

Bank's Certified Responsible Investment retail products – mortgages and deposits

Introduction

This note summarises the Certification of retail mortgage and deposit products at Teachers Mutual Bank Limited ('the Bank') by the Responsible Investment Association Australasia (RIAA). These are listed on RIAA's *Responsible Returns* website <https://www.responsiblereturns.com.au>, and this content is taken from that. The products featured on the *Responsible Returns* web-tool have been certified in accordance with RIAA's Program.

Responsible Investment at the Bank

The Bank operates four brands: Firefighters Mutual Bank, Health Professionals Bank, Teachers Mutual Bank, and UniBank.

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. The Bank also has specific social responsibility exclusion criteria in relation to the provision of credit.

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

Accordingly, we are a personal bank whose socially responsible strategies apply to all its products – primarily mortgages and deposits.

Our Certified Mortgage products

- **A RIAA Certified Responsible Investment Mortgage product** is available to members of Firefighters Mutual Bank, Health Professionals Bank, Teachers Mutual Bank, and UniBank which are divisions of The Bank.
- **When members obtain a mortgage from the Bank** they are accessing funds that are mostly (approximately 80%) sourced from member and customer deposits, plus wholesale funds certified ethical by RIAA, and funds from other mutuals, credit unions, other banks, community groups and Government. These amounts vary on a daily basis but are approximately 97% of the liabilities on the balance sheet¹. **Members' mortgages are from a personal bank with socially responsible strategies that apply to all products.**

Our Certified deposit products

- **A RIAA Certified Responsible Investment Deposit product** is available to members and customers of Firefighters Mutual Bank, Health Professionals Bank, Teachers Mutual Bank, and UniBank.
- **When members or customers deposit funds with the Bank**, these are all subject to specific social responsibility exclusion criteria when providing credit. Deposits are mostly (>80%) loaned to individual members for residential mortgages, with the remainder as cash and deposits. These amounts vary on a daily basis but are

¹ See TMBL Annual Report 2018 for financial data.

approximately 97%² of the assets on the balance sheet. **Members' and customers' deposits are with a personal bank with socially responsible strategies that apply to all products.**

Socially responsible strategies that apply to all its products includes;

1. **LENDING POLICY.** The Business Objective enunciated in our *Lending Risk Policy* is as follows; 'The Bank strives to provide quality services to members via prudent lending practices that are financially, socially and environmentally sustainable.'
2. **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'.
3. **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*.
4. **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.
5. **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.
6. **MEMBER FUNDING.** The foundation of our banking model is to use deposits of members and customers to provide credit to members.
7. **CORPORATE SOCIAL RESPONSIBILITY POLICY.** Our *CSR Policy 2220* 'establishes our approach to business and social responsibility practices and how we deliver on our responsibilities and commitments across 200+ actions'.
8. **VERIFICATION.** We undertake external, independent third party verification to provide evidence and results of our commitments and performance over time in a transparent manner.
9. **GLOBAL BENCHMARKS.** The Bank has received a citation as one of the World's Most Ethical Companies each year from 2014-2018. This Ethisphere Institute benchmark measures transparency, integrity, ethics and compliance.
10. **GLOBAL COMMUNITY INVESTMENT.** We target global leadership in community investment and invest 7% of net profits before tax in the community, as measured by the LBG Benchmark.
11. **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.
12. **SPONSORSHIP EXCLUSIONS.** We prohibit sponsorship across a range of activities, such as gambling and politics.
13. **NO POLITICAL DONATIONS.** We do not donate, give gifts or employee or management time, to support political candidates or political organisations.
14. **HISTORY** A socially responsible and service culture has been integral to the Bank's operations since our founding in 1966.
15. **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'.

² See TMBL Annual Report 2018 for financial data.

About the RIAA

The *Responsible Investment Association Australasia (RIAA)* is the peak industry body representing responsible, ethical and impact investors across Australia and New Zealand. RIAA has an active network of over 240 members who manage more than \$9 trillion in assets globally. More info <https://responsibleinvestment.org/>

About Certification

RIAA's *Responsible Investment Certification Program (RICP)* provides investors with standardised and consistent information allowing them to compare and contrast the investment options that have been assessed and verified as responsible or ethical.

RIAA's *Certification Symbol Trade Mark (the Symbol)* provides consumers and industry alike with a quality mark of Australia and New Zealand's standard for responsible investing products and advice.

The Symbol signifies that the *Investment Product* has implemented a detailed responsible investment process for all investment decisions, clearly discloses what that process is, has been audited by an external party to verify the investment process, and has met the strict disclosure requirements of the program.

The Responsible Returns web-tool has been created by RIAA to help you to find, compare and choose responsible and ethical superannuation, banking and investment products that best match your interests. All products and funds that feature on the Responsible Returns have been certified in accordance with RIAA's Responsible Investment Certification Program which tests whether a product or fund's investment intentions and processes are consistent its responsible investment claims.

More info: <https://www.responsiblereturns.com.au/>

About the Bank

Teachers Mutual Bank Limited is one of Australia's largest mutual banks, comprising four brands: Firefighters Mutual Bank, Health Professionals Bank, Teachers Mutual Bank and UniBank. It has over 200,000 members and more than \$7.5 billion in assets. The Bank is a values based bank where profit has a purpose.

The Bank's Constitution has a 'restricted' bond which means that only persons who meet the eligibility criteria specified in the Constitution may join and become members (i.e. shareholders). The Bank may only provide credit to members, though it may raise deposits from both members and customers. Customers do not need to be a member.

Membership is subject to a 'restricted' bond based on employees in the education, emergency services and health sectors.