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- 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.

5.2. The United Nations' Sustainable Development Goals (SDGs)

82. We support the United Nations' Sustainable Development Goals (SDGs) which present a framework for sustainable business practices at the economic, social and environmental levels, to be fulfilled by 2030.
83. We map our organisational targets and KPIs against the SDG Targets most relevant to our business - 13 of the 17. Mapping to the SDGs aligns with our commitment to transparency in reporting on our progress against international metrics and standards, to best practise standards.

5.3. The World's Most Ethical Companies

84. We validate our ethical performance against the Ethisphere Institute's World's Most Ethical Companies benchmark. The Ethisphere Institute is a global leader in defining and advancing the standards of ethical business practice.
85. The assessment is based upon the Ethisphere Institute's Ethics Quotient (EQ). The EQ framework companies are assessed on more than 200 individual areas including culture, environmental and social practices, ethics and compliance activities, governance, diversity and initiatives that support a strong value chain.

5.4. The Responsible Investment Association of Australasia (RIAA)

86. The Responsible Investment Association Australasia (RIAA) champions responsible investing and a sustainable financial system in Australia and New Zealand. RIAA is dedicated to ensuring capital is aligned with achieving a healthy society, environment and economy. RIAA is the largest and most active network of people and organisations engaged in responsible, ethical and impact investing across Australia and New Zealand, with over 350 members managing more than \$9 trillion in assets globally.
87. The Bank is committed to RIAA Certification for its retail mortgages, deposits and wholesale investment products.

88. 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.

5.5. The Australian Sustainable Finance Initiative (ASFI)

89. ASFI is an unprecedented collaboration of leaders of banks, superannuation funds, insurance companies, financial sector peak bodies and academia. ASFI was formed to help shape an Australian economy that prioritises human well-being, social equity and environmental protection, while underpinning financial system resilience and stability.
90. A broad set of experts from 80 organisations was appointed in 2019 to working groups to develop the ASFI Roadmap, including Teachers Mutual Bank Ltd.
91. The ASFI Roadmap is a bold plan for aligning Australia's financial system with a sustainable, resilient and prosperous future for all Australians and calls for financial system participants to embed sustainability into their organisation's purpose, strategy and leadership. We support the Roadmap and its 37 recommendations.

6. Members

Being a member-owned bank means we are answerable to the people who bank with us. We put members first and act in their best interests. We support our members and the communities in which they live to create positive impact. We align their money with their values. 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.

6.1. Commitment to members

92. 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.
93. We ensure our products and marketing fully comply with all legislative and regulatory requirements and industry codes.
94. 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.
95. All products and services are regularly reviewed following instances of member feedback, employee feedback, through monthly risk assessments or member surveys, as required.
96. If any risks or issues are identified, product management will implement the required steps to minimise or rectify these issues.

6.2. Member service and satisfaction

97. 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

98. 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.

6.3. Customer Owned Banking Code of Practice

99. The Bank supports 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.

100. 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.

6.4. Responsible marketing

101. 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.

102. 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

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

6.5. Accessibility

104. 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.
105. 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:
- a. on-going investment in the enhancement and innovation of our remote access channels—especially online services
 - b. providing lending solutions by phone, online and face to face appointments at times that suit member's needs.

6.6. Financial hardship assistance

106. 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.
107. 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*.

6.7. Financial knowledge

108. Our Constitution commits us to encourage savings amongst our members and provide programs and services to assist them to meet their financial, economic, and social needs.
109. 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 make 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.

6.8. Privacy

110. 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.
111. 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)*.

112. 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.
113. 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.
114. 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.

6.9. Complaints handling and dispute resolution

115. 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.
116. 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
117. 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

7. Community

Returning profits back to the community is fundamental to how we operate as a mutual bank. We achieve this through our investments, sponsorships, partnerships, and engagement with community activities and projects. 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'. We work with multiple types of organisations; State authorities and bodies, Universities and Colleges, Government and Non-Government Schools and Public Sector Associations, community organisations, charities, advocacy groups, development agencies, and Not for Profits.

7.1. Investing in the community

120. Our commitment is to invest a minimum of 5% of profits into the community and support a diverse range of programmes and initiatives.
121. In 2019 we developed and implemented a new community investment reporting methodology. The guiding principle of the framework is to "count all direct cash contributions for community benefit". This excludes overheads, time and in-kind support.
122. We report:
 - a. Total cash contributions to the community
 - b. Cash contributions as a % of Net Profits After Tax (NPAT)
 - c. Cash contributions per employee
 - d. Total volunteering hours
 - e. Employee donations and giving
123. We invest in a diverse range of initiatives across the education, emergency services and health communities and wider society. This encompasses:
Scholarships, Sponsorships, Grants, Conferences and events, Professional associations and bodies, Professional development, training and mentoring, Education awards, Charity donations, Staff fundraising and volunteering, Workplace giving, Matched donations for staff, Emergency relief for natural disasters, Micro finance and financial literacy programmes in Asia Pacific.

7.2. Sponsorships

124. The Bank has a national Sponsorship Strategy with the objective to transform and reposition the sponsorship portfolio into an integrated, national, multi-branded approach which delivers on our promise to invest in our members, their industries and communities.

- 125. The Strategy has a three pillar approach: supports our members health and prosperity, fostering equity, and the sustainability of their industries. The Strategy is reviewed and stress tested with the Member Advisory Committees. Sponsorship selection is guided by Sponsorship guidelines, and a Scorecard criteria which are reviewed annually.
- 126. The aim is to partner with organisations that are aligned to the Bank's values. This commitment is further articulated in the Sponsorship Guidelines, which have ethical rules that exclude categories such as gambling, political organisations, religious doctrines, environmental damage, discrimination, staff members' friends and family.

7.3. Partnerships

- 127. The Bank works in partnership with a wide range of State authorities and bodies, Universities and Colleges, Government and Non-Government Schools and Public Sector Associations and community organisations. The Partnership Engagement Strategy identifies develops and manages our partners and implements long-term valuable engagement. Partners have a clear and strong expectation that they prefer an organisation that actively seeks to understand and contribute to the community in which they are working. The aim is to develop strong collaborative relationships with shared values, and across three goals;

Drive new to bank growth

Provide access to products, services and benefits for members

Deliver partner value by providing financial education and support for their members

7.4. Partnerships and engagement with Aboriginal and Torres Strait Islander Peoples

- 128. We are committed to developing measurable actions in partnership with Aboriginal and Torres Strait Islander stakeholders and organisations to support reconciliation. We communicate our commitment to reconciliation amongst our employees by providing opportunities to attend interactive workshops facilitated by Aboriginal and Torres Strait Islander peoples.

7.5. Alleviating poverty in Asia Pacific

- 129. 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.

7.6. Emergency relief for natural disasters

- 130. We aim to provide support and access to financial services for members requiring financial assistance after a disaster.

8. People

Our employees are our most valuable asset and key to our ongoing success. We strive to create a diverse and engaged workforce through fair and equitable policies; recognising and respecting employee rights and building a culture of trust and cooperation.

We cultivate a culture of continuous learning. We invest in our people and support further education and training opportunities that facilitate career development and enhance service delivery,

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

Our strong reputation for genuine caring for people is demonstrated through various strategies and initiatives.

8.1. Employer of choice

131. 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.

8.2. Leadership

132. We understand the importance of leading by example. We 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.

8.3. Health and wellbeing

133. 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.

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134. We have established a WH&S Committee with employee and management representatives to ensure ongoing consultation regarding workplace health, safety and wellbeing issues.
135. 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 (2233—Part A and 3233—Parts B and C)*.

8.4. Employee development

136. We place great emphasis on learning and development. 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. We conduct periodic training needs analysis to help identify skill gaps across the organisation to ensure targeted capacity building for the future.
137. 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.
138. 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.

8.5. Flexible working

139. 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.
140. 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.

8.6. Diversity and inclusion

141. We recognise that a diverse employee base drives employee and member satisfaction leading to greater commercial success. We strive to build a workforce that is representative of our membership and the wider community through a range of policies, training programs and metrics/KPIs.

142. We are committed to treating all employees fairly and equally, without regard to race, colour, religion, sex, national origin, sexual orientation, age, physical or mental disability, marital status, family or carer's responsibility, pregnancy, political opinion, national extraction or social origin. The Bank is committed to the principles and practices outlined in the Workplace Gender Equality Act 2012 and various relevant codes of practice.
143. The Bank'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. The goal of the *Diversity & Inclusion Committee* is to oversee the implementation of the Bank's Diversity & Inclusion Strategy by leading the creation of an inclusive culture that recognises the value and competitive edge that a diverse organisation brings.
145. The Bank is 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.
146. Our *Equal Opportunity Policy and Non-Discriminatory Policy* (part of our *Human Resources Policy (3313)*) provide structure to our workplace where all employment processes and practices are based on merit. We include a statement in all our job postings with a commitment to diversity, equity, and inclusion.
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.

8.7. Discrimination and harassment

148. We do not tolerate any form of discrimination or harassment in the workplace. This includes harassment based on sex, race, marital status, disability, age, pregnancy and sexual orientation.
149. Our commitment to maintaining a safe and comfortable work place starts at the top with Board and management responsible for ensuring that all our people enjoy good working relationships with each other and with management.
150. 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 Co-ordinator to handle complaints.

8.8. Bullying

151. 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.

152. Therefore, we do not tolerate any form of bullying. This includes repeated behaviour that is victimising, humiliating, undermining or threatening.
153. Our Board and management are committed to providing a workplace free from bullying.
154. Employees found to have either committed or condoned such behaviour will be subject to disciplinary action.

8.9. 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*.

8.10. 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 (3313) ensure just and favourable conditions of work for all our people, covering:
 - a. equal pay for equal work
 - b. working hours
 - c. entitlements
 - d. family commitments
 - e. termination and redundancy provisions
 - f. superannuation and retirement provisions.

8.11. 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.

8.12. 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. We have a formalised procedure to ensure that any matters raised receive proper and prompt attention with follow-up actions, respecting and protecting individual rights to address concerns and improve company practices.
163. Our *Whistleblower Policy (2223)* and Protection Program supports our people with provision of confidential reporting mechanisms.

8.13. Employee engagement

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

8.14. Volunteer leave policy

165. The Bank recognises the importance of engaging and empowering employees for both personal and community involvement in charitable initiatives. To support this the Bank 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 the Bank's broader CSR Strategy and efforts.

8.15. Domestic violence leave

166. The Bank recognises that staff may face situations of violence or abuse in their personal life that may affect their attendance or performance at work, or their health and safety. The Bank is committed to providing support to staff who experience domestic violence. The Bank will:
 - a. Designate domestic violence contact persons in Human Resources and publicise their contact details.
 - b. Provide additional leave for staff members experiencing domestic violence or supporting an immediate family member who is experiencing domestic violence.
 - c. Approve any reasonable request from a staff member experiencing domestic violence for changes to hours, work location and work contact details to avoid contact with an alleged perpetrator.

8.16. Staff sponsorship and volunteering

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.
168. All permanent staff who have completed six months service are entitled to two days per calendar year to volunteer at eligible events.

9. Environment

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. Most of the environmental impact of a bank is from its balance sheet.

We reduce our direct impact by focusing on and setting targets for solar power, energy, waste, water and paper, office supplies in our buildings, and across our supply chain.

9.1. Our environmental footprint

169. To minimise our environmental footprint we are committed to:
- 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.
 - training our staff to increase their understanding and awareness of environmental issues.

9.2. Paper

170. We regularly review means to improve efficient use of technology and adopt new technology to minimise our paper consumption. We operate a centralised supplier system for our paper and print production, and CSR criteria is embedded in our contracts.
171. 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.

9.3. Waste and water

172. We are committed to measuring, minimising, and reporting on our consumption of water. We continue to drive improvements with water-saving and efficiency initiatives.
173. 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.
174. 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.

10. Climate change

Climate change is the largest and most urgent environmental issue facing us. Now, more than ever before, people are acting with the planet in mind. We share our members' commitment to acting responsibly to combat climate change. We act on our direct emissions, the impact of our lending, investment and our products. We do not take money from or invest in the fossil fuel industry. Climate change is embedded in our Risk Strategy and our Risk Appetite Statement.

10.1. Net zero and renewable energy

- 175. Since July 2012, the Bank maintains its commitment to be a net zero and carbon neutral bank for Scope 1 (fuel use) and Scope 2 emissions (electricity). The Bank source renewable energy from its own solar generation and from renewable energy carbon offsets
- 176. All new building leases to be minimum 4 star on National Australian Built Environment Rating System (NABERS)
- 177. Mandatory installation of solar PV and LEDs for all new owned buildings

10.2. Climate change and banking products

- 178. We are committed to ensure that all our wholesale, products, retail mortgages and deposits are independently Certified to exclude direct investment in the fossil fuel industry.

10.3. Greenhouse Gas (GHG) reporting

- 179. The bank has 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.
- 180. We measure and report on our energy, emissions and solar PV performance annually.

10.4. Climate change and investment

- 181. We are committed to public disclosure of our investment policy on climate change and fossil fuels.
- 182. Various lending and investment opportunities are disqualified from the Bank's lending origination business for ESG (Environment Social and Governance) exclusion criteria. These are written in *Treasury Credit Risk Management Policy (2216)* and *Lending Risk Policy (2236)*.

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183. The bank does not provide finance (i.e. directly lend to, invest in, buy equity or debt) to corporations that operate in these industries;

Fossil fuels (coal, oil and gas - exploration for and extraction of reserves, exports, combustion for power generation, major suppliers to the oil, coal and gas industries)

Further information on our responsible climate lending practices can be found in Section 4.13.

11. Feedback and review

184. We encourage feedback on our policy and approach and will take all feedback into consideration when the policy is reviewed annually.

185. We commit to responding to any member enquiries within 24 hours.

186. For further information on this policy or to provide feedback please contact us at

Email: csr@tmbank.com.au, or telephone 13 12 21.

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
COBCOP	Customer Owned Banking Code of Practice
TMBL	Teachers Mutual Bank Limited
WH&S	Workplace Health and Safety
WOCCU	World Council of Credit Unions