

# Bank's \$1 billion Certified Ethical Investment

## Introduction

Teachers Mutual Bank Limited's ('The Bank') **\$1 billion Debt Issuance Programme (DIP) for wholesale investors is a Certified Ethical Investment** by the Responsible Investment Association Australasia (RIAA). The cash proceeds raised are used to fund The Bank's balance sheet. The Bank is an issuer of Certified Ethical Investment product, and is as at 22 January 2019 the **only bank in Australia** with a certified ethical wholesale cash product.

## Background

The Bank **pioneered ethical investment** when it became the **first** Australian financial institution to have its entire wholesale debt issuance programme of \$500m ethically certified by RIAA in June 2015. It is the **first** Certified Ethical investment wholesale cash product in Australia, and remains so to date. It is also the **first** based on fossil fuel exclusion.

The Bank's first \$500m achieved Ethical Certification by the RIAA on the basis that the Bank's Policy of *'the exclusion of lending to, or investing in, large scale greenhouse gas pollution from fossil fuel exploration, extraction, production and use'*.

In 2018, RIAA certification was extended **to an additional \$500m**, the second part of the Bank's \$1 billion Debt Issuance Programme (DIP) for wholesale investors which was recently increased in size.

Certification of the second \$500m is based on additional lending exclusions than fossil fuels. *'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, cryptocurrency, deforestation or gross environmental degradation, gambling, military activities, political activities, pornography, slavery, tobacco or uranium'*.

Under the DIP the Bank may issue debt securities, that are issued in series, and each series may comprise one or more tranches. These may vary in number, timing and tenor. By certifying the \$1 billion Debt Issuance Programme, **each individual issuance of notes or tranches is certified.**

**Fossil fuel and climate change exclusions** – *'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; or*
- *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.'*

The Bank's \$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](http://www.responsibleinvestment.org) for details.

## **The Bank's ethical bond issuance to date is \$420 million**

- In October 2016, the Bank issued **A\$100 million** of three year floating rate senior unsecured notes.
- In June 2017 the Bank issued a second series of **A\$100 million** three year floating rate senior unsecured notes.
- In September 2017 the Bank issued a third series of **A\$20 million** of 10 year non-call 5 year floating rate subordinated notes.
- In July 2018 the Bank issued a fourth series of **A\$200 million** three year floating rate senior unsecured notes, the single largest transaction to date. The Bank's previous largest transaction was \$100m.
- This brings total Certified Ethical issuance to **A\$420 million, from zero in 2015.**

## **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.

## **About 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 the Certification Programme**

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 products featured on the *Responsible Returns* web-tool have been certified in accordance with RIAA's Program.

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