

TEACHERS MUTUAL BANK LIMITED

MAY 2023

RESPONSIBLE INVESTMENT ASSOCIATION AUSTRALASIA (RIAA) CERTIFIED PRODUCTS AT TEACHERS MUTUAL BANK LIMITED

- Teachers Mutual Bank Limited is the only Australian bank selling retail deposits, mortgages, and wholesale funding products all Certified by RIAA as Responsible Investment.
- The Certification Symbol is the leading mark for distinguishing quality responsible, ethical and impact investment products and services in Australia and New Zealand and is recognised as the gold standard.
- RIAA product Certification means our responsible investment credentials can be trusted and we are a leader in responsible investment practice.
- Every single retail mortgage, deposit product and wholesale product sold by the Bank is Certified, these are 98% of all products sold¹.
- Teachers Mutual Bank Limited is the only bank in Australia recognised by RIAA as a Responsible Investment Leader in 2021 and 2022.

Market results to six months FY2023

As at 31 December, 2022 the cumulative total of all wholesale and retail assets and liabilities on the balance sheet that are RIAA Certified products is \$12.2 billion.

Data and Trends

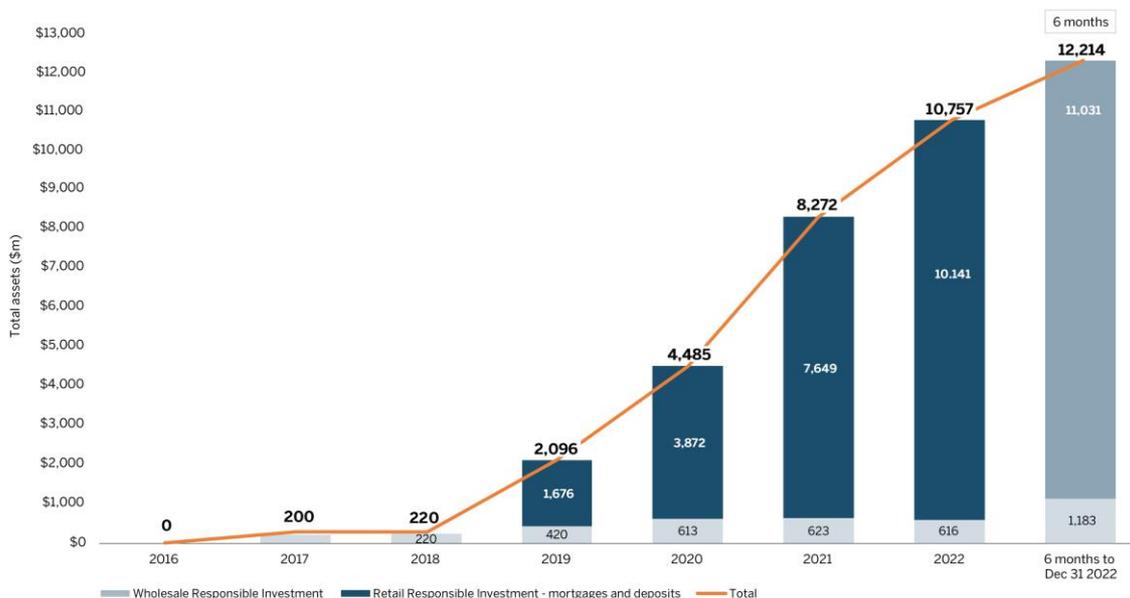
- In the six months to 31 December 2022, Teachers Mutual Bank Limited's total RIAA Certified products increased **by 14% (\$1.46bn) from \$10.76bn to \$12.21bn.**
- In the 18 months to 31 December 2022, total RIAA Certified products increased by **48% (\$3.9bn) from \$8.27bn to \$12.21bn.**
- In the 30 months to 30 June 2022, total RIAA Certified products increased by **172% (\$7.16bn) from \$4.49bn to \$12.2bn.**
- In the 18 months to 31 December 2022, Certified RIAA retail mortgage and deposit products increased **by 44% (\$3.38bn) from \$7.65bn to \$11.00bn.**
- Since the retail products were Certified by RIAA on 1 December 2018, RIAA Certified retail mortgage and deposit products increased **from zero to \$11 billion in 4 years.**
- The breakdown of RIAA Certified products on the balance sheet is **51.70% (assets) and 64.70% (liabilities)** as of 31 December 2022.

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RIAA Certified Products: cumulative total of all assets and liabilities - wholesale and retail.

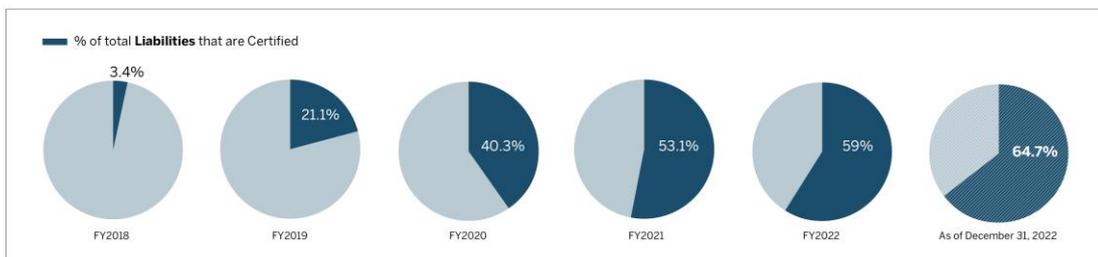
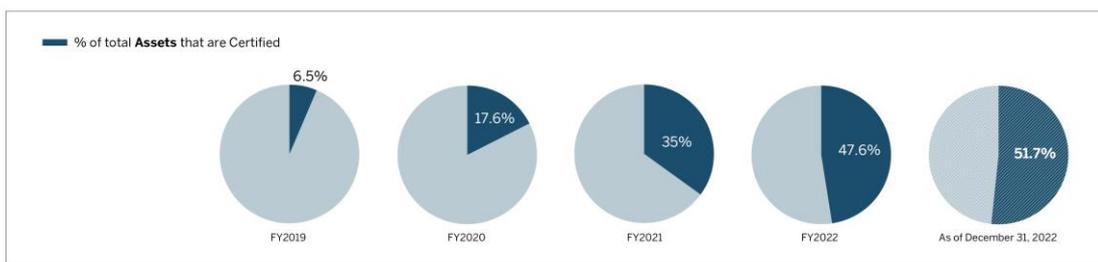
Total RIAA Certified Responsible Investment product on the TMBL balance sheet as at December 31, 2022.



Note: six (6) month data to December 31, 2022.

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Certified RIAA Responsible Investment products on the TMBL balance sheet 2018-2022. % of total Assets and Liabilities that are Certified. As at six months to December 31, 2022.



Note: six (6) month data to December 31, 2022.

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ABOUT OUR RIAA CERTIFIED PRODUCTS

Teachers Mutual Bank Limited is the only Australian bank with retail deposits, mortgages, and wholesale funding all certified by RIAA as Responsible Investment.

The Bank has five products Certified as Responsible Investment by RIAA, c.98% of all products that the Bank sells. This means all these products sold by all of the Bank's five brands; Firefighters Mutual Bank, Health Professionals Bank, Teachers Mutual Bank, UniBank and Hiver.

There is zero cost and zero change from Certification – the products remain the same.

All wholesale sector funding issued by the Bank is Certified Responsible Investment. This means that any wholesale investor in the Bank is guaranteed that their investment is a Certified Responsible Investment.

All retail mortgages and deposit products sold by the Bank are Certified Responsible Investment, there are no green 'niche' options.

Certification is based on strict ESG exclusion Policies which means money deposited is never used to fund damaging industries such as fossil fuels or tobacco, and money borrowed for mortgage never comes from damaging industries.

Certification supports consumers who shop ethically for banking products.

Product Name	Certification start date
\$500m Debt Issuance Programme (DIP) for Wholesale investors	29 September 2014
Increase of \$500m to the DIP for Wholesale investors. Size of DIP now \$1 billion	26 November 2018
All new retail deposit products	1 December 2018
All new retail mortgage products	1 December 2018
Wholesale Sector Short Term Deposits (TDs) comprised of: Negotiable Certificates of Deposit (NCDs), term deposits, and overnight deposits (11AM cash – at call).	20 August 2019

Wholesale investment

Under the \$1 billion 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 DIP, each individual issuance of notes or tranches is certified.

For wholesale Short Term Deposits, the tenor of these deposits is primarily between 30 days to 1 year. Issuance can be daily, and a typical week may see individual depositors transact numerous times with the Bank (this does not include any secondary market activity).

Any wholesale investor in the Bank is guaranteed that their investment is responsible. We are the only Bank offering Certified Responsible Investment Wholesale products MTNs, FRNs, NCDs, TDs) to the Australian market.

(Medium Term Notes, Floating Rate Notes, Negotiable Certificates of Deposit, Term Deposits)

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ABOUT RIAA CERTIFICATION

The *Responsible Investment Certification Symbol* is the leading mark for distinguishing quality responsible, ethical and impact investment products and services in Australia and New Zealand.

RIAA's Certification Symbol is recognised by investors and consumers across the region as the gold standard, and is used to differentiate quality, true-to-label responsible investment products which meet the Responsible Investment Standard. Products bearing the Symbol systematically account for environmental, social and governance factors along with demonstrating a rigorous, transparent approach and organisational commitment to responsible investing.

It is a Registered Trademark owned and managed by the Responsible Investment Association Australasia (RIAA) and is trusted by investors and consumers across the region, providing confidence that a product or provider is delivering on its responsible investment promise and meeting the Australian and New Zealand Standard for responsible investing.

The Certification Symbol signifies that an investment product or service has implemented an investment style and process that takes into account environmental, social, governance or ethical considerations, and that Teachers Mutual Bank Limited has been certified by RIAA according to the strict operational and disclosure practices required by the *Responsible Investment Standard*.

Further details www.responsiblereturns.com.au

ABOUT RIAA

RIAA champions responsible investing and a sustainable financial system in Australia and New Zealand and is dedicated to ensuring capital is aligned with achieving a healthy society, environment and economy. With over 500 members managing more than A\$40 trillion in assets globally, RIAA is the largest and most active network of people and organisations engaged in responsible, ethical and impact investing across Australia and New Zealand. Member ship includes super funds, fund managers, banks, consultants, researchers, brokers, impact investors, property managers, trusts, foundations, faith-based groups, financial advisers and individuals

All Certified products are found on the Responsible Returns website which 'helps you find responsible or ethical banking, superannuation and investment products matching your values and interests'.

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

RIAA Certified Responsible Investment (RI) products:

1. Have formal, consistent, documented, and auditable RI strategies and processes
2. Make honest claims and are appropriately labelled
3. Avoid significant harm
4. Account for ESG factors in the investment process
5. Have relevant and accessible RI disclosures
6. Are managed by active stewards
7. Are managed by organisations with a formalised commitment to responsible investing
8. Provide educational information to members and customers.

TEACHERS MUTUAL BANK LIMITED

RECOGNISED AS A RESPONSIBLE INVESTMENT LEADER BY RIAA

Teachers Mutual Bank Limited is recognised as a Responsible Investment Leader in 2020, 2021 (1 of 54) and 2022 (1 of 74), the only bank to be named.

A Responsible Investment Leader is an organisation that demonstrates the ability to deliver on responsible investment promises set out in its policies, through having a range of appropriate and systematic processes in place.

Responsible Investment Leaders demonstrate a commitment to responsible investing; the explicit consideration of environmental, social and governance (ESG) factors in investment decision making, strong and collaborative stewardship; and transparency in reporting activity, including the societal and environmental outcomes being achieved.

Responsible Investment Leaders achieve a score of 15 out of 20 or above on RIAA's Responsible Investment Scorecard, as captured and assessed for the annual Australia Responsible Investment Benchmark Report. The Scorecard consists of 15 questions, covering four key areas, or pillars:

- *Pillar 1:* Coverage of and commitment to responsible investing and transparency
- *Pillar 2:* Enhancing risk management through explicit and systematic consideration of ESG factors and other screens, including reporting of these
- *Pillar 3:* Being strong stewards for more sustainable and resilient assets and markets
- *Pillar 4:* Allocating capital to benefit stakeholders and contribute to solutions as well as measurement and reporting of outcomes

Responsible Investment Leaders demonstrate strong governance by publishing responsible investing policies and processes and inviting stakeholders to hold them to account for their performance against targets which they set and report against. A key aspect of this strong governance is transparency, and Responsible Investment Leaders are expected to fully disclose holdings across all portfolios they manage on behalf of their clients.

Being a Responsible Investment Leader recognises our whole-of-organisation attributes.

In contrast, RIAA's Responsible Investment Certification Symbol is used to differentiate quality, true to label responsible investment products which meet the Australian and NZ standard for responsible investing.



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GREENWASH CONCERNS RAISED BY RIAA

RIAA study From Values to Riches 2022: Charting consumer demand for responsible investing in Australia key excerpts:

Four in five Australians expect their money in super, banks and other investments to be invested responsibly and ethically, but financial service providers need to do a better job of meeting expectations, with 72% of the population saying they are concerned about greenwashing, according to a new consumer study from the Responsible Investment Association Australasia (RIAA).

This study shows that Australians are demanding more transparency from their providers. They are attuned to the threat of greenwashing, which prevents 65% of Australians from switching to an 'ethical' bank. Concerns over greenwashing remain prevalent among Australians, with 72% of the population concerned that responsible investors engage in greenwashing,

"Australians are demanding more transparency from their providers, with 75% wanting to know which companies their super fund, bank or other investments are invested in. They are attuned to the threat of greenwashing, and it is holding many people back, particularly when it comes to switching to an 'ethical' bank," said Simon O'Connor, CEO of RIAA.

Independent verification of sustainability claims is becoming key to winning trust. Three-quarters of Australians say they would be more likely to invest in responsible investment products that have been independently certified by a third party such as RIAA.

'Greenwashing', when referred to in the context of the financial services sector, is the misrepresentation of a financial product as having greater social or environmental credentials than it actually possesses. This can be intentional or unintentional. Greenwashing is a key concern among Australians who already invest responsibly as well as those that are planning to do so in the short term.

Alarming, almost three-quarters (74%) of those who already have responsible investments and four out of five (82%) Australians that are considering investing in responsible investment products in the next 12 months are concerned about greenwashing. Greenwashing is more of an issue for people who know what responsible investment is, than those that are unsure or unfamiliar with the term.

Three-quarters of Australians say they would be more likely to invest in responsible investment products that have been independently certified or labelled. Independent responsible investment labels or certification could convince 88% of Australians that already invest responsibly or plan to do so in the next 12 months, and 77% of those who are considering it within the next one to five years, to invest more in responsible investments.

[AUS Consumer Research - Responsible Investment Association Australasia \(RIAA\)](#)

Disclaimer and disclosure

The Bank's \$1 billion Debt Issuance Programme, its Wholesale Sector Short term deposits and its retail deposits and mortgages have been certified by RIAA according to the strict operational and disclosure practices required under the Responsible Investment Certification Program. See www.responsibleinvestment.org for details. The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence.

Disclosure of market data

TEACHERS MUTUAL BANK LIMITED

We support the Program aims to publish relevant and accessible disclosures. We report twice yearly data of our Certified Responsible Investment products on the balance sheet to engage and inform the market about our commitment to responsible investment and RIAA Certified products.

Methodology

In February 2021 we reviewed the methodology to calculate the market data of Certified Responsible Investment products, and shared this with RIAA to align with the Program's aims and objectives.

Assets – retail mortgages This is outstanding balances of new mortgages sold since certification. The total increases as more new mortgages are sold and reduces as existing ones are paid off over time, or exited. This includes existing mortgages that have been topped up.

Liabilities – wholesale products Debt securities issued under the DIP are issued in tranches so very simple to report. STD balances are issued daily by Treasury. Over time as STDs have been progressively replaced, all STD are now Certified, so we use the balance of STDs that is calculated daily.

Liabilities- retail deposits. This is new money deposited into the bank since 1 December 2018. It may be placed into an existing product account, if a new product is not needed. We calculate new money only; e.g. if an account had \$100k before Dec 1 2018 and retained this balance and then had a balance of \$150k, we only count the \$50k. We count the increase over the lowest balance since 1 December 2018. It is also the balance for all new deposit accounts opened since 1 December 2018 - all new money to the bank.

- The reported data represent the Certified products on the balance sheet at that point in time. In the period, balances go up and down, for retail products in particular.
- We report the percentage of Certified Responsible Investment for total balance sheet assets and liabilities.
- Retail mortgages and deposits are combined into one figure.
- Data for a Financial Year is taken from audited accounts. Six months' data to December is unaudited, and released after APRA statistics are published.

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FURTHER INFORMATION ABOUT RIAA AND CERTIFIED PRODUCTS

As a Licensee of the Certification Symbol, this means;

Our responsible investment credentials can be trusted

With the growth of interest in sustainability has come a new wave of “green” products and services. With this growth has come an increasing demand for third party verification of claims and benefits. In the case of investors, they are looking for clear and consistent information that specifically outlines how investment products and services address important environmental, social and governance issues.

Being certified by RIAA means you have met the industry’s operational and disclosure requirements and this in turn means your clients can have confidence in your responsible investment credentials.

We are a leader in responsible investment practice

The operational and disclosure requirements of the Program can only be met by the organisations and individual professionals who are open to having their ESG processes, systems and performance made public – and in the case of products and superfunds, also subject to verification by an independent auditor. In the eyes of investment peers and the consuming public, this transparency leads to higher degrees of trust through increased accountability.

Becoming certified under the Program confirms the leadership position you are taking in regard to managing and disclosing environmental, social and governance issues through your investment products, services or policies.

We are committed to responsible investment

To develop and implement the leading practice in responsible investment takes effort, commitment and resources. Securing and maintaining your status as Certification Symbol licensee demonstrates your commitment to responsible investment.

Requirements for all categories, including Products are:

- Meet strict operational and disclosure requirements and make publicly available specific details of their services as laid out under the respective Category requirements
- Invite their members, clients and peers to hold them to account for their behaviours consistent with the Program Code of Conduct
- Are subjected to the Quality and Thresholds Test
- Promote the standard by incorporating the Certification Symbol into marketing and communications material in accordance with the Certification Symbol Licensee Agreement and the Licensee Marketing Kit and Style Guide
- Agree to participate in good faith in the Program’s Concerns & Grievance Policy and Procedures with a view to protecting the reputation of responsible investment peers, individual investors and/or the responsible investment industry as a whole
- Are operating/offered for investment in Australia and/or New Zealand
- Are current and legally trading
- Are not persistently subject to legal proceedings and/or regulator investigation
- Notify RIAA of material changes in product characteristics that may impact the suitability of the product remaining Certified under the RI Program

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THE ADDITIONAL REQUIREMENTS FOR A PRODUCT TO BE CERTIFIED UNDER THE PROGRAM ARE AS FOLLOWS. CERTIFIED RI PRODUCTS:

1 HAVE FORMAL, CONSISTENT, DOCUMENTED, AND AUDITABLE RI STRATEGIES AND PROCESSES: RI STRATEGIES:

- a. are fully explained in legal product documentation such as the Product Disclosure Statement (retail), Information Memorandum or Pitch book (wholesale) and/or equivalent documentation that supports the product, and
- b. are consistently and reliably represented between the legal documentation, supplementary materials, website and other public platforms, and
- c. are underpinned by detailed, fit-for-purpose and formalized RI processes, management systems and reporting frameworks and thereby consistently and reliably applied to the Product, and
- d. applied to the Product and its management processes are (1). audited by a Third-Party Verification entity appointed by RIAA; where some or all of the Product is managed by external manager/s, those managers' processes are also required to be audited by a Third-Party Verification entity appointed by RIAA (unless already certified by RIAA); (2). Subject to RIAA's annual spot audits (executed by RIAA or a Third-Party Verification Panel member designate) covering between 5-10% of eligible program participants renewing their product certification in a given year; and

2 MAKE HONEST CLAIMS AND ARE APPROPRIATELY LABELLED:

- a. are named to accurately reflect the social, environmental, sustainability and/or ethical outcomes or responsible investment strategy applied to the product and
- b. describe what could be reasonably expected by an investor in terms of the portfolio holdings of the products well as
- c. ensure all claims made about the product are honest and not false or misleading nor include puffery, un-substantiations and unqualified predictions; and

2.1 Avoid significant harm:

can detail how the responsible investment product strategy results in a product for investors that, as a minimum avoids significant harm; and

2.2 Account for ESG factors in the investment process:

can evidence how the responsible investment strategy accounts for the explicit inclusion of environmental, social and governance factors in its systematic

- selection, retention and realisation of assets, and/or
- construction of portfolios and/or
- risk assessment and management and/or
- selection, assessment and management of managers; and

3 HAVE RELEVANT AND ACCESSIBLE RI DISCLOSURES:

- a. the benchmark against which the products is being financially measured and
- b. twice-annually, the past financial performance results/returns of the product (where relevant) and

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- c. twice-annually, the details of their product's portfolio holdings (for equities funds, or an equivalent disclosure for other products) on the fund's website with no longer than a 90-day lag and
- d. activities and outcomes from stewardship practices (both engagement and voting) and
- e. for products asserting certain sustainability outcomes or claims, the product's social, environmental and/or sustainability performance against benchmarks, goals or targets, at least annually as well as the methodology for measuring the Product's contribution to social, environmental and/or sustainability outcomes and
- f. if the Product uses short-selling, how such instruments are managed, the proportion of the product likely subject to short-selling; and on a look through basis, all underlying positions including those to which there is zero net exposure after consideration of short-selling (or any other mitigating strategy); and

4 ARE MANAGED BY ACTIVE STEWARDS:

can detail the stewardship practices applied to the management of the responsible investment product and articulate the improved investee governance outcomes of these practices; and

5 ARE MANAGED BY ORGANISATIONS WITH A FORMALISED COMMITMENT TO RESPONSIBLE INVESTING:

managing or issuing organisations can demonstrate their organisation-wide commitment to promote, advocate for or support approaches to responsible investment that align capital with achieving a healthy and sustainable society, environment and economy. This requirement takes affect within two years of entry to the Program; and

6 PROVIDE EDUCATIONAL INFORMATION TO MEMBERS AND CUSTOMERS:

about the responsible investment strategies and investment outcomes.

ⁱ The 2% is other products e.g. credit cards, insurance - products that are ineligible to be Certified by RIAA.