

About the World's Most Ethical Companies evaluation

Why does Teachers Mutual Bank Ltd participate?

Our commitment is to be a world leading ethical business, and WME is one of the primary methods to measure this. We aim to continually improve on our performance. We make sure we are accountable, and benchmark ourselves against world leading standards. This external, independent third party review evaluates evidence and concrete results of our commitments and performance over time.

What is the World's Most Ethical Companies evaluation?

The World's Most Ethical Companies (WME) evaluation is based upon the Ethisphere Institute's Ethics Quotient (EQ) Survey which offers a quantitative way to assess a company's performance in an objective, consistent and standardized manner. The recognition honors superior achievements in transparency, integrity, ethics and compliance, and underscores an honoree's commitment to leading with integrity and prioritising ethical business practices.

Who are the World's Most Ethical Companies?

128 companies were named as the 2019 World's Most Ethical Companies, spanning 21 countries and 5 industries. The full list is available at <http://worldsmoethicalcompanies.ethisphere.com/honorees>

How long has the Bank been one of the World's Most Ethical Companies?

Teachers Mutual Bank Ltd has been named one of the World's Most Ethical Companies for six years in a row since 2014, and includes UniBank for four years: 2016-2019, and Firefighters Mutual Bank for two years in 2018 and 2019.

UniBank, Firefighters Mutual Bank, and Teachers Mutual Bank are divisions of Teachers Mutual Bank Ltd, and their recognition is based on the year they merged with TMBL.

- 2019 - 1 of 5 banks named and the only Australian Company
- 2018 - 1 of 4 banks named and the only Australian company
- 2017 - 1 of 3 banks named and the only Australian company
- 2016 - 1 of 4 banks named and 1 of 2 Australian companies
- 2015 - 1 of 4 banks named and 1 of 2 Australian companies
- 2014 - 1 of 5 banks named and 1 of 3 Australian companies

What is the process and criteria?

WME is a tough exam that gets harder every year. There are 190 questions across 5 categories:

1. Ethics and compliance program (35%)
2. Corporate citizenship and responsibility (20%)
3. Culture of ethics (20%)
4. Governance (15%)
5. Leadership, innovation and reputation (10%)

Each category is evaluated through a combination of answers to the Ethics Quotient (EQ) questionnaire, submitted supplemental documentation, and where necessary, independent research and follow up with each candidate.

The Bank submits extensive evidence; for example we provide over 300 separate documents and a 55 page summary.

Every year the WME evaluation criteria are strengthened. The Ethisphere Institute states that *'Yesterday's leading practices are today's standards. Changes in the regulatory environment, global news headlines, and progressing best practices all contribute to an ever-evolving yardstick by which companies are measured. For the 2019 application year, significant revisions were made to each section, driven by the increasing sophistication of best practices of leading companies'*.

The evaluation is a comparative process with applicants being measured against other companies of similar industry, size, structure. Each year the companies we are judged against continue to improve their performance.

Receiving a materially deficient score in the category of *'Leadership, Innovation and Reputation'* will prevent a company from being selected as one of the 2019 World's Most Ethical Companies. This category measures a company's legal compliance, litigation, and ethical track record, along with the strength of the company's ethical reputation in the marketplace.

Participation in WME is entirely voluntary and falls under no legal requirement.

About the Ethisphere Institute¹

The Ethisphere Institute is a global leader in defining and advancing the standards of ethical business practices that fuel corporate character, marketplace trust, and business success.

More information at: <https://www.worldsmoethicalcompanies.com/faqs/>

CEO Statement

'Our aim is to be the most socially responsible bank in Australia. The Royal Commission has shown what happens when you lose sight of the customers' interests, but for 52 years we've been focussed solely on them. That's a big reason we're recognised as one of the World's Most Ethical Companies', said Steve James, CEO, Teachers Mutual Bank Limited. *'Our operations are carbon neutral, our investments are fossil fuel free, and we don't have conflicts between shareholder and customer interests. Our members can have confidence that that's not going to change'.*

¹ This data is provided by the Ethisphere Institute