

Socially Responsible banking

We are a values based bank where profit has a purpose. For over 50 years, doing business ethically and sustainably have driven our model of mutual banking. Operating ethically and profitably are two side of the same coin, and that's been our currency since birth.

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. Social responsibility is at the heart of everything we do.

Social responsibility: purpose, practices and proof points

PURPOSE

LEADERSHIP. The Bank strives for excellence and international leadership in its business practices and its Mission states that 'The Bank will operate in an ethically, socially and environmentally responsible manner'.

MEMBER OWNED BANK. We are owned by, and run for the benefit of our members. As our members own the organisation, there is no trade-off between shareholders and members. Every member has one equal vote and one share in the business.

MEMBER FUNDING. The foundation of our banking model is to use deposits of members and customers to provide credit to members.

PROFIT FOR PURPOSE. Part of our income is returned to serve members and the community, create better products and services and invest in social, and environmental programmes.

SOCIALLY RESPONSIBLE BANKING. The Bank operates under distinctive socially responsible strategies, standards and practices. These are written in our Constitution, in our member-owned structure, and in our focus on personal, not business banking.

VALUES BASED BANKING. As a member of the Global Alliance on Banking on Values (GABV), we adhere to its Principles of Values-based banking, which establishes a triple bottom line approach at the heart of the business model.

HISTORY. A socially responsible and service culture has been integral to the Bank's operations since our founding in 1966.

PRACTICES

REPORTING AND TRANSPARENCY. We have aligned policies, practices and procedures with international best practice standards to ensure they are robust, integrated and transparent.

VERIFICATION. We undertake external, independent third party verification to provide evidence and results of our commitments and performance over time in a transparent manner. External review tests and validates data, systems and processes across hundreds of metrics.

GLOBAL BENCHMARKING. We measure ourselves against world leading standards and companies.

CSR POLICY. This 'establishes our approach to ethical business and social responsibility practices and how we deliver on our responsibilities and commitments across 200+ actions'. By using the term 'Corporate Social Responsibility Policy' (CSR) we mean all ethical, social and environmental responsibilities.

SOCIAL RESPONSIBILITY LENDING EXCLUSIONS. These apply where the 'primary purpose of the entity or business is alcohol, armaments, correctional facilities, cryptocurrency, deforestation or gross environmental degradation, gambling, military activities, political activities, pornography, slavery, tobacco or uranium'.

FOSSIL FUEL EXCLUSIONS. 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. This is written in our *Treasury Credit Risk and Lending Risk Policy*.

SUPPLY CHAIN. We mandate and embed sustainability in our supply chain Vendor Management Framework.

NO POLITICAL DONATIONS. We do not donate, give gifts or employee or management time, to support political candidates or political organisations.

PROOF POINTS

CERTIFIED RESPONSIBLE INVESTMENT. All new retail mortgage and deposit products sold by the Bank are certified by the Responsible Investment Association Australasia (RIAA)ⁱ.

CERTIFIED ETHICAL INVESTMENT. The Bank's \$1 billion Debt Issuance Programme (DIP) for wholesale investors is a Certified Ethical Investment by the RIAA. The cash proceeds raised are used to fund the Bank's balance sheet.ⁱⁱ

ONE OF THE WORLD'S MOST ETHICAL COMPANIES. The Bank has been named as One of the World's Most Ethical Companies each year from 2014-2019. This Ethisphere Institute benchmark measures transparency, integrity, ethics and compliance. Our commitment is to be a world leading ethical business, and WME is one of the primary methods to measure this.ⁱⁱⁱ

RESULTS. We measure and report on our performance against 85 targets and KPIs year on year in our Annual Report.

SOCIAL RESPONSIBILITY PERFORMANCE RESULTS. We publish 45 results from external, independent organisations over the past six years. These benchmarks highlight our consistency and excellence in best-practice corporate social responsibility.

GLOBAL COMMUNITY INVESTMENT. We target global leadership in community investment and invest 6.8% of net profits before tax in the community.^{iv}

GENDER EQUALITY. For the 4th year, the Bank is one of only 140 Australian companies noted as a 2019 Employer of Choice for Gender Equality, by the Workplace Gender Equality Agency.^v We exceed the ASX average of the percentage of females at all leadership levels; 44% of our Board members, 29% of our Executive team and 39% of Management were women.

ⁱ Retail mortgage and deposit products at Teachers Mutual Bank Limited have been certified by the RIAA (Responsible Investment Association of Australasia) according to the strict operational and disclosure practices required under the Responsible Investment Certification Program. See www.responsibleinvestment.org for details.

ⁱⁱ Our \$1 billion Debt Issuance Programme has been certified by RIAA according to the strict operational and disclosure practices required under the Responsible Investment Certification Program. See www.responsibleinvestment.org for details.

ⁱⁱⁱ WME The Ethisphere Institute is the 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 – more information at: <http://ethisphere.com>.

^{iv} The LBG is the global standard for measuring and benchmarking corporate community investment. The LBG model provides a comprehensive and consistent set of measures to determine an organisation's contribution to the community, including cash, time, in kind donations, and management costs. www.lbg-australia.com

^v The WGEA Employer of Choice for Gender Equality (EOCGE) citation is designed to encourage, recognise and promote active commitment to achieving gender equality in Australian workplaces – www.wgea.gov.au. This replaced the EOCW citation.