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Australian Centre for Corporate Social Responsibility

Teachers Mutual Bank

CSR Management Capabilities and CSR Innovation Scores | Executive Report
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Australian Centre for Corporate Social Responsibility

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In February 2015, the Australian Centre for Corporate Social Responsibility (ACCSR) invited over 6,000 professionals working in the area of CSR and sustainability to participate in the State of CSR 2015 – an annual research project into CSR capabilities and practices among organisations in Australia and New Zealand. Employees from Teachers Mutual Bank (TMB) responded to the survey. We are delighted to present you with your CSR management capabilities and CSR innovation scores.

CSR Management Capabilities

All organisations have, or can develop, the capabilities to effectively manage their social responsibilities and impacts. There are four CSR management capabilities that are essential to recognise, understand and implement good CSR practice:

THE FOUR CSR MANAGEMENT CAPABILITIES

Stakeholder engagement

People in our organisation understand the linkages between us and our stakeholders that contribute to long-term prosperity.

Stakeholder dialogue

We respect our partners in dialogue by displaying empathy, honesty and non-manipulative intent.

Integrating stakeholder values

Managers are able to effectively detect and transmit value-pertinent information about stakeholders.

Social Accountability

Our people understand that our organisation is accountable to our stakeholders for the organisation's social impacts.

Our research shows that the above CSR capabilities contribute to organisational performance through their effects on environmental management capabilities, reputation, risk, conflicts with stakeholders, competitive advantage, creation of new products and services, and reduced cost.

Based on responses of TMB employees, we calculated scores for each of the four CSR management capabilities outlined above. We then aggregated individual capability scores to produce an overall score for the organisation. All scores are expressed in percentage terms.

Teachers Mutual Bank received an overall score of 94%

Teachers Mutual Bank's CSR Management Capabilities in context

Teachers Mutual Bank ranked among the top ten companies for its CSR management capabilities in this year's research. The overall score received by TMB (94%) was the highest overall achieved by any company this year. Comparatively, this score was higher than the average score of all industries surveyed (74%) and the average score of peers within the finance and insurance industry (76%).

Figure 1 presents the average scores received by TMB for its overall CSR management capabilities, in comparison to all industries, and the finance and insurance industry in particular.

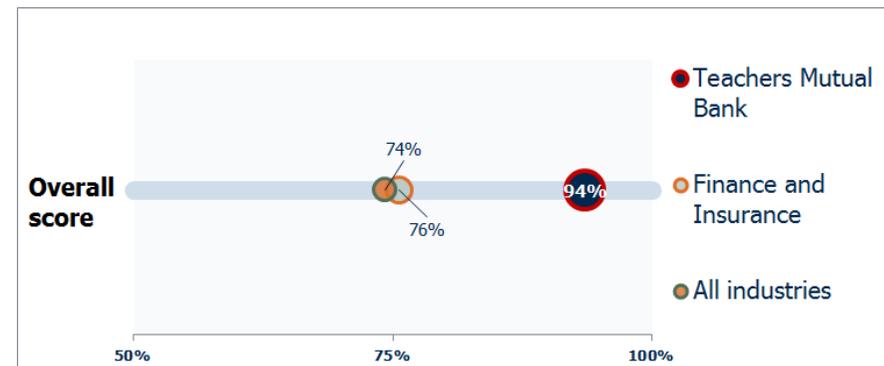


Figure 1: Overall CSR Management Capability Scores

“At Teachers Mutual Bank we place a strong emphasis on involving staff and other stakeholders in CSR and telling them about our sustainability achievements.”
- Respondent from Teachers Mutual Bank

CSR Management Capabilities at Teachers Mutual Bank

Figure 2 presents the average scores received by TMB for each individual CSR capability, in comparison to all industries, and the finance and insurance sector in particular.

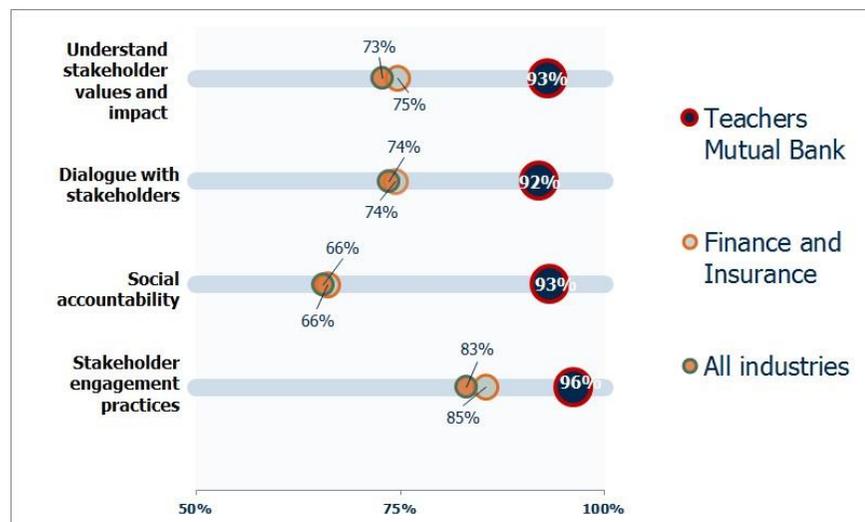


Figure 2: CSR Management Capabilities at Teachers Mutual Bank

Understand stakeholder values

Understanding and integrating stakeholder values into organisational decision-making is an important driver of performance. It reduces risk, strengthens reputation, and develops competitive advantage. Teachers Mutual Bank scored 93% for understanding stakeholder values and impact. Consistent with the previous year, this score far outranked the average of all industries surveyed (73%), and the average of peers in the industry (75%).

A high score in this capability suggests that leaders at TMB not only understand stakeholder values that affect the company, but also aligns company programs with these values, and considers them when addressing social issues that affect the organisation.

Dialogue with stakeholders

Conducting meaningful dialogue with stakeholders is critical for earning a 'social licence to operate', which is the level of acceptance or approval granted to an organisation's operations by its stakeholders. Stakeholder dialogue capabilities involve treating stakeholders as equal partners in discussion of mutual issues,

establishing open dialogue, and agreeing upon the agenda and best way to have discussions. TMB again stands above average for this capability compared with all industries surveyed (74%) and above the average of the sector (74%).

Successful stakeholder dialogue creates a shared understanding among stakeholders, resulting in reduced risk, and strengthened reputation for the organisation. It also indicates that management demonstrates these efforts to company employees in order to create a shared understanding within the organisation.

Social accountability

Social accountability refers to an organisation's non-financial accountabilities, and the establishment of systems and processes to account for non-financial performance, including sustainability reporting. It helps organisations to build reputation and reduce risks. TMB earned a score of 93% for social accountability. TMB also stands well above the average scores achieved by others in the finance and insurance sector (66%) and that of all industries surveyed (66%).

A high score for this capability indicates a strong integration of responsibility at TMB. Best practice in this area include periodic stakeholder evaluations of company performance; ensuring that managers have key performance indicators related to social performance; and public reporting on social performance.

Stakeholder engagement practices

Stakeholder engagement is the most important capability for improving performance, safeguarding reputation, managing risks, and reducing conflicts. TMB scored 96%. In comparison, the finance and insurance sector scored 85% and all the industries surveyed achieved an average of 83%. This also represents a significant improvement the previous year. A high score indicates that leaders and managers demonstrate respect for stakeholder perspectives, try to balance competing stakeholder needs over the long term, and consider stakeholder needs in business planning and decision-making.

CSR Innovation

CSR is increasingly becoming a key aspect of corporate strategies to achieve efficiencies in business processes and performance, reduce risk, and improve competitive advantage. To achieve this requires innovation. Organisations need to create a corporate culture that fosters new ways of thinking and integrates social and environmental aspects into strategy and operations.

This year, we looked at the relationship between innovation and CSR in organisations. We explored how CSR drives innovation in products and processes, and in new market development.

CSR INNOVATION

CSR innovation in products and processes

People in our organisation consider CSR issues when they develop and produce products and services. Our marketing emphasises CSR aspects of products and services.

CSR innovation in market development

CSR practices allow our organisation to access new geographic markets, customers or distribution channels.

Based on responses of TMB employees, we calculated scores for these two innovation areas. We aggregated individual scores to produce an overall score for the organisation. All scores are expressed in percentage terms.

TMB received an overall CSR innovation score of 93%.

Teachers Mutual Bank's CSR Innovation in context

Based on employee responses, Teachers Mutual Bank scored 93%. This score far outranked the finance and insurance sector average (69%) and the average score of all industries surveyed (68.4%).

Figure 3 presents the average scores received by TMB for its CSR innovation, compared to all industries surveyed, the finance and insurance sector in particular, and the average scores of the 2015 CSR Top 10. This figure shows that TMB scored higher than the averages of all groups represented for both innovation in new business markets and innovation in products and processes.

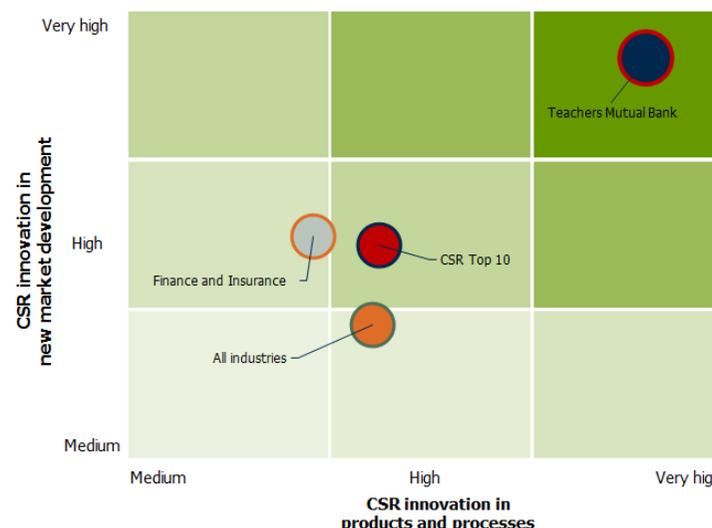


Figure 3: Overall CSR Innovation Scores

CSR innovation in products and processes

TMB scored 93% for CSR innovation in products and processes. This score is well above averages of the finance and insurance sector (65%), and all industries surveyed (70%). A high score indicates that your organisation considers CSR issues when they develop and produce products and services and that your marketing emphasises CSR aspects of products and services. Opportunities to improve in this area include leveraging existing notions of CSR when creating new offerings, and considering social and environmental aspects from the onset of all service development processes.

CSR innovation in market development

For innovation in new business markets TMB scored 94%, again scoring above both the finance and insurance sector average (75%) and all industries surveyed (65%). A high score indicates that CSR practices have allowed your organisation to access new geographic markets, customers or distribution channels. Best practice to improve in this area include establishing robust systems and processes to scan CSR risks and opportunities, and engaging stakeholders in meaningful dialogue about challenges that need to be addressed through new products and processes.

Thank you

We would like to take this opportunity to thank you for your co-operation and participation in the State of CSR 2015, the results of which we believe will provide indispensable guidance to companies seeking to improve their standing and practice in CSR and sustainability.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Leeora Black'.

Dr Leeora D. Black
Managing Director

About ACCSR

The Australian Centre for Corporate Social Responsibility helps organisations create lasting value through responsible business strategies and productive stakeholder relationships. We are Australia's leading management consultancy wholly dedicated to building competitive advantage and stakeholder wealth through corporate social responsibility.

Our advisory services help organisations take their next steps in creating value for all their stakeholders, building organisational capability. Our learning programs underpin the professionalisation of the corporate responsibility management function, building individual capability. Leading-edge research is the foundation of our work. Together with our clients, we create lasting value.



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