

Corporate Social Responsibility Policy

Policy No. 2220

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Executive Summary

Commitment

Teachers Mutual Bank is committed to the effective integration of a Corporate Social Responsibility (CSR) Program into all areas of its work environment, by people at all levels within Teachers Mutual Bank, starting with the Board of Directors, the Chief Executive and Senior Management. We fully accept our responsibility to fulfil our wider corporate social responsibilities and see it as fundamental to our long-term sustainability and growth. We recognise that this is a dynamically evolving process and are committed to ongoing training in this area.

Definition of CSR

Corporate Social Responsibility (CSR) is the continuing commitment by business to act ethically and contribute to economic development whilst embracing responsibilities to their employees, Members and their families, the community and the environment.

It is a voluntary mechanism by which these responsibilities are integrated into the daily operations and communications of a business over and above their legal requirements.



Sustainability can be encapsulated as the 'triple bottom line': ecological sustainability, social and financial responsibility.

Our Approach to CSR

We recognise that success cannot be measured just in terms of profits and growth, but how we relate to the community and the ways in which we minimise our environmental impact. We believe that integrating our financial performance with non-financial criteria will enhance value for our Members and all stakeholders.

Teachers Mutual Bank will:

- concentrate our sponsorship and community initiatives in the education and teaching community, due to our unique role within it
 - be respectful of the environment and actively manage our environmental impact
 - aim to increase awareness of environmental issues and provide assistance for members to act sustainably
 - aim to promote the financial well-being and literacy of members
 - We have allocated 3% of net profit after tax to our CSR budget.
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Management

Our Corporate Social Responsibility Program is an important step in ensuring constructive dialogue with members, employees and other stakeholders.

It seeks to make available in written form the values and principles that are vital to our decision making. These policies and practices have developed over time and reflect among other things community expectations regarding:

- Governance and ethical conduct;
- Marketplace practices, including responsible lending;
- Human rights and employee practices;
- Minimising environmental impact
- Community support; and
- Financial controls and risk management.

We regularly monitor their effectiveness while seeking further options.

Transparency

We believe in transparency in all of our business practices, subject only to specific privacy and other obligations to our members and to normal commercial confidentiality.

Stakeholders - we are committed to providing our stakeholders with comprehensive information about our activities, engaging with them regarding particular material issues of concern and to fulfilling our obligations to the broader market for continuous disclosure.

Staff - we ensure our staff are fully informed about our policies, practices and business developments and encourage them to share any suggestions they have on these matters.

Members - have access to comprehensive information on the terms and conditions of the products and services we provide.

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

Sustainability Reporting

We will report on our non-financial information and previous CSR targets as part of our Annual Report. We will also communicate our CSR initiatives and outcomes through our website and other avenues for our members.

In addition we have participated in the Corporate Responsibility Index for 2007 and 2008, and will regularly participate. This provides us with an external benchmarking analysis of our CSR performance and processes. Our target is to achieve a bronze rating in the 2010 index submission.

Ethics

Sound Ethical Culture

Our Board of Directors is responsible for making sure that our overall activities are properly managed. Their responsibilities are to:

- Approve corporate strategies;
- Monitor management performance;
- Monitor financial performance;
- Monitor and ensure the maintenance of adequate risk management controls and reporting mechanisms; and
- Ensure our business is conducted ethically and transparently.

The Board delegate's responsibility for the management of our business to our Chief Executive and in doing so insists on the highest standards of business integrity and professionalism.

Core Values

We believe in our staff making informed choices about their behaviour and ensuring it aligns with our core values of:

- Co-operation;
 - Moral integrity;
 - Trust;
 - Financial prudence;
 - Caring for members; and
 - Social responsibility.
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Compliance

Compliance with laws and regulations is fundamentally about doing the right thing. Thus our approach is primarily concerned with the quality control of our practices and processes.

We aim to build a compliance culture, forging strong working partnerships with our staff in sharing the responsibility for strengthening our processes around compliance. We seek continuous improvement through regular review of performance against strict objectives and assessment criteria.

Reporting

We actively encourage staff 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.

Responsibility in the Marketplace

Members

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

We aim to help our members achieve financial well-being by providing simple, practical and ethical banking solutions. We also apply responsible lending principles.

Retaining our members confidence and trust is vital to Teachers Mutual Bank. We achieve this through numerous ways for example clearly communicating our obligations to them including:

- Setting out the legal background to our banking relationship;
- The role of the agreements or contracts between us;
- Terms and conditions of our accounts and services;
- Our members right to privacy; and
- What our members should do if they have a complaint.

We are also committed to enhancing their financial literacy, which is an essential role for a financial institution.

Industry Code

We are a strong supporter of the Mutual Banking Code of Practice. The Code promotes good financial practice by formalising standards of disclosure and conduct, which we fully comply with when dealing with our members.

Products

We are committed to providing financial products that are genuine, transparent and will improve their lifestyle. We ensure our products and marketing fully comply with all legislative and regulatory requirements and industry codes. To ensure we remain in touch with the expectations of both the wider community and our members, we aim to comply with best practice marketing and research tools.

Partnerships

Constructive, long-term relationships with suppliers and alliance partners are positive for our members and staff. We expect our suppliers and partners to have acceptable business practices relating to social responsibility and care for the environment. We consider their performance in these areas in deciding whom to do business with.

Complaints

We welcome comments on our services, including complaints, as an essential part of continuously improving our members' experience.

We want the opportunity to address any shortfalls or failings in our services. Where we are at fault, we accept responsibility and aim to resolve the problem efficiently.

Members can obtain information from Teacher Mutual Bank on the process of making a complaint, including their right to refer unresolved concerns to the Credit Union Dispute Resolution Centre (CUDRC).

Our Employees

Respect

We believe our employees are our most valuable resource and strive to ensure we have fair and equitable policies in place that enhance the working environment for all employees.

Recognising and respecting the rights of our staff is a fundamental part of our work ethics. Thus we ensure staff are not subjected to any employment practices which could infringe or diminish their fundamental human rights.

Employer of Choice

Our objective is to be an employer of choice, attracting the most committed, highly motivated employees who support our core values, and in particular;

- Are supportive of each other in the spirit of teamwork;
 - Do not tolerate discrimination or harassment;
 - Fully conform to our policies; and
 - Take primary responsibility for their own career development, while we work together to facilitate continuous learning and employability.
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Working Conditions

We have specific policies that ensure just and favourable conditions of work for all of our staff. As a result our framework on employment practices and policies covers just reward for employees, encompassing equal pay for equal work; working hours; entitlements; family commitments; termination and redundancy provisions; and superannuation and retirement provisions. Through our equal opportunity and non-discriminatory policies we have structured ourselves as a workplace whereby all employment processes and practices are based on merit and aim to be an employer of choice for women.

Beyond our OH&S regulatory commitments we believe in focussing on the broader well-being of our staff through various workplace initiatives to enhance their working environment.

We also believe in providing flexibility for our employees to achieve work/life balance.

Training and Development

We are committed to providing training and development opportunities to equip people for present and future assignments. We also aim to encourage employees to develop their skills and knowledge by providing assistance for approved external studies. Our training, learning and development policies are comprehensive and encompass skills training for all staff, including an effective traineeship program.

Grievance procedures

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. Handled well, general performance counselling is the most effective means of overcoming performance problems. A Whistle-blowers Protection Program has also been implemented to assist staff.

Staff Assistance

We recognise there are times when our staff have challenging personal issues to deal with which may impact their health, wellbeing and job performance. We offer a free, confidential, professional guidance and counselling support service called the Employee Assistance Program.

Freedom of Association

We respect the right of our staff 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 Financial Services Union (FSU). We aim to fully co-operate with the FSU to achieve mutually beneficial outcomes.

Minimising our Environmental Impact

Commitment

We are respectful of the environment and we will actively manage our environmental impact to ensure we are a sustainable business, especially as we expand.

We aim to increase awareness of environmental issues amongst employees and members and aim to provide assistance for members to act sustainably.

Energy

We aim to regularly assess our energy consumption and GHG emissions and implement initiatives to become more energy efficient, including the purchase of energy efficient technology. We are committed to purchasing a percentage of green energy as part of our energy contract/s.

Waste and Water Management

We are committed to minimising our generation of waste and our consumption of water. Our recycling program is regularly monitored for effectiveness. We will continue to implement recycling or water saving initiatives where appropriate.

Paper

We are committed to encouraging our employees to reduce their individual and collective paper consumption, including the provision of training our employees to utilise technology to reduce this consumption.

As an organisation we regularly review means to improve efficient use of technology and adopt new technology to minimise our paper and other resources consumption.

Reporting

We will report on our environmental performance annually as part our Annual Report's Sustainability Update and on our website.

Investing in our Community

Commitment

In line with mutual bank philosophy we endeavour to invest in our community and make a positive contribution. Our commitment to the community is driven by our belief that we have a responsibility to support the communities in which we conduct our business.

Sponsorship

Sponsorship of the education and teaching community is where we aim to focus our sponsorship as is set out in our Sponsorship Guidelines. We aim to build long-term mutually beneficial relationships with our sponsorship recipients and the community. We also support our employees in their fundraising for various charities each year.

Mutual Bank Movement

As a member based organisation we support the philosophies and appropriate activities of the national and global mutual bank and credit union movement. We continue to financially support Credit Union Foundation Australia and support employees to attend their Development Educator's program. We are affiliated with the following industry related bodies:

- Credit Union Services Corporation (Australia) Ltd (CUSCAL);
 - Australian Mutuals (the Association of Building Societies and Credit Unions (Abacus);
 - World Council of Credit Unions (WOCCU);
 - Credit Union Foundation Australia (CUFA); and
 - Australian Association of Teacher Credit Unions (AATCU).
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Community Programs

We deliver two community programs. to benefit the education community. The Teachers Environment Fund is our initiative to provide funding to public schools for environmental projects. Our target is to fund at least 6 projects per year.

The Future Teacher Scholarship program's main objective is to support education students with financial assistance. Our target is to provide 4-5 scholarships per year at the value of \$5,000 each.

We will be launching a new community program in October 2009 to assist schools to expand their efforts in financial literacy.

Financial Management

Commitment

Our Board and relevant Committees oversee all matters concerning internal control, accounting policies and financial reporting including our interim and final financial statements.

Compliance

The financial statements of Teachers Mutual Bank are prepared in accordance with the requirements of the Corporations Act, other mandatory professional and statutory reporting requirements and applicable accounting standards.

Risk

Accepting and managing risk is central to our business. Our approach is to recognise and actively manage all types of risk including:

- Credit risk – the risk of financial loss from the failure of members to honour fully the terms of their contract with us;
- Market risk – the risk to earnings from changes in market factors such as interest;
- Liquidity risk – the risk that any net cash outflow exceeds our ability to access new funding; and

Operational risk – the risk of unexpected financial, reputational, or other damage arising from the way our organisation pursues our business objectives.

CSR is a business unit within our risk assessment framework.

Document Control

Authorisation

Approval Authority:	
Maintenance Responsibility:	

Version number	Date Reviewed	Authorised by	Date authorised
1.0	Created		

Review Cycle

Minimum Review	Annually.
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