

**2021 Sustainability Report**  
of Australian Mutual Bank Ltd

ABN 93 087 650 726  
Incorporated in Australia  
AFSL and Australian Credit License number 236476

**Registered Office:**  
59 Buckingham St  
SURRY HILLS NSW 2010

# 2021 SUSTAINABILITY REPORT

# SUSTAIN- ABILITY REPORT



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## SUSTAINABILITY REPORT

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# SUSTAINABILITY & AUSTRALIAN MUTUAL BANK

## INTRODUCTION

Australian Mutual Bank Ltd was created on 1 October 2019 by the merger of Sydney Credit Union and Endeavour Mutual Bank. As part of the merger, and in order to maintain member loyalty and identity, it was determined that Australian Mutual Bank Ltd operate under two trading names Endeavour Mutual Bank and Sydney Mutual Bank.

Australian Mutual Bank Ltd is an Approved Deposit-taking Institution that is regulated by the Australian Prudential Regulatory Authority (APRA) under the Banking Act. Australian Mutual Bank is also a mutual, that is, an autonomous association of persons united voluntarily to meet their common economic needs and aspirations through a jointly-owned and democratically-controlled enterprise.

Australian Mutual Bank aims to be its members' first choice for the provision of financial services. All of Australian Mutual Bank's activities are designed to enhance the financial well-being of members. Australian Mutual Bank provides members with a secure place to save and a source of reasonably priced credit. Australian Mutual Bank also has a social mission to teach members about the value of regular savings and the wise use of credit.

By pooling resources members help themselves and each other to achieve economic and social advancement. Whereas P2P (peer to peer lending) depends on institutional investors, mutual banks can be considered as the original peer to peer lenders, with Australian Mutual Bank aggregating member to member lending since 1953.

More generally, Australian Mutual Bank remains highly regulated within a sound Australian banking system. The prudential regulator APRA ensures that regulated institutions are safe and sound so that like all banks, Australian Mutual Bank provides deposit accounts that are government guaranteed up to \$250,000.

## THE ETHICAL ALTERNATIVE

It is the view of the Board and management that Australian Mutual Bank operates and acts in a responsible and ethical way. This claim may be justified since:

- Members are customers and equal owners of Australian Mutual Bank;
- Australian Mutual Bank provides banking services for human and social needs, as opposed to corporate speculative gain;
- Australian Mutual Bank is 100% Australian owned and operated;
- Australian Mutual Bank does not offshore employees;
- Australian Mutual Bank does not invest in fossil fuels, gambling, armaments, persistent chemicals, animal testing;
- Australian Mutual Bank supports socially responsible activities (both domestically and internationally).

This is our fourth sustainability report and it shows that Australian Mutual Bank's business approach and operations align products and services with stakeholder expectations to add economic, environmental and social value. We simply want to show that Australian Mutual Bank is an organisation with methods of operation and employment practices that are effected responsibly.

At this time, Australian Mutual Bank has chosen not to strictly align with the Global Reporting Initiative (GRI) reporting framework, but has looked to align with many of its disclosure requirements, so as to capture and communicate important information to our stakeholders.

We hope that by explaining Australian Mutual Bank's sustainable business practices we inform members as to how we conduct our operations and deliver our services, and also look to attract potential members whose values and interests align with our own. We are proud of the fact that we always strive to do the right thing, by complying with laws and acting honestly and openly in all that we do.

**Hans Kludass**  
**Chair of the Board**

**Mark Worthington**  
**Chief Executive Officer**

# ABOUT AUSTRALIAN MUTUAL BANK

Australian Mutual Bank has been providing banking, loan and investment services to the community since 1953. Australian Mutual Bank offers all the traditional banking products and services that members have come to expect, whilst keeping up to date with the latest payments technology. These principles have ensured that members continue to benefit from an ever changing banking environment whilst being offered the best possible service.

Australian Mutual Bank is 100% Australian owned & operated, invests ethically, co-operates with other co-operatives, and acts socially responsibly. The word 'Mutual' reinforces that members are customers and equal owners. In terms of our credit union origins, we chose the word 'Bank' as it promotes strength and soundness to existing and future members. Whereas the expression 'safe as a bank' still resonates with consumers, market research continues to reveal significant consumer misunderstanding of the term 'credit union'.

The benefit derived from belonging to a mutual bank is in equally sharing in the success of the organisation through competitive rates and fees and exceptional customer service.

Unlike a major bank, Australian Mutual Bank is not a publicly listed company and as such does not have a primary financial aim of providing dividends to shareholders. This differentiating factor is another benefit of belonging to a mutual and clearly highlights the objective of increasing the value offered to members and their local communities.

From a governance perspective once you're a member you are entitled to an equal say in the running of Australian Mutual Bank. Members have a right to vote at the Annual General Meeting and to elect the Board of Directors - subject to fitness and propriety qualifications, any member can be a director.

At Australian Mutual Bank, we take our corporate social responsibilities seriously, and it is something we are proud of. This includes tailoring products and services to assist in the financial education and growth of the youth and young adult sector, donating to Barnardos to look after disadvantaged or neglected children, as well as upholding our international social responsibility with the direct support of credit union development projects through the Asian Confederation of Credit Unions.

Australian Mutual Bank understands that we all play a part in preserving our environment and we look forward to continually improving our environmental efforts whilst maintaining our position as our members' preferred banking institution.

As mentioned, Australian Mutual Bank was formed as a result of a 2019 merger between Sydney Credit Union and Endeavour Mutual Bank. Endeavour Mutual Bank can trace its origins back to 1953 with the formation of the Motor Transport Employees Savings & Loans Co-op. Sydney Credit Union was formed in 1963 to provide employees of the City of Sydney Council with an alternative to banks and pay day lenders.

Today, Australian Mutual Bank is the result of joint ventures in seventy-four credit unions coming together over the past 68 years.

A.A.E.S.D.A. (N.S.W.) CU	Lidcombe CU
Access NSW Employees CU	Marrickville Council Employees CU
Ainsworth Employees CU	Media & Publishing CU
Allied Members CU	Memberfirst CU
Auburn Municipal Council Employees CU	Merck Sharp & Dohme Staff CU
Audit Officers CU	Merriville CU
Austral Bronze Crane Copper Employees CU	Minnondi CU
Berala CU	Motor Transport Employees CU
Blacktown City Council Employees CU	Nepean District Staff CU
Blaxland CU	News Group Employees CU
Blue Mountains & Riverlands CU	North Rocks Industrial CU
Boral Employees CU	North Sydney Council Employees CU
Botany Council Employees CU	Orion CU
Brisbane Waters County Council Employees CU	Padstow CU
Campbelltown City Council Employees CU	Parkes District CU
Central Blue Mountains CU	Pinnacle CU
Chullora Omnibus Employees CU	Prospect CU
Combined Industry Groups Mutual CU	Punchbowl CU
Comtax CU	Railways Staff CU
Concord Ukrainian CU	Raleigh Park Employees CU
Coopers CU	Revesby CU
CPH Employees CU	Rockdale Mutual CU
CSR & Rinker Employees CU	Ryde Council Employees CU
Dairy Farmers CU	Ryde Omnibus Employees CU
Dnipro CU	Security CU
Encompass CU	Select CU
Endeavour Mutual Bank	Smithfield CU
Fairfield City Council Employees CU	St George County Council Employees CU
Government Printing Office Employees CU	Stevco CU
Government Transport CU	Sunlight Employees CU
Holroyd CU	Sutherland Council Employees CU
Holroyd Municipal Council Employees CU	Sydney CU
Hunter Valley County Council Employees CU	T.R.W. Employees CU
Independent CU	Tartan CU
Karpaty Ukrainian CU	Waverley Bus Depot Employees CU
Kingsgrove Bus Depot Employees CU	Waverley Council Employees CU
Leichhardt Council Employees CU	Willoughby Omnibus Employees CU

As at June 2021 Australian Mutual Bank has 69,053 members and \$1.73 billion in assets. Australian Mutual Bank employs 148 people, 22 work permanent part-time, and 135.7 full-time equivalent.

Australian Mutual Bank has its registered office in Surry Hills, an administration office at Blacktown, and ten branches.

## RECENT HIGHLIGHTS

The Capital Adequacy Ratio is considered to be the most important strength/soundness measure for any banking institution. Maintaining a capital ratio in excess of 20% means that Australian Mutual Bank is one of the most well capitalised banks in Australia. A cautious and measured approach to business growth will ensure that this ratio remains unquestionably strong.

During the financial year, merger and Covid-19 related restructure expenses of \$4.14 million were incurred. After providing for tax, the net profit was \$955,020. Total assets at the end of the financial year reached \$1.73 billion. Total equity of \$177.2 million translates to a capital adequacy ratio of 20.68%.

Importantly, Australian Mutual Bank did not apply for or receive Jobkeeper government subsidies. Like most cooperatives and mutuals Australian Mutual Bank bailed-in our resources using our own balance sheet, rather than seeking to be bailed out by the government.

A recent home loan price Inquiry by the Australian Competition and Consumer Commission found that many Australians with older home loans pay higher interest rates than those with newer loans. These older and higher interest rate loans are collectively known as a back book, and lenders use the back book to cross-subsidise lower interest rates for new customers. Australian Mutual Bank has inherited some back book interest rates loans from previous mergers and has determined all back book interest rates be reduced to the advertised standard and basic variable interest rates. This reduction was effected on 1 August 2021.

Covid-19 has also changed administrative employee working arrangements to working from home. The transition was implemented successfully with a minimal impact on operations. Australian Mutual Bank is now looking at longer term working arrangements where a combination of office and home work is available to employees.

## INDUSTRY AWARDS

### **MOZO EXPERTS CHOICE AWARD FOR:**

INVESTOR FIXED RATE HOME LOAN  
GREEN PERSONAL LOAN  
UNSECURED PERSONAL LOAN

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### **CANSTAR 5 STAR OUTSTANDING VALUE AWARD FOR:**

UNSECURED PERSONAL LOAN  
TERM DEPOSIT SECURED PERSONAL  
LOAN  
LOW RATE VISA CREDIT CARD

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### **MONEY MAGAZINE:**

CUSTOMER OWNED BANK HOME  
LOAN LENDER OF THE YEAR

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## CURRENT CHALLENGES

The Covid-19 pandemic has caused significant social and economic changes in Australia. After stabilising toward the end of the 2020/21 financial year, the new Delta strain has in NSW caused lockdowns, infections, hospitalisations and sadly, deaths. The ongoing pandemic caused the Reserve Bank to reduce the target cash rate from 0.25% to 0.10%, the lowest ever level. This low interest rate environment, exacerbated by the Covid-19 pandemic, will in the short term continue to affect the Bank's profitability.

Australian Mutual Bank has been largely unaffected by Covid-19 related temporary housing loan repayment deferrals. It is considered that this performance is related to a significant proportion of members being drawn from the bank's core industry groups (transport, energy, local government), the consistent application of responsible assessment criteria, and not using mortgage brokers.

The pandemic has also accelerated a transition to digital payments and transacting. The continuing move away from cash and to digital payments has realised far fewer members using branches. Rather than continue to pay significant amounts to branch landlords, Australian Mutual Bank considered that these funds would be more equitably and optimally used in better interest rate pricing and in digital technology development.

Australian Mutual Bank also implemented some restructuring arrangements over the 2020/21 financial year, including the closure of twelve branches. Members were informed of the closures well in advance so that they could be provided with advice as to how they could transition away from cash and toward electronic payments. No employees were forcibly made redundant, however sixteen voluntary redundancies occurred during the year. A further four branch closures and sixteen voluntary redundancies will occur during 2021/22. Redeployment and retraining opportunities have been provided to all employees affected by the branch closures.

Open Banking and Comprehensive Credit Reporting (CCR) are welcome changes that will improve consumer choices as well as technology innovation. Open banking will mean a change from a closed model where banks retain and control information, to an open model with the potential to improve competition and see the creation of new products and services. Comprehensive Credit Reporting (CCR) is aimed at making it easier for lenders to form comprehensive and balanced assessments of applicants' credit histories.

Australian Mutual Bank has a vibrant and diverse membership. However the average age of members remains over 50 years. Australian Mutual Bank is determined to maintain existing members and be more attractive to younger members by acting socially responsibly and providing age-relevant products and services.

Mutual banking organisations have consistently shown superior performance in trust and customer satisfaction ratings, and ownership and remuneration structures are rarely in conflict with the service oriented purpose of mutuals. Mutuals therefore want regulators to apply regulation judiciously. Where regulation is in response to market misconduct, it should be applied to the source of that misconduct, rather than applying one-size-fits-all regulation. In other words, if mutuals have not been participant in misconduct they should be exempt from compliance with any remedial regulation. At the very least, regulators should apply regulation proportionately in order to ensure that smaller mutual banking institutions are not unduly burdened.

Australian Mutual Bank's smaller asset size means that fixed costs (in information technology and transaction access, employees, and regulatory responses, for example), can form a greater proportion of overall operating costs when compared to larger organisations. Australian Mutual Bank will pursue economies of scale, and consider any merger opportunities, in order to defray increasing fixed costs.



## 2021/22 GOALS

An ongoing goal is to be our members' first choice for the provision of financial services. The culture of 'People Helping People', profits remaining with the members, member participation, corporate social responsibility, and support of core industry groups have been and will continue to be important goals for Australian Mutual Bank.

When Endeavour Mutual Bank merged with Sydney Credit Union in October 2019, it was determined that the two existing brands would be maintained so as not to lose member identity and loyalty. Endeavour Mutual Bank and Sydney Mutual Bank operated under the new corporate name Australian Mutual Bank Ltd.

Managing two brands incurs excess expenses in for example managing the websites, mobile apps and marketing, and as a result of the more difficult operating conditions caused by the low interest rate environment, use of the two brands will cease during 2021/22. The registered corporate name Australian Mutual Bank will be the newly launched brand.

The new brand will also allow for clearer market positioning that our mutual structure is the only way a bank can act ethically. Mutuals are motivated not by short term profit-making, and instead by creating member value. This different motive realised for example, that mutuals did not participate in the misconduct revealed by the Royal Commission into Banking.

Whilst we commenced sustainability reporting in 2015 we have never felt the need to prove our ethical credentials. However we recognise that non-members who don't understand a mutual structure would appreciate seeing objective, independent and reliable assessments. Australian Mutual Bank's application for B Corp certification was submitted on 18 June 2021. It is expected that certification will occur during 2021/22. Australian Mutual Bank has also engaged Climate Active program consultants so as to accurately assess our carbon footprint and to achieve carbon neutrality during 2021/22.

As part of the planned change to a single brand, Australian Mutual Bank's mission statement has been revised and is set out below.

### **Vision**

To be Australia's ethical alternative mutual bank.

### **Mission / Purpose**

To strive for the financial wellbeing of members by providing ethical banking services.

### **Values / member promises**

#### **Banking**

Australian Mutual Bank is mutually owned therefore members are customers and equal owners. Australian Mutual Bank will be fair and ethical in its dealings with members. Australian Mutual Bank will focus on our members and provide clear information about products and services. Australian Mutual Bank will be a responsible lender and will deliver high member service and standards. Australian Mutual Bank will deal fairly with complaints, recognise our members' rights as owners, and will comply with our legal and industry obligations.

#### **Governance**

Australian Mutual Bank is a mutual, that is, an autonomous association of persons united voluntarily to meet common economic needs and aspirations through a jointly owned and democratically controlled enterprise. Australian Mutual Bank is committed to good mutual governance through accountability, transparency, ethical decision making and member engagement.

#### **People**

Australian Mutual Bank is committed to the well-being of its employees, Australian Mutual Bank's workplace culture encourages diversity and inclusion, and professional and personal development.

Australian Mutual Bank provides a safe, friendly work environment with above award remuneration. Alternative working arrangements are available including flexible hours to assist employees with family or other commitments. AMBL does not restrict freedom of association.

### **Members**

Members are customers and equal owners of Australian Mutual Bank. Australian Mutual Bank provides banking services for human and social needs as opposed to corporate speculative gain. We reinvest our profits back into our business to benefit our members by delivering better products and services. We are committed to sustainable activities and the public reporting of our sustainability performance.

We will avoid the provision of financial support to individuals or businesses whose activities are deemed detrimental or destructive to the environment, or harmful to members of society.

### **Community**

Australian Mutual Bank is a member owned mutual. We support charitable giving for neglected/disadvantaged children in Australia, the development of self-help financial cooperatives in South East Asia, and emergency/disaster relief. We encourage our employees to participate in related volunteering activities. Australian Mutual Bank is committed to supporting stronger communities, higher financial literacy, to promoting fairness, diversity and inclusion, and to helping to provide opportunities for disadvantaged children in Australia.

### **Environment**

Australian Mutual Bank is committed to taking effective action against climate change, and we will use resources wisely and reduce our carbon footprint so that we contribute to a healthier environment. We will be mindful of the environmental impact of our operations. We will provide lending for green solutions to member needs.

### **Responsible Investment**

Australian Mutual Bank's purpose is to have an overall positive impact on society and the environment through the provision of banking services to members and their communities.

Australian Mutual Bank's activities are funded by retail deposits from members. These retail deposits are used to provide loans back to our members. Approximately 96% of loans are residential mortgage secured, 3% are personal loans, and just over 1% are commercial purpose loans. Commercial purposes exclude activities that are deemed detrimental or destructive to the environment, or harmful to members of society. Credit cards are not able to be used for online gambling transactions.

Australian Mutual Bank does not issue loans to, nor carry any investment issued by companies operating in the sectors that directly cause social harm or environmental damage. As a mutual bank operating in Australia, we are however obliged to conduct transactions in financial markets including, but not limited to, placement of funds with other banking organisations.

Such placements, commonly known as liquid investments, are invested primarily to satisfy the banking regulator's requirements, and to ensure that Australian Mutual Bank always carries sufficient liquidity to satisfy our obligations when they fall due. This is a critical requirement for operating as a responsible and prudent mutual bank. Australian Mutual Bank will only place investments with banks that are regulated in Australia. The trade-off however, is that we may become indirectly exposed to positions that do not align with our values.

To mitigate some of these indirect exposures, Australian Mutual Bank has in place diversification limits to ensure there is no excessive exposure towards a single counterparty. Australian Mutual Bank reviews the recognised ESG ratings of the bank counterparties, and where possible we considers each counterparty's fossil fuel funding activities. Where we can, we avoid counterparties with poor ESG ratings and those with fossil fuel loan exposures. Importantly,, Australian Mutual Bank has established investment limits specifically for mutual banks and credit unions, which we consider to be more ethical banking organisations.

### **Social impact commitment**

Australian Mutual Bank created the Australian Mutuals Foundation (AMF). The AMF has three objectives:

- To support Australian children and youth who are at risk of abuse or neglect, or who are disadvantaged in terms of housing, medical care or education (these activities will be conducted through a partnership with Barnardos)
- To assist remote and disadvantaged communities in impoverished South East Asian and South Pacific countries to alleviate poverty through the creation of sustainable financial cooperatives (these activities will be conducted through a partnership with the Asian Confederation of Credit Unions)
- To provide a mechanism for members of cooperatives and mutuals, and the general public, to make donations to those affected by natural disasters.

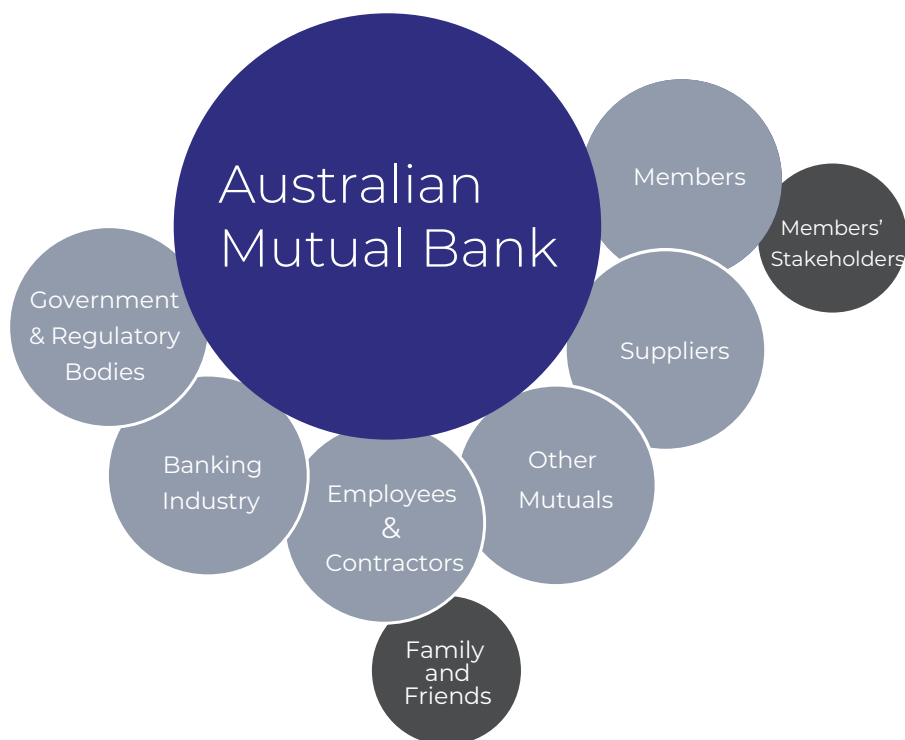
Australian Mutual Bank donated \$215,000 to the AMF during 2020/21.

### **Environmental impact commitment**

Using the 2021/22 financial year as the initial benchmark, Australian Mutual Bank commits to a decrease in landfill waste production, commits to the future purchase of environmentally preferred products, and commits to carbon neutrality by 2021/22.

# STAKEHOLDERS

## AUSTRALIAN MUTUAL BANK STAKEHOLDERS



### ENGAGING STAKEHOLDERS

The majority of Australian Mutual Bank's interactions with its stakeholders occur on a daily basis through relationships between members and Australian Mutual Bank employees and managers, and business service providers. The service providers include Cuscal Ltd (the former Credit Union Services Corporation Australia Ltd), the Customer Owned Banking Association, the Business Council of Cooperatives and Mutuels, Ultradata, and Transaction Solutions.

### FOCUSING THE REPORT CONTENT

Identifying the aspects of operations that are most important to Australian Mutual Bank and its stakeholders has enabled us to focus the content of this report. The materiality approach was based on AccountAbility's AA1000 principles and informed by its 5-part materiality test as well as the GRI's Reporting Principles for Defining Report Content.

To identify the material aspects, we collected and reviewed a range of internal and external information across a range of sources (internal documents, media, peer reports, and recent stakeholder engagement) to identify aspects of relevance to Australian Mutual Bank over the past few years. An internal workshop was originally conducted with key personnel to review these aspects and identify additional aspects of interest. On this basis a concise and focused list of material aspects was developed to respond to in this report.

# MEMBERS

## MEMBER ENGAGEMENT & SATISFACTION

Australian Mutual Bank is a member owned mutual, we are based on our membership, and without satisfied and well-served members we wouldn't exist. Maintaining member satisfaction is of the highest importance.

Every two years Australian Mutual Bank engages Derham Marketing Research, an independent customer research company to survey members. By analysing the results Australian Mutual Bank is able to understand what we do well and what we can improve upon.

The member satisfaction result showed a decrease from 92% in 2019 to 84% in 2021 (for members that have had activity in the previous three months). The reasons for the lower 84% satisfaction result are not clear. The researcher stated that "no specific factor appears to have driven the change", and noted that branch closures were cited by a small proportion of members. The researcher speculated that feelings of satisfaction may be affected by the pandemic, or that the pandemic has affected Australian Mutual Bank and that we are performing at lesser levels.

Members who used internet banking, the call centre, the mobile app, or a branch in the prior four weeks recorded higher satisfaction levels (call centre 91%, branch 91%, mobile app 87%, internet banking 89%).

## NET PROMOTER SCORE

The Net Promoter Score (NPS) is a proven, powerful metric used globally to measure customer engagement and advocacy levels which helps us collect insightful feedback in real time from members on what needs to be improved to better their experience with our brand. Net Promoter Score and NPS® are registered trademarks of Bain & Company, Inc., Mr Frederick Reichheld and Satmetrix Systems, Inc. and establishes the likelihood of a customer to recommend products or services on a scale of 0-10. SCU launched the automated survey in April 2019 for members who have had an interaction with the brand and after the merger extended the survey to include the entire Australian Mutual Bank membership.

The NPS survey initiative is part of the bigger strategic project of Member Journey Mapping, with the purpose of providing a clear view of the member experience through key interactions that the member has with Australian Mutual Bank from initial contact through to engagement/long term relationship.

With a majority of surveyed Australian Mutual Bank members qualifying as Brand Promoters and a Net Promoter Score (NPS) of 63.9, Australian Mutual Bank customer satisfaction levels are high for a financial services organisation, and well ahead of the big four banks' average of 10.1.







## TARGET MARKET / MEMBER

Australian Mutual Bank's dual branding will be replaced with a single Australian Mutual Bank brand from 1 November 2021. The Australian Mutual Bank tagline will be 'the ethical alternative'. It is anticipated that through Bcorp certification, Responsible Investment product certification, and carbon neutrality, Australian Mutual Bank will evidence its ethical credentials.

Australian Mutual Bank prioritises market sectors and demographics where we have shared values. Our primary market is people in the 25-35 age group, with ambitions to build their personal wealth and support their family. Secondary markets are mainly people over the age of 55, who are seeking to fund a quality lifestyle through retirement, and people 'listening-in' who may be attracted to engage with us and influence others to do so.

The attraction we offer – the common bond between Australian Mutual Bank and people in these diverse sectors – is the importance of ethics; the extent to which ethical values filter choices and shape decisions.

People in this group are driven by a desire to either do no harm (avoiding products and services that go against their values), or to do good (consciously engaging in, and supporting, activities that bring about positive changes in our interaction with people, the planet, and animals). They choose to buy from companies they view as ethical, prioritise offerings they regard as socially-

responsible, honourable and sustainable, and are willing to pay extra to ensure their purchases meet those standards. Frequently they are looking for a trusted and ongoing consumer relationship that enables them to feel uplifted by their decisions and know that their money is being used toward good conduct and good causes.

Australian Mutual Bank will continue to look for opportunities with its current members, those within its three main industrial groups, its other bonded associations and the communities associated with its branch network.

## IMPROVING PRODUCT TRANSPARENCY

Product transparency enables members and potential members to fully understand the benefits and any limitations of the financial products and services offered.

To improve product transparency, Australian Mutual Bank applies prudential legislation and obligations relevant to each product or service, and describes its products in concise, simple to understand language. Employees are trained in all products and services and are made aware of any relevant changes as products evolve or are added, ensuring that members are always properly informed.

Over the past twelve months Australian Mutual Bank has maintained its communication with members via email, printed newsletters, website and SMS. We look at ways to better implement e-communications with members, and try to ensure that members are receiving the information that is relevant to them. All marketing material is reviewed and approved before publication so as to comply with relevant legal and product disclosure requirements.

## CREDIT CARD GAMBLING

Gambling is a mainstream entertainment activity, however it is also a public health issue in Australia, with significant social impacts at individual, family and community levels. Most of those who gamble do not experience harm, however, gambling can be a problem for some people and gambling on credit a credit card can lead to severe financial stress for the individual and their family.

As part of our commitment to responsible banking, from 1 October 2021, gambling transactions will no longer be authorised on credit cards. The block does is not applying to debit cards.

We know that many people choose to gamble and we respect their freedom to choose how they spend their money. Our members can still use the Visa Debit card for gambling, as the debit card is linked to a transaction account, meaning the member's own money, rather than borrowed money as is the case with a credit card.



# GOVERNANCE

Australian Mutual Bank Ltd is an Authorised Deposit-taking Institution (ADI) regulated by the Australian Prudential Regulation Authority (APRA) under the Banking Act, and regulated by the Australian Securities and Investments Commission (ASIC) under the Corporations Act.

## OPERATING PRINCIPLES

Australian Mutual Bank abides by the World Council of Mutual Banks International Operating Principles:

### Cooperative Structure

- Member Owned
- Member Controlled
- Democratic Control

### Service to Members

- Financial Inclusion
- Financial Sustainability
- Maximizing Member Economic Benefit

### Social Responsibility

- Financial Literacy
- Network Cooperation
- Community Responsibility
- Global Vision

## AUSTRALIAN MUTUAL BANK'S GOVERNANCE AND RISK FRAMEWORK

Australian Mutual Bank's governance and risk framework ensures that Australian Mutual Bank is controlled and managed in a sound and responsible manner by a competent board of directors. The directors are elected by the membership at the Annual General Meeting and directors are only eligible for election if they are deemed Fit & Proper ("Fit" meaning that directors have the requisite skills and experience, and "Proper" meaning that they are persons of honesty and integrity). Board nominees must be recommended after being interviewed by Australian Mutual Bank's Director Nomination Committee.

Australian Mutual Bank's Corporate Code of Conduct contains policies concerning the acceptance of gifts, conflicts of interest, non-work related activities, confidentiality, and workplace behaviour.

The board of directors has created three committees in order to more effectively manage corporate and regulatory responsibilities. These committees are:

- Governance & Remuneration Committee
- Audit Committee
- Risk Committee

Australian Mutual Bank also conducts annual strategic and business planning in order to analyse performance against short and long term goals and to assess relevant risks. Annual financial budgets are prepared that take into account realistic projections of growth and profitability based on assessment of the economic environment.

There have been no reported instances of misconduct in relation to governance at Australian Mutual Bank during the year.

## SUSTAINABILITY COMMITTEE

A Sustainability Committee was created during 2020/21 and it is comprised of non-executive employees. The committee's responsibilities include:

- Reviewing the initiatives and effectiveness of Australian Mutual Bank's policies and activities with regard to the environment, social impact and good governance
- Recommending activities and programs to ensure Australian Mutual Bank's policies and actions are directed towards improving our corporate sustainability performance
- Review the reputational impact of our business strategies and practices through an ethical lens
- Observing activities to ensure fair and ethical dealings with employees, our members and other stakeholders



## RESPONSIBLE LENDING

Well before the introduction of responsible lending legislation, Australian Mutual Bank considered that it has always been a responsible lender. Australian Mutual Bank has always ensured that borrowing members have the capacity to make their loan repayments.

At Australian Mutual Bank our lending policies follow the guidelines set out by ASIC under The National Consumer Credit Protection Act. This Act formalised responsible lending guidelines and ensures that documents include adequate disclosures, that forms are correctly completed, and that proper serviceability calculations are used to assess loan affordability.

## COMPLIANCE AND BREACHES

Australian Mutual Bank's management, employees and Board are made aware of changes to regulatory or other legislative requirements by subscribing to:

- the Customer Owned Banking Association (COBA), and
- DB Legal – for legal advice and guidance, and by:
- attending industry forums and conferences and
- attending general job specific training courses

Australian Mutual Bank is aware of all regulatory and compliance requirements and is confident that we have a robust system in place to manage incidents should they arise. Comprehensive internal and external reviews have revealed a number of non-reportable incidents that did not materially impact members during 2021/21. However two incidents were deemed reportable to the regulators. All incidents have been assessed to ensure that suitable controls are in place to prevent further occurrences, and affected members have been appropriately recompensed.

## POLITICAL & ADVOCACY DONATIONS

Australian Mutual Bank is a member of the Customer Owned Banking Association (COBA) which acts as the industry advocate for mutual banks, credit unions, and building societies. COBA advocates with government and other stakeholders for the customer owned model and a more competitive retail banking market. Australian Mutual Bank pays an annual subscription fee to COBA that is based on asset size.

Australian Mutual Bank is also a member of the Business Council for Cooperatives and Mutuals (BCCM) which is the peak advocacy body for all co-operatives and mutuals in Australia. The BCCM advocate for the shared interests of all cooperatives and mutuals, with the aim of contributing to informed and balanced public debate for a fairer and more inclusive economy for all Australians. Australian Mutual Bank pays an annual subscription fee to the BCCM that is based on asset size.

During 2020/21 Australian Mutual Bank made direct donations to political parties totaling \$1,100. The Bank's policy provides for direct or indirect political donations up to an aggregate maximum of \$5,000 per annum (financial year), and that such donations will only be made where they are deemed to be a part of advocacy that could advance the interests of the mutual industry. Political donations may complement the advocacy activities of the Customer Owned Banking Association (COBA) or the Business Council of Cooperatives and Mutuals (BCCM).

## MANAGING THE RISK OF FRAUD

Australian Mutual Bank has comprehensive internal and external fraud policies and procedures to minimise the risk of fraud. Whilst there were no instances of internal fraud during the year, external fraud in the form of internet banking fraud, identity fraud, Visa card and ATM fraud totalled \$66,359. While some fraud events such as card skimming can be beyond Australian

Mutual Bank's control, subscription to Cuscal's 24/7 Vigil card transaction monitoring system has reduced exposure to card and ATM fraud.

Australian Mutual Bank's Internal Audit function is responsible for assessing key areas of operations that could be targets for internal fraud. The Internal Auditor ensures that the relevant policies and procedures are adhered to, including the use of personal accounts, internet banking, electronic funds transfers, expense payments, and the placement of corporate investments.

No contracts with business partners were terminated due to fraud, and no legal cases of fraud were brought against Australian Mutual Bank or its employees.

## REMUNERATION POLICIES

Given Australian Mutual Bank's mutually owned structure, there is no equity based payment scheme for directors or managers. Director and management remuneration is determined by the use of industry surveys and by comparison to similar sized organisations.

The objective of the management remuneration policies is to ensure that Australian Mutual Bank complies with Prudential Standards and that performance based components of remuneration:

- encourage behaviour that supports Australian Mutual Bank's long-term financial soundness and its risk management framework.
- align with prudent risk-taking and incorporate adjustments to reflect:
  - the outcomes of business activities;
  - the risks of business activities including, where relevant, the cost of the associated capital; and
  - the time necessary for the outcomes of business activities to be reliably measured
- do not compromise the independence of risk and financial control personnel.

Australian Mutual Bank mitigates the risk that the remuneration of executive managers may conflict with the objectives of the policy by:

- limiting the performance component of an individual's remuneration to 10% of their base salary (a maximum of 7% was paid during 2020/21);
- making the payment of any performance based component of remuneration entirely discretionary by Australian Mutual Bank; and
- limiting the payment of any discretionary remuneration until the end of the relevant financial year.

Australian Mutual Bank has an enterprise agreement that is registered with the Fair Work Commission. Australian Mutual Bank does not impose any restrictions on employees regarding freedom of association. Improvements proposed for the 2021 revision include:

- Increasing domestic and family violence leave from five to ten days paid leave where an employee is directly impacted and from two to five days for an employee providing support to an immediate family member.
- Increasing paid parental leave for primary carer from six to ten weeks (at the government scheme). Employees will receive a maximum of twenty-eight weeks pay (eighteen from the government and ten from Australian Mutual Bank). Superannuation will be paid on both the Australian Mutual Bank and government funded amounts.
- Extending natural disaster leave to employees who are part of emergency services responses such as the SES. Employees have two days per event to assist with a recovery operation.

## CORPORATE TAX

In recent years the mutual banking sector's strong financial performance has ranked the sector comfortably in the top fifty of corporate taxpayers. This is considered evidence that mutual banks and credit unions are good corporate citizens and meet their obligation to pay company tax on their profits. Australian Mutual Bank pays its fair share of corporate tax in accordance with all taxation requirements.

Mutual banks exist to serve their members and they do not pay dividends to a separate group of owning shareholders. This feature of the mutual model means that tax paid is more likely than company tax paid by listed banks under the dividend imputation scheme, to be retained as government revenue.

## MODERN SLAVERY ACT

Addressing modern slavery risks in our business supply chains and operations is important to us and to the broader financial industry, the mutuals sector, government and members. The Modern Slavery Act 2018 mandates that businesses with operations in Australia and who have annual minimum consolidated revenue of \$100 million produce a modern slavery statement. Australian Mutual Bank does not fall into this category and therefore production of a modern slavery statement is not required. Nevertheless, Australian Mutual Bank has sought proposals from expert providers so that we can consider how we can voluntarily report on modern slavery risks from 2022.





# PEOPLE



Australian Mutual Bank is committed to the ongoing development of our employees and encourages them to pursue further education via external professional development and formal studies. The Bank works with employees and their managers on individualised development programs with a focus on improving skills and competencies, which in turn provides potential promotional opportunities for those with aspirations to be future leaders. Continuous learning, and the confidence it brings, strengthens our workforce to provide a high level of service to our members in a challenging and competitive banking environment.

Exceptional circumstances in 2020/21 have seen a large percentage of employees adapt quickly to working from home while our frontline teams maintain a high level of service for members.

Australian Mutual Bank genuinely cares about its people, and aims to meet our employee needs by providing a safe, friendly work environment with above award remuneration and attractive employee benefits.

## EMPLOYEE TRAINING

Training is the foundation for growing and developing our people into highly skilled and professional individuals. Motivated and competent employees are able to provide exceptional service to our members and contribute to the strategic plans of the organisation.

Australian Mutual Bank promotes a culture of personal development for all employees through a range of training activities. At the time of commencement, new employees complete a five day induction and orientation program designed to introduce them to the systems, policies and practices of the organisation. This is accompanied by a training checklist which maps the individual's learning journey for the first six months.

Australian Mutual Bank focuses on the development of existing employees through on the job and one-on-one training, attendance at internal training sessions and completion of external training courses and online industry related modules. Webinars, seminars and conferences are attended by employees to maintain their engagement in the mutual industry and economic market. All employees are provided the opportunity to obtain qualifications through the completion of courses recognised by the Australian Qualifications Framework.

Employee training is monitored using an internal learning management system. This includes coaching sessions conducted internally, completion of online compliance modules and development activities delivered externally such as conferences, seminars, webinars and workshops. The learning management system is the platform used to track the organisation's adherence to regulatory training requirements.

The August 2021 employee engagement survey revealed that 5% of employees disagreed with the statement that "I receive the training that I need to do my job well"

	Agree	Neutral	Disagree
Receive the training I need to do my job well	81%	14%	5%

From 2021/22 new online courses that are compulsory for all employees include Environmental Awareness, Corporate Social Responsibility, and Business Ethics.

## EMPLOYEE ENGAGEMENT & SATISFACTION

Employees are informed of changes in the business through regular updates and newsletters and are made aware of key decisions that may affect them. As part of the organisational culture, feedback to management from employees is always encouraged and employees can comfortably communicate with managers or supervisors on any issues.

All employees participate in an annual performance review regardless of the position they hold. This is considered an opportunity for employees to identify their strengths and their professional development needs, as well as to discuss career aspirations.

During August 2021, a diversity, equity, inclusion and employee engagement survey was conducted. Seventy per cent (100) of 143 employees responded.

	Agree	Neutral	Disagree
I am satisfied with my employment	82%	13%	5%

	Agree	Neutral	Disagree
I understand our purpose and values	84%	11%	5%

	Agree	Neutral	Disagree
I am kept well informed about what is going on	73%	21%	6%

	Agree	Neutral	Disagree
I feel like I belong	73%	20%	7%

	Agree	Neutral	Disagree
Promotion decisions are fair	40%	40%	20%

	Agree	Neutral	Disagree
Job performance is evaluated fairly	73%	24%	3%

	Agree	Neutral	Disagree
I feel respected and valued	74%	22%	4%

## FLEXIBLE WORKING ARRANGEMENTS

Australian Mutual Bank offers alternative working arrangements including flexible hours to assist employees with family or other commitments, commuting during peak time, working from home options and part-time employment. Employees are encouraged by their manager to take their annual leave in the interests of their health and well-being.

	Agree	Neutral	Disagree
Allows flexibility to balance work & personal life	86%	7%	7%

## RISK CULTURE

As a result of misconduct in the banking industry, the regulator requires Australian Mutual Bank's board of directors to form a view of the risk culture of the organisation, and the extent to which that culture supports our ability consistently within our risk appetite, to identify any desirable changes to the risk culture and ensure we take steps to address those changes.

Australian Mutual Bank assesses risk culture annually to identify employee attitudes towards the development and effective operation of the risk management framework. Together with information concerning member complaints, organisation breaches, WH&S matters, external and internal audit findings, incidents, near misses and losses, the board has formed the view that Australian Mutual Bank's risk culture is acceptable.

## GENDER EQUALITY

A report commissioned by the Australian Government found that sex discrimination was the leading driver of Australia's gender pay gap, followed by longer interruptions in work-life for women, and industry and occupational segregation.

Further research has also suggested that the introduction of pay transparency could reduce the gender pay gap by between 2% to 7%. The Finance Sector Union recommended that as an initial step all financial institutions could remove pay confidentiality clauses from employment contracts. Australian Mutual Bank is confident that we consistently apply the principle of equal pay for equal work, and the 'Private and Confidential' header has been removed from all employee

communication pertaining to remuneration. Employees have the right to disclose or not disclose their pay.

The Workplace Gender Equality Act requires non-public sector employers with 100 or more employees to submit a report to the Workplace Gender Equality Agency. Australian Mutual Bank's report is available on the [wgea.gov.au](http://wgea.gov.au) website.

The Australian Institute of Company Directors had a target of 30% female board representation for ASX200 companies by 2018. As at 30 June 2021, three of the eight Australian Mutual Bank Board of Directors are women (37.5%). Excluding the CEO, two of the six Executive Managers are women.

## WOMEN IN MUTUALS

The organisation Women in Mutuals (WIM) is currently headed voluntarily by Australian Mutual Bank's Executive Manager - People, Joanna Vella. WIM is a network of employees in the mutual industry with a desire to enhance knowledge, create an environment for worthwhile discussions and advance the standing of women in the industry. WIM aims to facilitate interaction and organise activities that support peer discussion and collaboration. Both female and male employees at Australian Mutual Bank are encouraged to attend relevant WIM mutual events to be inspired by, network with, and learn from leading women in the Mutual industry.

## WELLBEING OF EMPLOYEES

The wellbeing of Australian Mutual Bank employees is a priority. Healthy and happy employees are more efficient, productive and better team players. Employees are encouraged to go home on time, to avoid working overtime, and to manage their stress levels and to take their full allocated breaks throughout the day.

Employees can access an Employee Assistance Program to seek counselling and support if they need emotional support or guidance, even if the matter is not related to work. Employees are also encouraged to participate in exercise during their lunchtimes or after work to aid their physical and emotional wellbeing.

## CULTURAL DIVERSITY

Australian Mutual Bank is an inclusive employer and has benefited from a diverse workforce in terms of culture, age, ability and life experiences. We welcome the viewpoints and expertise that different people bring to our work environment.

We have one employee who identifies as Australian Aboriginal and other employees that were born in twenty four different countries. Across all employees there are thirty languages other than English spoken. Three employees identify as LGBTIQ+. Ten employees identify as having a disability condition lasting for more than six months.

## COUNTRY OF BIRTH

Australia, Chile, China, East Timor, Egypt, Fiji, Germany, Hong Kong, India, Ireland, Macedonia, Malta, New Zealand, Nigeria, Pakistan, Philippines, Poland, Rhodesia, Romania, South Africa, Sri Lanka, Turkey, United Kingdom, Ukraine and Vietnam.



## LANGUAGES SPOKEN

Afrikaans, Arabic, Cantonese, Croatian, French, German, Greek, Hindi, Igbo/Ibo, Italian, Kannada, Macedonian, Malayalam, Maltese, Mandarin, Pidgin English, Polish, Portuguese, Punjabi, Romanian, Samoan, Spanish, Tagalog, Tamil, Telugu, Turkish, Ukrainian, Urdu, Vietnamese, and Zulu.

English dialects understood

Country NSW (Coonabarabran, Wellington, Yass), Cockney, Glaswegian, Kiwi, North East (UK), Scouse, and Sydney (North, South, East & West).



# COMMUNITY

## SOCIAL PERFORMANCE – AUSTRALIAN MUTUALS FOUNDATION (AMF)

As part of Australian Mutual Bank's commitment to social responsibility and in support of the ideals that the mutual industry was built upon, Australian Mutual Bank is very proud to have established and launched the Australian Mutuals Foundation (AMF) in 2016.

The AMF is a registered charity with the Australian Charities and Not-for-profits Commission, and is now a major partner of the charity for children, Barnardos Australia.

The AMF has three objectives:

- To support Australian children and youth who are at risk of abuse or neglect, or who are disadvantaged in terms of housing, medical care or education (these activities are conducted through a partnership with Barnardos)
- To assist remote and disadvantaged communities in impoverished South East Asian and South Pacific countries to alleviate poverty through the creation of sustainable financial cooperatives (these activities are conducted through a partnership with the Asian Confederation of Credit Unions)
- To provide a mechanism for members of cooperatives and mutuals, and the general public, to make donations to those affected by natural disasters.

## BARNARDOS

Barnardos Australia believes all children and young people deserve caring families in which they can grow safely and fulfil their potential. However, every day in Australia, there are over a hundred reports of child abuse and/or neglect. For most of us, childhood was the easiest part of our lives, but for thousands of Australian children it can be the hardest. The children Barnardos helps have been exposed to very difficult circumstances in their young lives - violence,

poverty, drugs and alcohol issues, mental illness, homelessness and disability. Barnardos works together with children, young people and families to break the cycle of disadvantage by creating safe, nurturing and stable homes that are connected to family and community. Through the Australian Mutuals Foundation, Australian Mutual Bank is a proud supporter of Barnardos work.

## ASIAN CONFEDERATION OF CREDIT UNIONS (ACCU)

Globally, all mutuals have a social responsibility to assist with co-operative development in less developed countries. The AMF aggregates donations from eleven Australian mutuals who seek to assist with credit union development in some of Asia's poorest countries, including Laos and Timor Leste.

Through a partnership with ACCU, there are local employees providing training and monitoring for developing credit cooperatives. The aim is to see the coops to develop to a stage where they can be self-sustaining.

## DISASTER RELIEF

The summer of 2019/20 saw a bushfire disaster in Australia's south east. Domestic donations totaled almost \$60,000 and all of the funds raised were redirected to local on-the-ground charitable relief. The international cooperative community, through the Australian Business Council for Cooperatives and Mutuals, made donations totaling AUD\$325,000. These funds were used during 2019/20 and 2020/21 to provide grants to assist charities, co-operatives and mutuals, and members of these organisations to help their communities to recover from the impact of the bushfires.

The AMF now has eleven credit union, mutual bank and related supplier supporters. During 2020/21 Australian Mutual Bank donated \$215,000 to the Australian Mutuals Foundation, and we are targeting a 5% per annum increase for this important social donation.





## OTHER SPONSORSHIPS & DONATIONS

During 2020/21 Australian Mutual Bank participated in, and/or directly financially contributed to a number of important causes in our communities some examples include:

- Coogee Surf Life Saving Club
- Tracksafe Foundation – Rail RU OK Day
- Permanent Way Institute
- Transport for NSW City2Surf
- Transport Life and Leisure
- Railway Technical Society of Australasia
- Ausgrid Staff Club – Childrens Christmas Party
- International Women’s Day
- RU OK Day
- Footy Colours Day in support of fight cancer foundation and supporting the education of kids living with cancer
- Major Sponsors of the Newtown Jets (2019 winners of the NSW State Cup and NRL State Championship)
- Tracksafe (Rail)
- ATO
- Transport life and leisure (Rail)
- BISA (Bus)
- Australasian Railway Association
- Railway Institution Sporting Club

- Services Australia (Dept. Human Services – Centrelink)
- Ausgrid retired staff club
- Transport Heritage NSW
- PSA
- Ausgrid staff club
- HSU
- PWI (Permanent Way Institute)
- Cronulla Sharks Player Sponsorship
- RTBU

## EMPLOYEE VOLUNTEERING

Australian Mutual Bank employees are encouraged to volunteer their time to support approved causes and/or assist with fundraising for organisations associated with Australian Mutual Bank.

Through Australian Mutual Bank’s work with Barnardos our employees:

- volunteered to assist with a Barnardos fundraising event the Peter Pan Op
- contributed to The Barnardos Gifts for Kids – Christmas Gift Appeal
- volunteered help to give carers and disadvantaged families a well-deserved fun day out at the Barnardos Jamberoo day.

# ENVIRONMENT

## ELECTRONIC SERVICE DELIVERY

Australian Mutual Bank is conscious of the way in which it uses resources and looks to minimise its carbon footprint. Australian Mutual Bank employees consciously try to print only when required, reducing the number of ink cartridges and resources being used by the organisation. Internal documents use double sided printing where possible and there is an electronic storage system for member information. Committee and Board reports are sent electronically, and much correspondence and proof reading of documents is done via email rather than hard copies to reduce paper wastage.

Approximately 49,000 members have provided their email address and receive notices by email. Of these, almost 36,000 members have opted to receive statements by email rather than by post. This means that approximately 13,000 members have provided their email address however they have still elected to receive a printed statement.

## CLIMATE RISK

Australian companies have a legal obligation to disclose material risks, including material climate-related risks, and Australian Mutual Bank recognises physical climate change risks in terms of increased risk of flooding, droughts, and increased frequency and severity of extreme weather events.

Climate warming damages livability and workability through a higher probability of heat waves and bush fires. Excess heat restricts workers' physical functions and productivity. With severe bushfires impacting communities across Australia, there are also considerable health risks for workers during periods of elevated smoke levels, for individuals with air pollution sensitivity, and especially when combined with an underlying medical condition.

In order to accurately assess Australian Mutual Bank's carbon footprint we have engaged Climate Active program consultants with the aim of achieving carbon neutrality during 2021/22.

Australian Mutual Bank is also analysing its exposure to loan security properties to ascertain those that may have an increased risk of flooding, fire, or increased exposure to severe weather events. Through Risk and Control reporting, climate risk is a standing agenda item for management risk committee meetings.

## ENVIRONMENTAL PERFORMANCE TARGET

Climate Active is the ongoing partnership between government and business that has been set up to encourage voluntary climate action. Climate Active represents the effort to measure, reduce, and offset carbon emissions to lessen the negative impact on the environment.

In August 2021 Australian Mutual Bank chose Pangolin Associates to assist us to accurately measure our carbon emissions and to provide recommendations to reduce our environmental impact. Once assessed, our aim will be to materially reduce our energy usage and to obtain residual energy from renewable sources, where possible. While we are reducing our energy usage, and where we cannot reduce, we will offset emissions by the purchase of certified carbon credits.

It is Australian Mutuals Bank's aim to achieve Climate Active certified carbon neutrality during the 2021/22 financial year.

# SUPPLIERS

## MAJOR SUPPLIERS CO-OPERATIVELY OWNED

Some of Australian Mutual Bank's important industry-based suppliers are owned by mutuals. By co-operating with other mutuals, Australian Mutual Bank is able to negotiate competitive pricing for the goods and services that mutuals use in common, as opposed to negotiating individual arrangements.

TransAction Solutions hosts Australian Mutual Bank's core banking and networking functions and is owned by nineteen mutuals. CUSCAL (formerly known as Credit Union Services Corporation Australia Ltd) provides transaction switching services and is similarly co-operatively owned (albeit to a maximum of 80% from 2014). Co-operation among mutuals is a key to creating economies that reduce costs and improve profitability.

## AUSTRALIAN AND LOCAL SOURCING

Goods and services used by Australian Mutual Bank are acquired from Australian suppliers, including the core banking software system which is owned by the Melbourne based Ultradata Australia. Australian Mutual Bank does acknowledge however, that certainty around the origin of all the products it procures is difficult.

Australian Mutual Bank itself is 100% Australian owned and operated and does not outsource its employees or business activities offshore. Australian Mutual Bank considers all branches as significant locations of operation and Australian Mutual Bank will use local suppliers, most of whom are located within the boundaries of Sydney, the Central Coast and the Hunter region according to the branch location. When fitting out our branch offices, Australian Mutual Bank uses local professionals and trades people.

# GRI INDEX

## SELECTED STANDARD DISCLOSURES

Australian Mutual Bank has not sought external assurance for this report

Selected Standard Disclosures	Description	Section / Direct Answer
<b>STRATEGY &amp; ANALYSIS</b>		
1	Statement from the most senior decision-maker of the organisation	Refer to 'Introduction'
<b>ORGANISATION PROFILE</b>		
2	Name of the organisation	Australian Mutual Bank Ltd
3	Primary brands, products and services	Refer to 'Introduction' Primary products: Banking products, services and advice
4	Location of the organisation's headquarters	Registered Office in Surry Hills, NSW, second administration office in Blacktown, NSW
5	Number of countries where the organisation operates, and names of countries with either significant operations or that are specifically relevant to the sustainability topics covered in the report	Australian Mutual Bank Ltd operates only in Australia
6	Nature of ownership and legal form	Ownership: Owned by its members Legal form: A mutual Approved Deposit-taking Institution that is regulated by the Australian Prudential Regulatory Authority (APRA) under the Banking Act
7	Markets served	Markets served: Australia Sectors: Financial Services Types of Customers: Individuals seeking credit, loan, deposit and related services and advice
8	Scale of the organisation	Number of operations: Two administrative offices plus ten branches Total Assets: \$1.73 billion (as at June 2021)
9	Total number of employees by employment type, employment contract and region, broken down by gender	Full time employees: 119 Part time employees: 22 Casual Employees: 7 Total employees: 148 (all based in Australia) Full time equivalent: 135.69 Female employees: 107 Male employees: 41
10	Percentage of total employees covered by collective bargaining agreements	All employees are covered by the Australian Mutual Bank Enterprise Agreement. However, employees with full time equivalent remuneration of \$130k or more are excluded from some clauses in the agreement. Australian Mutual Bank does not impose any restrictions on employees regarding freedom of association.
11	Description of the organisation's supply chain	Refer to 'Suppliers'

<b>Selected Standard Disclosures</b>	<b>Description</b>	<b>Section / Direct Answer</b>
12	Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	There were no significant changes in Australian Mutual Bank' structure, ownership, or its supply chain during the last 12 months.
13	Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	The World Council of Credit Unions International Operating Principles The Customer Owned Banking Code of Practice Member of the Australian Financial Complaints Authority
14	Memberships of associations (such as industry associations) and national or international advocacy organisations	Member of the Customer Owned Banking Association Member of the Business Council of Co-operatives and Mutuals Supporter member of the Asian Confederation of Credit Unions (ACCU)

#### **IDENTIFIED MATERIAL ASPECTS & BOUNDARIES**

15	All entities included in the organisation's consolidated financial statements or equivalent documents including indication which of these are not covered by the report	The financial statements cover the breadth of Australian Mutual Bank's operations.
16	Process for defining the report content and the Aspect Boundaries	Refer to 'Focusing the report content'. This report covers the breadth of Australian Mutual Bank's operations for the reporting period.
17	Material Aspects identified in the process for defining report content	Australian Mutual Bank has identified its material GRI Aspects for the reporting period. For an overview of these material GRI Aspects and further information on where in this report they are discussed, please refer to the section 'Focusing the report content'.
18	Effect of any restatements of information provided in previous reports, and the reasons for such restatements	Restatements of any information provided in the Australian Mutual Bank Ltd 2020 Sustainability Report result from the nature of the business of providing co-operatively owned financial services.

#### **STAKEHOLDER ENGAGEMENT**

19	List of stakeholder groups engaged by the organisation	Refer to 'Australian Mutual Bank's stakeholders'
20	Basis for identification and selection of stakeholders with whom to engage	Refer to 'Engaging stakeholders'. The small scale of the business means a relatively small group of key stakeholders; the process for selecting with whom to engage our relatively small group of key stakeholders allows us to maintain direct, personal relationships with each group.
21	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	A member satisfaction survey is conducted every two years. From Jan 2022 a pop-up website survey will ask members to identify the social, economic and environmental issues that are important to them.



Selected Standard Disclosures	Description	Section / Direct Answer
22	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	Refer to 'Focusing the report content' 'Recent Highlights' 'Current Challenges'. In addition, each report section addresses the relevant material issues identified, including how Australian Mutual Bank has responded or how we intend to respond in future.
<b>REPORT PROFILE</b>		
23	Reporting period (such as fiscal or calendar year) for information provided	Fiscal Year
24	Date of most recent previous report (if any)	30 June 2021
25	Reporting cycle	Annual
26	Contact point for questions regarding the report or its contents	Mark Worthington, CEO, Australian Mutual Bank Ltd
27	'In accordance' option chosen for the report	This table represents Australian Mutual Bank' GRI Content Index for the report. Australian Mutual Bank has altered the GRI Content Index suggested format in a way that we believe increases accessibility, particularly for those readers not familiar with the reporting guidelines.
28	Policy and current practice with regard to seeking external assurance for the report	Australian Mutual Bank has not sought external assurance for this report.
<b>MEMBERS</b>		
29	Results of surveys measuring customer satisfaction	Refer to 'Member engagement & satisfaction'
30	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing	Refer to 'Compliance & breaches'
<b>GOVERNANCE</b>		
31	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	Refer to 'Compliance & breaches'
32	Monetary value of significant fines for non-compliance with laws and regulations codes concerning the provision of products and services	Australian Mutual Bank has had no fines for non-compliance with laws and regulations codes concerning the provision of products and services. Refer to 'Governance'
33	Confirmed incidents of corruption and actions taken	Australian Mutual Bank has had no incidents of corruption in the reporting period. Refer to 'Managing the risk of fraud'

Selected Standard Disclosures	Description	Section / Direct Answer
34	Governance structure of the organisation, including committees of the highest governance body and any committees responsible for decision-making on economic, environmental and social impacts	Refer to 'Governance'
35	Internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organisational integrity, such as helplines or advice lines	<p>Australian Mutual Bank is a member of the Customer Owned Banking Association (COBA) and is a signatory to the Customer Owned Banking Code of Practice. DB Legal provides Australian Mutual Bank with compliance and legal advice.</p> <p>Training – computer-based training modules covering key regulatory areas to ensure that employees are well-trained and that mandatory training requirements are met.</p> <p>Employee Relations – access online Employee Relations support.</p> <p>Compliance Forums – forums for compliance managers and employees covering regulatory developments.</p> <p>Compliance Manuals – compliance manuals, guides, and other resources covering most areas relevant to retail banking and finance.</p> <p>Australian Mutual Bank is a member of the Australian Financial Complaints Authority which independently resolves disputes between consumers and member financial services providers. This independent dispute resolution process covers financial services disputes and is funded by banking institutions and hence free to consumers.</p> <p>Australian Mutual Bank is a member of the Australian Federation of Employers &amp; Industries (AFEI) which is an employer advisory organisation providing advice on workplace regulation obligations.</p>
36	Internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	<p>Australian Mutual Bank is committed to ensuring compliance with the law and the highest ethical standards in the conduct of its business. The Australian Mutual Bank .</p> <p>Training and education is conducted via an ongoing program for all directors, employees and contractors. This includes Australian Mutual Bank's commitment to ensuring compliance with the law and the highest ethical standards in the conduct of its business, the existence of the policy to facilitate good faith reports of suspected improper conduct without risk of personal disadvantage, Australian Mutual Bank's Corporate &amp; Director Code of Conduct, and information on the sort of improper conduct to be particularly aware of.</p>
<b>PEOPLE</b>		
37	Benefits provided to full-time employees that are not provided to part-time employees, by significant locations of operation	There are no benefits provided to full-time employees that are not provided to part-time employees

Selected Standard Disclosures	Description	Section / Direct Answer
38	Return to work and retention rates after parental leave, by gender	<p>6 female employees took primary carer leave during the year</p> <p>1 female employee did not return to work after taking primary carer leave (applied for voluntary redundancy)</p> <p>4 female employees returned to work during the year</p> <p>1 female employee is still on leave though intends to return to work</p> <p>1 male employee took secondary carer leave during the year</p>
39	<p>Average hours of training per employee, by gender and by employee category</p> <p>The respective Responsible Managers and Credit</p>	<p>Average training hours per employee: 28.3</p> <p>Average training hours per male employee: 28.5</p> <p>Average training hours per female employee: 28.2</p> <p>20 hours credit related development over a twelve month period for Australian Credit Licence (ACL) holders. 20 hours over a twelve month period for Responsible Managers. Three yearly lending knowledge review for Credit</p>
40	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	<p>Employees are encouraged to participate in related higher level education and this is supported with opportunities for study leave and financial assistance. Trainees are provided with on the job workplace training whilst undertaking a Certificate III Financial Services and where appropriate continue on to undertake a Certificate IV in a related qualification.</p> <p>Professional development is also supported for the following memberships:</p> <ul style="list-style-type: none"> <li>• 120 hours over a 3 year period for employees who have attained CPA membership;</li> <li>• 80 hours over a 2 year period for employees who have attained IPA membership;</li> <li>• 75 hours over a 3 year period for employees who have attained GIA membership; and</li> <li>• 60 DPD units over a 3 year period for employees who have attained AICD membership.</li> </ul>
41	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	All Australian Mutual Bank employees receive regular performance and career development reviews
<b>COMMUNITY</b>		
42	Access points in low-populated or economically disadvantaged areas by type	Australian Mutual Bank has branches in Bankstown, Campbelltown, Fairfield, Marrickville, Parramatta, Penrith, Revesby, Rouse Hill, Sutherland, and Sydney City
43	Initiatives to improve access to financial services for disadvantaged people	Refer to 'International social responsibility'