







Bank Australia exists  
to inspire and empower  
our customers to use  
their money to create  
a world where people  
and the planet thrive.



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Welcome

We exist as a bank because we share a belief with our customers that money can be used to create a world where people and the planet thrive.

That’s why this report matters.

It demonstrates how we have worked to achieve the best possible outcomes for our customers and remained true to our purpose during the 2021 financial year.

We aim to report on what matters most to our customers, our employees and other stakeholders.

By reading this report, we hope you’ll get a clear picture of our performance and impact for the period 1 July 2020 to 30 June 2021. You’ll find information and stories about:

- our governance and financial performance
- how we supported our employees and customers to thrive
- how we created positive impact for our communities
- our contribution towards a healthier planet.

If you have any thoughts on this report that you’d like to share, please email us on [mail@bankaust.com.au](mailto:mail@bankaust.com.au) or call us on 132 888 (+61 3 9854 4666).

Note: The images throughout this report feature Bank Australia customers and iconic Victorian landscapes



Lake Catani, Mt Buffalo, Victoria.

Acknowledgement of Country

Bank Australia acknowledges the Traditional Custodians of the unceded land on which we live and work in Australia. We pay our respects to Elders past, present and emerging, and acknowledge the connection that Aboriginal and Torres Strait Islander peoples have with Australia’s land and waters.





## 2021 in numbers



Total assets

**\$8.5 billion**

(up from \$7.2 billion in 2020)



Net profit after tax

**\$40.7 million**

(up from \$19.6 million in 2020)



Impact finance assets

**12.8% (\$1.08 billion)**

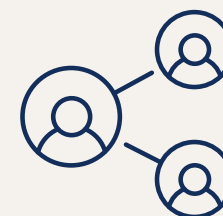
(up from 10.4%, \$747.1 million in 2020)



Employee engagement

**75%**

(up from 70% in 2020)



Our people

**456**

(up from 441 in 2020)



Our customers

**176,210**

(up from 160,437 in 2020)



Customer satisfaction

**87%**

(down from 90% in 2020)



Twelve Apostles, Great Ocean Road, Victoria.



## Message from Judith, our Chair, and Damien, our Managing Director

### Welcome to the 2021 Impact Report. On behalf of the Bank Australia Board and our whole team, thank you for being part of our story.

This year was a year unlike any other. The ongoing global COVID-19 pandemic has continued to shape our lives, our communities and our business. Despite the uncertainty and the evolving challenges of this pandemic, we have experienced a year of exceptional growth and positive impact.

The story of the past financial year for Bank Australia is captured in this Impact Report. We hope that it leaves you with an understanding of the actions we've taken to support our customers and the positive impact we have created on your behalf. We also hope it shows you we are achieving our purpose.

### Adapting to the ongoing pandemic

We approached the 2021 financial year with caution and our planning took into consideration the significant uncertainty resulting from the pandemic. Planning for the worst prepared us for the challenges that would emerge.

COVID-19 impacted our customers across the country while customers living in Victoria experienced an extended lockdown during the first half of the financial year. We saw the affects of lost income, job losses and insecurity effecting loan repayments, savings goals, retirement plans and many other aspects of our customers' lives.

We continued to support customers through the pandemic, by deferring loans, waiving fees, consolidating debt and providing guidance on government support schemes (page 52). Thankfully, as the initial impact of the pandemic eased, we saw the vast majority of customers who we had helped recover their financial situation.

Our employees have demonstrated resilience and commitment to our customers and our purpose throughout the year. We're proud of the way our team has gone about the task of caring for our customers and we thank each and every one of them.

As the pandemic continues, the uncertainty will remain and we will continue to monitor, plan for and respond to its impacts.

### Success has continued despite the pandemic

Having prepared for the worst, we were relieved with the outcome. It has been a year of extraordinary growth and continued success for Bank Australia.

We achieved some significant milestones. We ended the year with more than \$8.5 billion in assets and strong growth in lending activity and new deposits. Loans grew by 13.7%, significantly above budgeted growth of 2.8%. Deposits grew by 11.5%, above our budgeted growth of 6.2%. Overall assets grew by 17.6%, exceeding our budgeted growth of 6.0%.

We also experienced another year of record customer growth, reaching 176,000 customers in June. This includes 27,691 new customers with the majority coming from our socially aware target market, attracted to the bank by our clean money customer value proposition (page 45). The number of new customers to the bank surpassed last year's record result by 3.3%.

We also delivered a record profit of \$40.7 million, which is invested back into the business and in creating positive social and environmental impact on behalf of customers. This result is driven by many factors. First is the significant cost savings and the deferral of new projects while we navigated the uncertainties of the pandemic, as well as strong revenue and balance sheet growth. A one-off special dividend from our shareholding in Cuscal Ltd is also included in our profit result.



Our strong financial position is maintained by our prudent management of costs while protecting the bank’s accumulated capital and keeping a high level of liquidity.

Investing in the future of the bank

Our priorities this past year included further investment in technology, developing our employees and the capabilities we need to grow the bank, attracting new customers, developing our impact finance business and building awareness of our brand. We are developing a business transformation program to guide the strategic investments we will make in the bank through to 2025. These investments will strengthen our ability to be an innovative, purpose driven, digital first bank.

Impact finance, for people and the planet

Our impact finance business continues to grow with our portfolio of impact assets reaching \$1.08 billion, up from \$747.1 million in 2020. This represents 12.8% of total assets and sees us progressing well towards our 2025 goal of 20%.

A highlight of the year has been our partnership with Indigenous Business Australia, which will create new opportunities for Aboriginal and Torres Strait Islander people to achieve home ownership.

A second highlight is our ongoing partnership with the Clean Energy Finance Corporation, and working together to reward customers who purchase, build or renovate an energy efficient home.

We created positive impact for people and the planet

This year, we made an exciting investment in expanding the Bank Australia conservation reserve with the purchase of an additional conservation property, named Salvana. This purchase doubles the total size of the reserve to 2,117 hectares.



Woodend, Victoria.

The addition of Salvana to our three existing properties, Minimay, Ozenkadnook and Booropki, means we have significantly scaled up the impact we will make to protect these precious landscapes and the threatened species that inhabit them.

As a snapshot of the positive impact we are making, we’ve also:

- supported projects that have a positive impact on people and the planet with partnerships, donations and grants totalling \$970,352 from the Bank Australia impact fund

- reached the milestone of \$1 million in grants awarded to customer organisations through our community customer grants program since its launch in 2016
- featured customers creating positive change in our community through our ‘people Australia needs’ campaign
- met all of our regulatory and compliance obligations, and continued to work towards meeting our public commitments.





Priyanka, customer and founder of The Creative Co-operative.

## We faced challenges and we didn't always hit the mark

This year was not without its challenges. Alongside the pandemic, we saw the cybersecurity risk increase. More customers were victims of scams and fraud as the methods used by scammers become increasingly sophisticated. In response, we enhanced our cybersecurity and fraud prevention programs with additional resources, capability and new technology to protect our customers, their funds, and the integrity of our banking systems.

We also faced challenges presented by our rapid growth. Due to unprecedented volumes of new applications for home loans and personal loans, it was more difficult to provide the level of customer service we aim for. In April 2021, we made the decision to pause new applications for personal loans and credit cards to manage the record levels of home loan applications. We've made significant investments in our lending team, hiring more people and improving our systems. We will continue to invest to improve the lending experience for customers in the years ahead.

Our three-year stretch Reconciliation Action Plan (RAP) concluded at 30 June. We have been unable to achieve some of the ambitious targets we set for ourselves. While our commitment to Reconciliation is unwavering, and we have made good progress in some areas, we did not achieve all that we set out to in the areas of Aboriginal and Torres Strait employment.

This will be an ongoing focus for our next RAP, along with establishing a formal mechanism to engage the advice of First Nations stakeholders, increasing the presence of Aboriginal and Torres Strait Islander-owned businesses in our supply chain, and advocacy on issues of equity and justice for First Nations people.

## We saw changes to our Board of Directors

Last year, we farewelled Director Michelle Somerville, who served on our board for more than seven years. Michelle made a significant contribution to our bank, most notably as the Chair of the Audit Committee and through her deep knowledge of the financial sector.

We welcomed new Director Steve Ferguson to the Board who joins after a long career in finance and auditing, with a focus on financial services.

## An important year ahead

After an unprecedented year, we are strongly positioned to continue investing in the growth and transformation of our bank. Despite the ongoing COVID-19 pandemic and record low interest rates, we are committed to significant investment in our technology, customer experience and security capability in the year ahead.

Our priorities for next year are clear:

- support our customers and employees to navigate the ongoing impacts of COVID-19
- keep our bank strong and well-capitalised
- enhance our response to the growing risk to cybersecurity, and further protect our customers from the risk of increasingly sophisticated scams and fraud
- continue to comply with all regulatory requirements
- define and deliver on our digital transformation roadmap to meet our customers' changing banking habits and improve customer experience
- responsibly and sustainably grow our customer base and assets
- grow and diversify our portfolio of impact finance assets
- focus on developing and achieving our next Reconciliation Action Plan
- embed the B Corporation performance framework across the bank through our force for good strategy
- deliver and embed our new climate action strategy.

Thank you for choosing to be part of the Bank Australia community and for choosing a responsible, customer owned approach to banking.

It's with your support that we are and will continue to be **the bank Australia needs.**

Judith Downes,  
Chair

Damien Walsh,  
Managing Director



# 1. Our business



The Cirque Du Soil team, all proud Bank Australia customers.



# Our business

## Here's how it works

### How we're set up

- Bank Australia Limited (ACN 087 651 607) is a customer owned bank.
- We're a mutually owned Authorised Deposit-taking Institution (ADI) and an unlisted public company.
- We are 100% owned by our customers. Each customer owns one share in the bank.

### How we operate

- We are governed by a Board of Directors who are all based in Australia.
- Our day-to-day operations are led by an Executive team and carried out by our 456 employees, all of whom are 100% Australian-based.
- We serve more than 176,000 customers, on whose behalf we manage \$8.5 billion in assets (at 30 June 2021).
- We are primarily a retail bank, with a small but growing impact finance and commercial loan portfolio.

### What we do

- We accept deposits from and lend money to customers to help them achieve their goals.
- We offer depositors fair and competitive interest rates on their savings, and we promise to only lend their money to borrowers that do good, and don't harm people or the planet.

- We lend our borrowers money to buy homes and cars, to make renovations, and for a range of other purposes. We currently have \$5.8 billion in home loans that help thousands of customers buy their own homes or investment properties.
- Our impact finance portfolio includes \$1.08 billion in assets that create positive impact for people and the planet.

### What customer owned banking means

- Customer owned or mutual banks evolved from the Australian credit union movement and are guided by the International Cooperative Principles (page 129). Customer owned banks exist to benefit their customers, not to deliver profits to external investors.
- As bank owners, our customers share in the prosperity that we create. We create value for our customers through the impact we make, competitive rates and fees and service improvements. We retain most of the profit we make as capital to ensure the bank remains strong and use a portion to create positive social and environmental change.
- As owners of the bank, each customer has an equal vote in the governance of their bank (appendix 2), including electing Directors and approving total Director remuneration.
- We listen to our customers through a range of mechanisms, such as the Annual General Meeting, complaints and compliments, social media, customer research and involvement in advocacy campaigns.





# Our strategy, purpose and values

## We remain focussed on our purpose and aspiration for 2025

Our purpose and aspiration drive all aspects of the bank's activities. Never has this clarity of purpose been as important to our success as it is now. It has helped us successfully navigate these uncertain and rapidly changing times.

To meet our aspiration of being Australia's most trusted bank and a leading purpose-driven business, we are focussed on being:

- a good bank with the people, technology and capabilities needed to serve our customers
- a force for good to increase the positive impact we have on people and the planet through the business of banking.

### Purpose

To inspire and empower our customers to use their money to create a world where people and the planet thrive.

### Aspiration

To be Australia's most trusted bank and leading purpose-driven business.

### Brand

We are the bank Australia needs.

### Values

We developed these core values with our customers and employees:



Honesty and integrity



Compassion and caring



Belonging and empathy



Future and generational thinking



Transparency and authenticity



### Our capabilities

We focus on three differentiated capabilities that will drive our growth, distinguish us in the market and prioritise our business plans and projects.

#### 1. Putting customer wellbeing at the centre

We care for our customers and base our decisions on their wellbeing. Our commitment to customer ownership helps us achieve this.

#### 2. Looking after our employees and culture

Our employees are engaged and empowered to be the champions of responsible banking. We care for our employees, support each other's needs and work together to provide truly responsible banking.

#### 3. Raising the bar for responsible banking

Our commitment to responsible banking is demonstrated in everything we do – our products, our services and our leadership.

### Competitive positioning

Bank Australia seeks to compete by being an innovative, purpose-driven, digital-first bank. We remain alert to changes in customers' needs and expectations.

Bank Australia will compete by:

- being responsible in every aspect of the bank's business and using money to create a world where people and the planet thrive
- pursuing profit with purpose to benefit our customers
- providing a simple product range with competitive rates and fees
- making it easy for customers to do business with the bank and providing excellent customer service
- being transparent about the bank's performance and how it uses people's money.



Our goals and key performance indicators

Measuring our progress

Achieving our purpose and aspiration requires a focus on performance measures that reflect the outcomes we seek. These performance measures help develop our strategic thinking and ensure we align our actions and decision-making with our purpose and aspiration so that we remain accountable to our stakeholders. The table below outlines our progress this year and towards our goals for 2025.

Measures	Key performance indicator	2021 target	2021 actual	2025 target
Workforce	Employee engagement	>73%	75%	>80%
Customer	Customer satisfaction	>85%	87.6%	>85%
Purpose	B Corporation accreditation score	104.2	104.2	120
	Impact finance assets	>10%	12.8%	>20%
Growth	Net customer growth	14,000 p.a	15,773 p.a	>226K (total)
	Customers from target market	>50%	51.2%	>60%
	Retention of target market customers	>90%	92.6%	>93%
	Assets	\$7.6B	\$8.5B	\$10.2B
Brand	Awareness	>40%	40.2%	>45%
Trust	Overall trust	>90%	96.9%	>90%

Case study

Looking ahead to 2025

Since becoming Bank Australia in 2015, we have achieved many successes including launching our responsible banking policy, becoming one of Australia’s most trusted commercial brands, reaching \$8.5 billion in assets under management, record customer growth, using 100% renewable electricity, being certified carbon neutral and being certified as a B Corp.

Through the business of banking our purpose is to inspire and empower our customers to use their money to create a world where people and the planet thrive.

Last year, we paused to reflect on our progress over the past five years. We launched our refreshed corporate strategy to guide our development through to 2025. Our strategy provides a platform for further growth as more

people become aware of who we are, our purpose-driven approach and our genuine care for people and the planet.

Environmental degradation and climate change impacts are becoming more pronounced. Income and wealth inequality are growing. Social cohesion is being tested by growing economic polarisation and the pandemic. Our strategy outlines how we will continue to be a positive force, working for the best interests of our customers and playing our part to create a more equitable society and a healthier environment.

Our strategy recognises that we need to continue to nurture and develop our people and to further mature our capabilities in areas such as technology, digitisation, data analytics and process efficiency to ensure we can meet the increasing expectations of a growing customer base while growing profitably.





# Our responsible banking policy

Our responsible banking policy guides how we invest our customers’ money and how we support social and environmental issues.

This year we have grown our impact finance assets and further developed our clean money customer value proposition, which has helped us attract a record number of new customers to our bank again this year (see page 45).

## We reviewed our responsible banking policy

In 2021, we conducted the first major review of our responsible banking policy since its launch. The first iteration of the policy was published in 2018 and we are committed to periodically reviewing and evolving the policy to ensure it remains fit for purpose and in line with our customers’ expectations.

Our policy review process was comprehensive and looked at a number of areas including:

- assessing our operational delivery of our policy commitments to ensure that we are operating within the intent of and limits set by the policy
- conducting customer research and engaging with external stakeholders to strengthen our positive or negative industry sector screens

- identifying opportunities to improve the effectiveness of our policy in guiding our lending activity and decision making
- updating the policy to include Bank Australia’s refreshed purpose and aspiration
- reflecting our increased focus on impact finance and on environmental, social and governance screening
- auditing our policy in comparison to other Global Alliance for Banking on Values (GABV) member banks
- capturing relevant new certifications and compliance requirements such as the B Corporation Certification, the Australian Banking Association Code of Practice and the Modern Slavery Act.

As a result of this review, we identified a number of improvements and added an additional negative screen to exclude lending to industries using animals for cosmetic testing or harmful trade. Our customer survey results show that this new exclusion criteria is supported by 85% of our customers.

# Our updated responsible banking policy screens

We believe that how people and organisations invest their money has a big impact on the world. Our responsible banking policy is central to how we put our customers’ values and ours into practice and outlines the positive and negative screens we use to guide our lending and investment decisions.

✓ We fund:



individual customers for homes, cars and everyday living



inclusive and community housing (sustainable, affordable, community-focused, and Specialist Disability Accommodation)



clean energy transition



not-for-profit community organisations and for-purpose companies



small and medium-sized businesses



other bank and government bonds with a focus on green, social and sustainability bonds

✗ We don't fund:



the fossil fuel sector



intensive animal farming



the live animal export industry



cosmetic animal testing or harmful animal trade



the gambling industry



the arms industry



the tobacco industry

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Who we choose to partner with, the organisations that we join as members and the certifications we seek are integral to building trust in our brand and our continued growth as a purpose-driven responsible bank.

The company we keep

We're a certified B Corporation, proudly joining a community of over 4,000 organisations committed to having a positive impact on the world. Certified B Corporations are businesses that meet high standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose.

We were the first Australian bank to join the Global Alliance for Banking on Values (GABV). The GABV is an international network of banking institutions that use the business of banking to create social and environmental good. We engage with GABV members around the world to collaborate on how we can all deliver on our purpose as values-driven banks in ways that increase awareness of the importance of 'banking on values'.

We're active in banking and mutual sector industry forums as a member of the Customer Owned Banking Association (COBA), the Australian Banking Association (ABA) and the Business Council of Cooperatives and Mutuals (BCCM).

We're certified carbon neutral under the Australian Government's Climate Active program. This means our work in reducing and offsetting our operational carbon emissions has been assessed and verified earning us the right to use the Climate Active certification mark.

We're a certified B Corporation, proudly joining a community of over 4,000 organisations committed to having a positive impact on the world.

We also work with many partners who share our values, such as Greening Australia, Trust for Nature, Human Rights Watch, HalfCut, Ocean Impact Organisation, Australian Progress and The Big Issue. These partnerships help us raise awareness of social and environmental issues and support shared goals.



Stephen aims to reduce and divert organic food waste going into landfill via community compost collective, Cirque Du Soil.



Alice, co-founder of The Corner Store Network, joined Bank Australia to divest her money out of coal.



Both the B Corporation movement and the bank aim to use business as a means to create positive impact for people and the planet.

Why we choose to be a B Corp

Being B Corp certified means our customers can be confident that our commitment to being a purpose-led business has real world impact.

The certification demonstrates that we operate using sustainable and ethical practices while also providing a global best practice framework for our bank to measure and evaluate its impact performance moving forward.

The B Corp performance framework will guide our strategy to continuously improve how the bank creates positive outcomes for customers, employees, communities and the planet. In this way, it also strongly aligns to our Global Alliance for Banking on Values (GABV) goals and values.

Becoming a B Corp provides us greater access to a global community of other purpose-driven businesses to learn from and collaborate with, helping create new opportunities to perform our role as a thought leader in responsible banking.

Employees from all areas of the bank will be involved in embedding the B Corp performance framework into their operations over the coming years.



The certification demonstrates that we operate using sustainable and ethical practices while also providing a global best practice framework for our bank to measure and evaluate its impact performance moving forward.



The B Corporation accreditation process

B Corp certification goes beyond product and service level certification.

It is the only global certification that systematically measures overall social and environmental performance. The B Corp accreditation process is called the 'B Impact Assessment'. The assessment looks at how a company's business model and operations impact their:

- 1. governance
- 2. workers
- 3. community
- 4. environment
- 5. customers.

Questions are divided into two categories: Operations, which covers a company's day-to-day activities, and Impact Business Models, which awards additional points for business models designed to create positive impact.

Independent B Corp assessors guide a company through a rigorous process, asking questions and requesting a range of data, from facts and figures to policies, procedures and strategies, as well as interviews with employees to prove the positive impact the business makes. The assessment involves more than 300 questions related to all aspects of the company's operations and the way it makes a positive impact.

To acquire B Corp certification, a company requires a minimum verified total score of 80 across all impact areas.

The process doesn't just prove where a company excels now, it commits a business to consider the impact it makes over the long-term and by embedding impact into every aspect of its operations. B Corps are reassessed every three years. At each assessment, the criteria becomes more ambitious as B Corps are encouraged to continuously develop their business and increase the positive impact they make.

In the spirit of transparency and accountability all Certified B Corps share their B Impact Assessment scores on the B Corp website, [bcorporation.net](https://www.bcorporation.net).



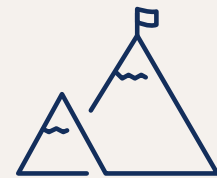
Our 2021 financials



Total assets

\$8.5 billion

(\$7.2 billion in 2020)



Loan growth

13.7%

(6.3% growth in 2020)



Deposit growth

11.5%

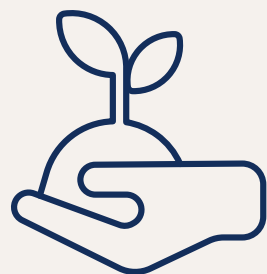
(12.2% growth in 2020)



Net profit after tax

\$40.7 million

(\$19.6 million in 2020)



Total impact finance assets

\$1.08 billion

(\$747.1 million in 2020)



Customer owned reserves

\$602.0 million

(\$554.6 million in 2020)



Costs as percentage of income

63.5%

(73.5% in 2020)



Capital adequacy ratio (capital held against risk weighted assets)

15.1%

(15.8% in 2020)



Total liquidity as a percentage of on balance sheet liabilities

16.6%

(17.9% in 2020)



Loans 30 days or more in arrears as percentage of total loan portfolio

0.34%

(0.40% in 2020)





Rebecca and Simon joined Bank Australia to invest their money in good.

## Our financial performance

Our financial performance was very strong in 2021 despite the impacts of the COVID-19 pandemic and the ongoing need to manage interest rate margins in a low interest rate environment.

### Throughout the year, we experienced high levels of demand for loans, strong inflows of deposits and a large number of requests for hardship support.

For the second year in a row, a record number of new customers joined the bank which, together with our competitive products and prices, resulted in strong deposit growth of 11.5% and loan growth of 13.7%, well above the banking system.

The profit we achieved was above target coming in at \$40.7 million. Our Customer Owner's Funds grew to \$602.0 million. Our total assets grew by 17.6% to \$8.5 billion. Balance sheet growth, utilisation of the RBA Term Funding Facility and improved interest margins contributed to a \$25.1 million increase in net interest income to \$139.2 million.

Throughout the year, we continued to support our customers through the COVID-19 pandemic and, pleasingly, the majority of our customers impacted by the pandemic were able to resume servicing their loans and other facilities following a period of payment deferrals.

While the impacts of COVID-19 will continue, the bank is strongly capitalised, well-funded and has a prudent approach to risk management.

For more information on our financial performance, please refer to our 2021 Financial Report.

## The impact of COVID-19

The COVID-19 pandemic caused financial difficulty for some of our personal and business customers.

In response to the hardship faced by our customers during the pandemic, we introduced a range of assistance measures to ensure short and long-term support for affected customers, including deferral of payments, waivers of fees and charges, interest rate reductions and modifications to contractual arrangements.

At 30 June 2020, we had deferred scheduled repayments on \$425.1 million of loans and other facilities. This represented 7.6% of our total lending portfolio. By 30 June 2021, it was positive to see more than 89% of those impacted customers have recommenced their repayments.

Overall, our lending portfolio continues to perform strongly, which is reflected by our low level of bad debt write-offs and impaired loans. Bad debts of \$0.5 million (FY20: \$0.5 million) were written-off in the financial year and impaired loans represent 0.21% (FY20: 0.27%) of the total value of the lending portfolio.

Due to the continued uncertain economic outlook and the potential future impacts of COVID-19 on our lending portfolio, credit provisions held against potential future losses of \$9.5 million (FY20: \$10.7 million) have been maintained. As the pandemic evolves, we will continue to closely monitor our loan portfolio and provisioning levels.



## 2. Our customers



Ben joined Bank Australia because he is passionate about looking after the natural world and developing strong, supportive communities.



**We're committed to offering responsible products**

**For a long time now, our everyday banking products have included features that contribute to a more sustainable future for people and the planet.**

This is the reason we:

- offer a family pause and an eco-pause with our home loans
- offer our Clean Energy Home Loan (page 40)
- offset carbon emissions from the cars we finance and offer discounted pricing for customers purchasing a low-emissions vehicle
- balance the loss of cleared land from new construction loans we finance by protecting an equivalent amount of land on the Bank Australia conservation reserve (see appendix 7)
- invest peoples' everyday cash into impact finance assets and other loans in a responsible way.

**Blocking gambling on credit cards**

On 1 December 2020, we implemented a block on gambling transactions on Bank Australia credit cards.

Around the world, changes have been made to limit the use of credit cards for gambling. We believe these measures make sense, helping to address some of the harms associated with gambling transactions on credit cards and helping prevent problematic credit card debt.

The Australian Banking Association has also renewed a discussion with its members, including Bank Australia, about taking steps to prevent gambling-related harm to customers.

Under our responsible banking policy, we don't lend money to the gambling industry including casinos, online gambling operators or businesses that derive a majority of revenue directly from poker machines or sports betting. Deciding to stop authorising gambling on credit cards is an extension of our existing lending policy. Customers remain able to use debit cards to access their own money for gambling transactions if they choose. Our gambling exclusion does not apply to not-for-profit organisations that use lotteries or raffles as a source of fundraising.

Our research shows the majority of our customers believe that credit cards, as a form of lending, should not be used for gambling. As a customer owned bank, our customers' opinions help inform our decision-making.

**We offer fair and competitive rates and fees**

**As a customer owned bank we pursue profit with purpose.**

Our approach to pricing aims to ensure our overall package of banking products remains competitive when compared to other banks. We also aim to achieve a fair balance between the interest rates we offer depositors and borrowers.

This has been particularly challenging in recent years with record low interest rates continuing to be a feature of the domestic and global economy. Despite these challenges, customers can be confident we remain committed to providing customer value in the form of pricing while protecting the long-term sustainability and profitability of our bank.



Michael and Greg joined Bank Australia for ethical banking and good quality products.



Growing our impact  
finance business

Our customers care how their money is invested. They want to see it do good in the world, not cause harm. The work of our impact finance business unit is critical to our clean money commitment.

This year, our impact finance assets grew to \$1.08 billion. We continued our focus on impact investing across the following areas.

Making it easier to own a home

Bank Australia participates in the Australian Government’s First Home Loan Deposit Scheme (FHLDS) and the Victorian Government’s HomesVic program. These schemes aim to help first home buyers and low and middle-income households buy their own homes.

We launched a new partnership with Indigenous Business Australia (IBA) to support First Nations people on their home ownership journey. We believe this is an important step in helping to build a fairer and more inclusive society.

We hope our ongoing partnership with IBA helps us to develop our ability to support First Nations people build financial independence and wealth.

This year, we exceeded \$1 billion in impact assets that make a positive impact on people and the planet.

Specialist Disability Accommodation

We have pioneered lending to fund the construction of Specialist Disability Accommodation since the launch of the National Disability Insurance Scheme. Today, we fund projects ranging from mortgages for individuals living with a disability through to commercial-scale developments.



Alice and Andrew, co-founders of The Corner Store Network.

Community housing development

We provide commercial development finance to community housing providers so that they can build more secure and affordable housing. It has been 15 years since we made our first loan to the community housing sector. Back in 2006, we were one of the first banks to lend to the sector. Our support of community housing providers has helped them grow and develop more housing for people who have difficulty accessing the private housing market.

Sustainably designed property development

We fund developers who are building property designed with sustainability in mind. This includes developments that achieve high NatHERS ratings.

Environmental upgrades

We fund upgrades to commercial property to reduce energy use and install behind-the-meter renewable energy generation technologies. This includes using Environmental Upgrade Agreements, a form of long-term finance specifically for sustainable building improvements.

Not-for-profits

We continued to lend to not-for-profit organisations to help fund the important work they do. This ranges from financing new buildings to providing credit cards and working capital for those organisations working to create positive change for people and the planet.



## Our Clean Energy Home Loan has been a success

**The first year of the Clean Energy Home Loan demonstrated the high demand for green mortgages for Australian home owners and buyers.**

Since launching our Clean Energy Home Loan in January 2020, we've helped finance greener homes across Australia with more than 170 households building highly rated energy efficient homes or making significant green upgrades to their property.

Bank Australia's Clean Energy Home Loan was made possible with investment from the Clean Energy Finance Corporation (CEFC). The CEFC's initial investment of up to \$60 million allowed us to offer a discounted interest rate for the Clean Energy Home Loan. People responded positively to this offer and took up the loan at twice the original rate we expected. The high demand and success of this product saw the CEFC extend its commitment and finance a further \$90 million of loans.

Based on the success of the initial CEFC-supported program, we developed our own independently financed Clean Energy Home Loan product in April 2021 offering a 0.2% discount for up to five years for qualifying homes. This product is now a permanent offering at Bank Australia.

**The extension of our Clean Energy Home Loan is an ongoing example of how we invest customers' money in taking clean money action and reinforces our longstanding commitment to the planet and helping our customers live more sustainably.**

Since launching the Clean Energy Home Loan, its success has been a catalyst for other banks to launch green mortgages. It's our hope that these products ultimately become mainstream across Australia and we have seen more banks offer similar products.

The Clean Energy Home Loan was recognised as the winner of Best Green Home Loan in the 2021 Mozo Experts Choice Awards, the second year in a row we have received this award.

### Case study

## How our customer Matt built his dream home using the First Home Loan Deposit Scheme and the Clean Energy Home Loan

When Matt first started investigating 'clean' home loans to fund the build of his new home, he struggled to find one. He came across Bank Australia's Clean Energy Home Loan almost by chance.

"I went to Bank Australia because they offered loans under the First Home Loan Deposit Scheme, which I was eligible for through the government," he says. "So I chose them."

The First Home Loan Deposit Scheme is an initiative from the Australian government, making it easier for first homebuyers on low to middle incomes to purchase their own home, often with a deposit of as little as 5%. The scheme removes the significant cost of Lender's Mortgage Insurance, an expense that's usually payable on deposits less than 20%.

Matt started to look at what energy efficient features he wanted to include, like double-glazing and insulation, and that's when he realized he could convert his standard home loan to the Clean Energy Home Loan.

Building a sustainable home is important to Matt for a number of reasons. First and foremost, it's better for the planet to be using less electricity and gas, when you could be utilising renewable energy, like solar, instead. "It just seems like the logical thing to do," he says, referencing the support of the government via its solar rebate scheme.

"Anyone looking to build sustainably should ask their bank questions, and see what they can offer," he says. "A lot of people don't think about sustainability as much as they should when they're building a house."







Meneka was attracted by the ethics of Bank Australia

## We're focused on measuring our impact

### For the past two years, we've been deepening our approach to understanding the impact our loans are having in the world.

We first started tracking how our lending impacts people and the planet when we became a member of the GABV in 2012. Our work gives us a strong baseline but we want to do much more.

Growing our impact finance business means strengthening the way we measure impact to understand what, who, and how much of an impact is happening, and what our contribution to that impact actually is. This is an emerging area of work, for us and for all impact investors. We now complete a loan impact assessment for all new impact finance commercial loans, as well as retail lending products and programs, like our Clean Energy Home Loan or our partnership with Indigenous Business Australia. The assessment details the impact we expect a specific loan to have. We also map how our lending and investment portfolios align to the United Nations' Sustainable Development Goals. For more detail, see appendix 7.

## Case study

### Supporting First Nations home ownership

**In May 2021, we officially launched our partnership with Indigenous Business Australia (IBA) to support Aboriginal and Torres Strait Islander people in their home ownership journeys and improve their financial wellbeing.**

This partnership demonstrates an important collaboration with segments of the corporate sector committed to the economic independence of First Nations people. At Bank Australia, we care about a fairer and more inclusive society. We know that providing access to finance for Aboriginal and Torres Strait Islander peoples is an important step in that journey.

One of our first customers under the partnership was Jodie. Jodie's lived in Warrnambool her whole life and bought her first home with her partner and three kids two years ago after receiving a home loan from IBA. "It was a really brilliant start,"

explains Jodie. "We wouldn't have been able to own our own home without their support. When you've got children, it's really hard to save that 20% deposit."

Jodie spoke to IBA about refinancing options, and they suggested she get in touch with one of the partners on IBA's new banking panel that were chosen due to their aligned values. Bank Australia is proud to be one of those partners.

"When we looked at Bank Australia, it just felt like a great fit," she says.

Since refinancing with Bank Australia, Jodie has been thrilled with the level of service she's received, particularly from her Bank Australia customer support person, Jade. Since making the transition, Jodie's loan repayments have significantly reduced and the extra money has allowed her to buy a caravan!







Sarah felt empowered to join Bank Australia and has inspired many others to join as well.

## Our customers' wellbeing is at the centre of our bank

**This year, we saw an average of 2,052 new customers join the bank every month. We can attribute a significant amount of this growth to our clean money customer value proposition that seeks to empower people to use their money as a force for good. Before we introduced the concept of clean money, our average monthly customer growth was 1,008.**

During the year, we welcomed 27,691 new customers, a record year for the bank and we now have over 176,000 customers. Customer retention improved over the year to 92.6%.

Additionally, the average age of our new customers has continued to decrease. In 2018, it was 44. Now, the average age of new customers is 35. A younger average customer age is important for the future of the bank, as younger generations are seeking out and offering their support to purpose-driven businesses that align with their personal values. Our research shows that 85% of new customers chose to bank with us because of our approach to responsible banking. We also know that 30% of our customers choose to bank with us based on a recommendation from a family member or friend.

Helping improve our customers' financial wellbeing is core to our purpose. Research found that 75% of our customers were satisfied with their overall financial situation. Among these customers, 11.9% of people rated their satisfaction with their financial situation at 10 out of 10, and a further 43% rated their satisfaction with their financial situation at 8 out of 10. We expect the ongoing impacts of the COVID-19 pandemic may affect how satisfied our customers feel with their personal financial situation over the coming year.

In future, we know our customers will expect more of us when it comes to both our brand proposition and what we stand for, as well as how we deliver a customer experience across digital channels.



Our customers are the people Australia needs

In February 2021, we launched our new brand awareness campaign. This campaign, called the ‘people Australia needs’, let customers tell their own inspiring stories about the positive impact they’re creating and what joining the clean money movement means to them.

Our campaign featured seven Bank Australia customers who, in their own unique ways, both big and small, are working to make their communities and our world a better place.

Through in-depth stories, we shared the core values and beliefs behind some of the people who have joined the bank’s clean money movement and invited them to explain why they took the step to align their bank with their values.

From a health economist to a data-activist and an entrepreneur who is working towards a zero waste life, their backgrounds are diverse but their motivations remain the same. All have acted on their values to create the change they want to see happen in the world and we are immensely grateful that they choose to bank with us.



Our people Australia needs campaign featured Bank Australia customers who are taking action to create positive change.

Case study

Why Tristan said yes to featuring in our ‘people Australia needs’ campaign

Our ‘people Australia needs’ campaign was about inspiring others. And who better to do that than our customers? Each customer who featured in the campaign is making the world a better place in their own unique ways.

Years before Tristan even knew about Bank Australia, his family were the victims of predatory lending by another bank – a bank that put its profits before its customers.

As Tristan got older, he began to think about using money in a more ethical way and the power of his daily decisions.

“Money is a powerful tool. And how and where we spend, store and save it has real-world implications.”

Tristan is now a health economist and he believes money should be used to create a better world. That’s why he decided to feature in our campaign.

A few years ago, Tristan posted a simple message to Facebook about what happened to his family and how easy it is to switch to an ethical bank like Bank Australia. “I was passionate about it and just wanted to get the word out. After I did it, I had so many messages from friends and family saying that they’d switched banks because of the story I shared.”

Tristan knew that there was power in his story. “Everyone’s on their own journey, and is figuring this stuff out at their own pace. So if you can help them navigate it at their own speed, that’s a big win for you and for the planet!”



“Money is a powerful tool. And how and where we spend, store and save it has real-world implications.”



We're focussed on building customer trust and satisfaction

Our aspiration is to be the most trusted bank in Australia.

We strive for customers who love to bank with us

Our customer satisfaction score fell slightly this year to 87% (90% in 2020). Branch closures, contact centre wait times, longer than expected loan approval waiting times and falling interest rates across deposit products contributed to the decrease. Although slightly down on the previous year's result, we are pleased that our customers remained largely satisfied with the bank as we navigated the challenges of the pandemic together. Our Net Promoter Score result this year also fell slightly to 42.4 (down from 45.4 in 2020).

Building customer trust

Our aspiration is to be the most trusted bank in Australia. In Roy Morgan Research's most trusted brands in Australia list, we moved from 42nd most trusted brand in 2020 to 35th most trusted brand in 2021. In the financial sector, we were ranked the 5th most trusted bank in Australia, up from 6th the previous year. As the youngest brand on Roy Morgan Research's list, this is a remarkable achievement.

Throughout the pandemic, customers increasingly adopted digital and remote banking services.

Serving our customers

Throughout the pandemic, customers increasingly adopted digital and remote banking services. We have experienced major increases in call volumes to our contact centre, and contact through email and social media channels, such as Facebook, has also grown rapidly in the past 12 months.



As a consequence, the average time taken to answer calls in our contact centre deteriorated this year and our target to answer 80% of customers' calls within 40 seconds was not achieved. This year, only 41% of calls were answered within 40 seconds. The average speed to answer calls increased to 3 minutes 28 seconds, representing a significant decline in comparison to 51 seconds last year.

Email continues to grow in importance for both existing customers as well as prospective customers. Despite the volume of emails increasing significantly, we achieved our service level target, replying to all emails within 48 hours throughout the year.

We have made significant investments in increasing employee numbers and improving technology to ensure that we are keeping pace with customer demand and expectations.

Increasing customer security with VoicelD

In December 2020, we launched VoicelD, our new biometric security system for customers calling our contact centre. VoicelD helps protect our customers from scammers trying to gain unauthorised access to their accounts.

VoicelD is like a fingerprint of each customer's voice making accessing accounts over the phone faster and more secure. When enrolling in VoicelD, this technology takes a voiceprint of your voice. When a customer calls the contact centre next time, this technology will compare their voice with the securely stored voiceprint. That way, we can ensure it really is our customer that we're talking to. VoicelD contains more than 100 unique physical and behavioural characteristics of a person's voice so they can't be impersonated or stolen like a password.

More than 35,800 customers have now enrolled in VoicelD making their experience calling the contact centre quicker, easier and more secure.



## Mortgage brokers

**Working with mortgage brokers has been an important part of our growth story in recent years. Many customers prefer to apply for their home loans through brokers. We take extensive steps to ensure our broker network strongly reflects our values when promoting our brand and products.**

We started working with mortgage brokers in August 2015. This year, around 1,200 active brokers generated \$1.03 billion in new home loans (up from \$584.5 million in 2020).

This year, we continue to work with our broker network to ensure they meet our customers' needs and promote our values and products. If we find our values aren't being upheld and our customers' needs are not met, we cease the relationship.

We apply one common commission structure across all products. Our commission payments are 0.6% plus GST (upfront commission) and 0.15% plus GST (trail commission), for brokers who are part of an aggregator, and 0.5% plus GST (upfront commission) and 0.15% plus GST (trail commission) for brokers holding their own Australian Credit License and a direct relationship with the bank.

Upfront commission payments are based on the settled value of the loan, less offset and redraw balance, and trail commission payments are assessed on the closing balance of the loan, less offset balance, each month. Trail commissions are paid for the life of the loan.

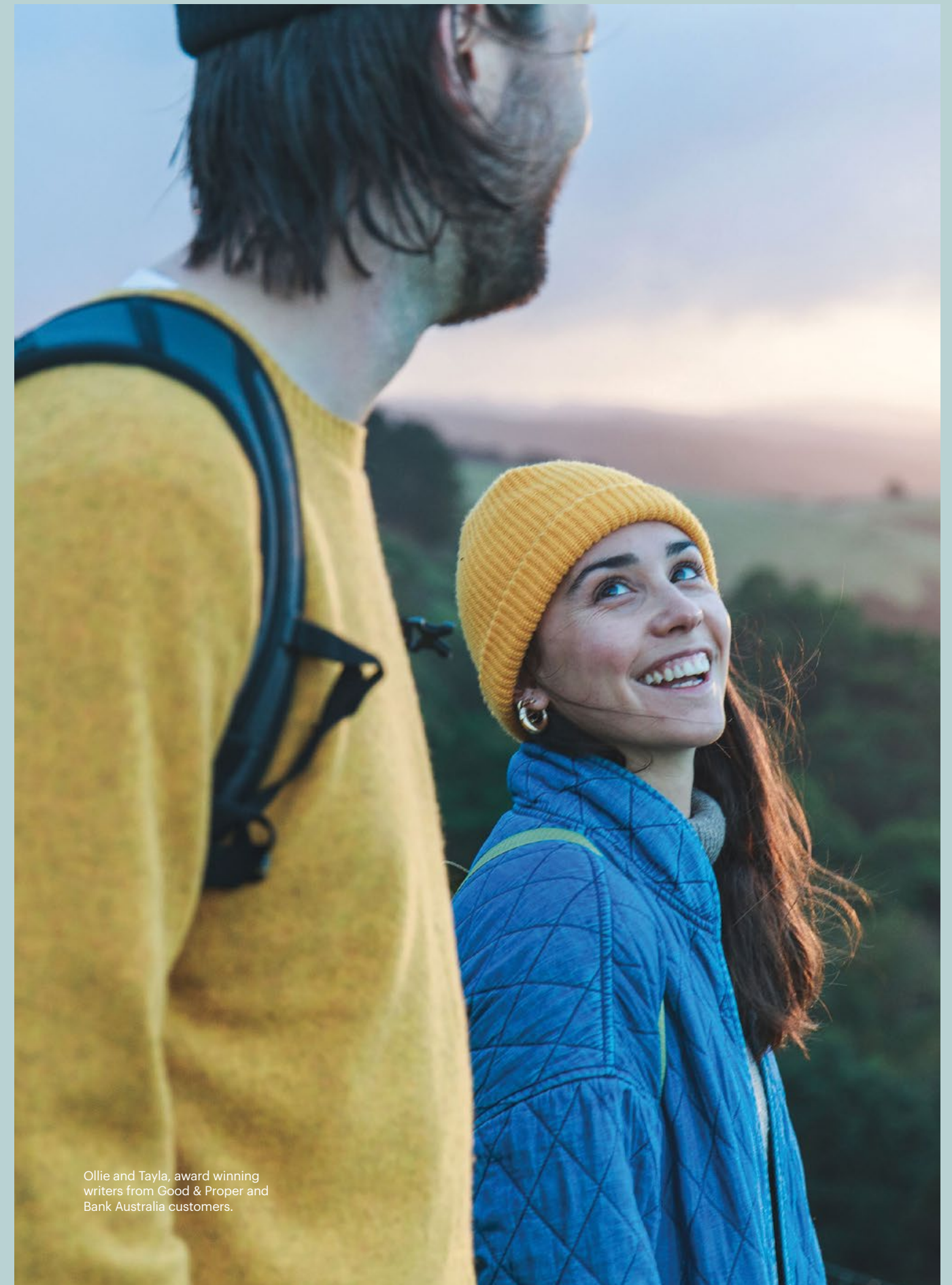
### Working with our insurance partner

We support our customers with some of the biggest purchases they will make, like their home, and aim to meet their general insurance needs.

Working with Allianz Australia Limited, a leading provider of insurance in Australia, we provide insurance to our customers. Under our agreement, we earn a commission on sales based on the gross written premium of products our customers purchase. Allianz also provides us with a contribution towards paying the salary of a sales leader position within the bank as well as a marketing allowance to support the promotion and sales of insurance.

Depending on the performance of the insurance portfolio, we receive a percentage of the underwriting profits (if any) each year.

This year, customers raised their concerns about the activity of one of Allianz' subsidiary companies, PIMCO. PIMCO invested in companies linked to large scale fossil fuel projects. We were pleased by the way Allianz actively engaged with our concerns about this investment and, ultimately, Allianz confirmed that it and its subsidiaries will make no further investments in those specific companies.



Ollie and Tayla, award winning writers from Good & Proper and Bank Australia customers.



## Supporting customers experiencing financial difficulty

Supporting customers experiencing financial difficulty is one of our highest priorities.

While we only provide loans to customers who we believe are able to repay the funds without facing financial stress or hardship, we know that circumstances can change, especially during the pandemic.

We made a number of changes to the way we resource our customer support and hardship team. We established an expanded customer support team reporting to the Deputy Chief Executive Officer to strengthen our ability to assist customers experiencing hardship, with a focus on supporting them through the challenges brought about by the pandemic.

We also continued to educate and train our employees to support vulnerable customers.

### Supporting customers through COVID-19

The economic impacts of the COVID-19 pandemic has meant greater levels of unemployment, hardship and reduced income among many people in Australia, including some of our customers.

Following the record number loan variations and deferrals made in 2020, we saw a progressive and welcome return to payments resuming throughout 2021 for the vast majority of customers who needed our support. This year, we varied 383 loan accounts with 84% of these approved as part of our COVID-19 support package. This represents a 78% decrease on the previous year's total of 1,714 loan accounts varied. As the year progressed, we saw a significant drop in the level of customers' requests for hardship assistance as people came out of extended lockdowns and their financial positions improved.

Throughout the pandemic, we have regularly communicated with our customers and ensured we offered financial support best suited to their specific circumstances.

The customer support team assisted 141 customers with loan restructures during the year. Restructuring assistance included additional deferrals, reduced repayments, loan term extensions or debt consolidation.

In 2021, loan arrears greater than 30 days decreased from 0.40% of all loans to 0.34% of all loans. This decrease confirmed we have maintained our commitment to our customers and our approach to responsible lending.



Nik has been a customer for more than 20 years due to our shared values.

## Listening to our customers

**Listening to and responding to customers' concerns and complaints helps us to continually improve our bank. This year, the number of recorded complaints decreased to 715, compared with 914 in 2020.**

Our total customer complaints as a percentage of total customers remains low at 0.41%, down from 0.6% in 2020. These percentages are still above 0.3% in 2019. Of total complaints, 7.6% were referred to the Australian Financial Complaints Authority (AFCA) which speaks to the efficiency and efficacy of our resolution process.

We acted quickly to address customer complaints with 85% of complaints being resolved in less than 21 days.

An accessible and efficient complaints process is an important feature of a customer owned bank. We strive for a transparent and accessible complaint management process and communications.

We continue to upgrade our complaints management process and systems which will enable further improvements to reporting future years.

### Our Customer Advocate represents customer interests

Our Customer Advocate provides an objective voice to ensure customer complaints and disputes are addressed fairly and meet our customer service commitments. The Customer Advocate is independent from our retail and operations functions and meets our obligations under the Australian Banking Association Banking Code of Practice.

The Office of the Customer Advocate reviewed 111 complaints in 2021.



# 3. Our people

Nicole serving a customer at our branch in Moe, Victoria.





## Engaging our people

**We know that an engaged and high-performing workforce is essential to achieving our purpose, aspiration, strategic goals and meeting the needs of our customers and other stakeholders.**

Our annual employee engagement survey measures overall levels of engagement. 87% of our employees completed the survey. The survey results identified an overall engagement score of 75% (up from 70% in 2020). We believe this increase is a reflection of our focus on asking our employees what is important to them and supporting them through the pandemic. By 2025, we aim to achieve our engagement target of 80% or more.

When we asked our employees what they liked most about working at Bank Australia, their responses included a sense of strong teamwork and the bank's values. When we asked what we could do better, they highlighted a need for more investment in systems and processes.

We acted on their feedback by working with various groups across the bank to explore key themes and identify actions to address areas of concern.

Our people and culture team championed investment into a new learning and development platform and upgrading our human resources and payroll system. This makes it easier for employees to manage their leave, time recording and allowance applications.

We also improved our internal information technology systems to assist our employees do their jobs more easily. To help employees work from home during lockdowns in each state, we improved our remote working capabilities, provided better and secure network access and ergonomic equipment, and implemented new communication and collaboration tools such as WebEx for video conferencing.

**When we asked our employees what they liked most about working at Bank Australia, their responses included a sense of strong teamwork and the bank's values.**

Looking ahead, a number of next year's projects will continue the transformation of our business systems and processes. We want to equip our employees to better serve our customers, continue their leadership development and build our change management and communications capability and capacity.

## Supporting our people through COVID-19

As we worked through the impacts of the COVID-19 pandemic on our employees, we've evolved our approach to hybrid working and workplace flexibility. Many of our employees have continued to balance their working week between time in the office and working remotely.

Working for an essential service like a bank also brings additional responsibilities during uncertain times. The pandemic proved a significant challenge for our frontline branch employees who have consistently risen to these challenges with compassion and commitment.

Ensuring support for the mental and physical wellbeing of our employees has been a key focus. We have provided a range of support including access to group and individual counselling, resilience building programs and encouraging peer networks to maintain social contact during periods of separation. 44 employees attended these support sessions with psychologists that focused on maintaining mental health and emotional and physical wellbeing during lockdowns.

We recruited over 100 new people into the bank during the past year, grappling with the challenge of welcoming new starters in the midst of the pandemic. Ensuring that new employees felt supported and connected to their teams and the wider culture of the bank was critical to our success this year.

Throughout the pandemic, we will continue to prioritise the wellbeing of our employees and develop new ways of working that enable flexibility while building and protecting our positive work culture.

## Our people and our values

Our people are highly committed to our values, purpose and to supporting their local communities. We encourage our employees to support their community by offering one day of paid volunteer leave each year. The ability for employees to use their volunteer leave was limited due to the pandemic, in particular in areas that experienced periods of extended lockdown.

**During the year, 12 employees took volunteer leave. Some used their leave to participate in bank-organised activities, such as supporting The Big Issue and attending the School Strike for Climate, while others participated in their own volunteering activities.**







Bank Australia staff at the 2021 School Strike for Climate in Melbourne, Victoria.

## Why our employees attended the 2021 School Strike for Climate

“

**“I’m working for an organisation that’s ethical, and that cares, and that makes a huge difference. Everybody just respects each other and our environment. There’s this incredible wave of goodwill and support.**

I’ve seen young people – really young people – encouraging elderly people that we’ve seen out here today. I’ve seen older people encouraging the younger. It’s really cutting through and showing that people can be unified; there’s a dignity of the human spirit in it.”

– Natalie, Compliance Analyst

“

“I think it’s important for everyone and anyone who cares about the future that these kids have to get out and support them on the things that they think are important. And climate change is an extremely important thing for everyone to care about – but especially if you’re a young person.

**These are the people who are going to carry through these ideas of change. It’s not the people in power now. These kids are the ones who are going to make the world a better place. The more we can support them, the better.”**

– Jack, Senior Marketing Consultant

“

“For me, there’s probably two things. The first is how inspiring it is, the students and the young people who are leading this today. The fact that they’re going to be our future leaders. I think that’s incredibly inspiring, and the movement they’ve built and the amount of people they’ve been able to mobilise is fantastic.

**I think the other thing is that we actually have the solutions to a lot of our climate problems. That gives me a lot of hope – it’s just a matter of actually creating that sense of urgency for the government to take action and to move these solutions forward to make the right investments.”**

– Carly, Partnerships Lead



## We're investing in capability and training

**With our focus on customer growth and system and process improvements, we increased our recruitment of people with specialist skills and experience across the bank.**

We've expanded our team to 456 people (from 441 in 2020). With our focus on customer growth and system and process improvements, we increased our recruitment of people with specialist skills and experience across the bank.

We also created new roles that increased our capability in key operational areas including IT, Risk and Compliance and Information Security.

We offer and will continue to offer flexible working arrangements to support our employees to balance their personal and professional lives. Approximately 15% of our employees work part-time.

### Leadership capability framework

We partnered with an external provider to design a leadership capability framework for the bank. The framework has identified a range of capabilities that we aim to foster among our leaders at different stages of their development.

Senior employees at Bank Australia have demonstrated their desire to develop their leadership capabilities and become more effective in leading their teams. In 2021, 53 of our people leaders participated in education sessions on the leadership capability framework. A group of 13 leaders completed a 180 degree assessment to help inform Bank Australia's current leadership profile.

**We offer and will continue to offer flexible working arrangements to support our employees to balance their personal and professional lives.**

The framework has provided leaders the opportunity to learn more about their own leadership style and how their leadership contributes to success at Bank Australia.

### Learning and development

Investing in our people is essential for our success as a purpose-driven bank. This year we delivered:

- induction training to 93 employees, including a new clean money module
- cybersecurity training to 100% of our employees
- online fraud training to 98% of our employees
- a values-based leadership program for 6 of our managers, in collaboration with Teachers Mutual Bank
- Further training to upskill our employees to support vulnerable customers and those experiencing hardship.

We run a quarterly schedule of compliance training so employees can better balance training with the demands of their day-to-day roles. This helped us achieve a 99% completion rate across all compliance modules throughout the business. Modules include, but are not limited to cybersecurity, anti-money laundering, counter-terrorism financing, protecting vulnerable customers, disability awareness and inclusion and modern slavery legislation.

During the year we expanded our compliance training to include a module on using social media for all employees.

We also introduced manager-specific versions for the following courses to provide targeted learning to our leaders:

- workplace health and safety
- bullying, harassment and discrimination.

Sadly, employee trips to the Bank Australia conservation reserve were cancelled due to the COVID-19 pandemic and restrictions on movement during various lockdowns.

### Introducing Boost, our self-paced learning platform

Boost, a self-paced online learning platform with training content on topics ranging from soft skills to professional and leadership development, was introduced to all employees this year. This followed a successful pilot, which saw uptake from employees reach 86%, a number much higher than the industry average. Since the launch of the Boost, there has been a high level of uptake from all parts of the business.

### Resilience skills program

This new program was introduced to support our employees through the COVID-19 pandemic.

Resilience skills have become increasingly critical to our employees' wellbeing. We recognised it was important to offer our employees support and education in this area. A successful pilot with 20 employees representing different teams led to a wider rollout across the bank. This program received positive feedback around the relevance, timing and care showed to employees in supporting their wellbeing. In total, 85 employees participated in this program including our Managing Director and the Executive team.

In 2022, we plan to:

- make the Values Based Leadership Program more accessible by opening it up to a wider range of employees with this year's intake increasing to 18 participants
- implement the leadership capability framework through leadership coaching and developmental sessions for senior employees across the bank
- offer programs to equip our employees with customer conversation skills and banking fundamentals knowledge
- continue to embed the resilience skills program across the bank.



## Workforce equality, diversity and inclusion is a priority

A workplace culture that promotes gender equality, diversity and inclusion is critical for our continued growth and success. It is important that our workforce represents the varied cultures and life experiences of our customers, as well as greater society, and for our employees to champion our efforts to be a more diverse, inclusive and accessible bank.

### We're working to ensure gender equality

We're committed to pay equity across our workforce and do not discriminate based on gender, background or identity. Every year, we assess for potential gender gaps in remuneration. This assessment accounts for factors such as performance, skill set and experience, tenure at the bank and differences in roles.

We also submit an annual report to the Workplace Gender Equality Agency in accordance with the requirements of the Workplace Gender Equality Act 2012.

### Developing our diversity and inclusion strategy

We continue to work on building a more diverse and inclusive organisation. In 2021, the Board endorsed the development of a bank-wide diversity and inclusion strategy to improve our performance across a range of areas. This work is currently in development and we expect it to be in place by the end of this financial year. We anticipate the focus will be on recruitment, career progression and professional development.

The bank also played an active role in developing a diversity and inclusion action plan for Australia's cooperative and mutual enterprise sector, in collaboration with the BCCM, COBA and Women in Mutuals.

### Traineeships and internships aligned to our values

We continued our financial services traineeship program, offering places for people from disadvantaged backgrounds including refugees and people seeking asylum, Aboriginal and Torres Strait Islander peoples and people living with a disability.

However, the COVID-19 pandemic affected our traineeship program, particularly during the Victoria's second lockdown between July and October 2020. Despite the challenges created by the pandemic, we were able to recruit 10 trainees by the end of year. We remain strongly committed to developing the program and are proud to have been involved in providing 10 trainees with a start to their careers.

### Case study

## Meet our intern Emmanuel

Emmanuel grew up in Kigali, the capital of Rwanda, after the horrific events of the 1994 Genocide against the Tutsi.

Despite the challenges, Emmanuel always remained positive. He completed his high school studies and did an undergraduate degree. He became fluent in French. And then he got the opportunity to come to Australia. Emmanuel arrived in 2017 and moved to Brisbane where he spent six months studying English, and then got his Masters in Business Marketing at Central Queensland University. After graduating in December 2019, he started to pursue work opportunities. And then, the pandemic struck. "It was very challenging," Emmanuel remembers.

"Everyone was losing their jobs, I didn't have any experience, English was my second language." Emmanuel estimates he sent around 500 job applications, and got very few answers. "When I did hear back, they were all 'Unfortunately, we've chosen someone with more experience'."

But these setbacks didn't dampen Emmanuel's spirits. He saw a job with Bank Australia in Melbourne and decided to apply.

"I knew that moving to Melbourne was probably going to be hard for me," Emmanuel says. "But I said to myself 'Let me do my best – I think I'm going to get an opportunity there'."

Emmanuel had an interview with us and was offered a 12-month internship. He was excited not only to have been offered a job but also to be working with a company whose values aligned so closely with his own.



**"I was very excited to be part of a bank that isn't there to make money but to try to change people's lives."**

Emmanuel is looking forward to learning more in his current role and is hopeful to move into a management role at the bank, where he'd have the opportunity to continue working with customers while supporting a team.



## Our approach to remuneration

**We pay our people fairly for the work they do, and we don't pay bonuses or sales-based commissions to any of our employees, including Executives.**

We also benchmark remuneration for the Managing Director position against independent market data. The ratio of our Managing Director's wage to the median wage at the bank in 2021 was 11.7:1. In 2020 the ratio was 11:1, and 13:1 in 2019. We believe this is low compared with the ratio of other private sector businesses and reflects our approach to responsible remuneration management.

### Our approach to bonuses and commissions

We want our people to focus on acting in the best interest of our customers. This is why we don't provide financial incentives to drive sales. Instead, we pay our employees fair salaries that reflect their position, qualifications, experience and overall performance. We continue not to pay any sales-based commissions or bonuses to our Executives or any other employees. We do make discretionary recognition payments to frontline employees for their contributions to providing quality service.

We continue to see the benefits of our approach to not paying bonuses and commissions. Offering bonuses to drive sales increases the risk of unethical behaviour that may negatively impact customers.

We outline the remuneration received by our employees in appendix 5.

### Banking Executive Accountability Regime

We're continuing to develop our risk management culture to ensure we're complying with all of our regulatory obligations and responsible banking commitments.

The Banking Executive Accountability Regime (BEAR) came into effect for small to medium-sized banks on 1 July 2019. Consistent with the recommendations of the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, the BEAR increases the accountability of Executives and Directors for their behaviour, decision-making and the banking cultures they oversee.

We have continued to meet our obligations under the BEAR.

## Changes to our distribution channels

### The way customers bank is changing

Throughout the COVID-19 pandemic, we've had to make changes to the way we operate to ensure the safety of our customers and employees and ensure the bank's long-term viability. We also continue to see increasing customer preference for digital and remote banking, which only accelerated during the pandemic.

This year, we made the difficult decision to close our Gold Coast and Eastland branches. Both of these locations were affected by the COVID-19 pandemic, and resulted in a significant reduction in customer visits. The Gold Coast branch located at Griffith University was particularly impacted by the absence of employees and students on campus. We were able to support our customers and employees through these changes with all six employees impacted by these closures being re-deployed to other roles within our growing bank.

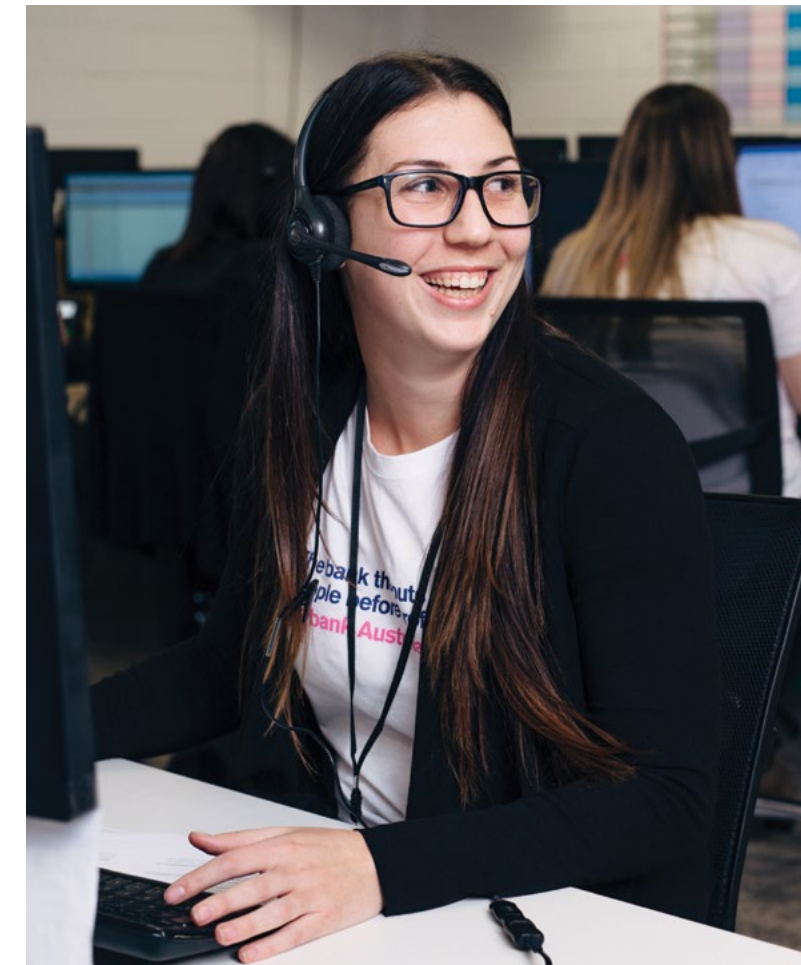
When making the decision to close a branch, we follow the Australian Banking Association Branch Closure Protocol. We are mindful of the impact on vulnerable customers and those who have greater need for face-to-face assistance. In managing these closures, we provide extensive support to our customers. In some cases, this meant helping customers move their accounts to another bank with a branch in their local community.

We continue to offer customers the option to deposit cash or cheques at any Australia Post location around the country using the Bank Australia Visa Debit card.

### Regional jobs and our Contact Centre

Today we employ even greater numbers of regional Victorians. Around 45% of our employees work in regional Victoria, across our branches, our Bendigo office and our contact centre and processing centres in the Latrobe Valley. Approximately 12% of our total employees work in the contact centre in Moe.

More information about the performance of our contact centre can be found on page 49 (Chapter 2 – Our Customers).





# Transforming to be a digital-first bank

The Australian banking sector is seeing rapid and increasing changes in customer behaviour including demand for digital banking. Both traditional banks and new entrants in the banking industry are taking a technology-first approach to meeting the needs of their customers.

This rapid and systemic change means we must keep pace with new technologies that both our customers and employees expect.

We have invested considerable time and effort into scoping the extent of the bank’s digital transformation program. The program will prioritise customer and employee experience and be supported by technology, data and cybersecurity.

We will also need to ensure our workforce has the skills we need to be a successful digital-first bank. We recognise the need to have develop a digitally savvy workforce with stronger technology capabilities across digital customer service channels, data management and analysis, and cybersecurity.

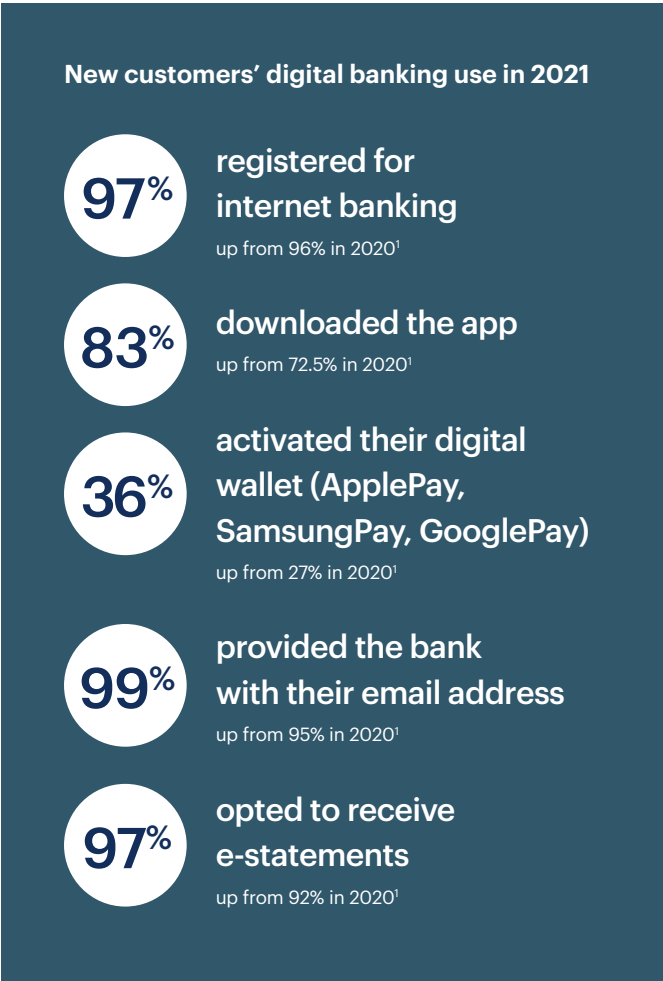
Our transformation program also identifies the need to develop people who can innovate and lead a purpose driven business, while continuing to build a values based, inclusive and diverse workplace culture.

The transformation program is designed to roll out over the next few years to 2025 and will require significant investment. The program will be supported by strong governance, risk management and enhanced execution capability.

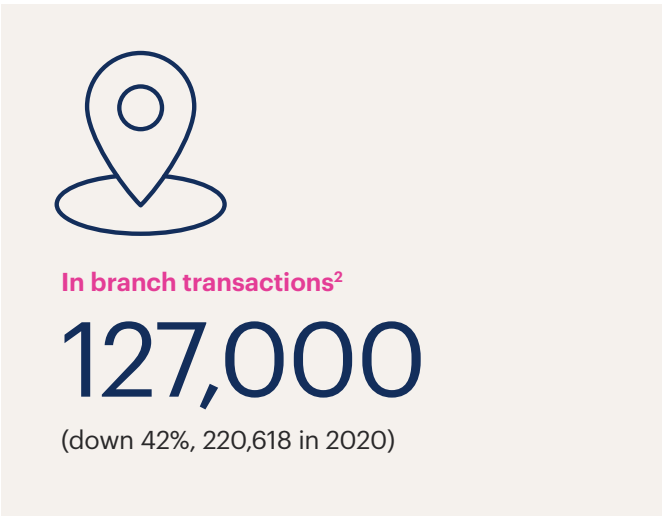
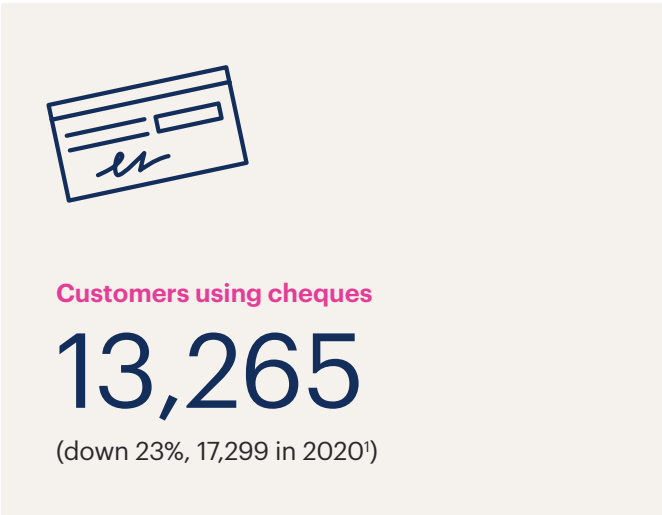
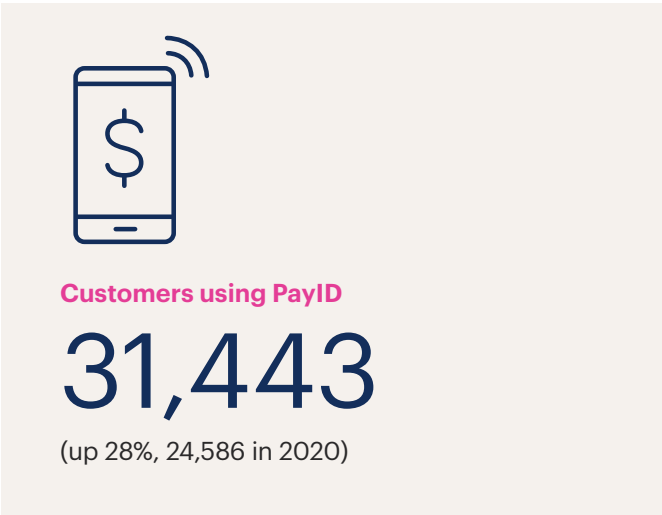
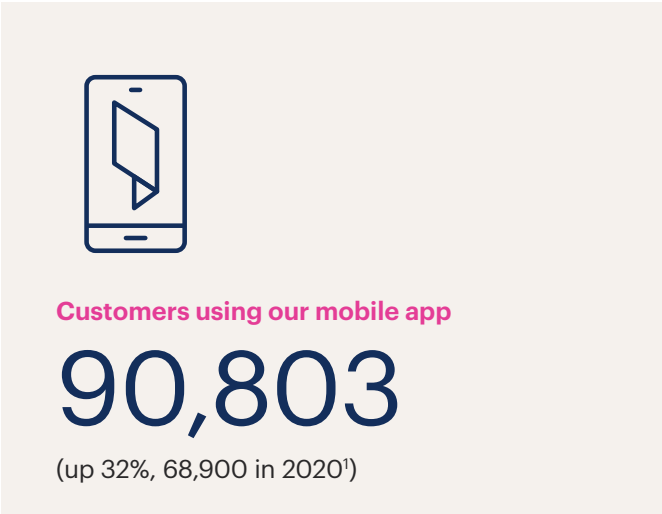
## Customers are increasingly using digital banking

The pace of change in digital banking continues to accelerate rapidly as a consequence of the COVID-19 pandemic as more people become comfortable with banking online.

Our customers are embracing digital banking in increasing numbers, in turn driving an increase in the number of times they transact with us. In the past year, the percentage of customers transacting more than 10 times a month has jumped from 51% to 54%.



The number of digital payments customers make has also increased due to the COVID-19 pandemic. In June, customers averaged 30 payment transactions, up from 26<sup>1</sup> the previous year. We also saw the number of transactions continue to increase from 2020 to 2021 across a range of transaction types, consistent with year on year increases in the previous three years: direct credits sent to a customer’s account, increased by 9%, while the number of direct debit transactions increased by a further 14% and BPay payments completed increased by 7%.



1 The 2020 figure has been restated. Measurement parameters remain the same however figures have been revised to maximise data integrity. Adjustments are minimal and in line with the trends shared in the previous Impact Report.

2 Teller transactions only





Sanatorium Lake,  
Macedon Ranges, Victoria.

## Open banking

### Empowering customers with data

Open banking, is an important element of the Consumer Data Right legislation passed by the Australian Government back in 2017. It gives customers the right to combine all of their financial data into one place, even if they do different things with different banks.

The aim of open banking is to empower customers to use their data to make better decisions and find the best products and services to suit their needs.

### Our progress towards open banking

Open banking is one of many technology projects we have underway. So far, we've made our product information available to third parties who can now retrieve information about the products that we currently offer. In first half of financial year 2022, customers will have access to data on the specific products they use, and later in 2022, we'll be ready to receive data from new customers who want to switch their banking to Bank Australia.

## Protecting our customers from fraud and scams

The risk of people experiencing fraud is sadly increasing in Australia and around the world. That's why we spend considerable time and resources monitoring and notifying our customers of any suspicious transactions on their account and offer support to those who have been the victim of fraud or scams. Scammers continue to find new ways to defraud people.

We continue to invest in fraud and scam awareness training for our employees with the goal of increasing our team's ability to immediately recognise, act on and escalate concerns about potential fraud and scam activity.

We have also continued our customer education efforts in an attempt to improve their awareness and recognition of fraud. This included information on fraud being updated regularly across our website, social media and email channels. Our new fraud and scams website pages include new content and regular alerts. Information on fraud is a feature of our regular Your Money customer e-newsletter to customers.

A new two-factor authentication process for merchants identified as high risk has been implemented and has already resulted in a reduction in Visa card fraud losses to the bank.

We took the following actions to help our customers avoid becoming the victim of fraud or scams:

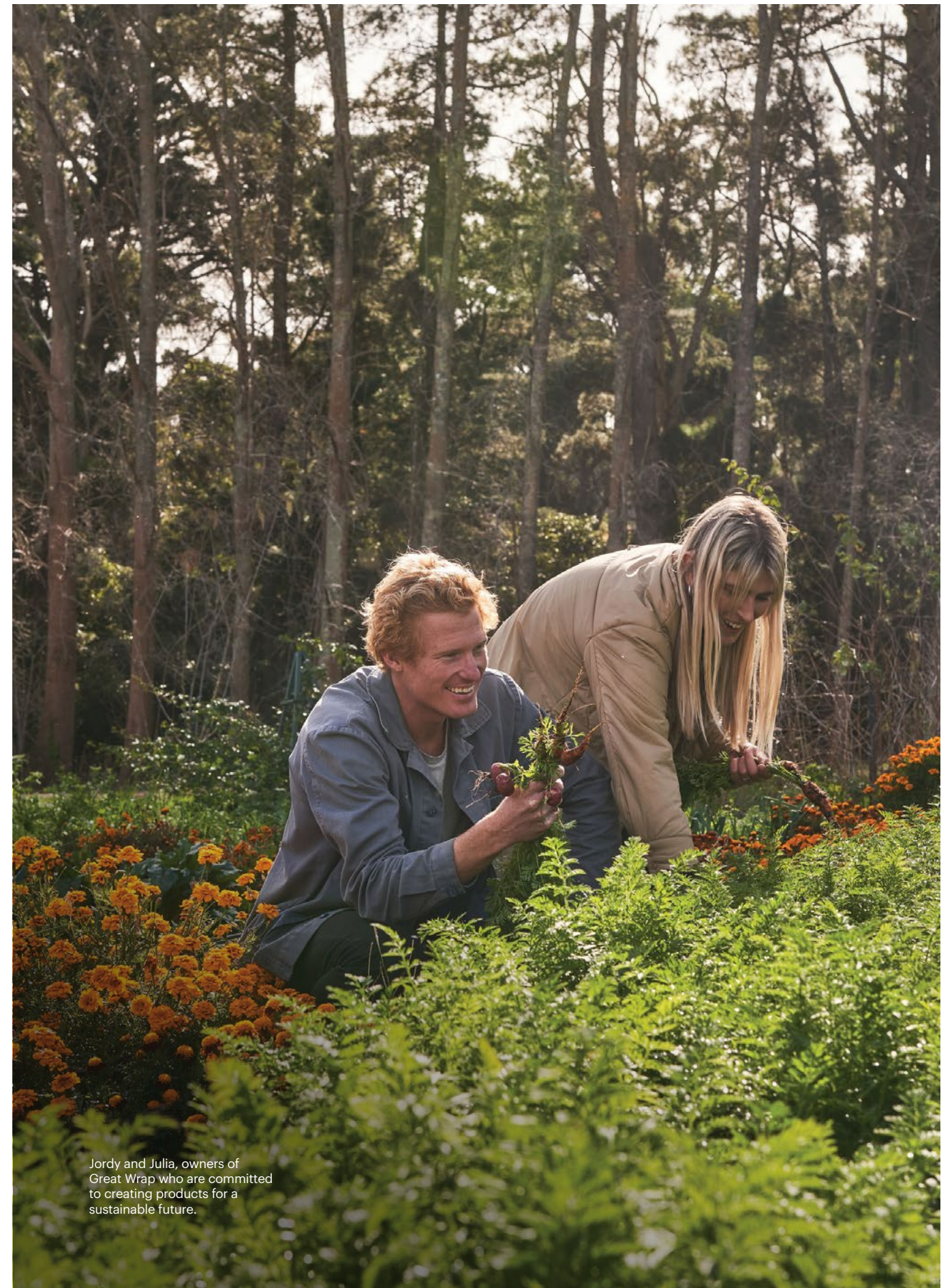
- monitored trends and new types of fraud scams
- improved our fraud monitoring activities, to inform customers more quickly of suspicious activities on their accounts
- invested in enhancing our anti-money laundering systems and technology
- published fraud and scam articles, alerts and the Australian Government's Stay Smart Online updates on our website, social media channels, and customer e-newsletters
- collaborated with industry and various government agencies such as the ACCC.

In 2022 we will:

- continue to invest in fraud mitigation systems and technology
- continue to invest in enhancing anti-money laundering systems and technology
- continue to focus on customer and employee education and fraud awareness.



## 4. Our community



Jordy and Julia, owners of Great Wrap who are committed to creating products for a sustainable future.



Our impact fund

We believe the business of banking should inspire and empower people to use money as a force for good.

The Bank Australia impact fund supports customers and projects that address issues our customers care about and that have a positive impact for people and the planet. Each year, we commit up to 4% of our after-tax profit to the impact fund.

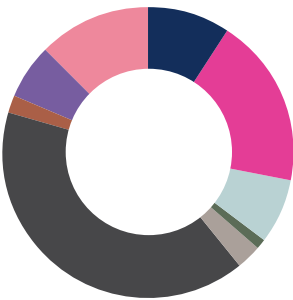
In 2021, we invested \$970,352 from the impact fund. This was split evenly across projects that benefit people and the planet. This investment represented 4.9% of our 2020 after-profit tax and included unallocated funds from the previous year’s impact fund commitment.

The Bank Australia conservation reserve (appendix 10) is the largest impact fund project with funding of \$349,052 in 2021.

In 2021, we also funded a number of community partnerships through our impact fund, including:

- **The Big Issue**<sup>1</sup> – vendor uniform sponsor and vendor support program
- **Human Rights Watch** – supporting the refugee rights research program
- **Moe Life Skills** – supporting the LIFE in action exercise program for people with complex care needs
- **Zoe Support** – supporting young mothers in Mildura to re-engage with study or employment
- **Queensland University of Technology** – Learning Potential Fund scholarship program.

Impact fund programs by funding category



- Climate change (\$91,000)
- Diversity and inclusion (\$182,500)
- Diversity and inclusion – Homelessness (\$70,000)
- Diversity LGBTIQ + inclusion (\$10,000)
- Education and educational disadvantage (\$27,500)
- Environmental conservation (\$390,116)
- Family and gendered violence (\$19,800)
- Reconciliation (\$59,673)
- Refugees and people seeking asylum (\$119,800)



Participants in the Scarf hospitality trainee program for young people seeking asylum and from refugee and migrant backgrounds who are experiencing long-term unemployment. Scarf received a 2021 community customer grant.

<sup>1</sup> Bank Australia's Chief People Officer, Sonya Clancy is the current Chair of the The Big Issue. Our partnership with The Big Issue commenced in 2016 and predates Ms Clancy joining the bank in 2018.



Our community customer grant program provides funds to customer-led projects and initiatives.

The program, funded through our impact fund, has continued to evolve since it was launched in 2016. This year, we received a record number of applications from our customers for funding. We are proud that, to date, our community customer grants have supported over 100 community organisations, not-for-profits and social enterprises, all customers of the bank, with \$1 million in grant funding.

This year, we committed to increasing the maximum amount per grant to \$20,000, up from \$10,000 in previous years, totalling \$400,000.

This year, 22 customers received grants for projects that address a range of priority issues important to our customers. These issues include climate action, reconciliation and supporting First Nations communities, animal welfare and supporting independence and opportunity for people with disability.

We are proud that, to date, our community customer grants have supported over 100 community organisations, not-for-profits and social enterprises.

Successful applications are selected through a rigorous process with input from employees across the bank, a Director of the bank and a customer representative.

For the full list of recipients, please see appendix 6.

Case study

We reached a \$1 million milestone for community customer grants

Every year, we commit up to 4% of after-tax profits to the Bank Australia impact fund to support projects that make a positive impact for people and the planet. Part of this amount is allocated to community customer grants.

In 2021, we reached a new milestone with this year’s grants of \$400,000, bringing the total value of community grants awarded to customers since 2016 to \$1million.

In recognition of the impact of the COVID-19 pandemic on our community customers, we also doubled the amount available per grant to a maximum of \$20,000.

Damien Walsh, our managing director, said “The coronavirus pandemic has had a major impact on the work of many of our community customers, so we felt compelled to increase our

support to ensure they can keep creating the positive impact in their communities”

22 community customers, including Ethni, Seabin, and Zoe Support Australia, received up to \$20,000 each for projects that address a range of priority issues Bank Australia customers want to see action on.

Kim Rollason-Nokes, the founder of Ethni said, “What I love about the Bank Australia community customer grants program is that it’s more than just funding, it’s a partnership. We have been able to work alongside the bank to bring our project to life and have their team members involved at all levels to foster young women from refugee and migrant backgrounds as influential leaders and change makers now and into the future.”

We’re so pleased to be able to support such an amazing group of diverse organisations and the impact they make for people and the planet.





## Case study

### Going HalfCut to protect the Daintree Rainforest



If you've seen someone with half of their hair shaved off, one eyebrow missing or sporting half a beard, don't assume they've lost a bet with mates. They're actually helping save the world.

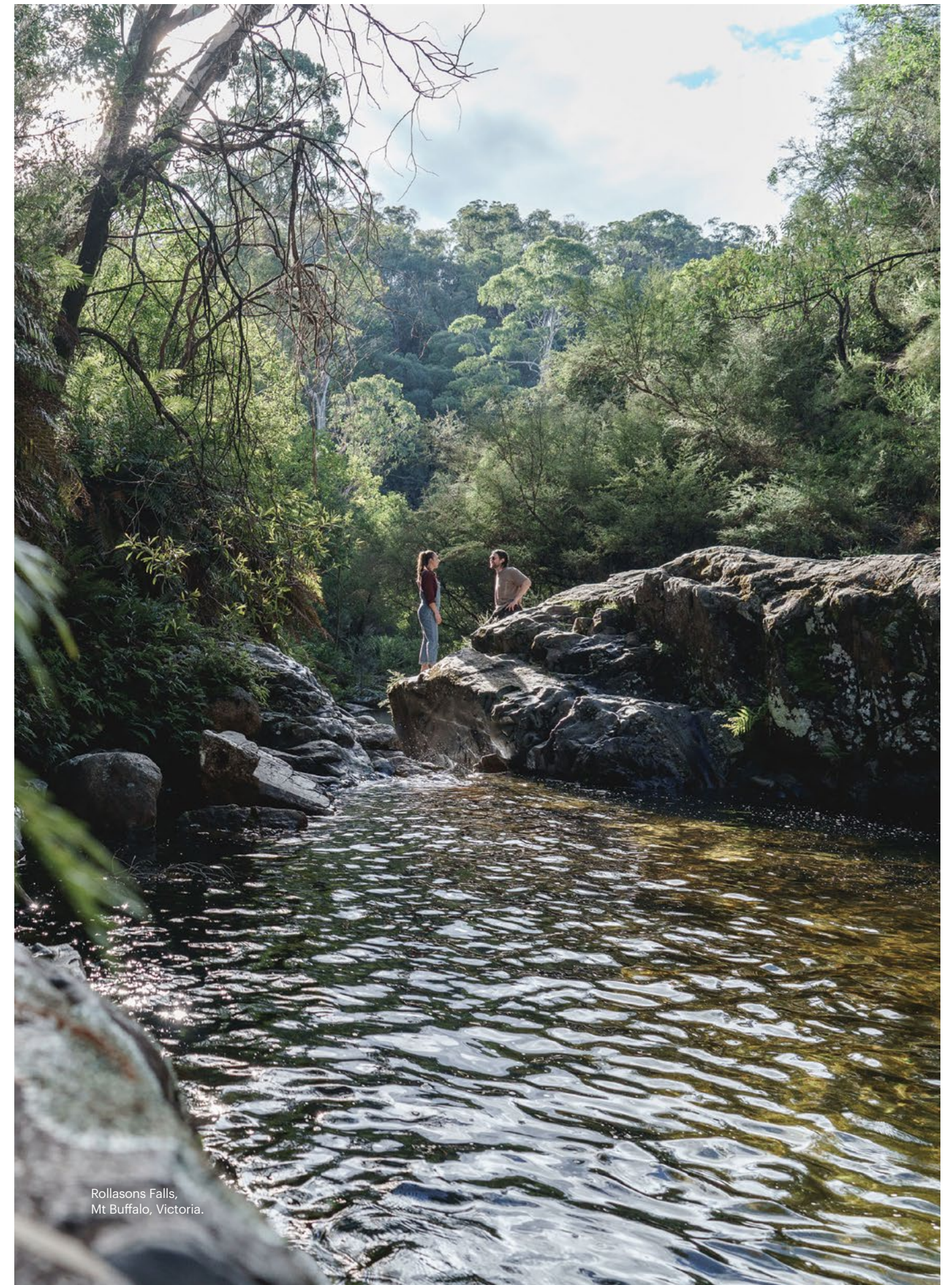
**HalfCut is a conservation initiative, started by Jimmy HalfCut (James Stanton-Cooke) and Jessica Clarke, to highlight the devastating fact that over half of the world's forests are now gone. Jimmy told us at the current rate of deforestation, it's estimated that if we don't change this pattern, in 100 years all forests will be gone.**

Last year, we got involved and helped HalfCut raise over \$200,000 to help save Lot 155 in the Daintree Rainforest. We matched donations dollar for dollar up to \$20,000 and, with the support of our customers, we managed to do that in just 24 hours!

But why Lot 155? Home to 220 endemic plant species, Lot 155 provides secure habitat for the threatened endangered Southern cassowary and Bennett's tree kangaroo. It's also the site of the women's Blue Hole, a sacred birthing ground and meeting place for women to come together, which has just been reclaimed by the Jabalbina Yalanji Aboriginal Corporation.

In November 2020, HalfCut excitedly announced the settlement on the purchase of Lot 155 Cape Tribulation and worked with Rainforest 4 Foundation and Jabalbina Yalanji Aboriginal Corporation to ensure this property was added to the Daintree National Park.

Congratulations to our employees, customers and donors who participated in last year's campaign. The best part is that we will do it all again in 2022!



Rollasons Falls,  
Mt Buffalo, Victoria.



## Improving our supply chain

Our supply chain is an important aspect of being a responsible bank.

We believe the goods and services we purchase and suppliers we work with shouldn't harm people or the planet and our approach to procurement should support businesses and other organisations that align with our values and purpose.

The introduction of the Modern Slavery Act 2018 has put an increased focus on the risks of modern slavery practices, such as human trafficking, forced labour and child labour in supply chains.

This year, we submitted our first modern slavery public statement, summarising our performance, any risks that exist in our supply chain, the actions we have undertaken to assess and address those risks and the effectiveness of those actions.

Our actions over the last year include:

- implementing a new master contracts register to help us better manage all suppliers consistently and compliantly
- implementing an Environmentally Preferred Purchasing Statement, to complement our Supplier Code of Practice
- engaging Aboriginal and Torres Strait Islander-owned businesses and working towards our Reconciliation Action Plan targets
- prioritising suppliers who are also certified B Corporations.

Over the next year, we will also focus our efforts on:

- engaging additional B Corp certified, and Indigenous-owned businesses into our supply chain
- implementing new software to automate and conduct due diligence (including modern slavery, deforestation, ownership, APRA prudential standards, money laundering, fraud management, employee standards etc.) on new suppliers under contract and to be entered into our accounts payable system
- continuing to review and renew all contracts in the master contract register
- engaging new IT suppliers in accordance with our outsourcing policy with a focus on building more resilience into our banking and data systems.

### Case study

## Living our values through our supply chain

Whether it's our uniforms, stationery, information technology equipment, the toilet paper we have in our bathrooms or who we choose to handle our waste and recycling, making sure suppliers in our supply chain act responsibly is important to us. We want to make sure that the suppliers we choose aren't causing harm to the environment, animals or people. We consider many factors when deciding whether to do business with specific companies. These factors include (but are not limited to) fair payment and treatment of workers, adherence to law regarding bribery, corruption, environmental regulation and prevention of human rights abuses.

**Being a certified B Corp confirms we're using the business of banking to have a positive impact on people and the planet. We also screen our suppliers to ensure they're also making a positive environmental and social impact.**

Since we became a B Corp, we've worked with a number of other B Corp businesses including Portable, to help build our new website, Who Gives A Crap, to supply tissues and toilet paper, EcoActive, to recycle our old IT equipment, Reground, to recycle our soft plastic waste, Upparel to recycle our old uniforms, and Thread Harvest, our new ethically-sourced, 100% recyclable uniform supplier. We look forward to including more B Corps into our supply chain over coming years.





# Working on our Reconciliation Action Plan

We completed the third and final year of our ‘stretch’ level Reconciliation Action Plan 2018 – 2021 (RAP). Stretch RAPs are an advanced plan for businesses that have a strong track record of implementing meaningful and measurable initiatives to advance reconciliation.

Our RAP Working Group consists of employees from across the bank, who aim to advance our RAP commitments. The working group also includes an Executive sponsor.

Our progress on some RAP activities was impacted by the need for our resources to be focused on supporting customers and employees, and by restrictions imposed by the pandemic. This included delays to employee trips to the conservation reserve that feature cultural heritage education and engagement with traditional owners; the establishment of a formal mechanism to engage with and receive advice from Indigenous stakeholders and elders, and the deployment of the refreshed Indigenous trainee program.

This year we:

- renewed our funding for an Indigenous trainee on the conservation reserve
- conducted our first Cultural Burn on the conservation reserve in partnership with the Barengi Gadjin Land Council and the Country Fire Authority (see page 92)
- spent \$5,399 on procurement with Aboriginal and Torres Strait Islander-owned businesses, below our target of \$25,000
- continued our sponsorship of HART Awards, a joint program of Reconciliation Victoria and the Victorian Local Government Association.

We are now embarking on the development of our next RAP for the period 2022 – 2025, which will focus on formal engagement with Indigenous stakeholders, employment, cultural awareness and partnering with traditional owners on our expanded Conservation Reserve.

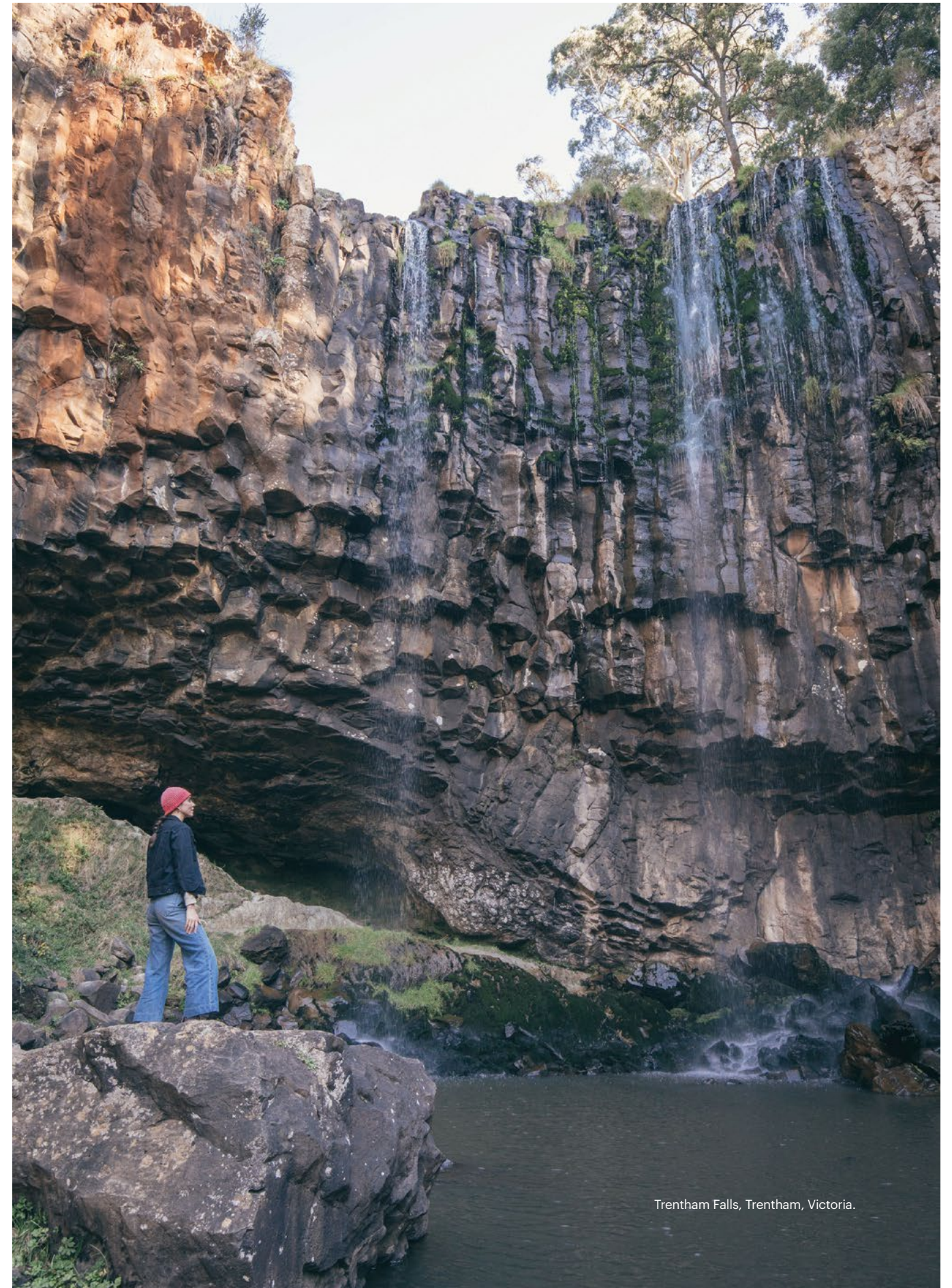
This year we invested \$59,673 (6.5%) of impact fund expenditure in areas that support our RAP targets. This was below our target of 10% of impact fund expenditure.



Wetlands at the Bank Australia conservation reserve, Minimag, Victoria.



## 5. Our planet



Trentham Falls, Trentham, Victoria.



# Addressing the climate crisis

The science is clear. It tells us that, collectively, the world must make deep and rapid cuts to greenhouse gas emissions this decade to maintain an acceptable chance of avoiding the most catastrophic consequences of the climate crisis.

While we've been very focused on cutting the bank's carbon footprint for the past decade, we know we can do more to reduce our impact.

In 2021, we invested in new measures to better understand the origin of emissions and suitable measures for reducing them efficiently:

- embedding our new greenhouse gas accounting framework to better inform our decision making and help us achieve our targets
- mapping a pathway to switch our last Scope 1 emissions sources (appendix 9) to renewable electricity
- exploring opportunities to bring our biodiverse restoration work on the conservation reserve in line with internationally agreed carbon offset protocols.

We also started work on a new climate action plan that will plot our pathway to becoming a net-zero emissions bank. Our efforts will build on years of being a leader in taking climate action and our commitment to sustainable development.

Our new climate action plan is being developed with the assistance of our partners, Point Advisory and Edge Environment. It will include details on:

- setting long-term emissions targets and re-aligning our medium-term targets with the latest science
- scheduling initiatives to further reduce our operational emissions, including an offset strategy for any emissions we can't reduce
- measuring the emissions from our lending and investments, and developing more strategies and incentives to help our customers reduce their emissions
- analysing and addressing our climate risk exposure referencing the Task-force on Climate-related Financial Disclosures (TCFD)
- using our voice to influence a more rapid transition to a low carbon economy.

Taking a leadership position on the climate crisis requires more than simply reducing our direct climate change impact. It's just as important to use our position, resources and networks to help drive systemic change in our sector and elsewhere.

That's why this year, we:

- continued work to understand the emissions associated with our home loans
- scaled up our Clean Energy Home Loan (page 40) to make sustainable housing more affordable for our customers
- participated in the 2021 School Strike for Climate and continued our support of the Not Business As Usual pledge together with like-minded businesses
- celebrated being recognised as Green Bank of the Year by Finder.com.au for our leadership and performance in sustainability for the second year in a row.

## Working together for the planet

We have worked with a number of partners and other stakeholders this year as part of our community action on the climate crisis. Some highlights include:

- partnering with Renew on their annual Sustainable House Day, allowing participants to learn from sustainable homes across Australia first-hand through virtual tours
- partnering with Ocean Impact Organisation on their inaugural PitchFest and ocean impact accelerator program, aiming to identify new and innovative ideas that have the potential to create positive impact for our oceans (see case study on page 85)
- supporting the HalfCut campaign to raise funds to buy-back and protect threatened land in the Daintree rainforest and return the land to the Traditional Owners (see case study on page 76)
- partnering with the 1 Million Women on a fossil fuel divestment campaign targeted to their community.

## Case study

### From the land to the ocean: Working with Ocean Impact Organisation

Led by Tim Silverwood and Nick Chiarelli, Ocean Impact Organisation is Australia's first ocean impact ecosystem and startup accelerator for businesses and entrepreneurs working to make a positive impact on the ocean. Last year, they launched the Ocean Impact Pitchfest 2020, calling for applications for fresh ideas to help save the ocean.

Bank Australia proudly supported Pitchfest 2020 and provided a \$15,000 cash prize to the winner to help them accelerate their idea.

Ideas came in from all over the world but the winning idea was from a business right here in Australia: Planet Protector Packaging.

Joanna Howarth, Planet Protector Packaging's CEO, used to work in food service logistics. But the more they packed, the sicker Joanne started to feel. At their peak, they were distributing 55,000 boxes a week. That's a lot of polystyrene. "We felt like we were single-handedly destroying the planet," Joanne says.

"It got to the point that we had dedicated forklift drivers managing the flow of polystyrene."

That was the trigger that led Joanne to set up Planet Protector Packaging and investigate a more sustainable packaging solution. The answer? Wool. Specifically, waste wool that was heading to landfill.

**When you consider that around 8 million tons of plastic ends up in the ocean each year, almost 50% of which comes from the packaging industry, Planet Protector Packaging's technology has the potential to really clean up our oceans.**

We were so proud to be involved in Pitchfest 2020 and excited to see it happen again in 2021.





## Target setting

As we embed the B Corp performance framework into our business, we will set realistic but ambitious targets for further improving our environmental performance.

We are in the process of establishing solid baseline data.

Our targets will include:

- revised carbon emission reduction targets verified by the Science-Based Targets initiative
- energy and water reduction targets and strategies
- waste and recycling targets and strategies.

### Energy consumption

Over the past year, we invested in a range of energy efficiency measures across the bank. We expanded utility metering beyond our head office in Kew that will help us to better understand the way we use electricity, gas and water and enable us to identify ways that we can use resources more efficiently.

2021 was also our second full year of purchasing 100% renewable electricity through the Melbourne Renewable Energy Project. This means we again met our commitments as a member of the RE100 initiative.

### Our carbon footprint

Changes to the carbon accounting methodology came into effect in 2021. This impacted the way several of our emissions sources are estimated and reported, especially for emissions associated with electricity. For the purpose of comparing year-on-year changes, we have applied the same methodology to 2020 to provide a meaningful representation of changes to our emissions sources.

In 2021, our total emissions were 699.8 tCO<sub>2</sub>-e, down by 265.3 tCO<sub>2</sub>-e or 27.5% on the previous year. This reduction was largely driven by pandemic-related declines in emissions associated with our: Scope 3 land and sea transport (-239.7 tCO<sub>2</sub>-e, or -59.0%); air transport (-139.3 tCO<sub>2</sub>-e, or -81.6%); hotel accommodation (-70.4 tCO<sub>2</sub>-e, or -81.7%); waste (-35.4 tCO<sub>2</sub>-e, or -56.5%); gas consumption (-9.9 tCO<sub>2</sub>-e, or -17.1%); and postage (-7.9 tCO<sub>2</sub>-e, or -10.2%).

These reductions were partly offset by a sharp rise in emissions associated with our employees working-from-home (+235.8 tCO<sub>2</sub>-e, or +1,828.3%).

Some smaller changes were attributable to reasons other than the impact of the pandemic, including emissions associated with our base building services, which declined by 9.6 tCO<sub>2</sub>-e (-34.6%) reflecting the impact of branch closures. The decline also results from the investment in energy efficiency performance by Vicinity Centres, the owner of the shopping centre where our Glen Waverley branch is located.



Julia and Jordy from Great Wrap



We source 100% of our operational electricity from renewable sources



## Transport

The transport related emissions generated by our operations, employee business travel and daily commuting are a key source of our total operational carbon emissions.

**In 2021, we implemented a new monthly employee survey so that we receive richer and more reliable data on their commuting habits. This allowed us to build a more accurate picture of the carbon intensity of employee travel to our offices and branches across the country. In a year where remote working from home became the norm, our commuting related emissions by employees decreased significantly.**

Similarly, our business travel related emissions from flights, vehicle transport and hotel accommodation dropped dramatically given travel was frozen for much of the year.

Over the next year, we aim to:

- implement measures to promote a greater proportion of active and public transport commutes among employees and intra-city work travel by considering office locations and access to end-of-trip facilities
- improve ways of working and our infrastructure to enable continued uptake of video conferencing in lieu of interstate business travel.

For more detail on our carbon emissions data see appendix 9 on page 130.

## Offset projects

Since 2011, carbon offsets have formed part of our approach to achieving carbon neutrality. We acknowledge that carbon offsetting is used as a last resort when accounting for the greenhouse gas emissions we are responsible for. However, offsets do play an important role in enabling our transition to a zero carbon future.

In 2021 we made a substantial purchase of carbon offsets to enhance environmental outcomes from forward-purchasing, while also benefiting from competitive prices that are set to rise. We purchased offsets from a Gold Standard-accredited project focused on replanting native forests in Timor Leste through WithOneSeed, a VCS-accredited project in Victoria focused on conservation and protection of endangered species including the Brush-tailed Phascogale, as well as some renewable electricity offsets. We estimate these offsets will cover the emissions associated with our operations and car loans for financial year 2022 and well into 2023.

We have maintained our position as a carbon neutral business since 2011 and we maintained our certification under the Australian Government's Climate Active program since 2018.



Our conservation reserve

The work on our conservation reserve demonstrates our commitment to addressing the twin crises of climate change and ecosystem collapse.

Expanding our conservation reserve

This year we more than doubled the area of land we protect by purchasing an additional property just north of our three existing reserve sites. This takes the total size of our reserve to 2,117 hectares.

The new property, named Salvana, is located 20km from our existing properties and shares a border with the Little Desert National Park. At 1,190 hectares in size, Salvana has been managed and rehabilitated by its previous custodian, Conservation Volunteers Australia and New Zealand (CVANZ), since 2013.

CVANZ spent years building a comprehensive understanding of Salvana’s species, habitats and pests through substantial research and field monitoring. Salvana supports several rare and threatened species including the South-Eastern Red-tailed Black Cockatoo, Mallee Fowl, Desert Stringybark trees and Caladenia Colorata which is a rare, colourful spider orchid species.

In taking on responsibility for the management and protection of Salvana, our initial focus will be on:

- ensuring we’re managing fire risks ahead of summer
- gathering baseline survey data on the risks and opportunities to enhancing the land’s long-term conservation value
- integrating the property into our conservation reserve 10-year strategy and management plans
- conducting an Aboriginal cultural heritage survey with Barengi Gadjin Land Council.

This year we more than doubled the area of land we protect by purchasing an additional property just north of our three existing Reserve sites. This takes the total size of our reserve to 2,117 hectares.

An exciting element of Salvana is the potential to develop biodiverse carbon offsets on the property. CVANZ’s legacy at Salvana includes the planting of 100 hectares of bio-diverse carbon storage and a further 60 hectares of planting eligible for carbon offset and ready for accreditation under the Gold Standard carbon offset

program. We will continue this work as we look to increase the carbon storage potential of the property in coming years.

With the addition of Salvana to Minimay, Ozenkadnook and Boorooopki, we have scaled up the impact we hope to have in protecting these precious landscapes and their threatened species. Salvana adds a new dimension to our conservation reserve activities and will contribute towards the goals set out in our 10 year vision for the project.

Working with our conservation partners

2021 marked the first year of our second partnership with Greening Australia and Trust for Nature, who manage the conservation reserve on our behalf. Our partnership continues to focus on delivering the work that is necessary to achieve our 10 year vision for the conservation reserve.

As the climate continues to change, our restoration activities must adapt to best available science. Together with ecologists and scientists from Greening Australia and Trust for Nature, the research we will perform on the reserve will add to the pool of knowledge needed to protect it and other conservation properties.

Planting trees on the reserve is an important part of our restoration work. This year we planted over 5,900 Buloke trees within degraded remnant vegetation to support healthy populations and provide future food for the South Eastern Red-tailed Black-Cockatoo.

See appendix 10 for details of our performance against our 10 year strategy.



Wetlands at the Bank Australia conservation reserve, Minimay, Victoria



In July 2020,  
we successfully  
conducted the first  
full scale Cultural  
Burn at the Reserve.



The Bank Australia  
conservation reserve,  
Minimay, Victoria

Cultural Burns

Alongside Greening Australia and Trust for Nature, we’ve worked closely with the Barengi Gadjin Land Council, Country Fire Authority (CFA) and Victorian Government agencies, like Parks Victoria, to plan our first Cultural Burn (or Traditional Burn) at the Minimay reserve property.

This is a cool, low intensity burn that is closely managed. A Cultural Burn is an important cultural practice for Traditional Custodians and Elders, helping rebuild knowledge that was disrupted by colonisation from being passed generation to generation.

A cool burn helps reduce fire risk by removing natural litter such as dry grasses and leaves without damaging the soil, seeds and root systems below. Cool burns can be an important feature in the reproduction cycle of plant species in the local landscape.

In July 2020, we successfully conducted the first full scale Cultural Burn at the Reserve.

Working together the Barengi Gadjin Land Council, the CFA and Parks Victoria, the very first known Cultural Burn was carried out on this land following the introduction of European agriculture to the region. The burn was the culmination of extensive planning that commenced in 2019 and is an important event for the local Aboriginal community in re-establishing traditional knowledge and practices. The burn is supported by scientific research that helps us understand the ecological value of the practice given the challenges and species in today’s landscape. To help draw out these lessons, Greening Australia monitor plots of land before and after the burn to monitor the impact, for example, on exotic grasses that prevent natural grasses from thriving.

We’re planning to expand our use of traditional methods at the reserve to help provide cultural and ecological benefits, as part of our ongoing fire risk management strategy and commitment to being led by those who know the land best, First Nations peoples.

Case study

Seeding a story at the  
conservation reserve

Good conservation work starts with good seeds. Seed collection is all about timing. Collecting them at the right time is important for maximising your chance of getting viable native seeds and keep the harvest ‘clean’ from contamination from weed seeds.

**Seed collection is vital for regrowing habitat, as we are doing with our partners Greening Australia and Trust for Nature at our conservation reserve. Jess, Greening Australia’s ecologist, was busy collecting seeds across the Wimmera and Mallee through the 2020/21 summer.**

From collecting native spear grass in paddocks with the brush harvester, to gathering seed pods from trees and shrubs like acacias and dodonaeas, the shed has filled up with tarps of drying seed. Once all the seeds have fallen out of their capsules or dried out, they are cleaned (through a sieve or similar) and put into storage, ready to be planted when winter comes.

It might seem like a lot of trouble but it’s all in the name of habitat restoration and conservation management.





## Case study

### Working with Working for Victoria

As most of us know, the impacts of the COVID-19 pandemic and lockdowns meant many people sadly lost work. That's why the Victorian State Government set up the Working For Victoria program, providing people who have been impacted by COVID-19 with employment opportunities.

**The program started in around July 2020 and continued through until 2021. In the Wimmera region, over 40 people were employed throughout the program.**

Wimmera Catchment Management Authority (CMA) ran a tender inviting people in the region to express interest in having Working for Victoria crews assist with work and tasks.

One of the projects that the Working for Victoria crew undertook, facilitated by our partners Trust for Nature and Greening Australia, was at the Bank Australia conservation reserve. Ben Holmes, Wimmera CMA biodiversity manager said

"We've been able to get a lot of work done that we otherwise wouldn't have had the resources to deliver. For example, at the Bank Australia conservation reserve, removing fences that were no longer required, hand weeding African orchid to get it under control. These are jobs the [natural resource management] community don't often have the resources to do. We've been able to achieve a lot of environmental gains working on weed management, revegetation and preparation for future works. Thanks to those extra 40 or so pairs of hands, we've been able to get years of work done in a six month period."

Dave, who used to be a truck driver, was a team leader in the Working for Victoria crew. During the program, he said "I'm rapt, I thoroughly enjoy it, love being out in the bush and the people are great to work for, they go out of their way to help you, come and give you a hand, say if there's any problems ring, never had a hassle ... Every day we talk about what we achieved before we go home and look forward to getting back into it tomorrow."



### In 2021, we undertook significant earthworks to restore a natural wetlands system from an artificial dam and a legacy of the land's recent agricultural history.

#### Telling the conservation reserve story

Telling the conservation reserve story is an essential part of our strategy. In April 2021, we presented to some of Australia's leading experts on how to encourage corporate investment in conservation. We spoke of our experience building consensus within our business to make a long term commitment to private land conservation, as well as how we make decisions on the scale and investment required to develop and manage the project in the absence of national standards, framework or incentive structures.

#### Undoing the damage from the past to build a landscape that offers more for everyone

In 2021, we undertook significant earthworks to restore a natural wetlands system from an artificial dam and a legacy of the land's recent agricultural history. Restoring these wetlands is a demonstration of the diverse, positive outcomes we can deliver through conservation.

Wetlands are often considered womens' areas by Traditional Custodians in the region. These sites are abundant in the tools and nature that women required to perform their traditional practices. Working alongside the Barengi Gadjin Land Council, the wetland site was identified as being of particular importance to women. Our efforts to restore the natural landscape also carry an ecological benefit. This includes the biodiversity of wildlife the wetland supports in addition to the carbon benefits. By converting dams, a net carbon emitter, into wetlands we create what is considered a carbon sink.



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The Monolith, Mt Buffalo, Victoria



Appendix 1:  
Our reporting approach

We report on what matters most to you (and us)

Talking to our customers, our employees and other stakeholders helps us better understand what matters most to them and to assess which current and emerging topics to include in this report.

These topics are then considered in terms of which ones Bank Australia could have the biggest impact in line with the materiality principle of the Global Reporting Initiative and Integrated Reporting Framework principles.

This year, we're also aligning our report and grouping these topics with the B Corporation Framework. This framework has five pillars:

1. <b>Our business</b> and how we run the bank (Chapter 1)
2. <b>Our customers</b> and how we serve them (Chapter 2)
3. <b>Our people</b> and how we support them (Chapter 3)
4. <b>Our community</b> and how we strengthen it (Chapter 4)
5. <b>Our planet</b> and how we work to protect it (Chapter 5)

Please see appendix 12 for a full list of the disclosures included in this report against Global Reporting Initiative's (GRI) Standards.

Who has a say?

As a customer owned bank, a unique mix of stakeholders inform our strategy, planning and reporting. As part of our reporting cycle, we consult formally and informally with a range of these stakeholders, including:

- our customers
- our employees
- our community customers (organisations that bank with us)
- our regulators: the Australian Securities and Investment Commission (ASIC) and the Australian Prudential Regulation Authority (APRA)
- our Board of Directors
- our partners (organisations we work with or support)
- our sector: the Customer Owned Banking Association, the Global Alliance for Banking on Values, the Business Council of Cooperatives and Mutuals, the United Nations Global Compact and the Australian Banking Association.

Purpose of this report

We produce an impact report to be transparent with customers and stakeholders about how we are pursuing our purpose, to inspire and empower our customers to use their money to create a world where people and the planet thrive.

The primary audiences for the Impact Report are customers (personal and organisational), employees, stakeholders and partners including Bank Australia impact fund partners, community organisations, large depositors, impact investors (sustainability bond), impact finance business and social enterprise customers, government representatives and regulators and peers and organisations in our sector.

This report presents Bank Australia's performance for the period 1 July 2020 – 30 June 2021 (referred to as 2021 in the report), unless otherwise stated. It does not include the performance of third party organisations that provide services to Bank Australia and our customers.

Bank Australia also produces statutory financial accounts (the 2021 Financial Report) to support this report and as required by law.

In this 2021 Impact Report, the bank reports on:

- performance in delivering the bank's strategic plan and targets
- progress towards meeting the bank's public commitments
- the bank's responses to priority issues, which are defined as those issues that:
  - a) substantively influence the assessments and decisions of stakeholders and,
  - b) can be influenced or impacted by the bank's operations as well as its pursuit of positive economic, environmental and social impacts.

This definition aligns with Global Reporting Initiative's (GRI) Standards.

Reporting frameworks

In developing this report, we applied the following sustainability reporting frameworks to guide our thinking:

**GRI Standards** – to guide how we identify disclosures for reporting that are relevant to our customers as determined by our materiality process.

**Integrated Reporting Framework** – to guide our reporting process for the bank and how we identify links between our strategic plan and the indicators selected for reporting.

This report broadly reflects Integrated Reporting principles and is assured against the Global Reporting Initiative (GRI) Standards' materiality principle (priority issues identified on pages 102-103). Selected non-financial disclosures are also assured. Assurance against the GRI framework reflects the bank's maturing reporting approach as well as GRI's emphasis on balancing stakeholder priorities with the economic, environmental and social impacts of the organisation.

Reporting issues that matter

To ensure this report sufficiently covers the issues that matter, we conduct a materiality process to select and prioritise issues. This process ensures our report is balanced, comprehensive and strongly informed by the expectations and views of our stakeholders. In 2021 our materiality process was informed by ongoing, informal stakeholder engagement that ran for the duration of the year, and by a formal materiality process that occurred in May and June.



According to the GRI materiality principle, this type of report should cover aspects that:

- reflect the organisation's significant economic, environmental and/or social impacts, or
- substantively influence the assessments and decisions of stakeholders.

**How we applied the GRI materiality principle**

We applied the GRI materiality principle by assessing issues using the following criteria:

**1. Stakeholder decision making**

An issue meets the threshold for materiality if it has been identified in feedback provided by stakeholders, and:

- it has an impact on assessment or decision making by stakeholders, and
- such decision making has the potential to impact Bank Australia (for example, the brand, financial performance, staff or customer satisfaction or strategic plan).

**2. Organisational impact**

An issue meets the threshold for materiality if it is an economic, social or environmental issue that:

- the bank has an existing impact or influence on, or
- the bank's core competencies are well aligned to contribute to, or
- the financial/banking sector as a whole considers to be a topic or future challenge, as identified by peers, competitors and industry experts.

**How we identified issues**

We identified issues using a mix of data gathered from internal and external data sources (policy documents, customer and staff research, social media, industry reports, and written and verbal customer feedback) and unstructured interviews with key Bank Australia staff across a range of departments and roles.

A mix of data sources and targeted interviews were used to gather information.

**Data sources**

**Internal**

- Strategic and Corporate Plan
- Risk Appetite Statement and register
- Bank's public commitments
- Bank policies
- Board and Committee minutes
- Action Plans including: Financial Inclusion, Reconciliation, Disability and Environmental Management
- Bank's annual general meeting: questions raised, feedback and discussion
- Bank's social media
- Staff research: staff engagement
- Customer research: responsible banking and customer experience and satisfaction
- Conversations with staff in key roles across the business to identify key areas of focus for 2021

**External**

- Participation in national and international conferences
- Media coverage and commentary
- Engagement with APRA, ASIC and the Reserve Bank
- Global Reporting Initiative's Standards
- Sustainability and impact reports of peers in our industry
- Stakeholder engagement with not-for-profit sector partners and customer organisations
- Participation in industry working groups (Australian Banking Association, Customer Owned Banking Association, Global Alliance for Banking on Values)

**Issue prioritisation and selection**

Due to COVID-19 restrictions, we ran a virtual workshop with Bank Australia's departmental heads and key subject matter experts in May 2021.

The long list of 25 preliminary issues identified was circulated in advance of the workshop. Participants were asked to individually prioritise a shortlist of issues according to (a) those they felt were most important to stakeholders and (b) were issues where the bank could have the most impact. The 16 issues that participants ranked most highly were discussed in detail at the

workshop. As a result we redefined some priority issues and grouped some together to reflect the focus of 2021. Our assurance provider, EY, also attended this workshop to observe the discussion.

We then sought feedback from external stakeholders on our list of priority issues which helped us challenge and validate our internal rankings.

Based on this feedback we then re-plotted the priority issues (see below). This matrix and list of priority issues was presented to the Executive and Board Audit Committee for approval.





## Priority issues for this report

This year we have grouped the priority issues in the table below in themes according to BCorp framework which is also how we have structured the report chapters.

Themes	Issue	Definition	Page
<b>Our business (governance)</b>	Financial performance and position	Our financial performance including profit and growth, the bank's capital and liquid investments and spread of concentration of exposures. Offering rates and fees that are fair – balancing the needs of depositors and borrowers.	11-12, 15, 18, 21, 30-31, 33, 37, 119-124
	Leadership, risk management, governance and ethical conduct	Strong leadership and the bank's governance approach and structure to meet the changing regulatory environment. Our approach to remuneration of Executives, staff and partners. A positive culture with an emphasis on ethical behaviour and customer wellbeing. Effective management of risk and compliance, in an increasingly complex regulatory environment.	15, 18, 21, 24-29, 33, 57, 60, 62, 64, 66, 69, 78, 84, 104-109, 126
	Ability to deliver products and services	The bank's operational effectiveness and ability to deliver products and services that meet customer and staff expectations through structures and systems (including IT, project management, data, customer relationship management and training)	12, 15, 48-49, 56, 60-61, 66, 69
	Purpose driven culture	Delivering on purpose and the brand promise through the bank's culture that reflects the values of the organisation and meets customer and staff expectations, and staff alignment with this culture	18-28, 36-37, 45-47, 52, 57, 62, 66
	Thought leadership as a responsible bank	The bank's commitment to raising the bar for responsible banking and awareness about the ways banking can better serve people and the planet. Building brand awareness and trust in our responsible banking and clean money customer value proposition.	11-12, 21-22, 25, 26, 28, 38, 45-47, 84, 110-111, 128, 137
<b>Community</b>	Impact finance	Lending and investment for people, planet and prosperity, including the bank's loan book and liquidity investments. The measurement and reporting of impact. The bank's role in thought leadership and influencing the financial industry to consider how it invests its money.	9, 12, 15, 18, 22, 24-25, 30, 36, 38-43, 119-124
	Responsible value chain	Effective and responsible management of the environmental, social and governance risks in the bank's value chain, including the bank's loan book, investments, and supply chain. Risks associated with human rights in the bank's supply chain, operations, and loan book, including modern slavery.	9, 12, 15, 18, 22, 24-25, 30, 36, 38-43, 119-124
<b>Customers</b>	The COVID-19 pandemic -organisational resilience and supporting customers and staff	COVID-19 demanded that the bank adapt and respond to changing circumstances for our staff and customers. Our support of customers, staff and the communities where we operate during periods of crisis. Helping customers through financial capability, waiving fees, pausing loan repayments (when applicable), alerting customers of an increased risk of fraud and details of Government assistance on offer.	11, 15, 33, 45, 52, 57, 61-62, 65-66, 75, 94, 105, 110, 115, 126, 137

Themes	Issue	Definition	Page
	Fraud and cybersecurity	Prevention of fraud and providing support to customers who experience issues with fraud and cybersecurity. This includes raising customer awareness about fraud and cybersecurity issues.	15, 61, 66, 69, 78, 106, 112
	Customer engagement and satisfaction	Customer satisfaction with the bank, as measured through post purchase surveys (net promoter score), bi-annual customer engagement surveys, and feedback.	9, 18, 53, 22, 45, 48, 100, 111
	Technology, digital experience and Innovation	Our online and digital platforms deliver innovative and values-aligned digital experiences for our customers. To deliver flexibility and efficiency for customers through our remote access channels. Our technology and innovation capability and culture enable the bank to meet customer needs and expectations.	12, 15, 21, 45, 48-49, 61, 65-69, 104
	Customer value proposition	Our differentiated offering, including responsible products and customer experience. This includes products and services that align to customer expectations and the bank's values.	11, 15, 21, 24, 27, 36-45, 48-49, 52-53, 110
	Capable and engaged staff with strong leadership	Engagement of our staff as measured through regular staff engagement surveys, and through retention and turnover. Developing staff through training, professional development and other learning opportunities to build their career and deliver exceptional customer service. Providing support to develop current and emerging leaders within the organisation.	9, 22, 52, 56-57, 60-63, 66, 69, 112, 126
<b>Workers</b>	Safe and healthy work environment	A workplace with fair employment practices and a safe and healthy environment that promotes staff wellbeing.	57, 61, 112
	Being inclusive and diverse	Creating an environment that supports and is inclusive of a diverse workforce including those of different ages, different genders, from different cultural backgrounds, with different abilities, and LGBTI community members. Effectively serving diverse customers and stakeholders.	62, 63, 66, 72, 112-114, 123-124
<b>Environment</b>	Action on climate change including reducing the bank's environmental footprint	The bank's activities to support action on climate change including partnerships, lending, awareness and grants. The bank's approach to managing climate risk. The bank's efforts to reduce greenhouse gas emissions generated in our operations and through our supply chain as well as managing other environmental impacts. Our commitment to offsetting impacts of our lending activity through the Bank Australia conservation reserve which in turn helps to protect biodiversity.	26, 36, 84, 86, 89, 121, 124, 127-128, 130-134



## Appendix 2: Our approach to risk

To minimise and manage our exposure to risk, we maintain a risk management framework that monitors the operating environment, uses reliable information to support our risk analysis, and ensures we have effective controls in place to manage the risks that we are exposed to.

### Our three lines of defence to manage risk

Our risk management structure has been designed in line with the 'three lines of defence' framework:

1. Each operational area across the bank manages its own risks and is the first line of defence against threats and vulnerabilities. We encourage all staff to adopt/ embrace our risk culture and consider risks in everyday decision making.
2. A central risk and compliance team, led by our Chief Risk Officer, forms our second line of defence.

This team is responsible for:

- ensuring the risk framework is consistent with prudential and industry practice
- developing risk strategy and risk treatment plans
- overseeing risk management practices
- maintaining risk registers, incident and issue registers
- maintaining complaints and dispute registers
- monitoring compliance obligations
- coordinating how risk appetite applies in day-to-day business
- identifying emerging risks and articulating the risk profile of the bank.

3. An internal audit group provides our third line of defence, via independent assurance. Our internal auditor, KPMG, reports to the Audit Committee, which meets quarterly.

The Board's Risk Committee meets six times per year, sets risk appetite and considers our risk management framework, including risk monitoring and handling of incidents that threaten the bank's objectives.

### Above the three lines – risk management and strategy setting

Our Board has ultimate responsibility for the risk management framework and risk appetite statement. To ensure their effectiveness, the Board is responsible for overseeing our risk management practice. By acting in an oversight capacity, Directors can form a view of risk culture, identify any necessary changes to culture and ensure steps are taken to address these changes.

### Risk incidents

When risk incidents arise they are managed as part of ongoing business operations. The risk team coordinates a review of each incident with the business to ensure that the bank has appropriate controls in place to prevent further occurrences and provide suitable remediation.

In 2021 we managed a number of incidents. The majority of these incidents did not materially impact our customers and were not deemed notifiable for regulators. However, on Monday 21 June 2021 the bank experienced a digital outage that prevented customer access to internet banking and the banking app for approximately nine hours. The length of the outage caused an impact to many of our customers and accordingly, the bank notified our regulator (APRA).

## Appendix 3: How we're governed

Good corporate governance and sound risk management practices are a fundamental part of the culture and business of the bank. The key aspects of our corporate governance framework and risk management practices are set out below.

We are a mutual entity in accordance with section 51M of the Corporations Act 2001, a public unlisted company limited by shares, an APRA regulated authorised deposits taking institution and governed by a Board of Directors. The Board is accountable to our customers who own the bank. Customers elect the majority of Non-Executive Directors to the Board and vote on issues at our annual general meeting.

The Board is responsible for the governance of the bank and ensuring that the bank establishes and implements risk management frameworks and processes with the ultimate objective of creating a sound risk culture.

The Board:

- establishes corporate objectives
- develops, with management, the corporate culture, strategy and policy
- appoints the Managing Director and evaluates their performance
- provides oversight for Bank Australia's operations and ensures they align with our values
- ensures the appropriate control frameworks are in place, including the capital structure
- accepts responsibility for compliance with APRA prudential standards, the Australian Corporations Act and other regulatory and legislative requirements
- approves the budget
- sets risk appetite. All Directors are members of the Risk Committee.

The Board generally:

- meets eight times a year, plus the annual general meeting and annual Board planning (two days usually, but in 2021 strategy sessions were spread across a number of months in conjunction with Board meetings due to the impacts of the COVID-19 pandemic)

- has committees, which meet as follows: Risk (6), Audit (4), Governance & Remuneration (4), and Nominations (1)
- has limited Directors' tenure (via the bank's constitution) to 12 years. The average tenure of Non-Executive Directors at the end of this financial year is 4.6 years.

The Board is comprised of eight Directors. Four independent, Non-Executive Directors appointed by customers and there are four Board-appointed Directors – three independent Non-Executive Directors and our Managing Director (Damien Walsh).

Every three years of service, each customer-elected Director will be eligible for reappointment if they qualify and would like to stand for the position again. This appointment occurs through a customer vote at the annual general meeting.

Customers can vote for or against reappointment of specific Directors, and can vote for alternate candidates if other candidates have nominated and pass a due diligence process to stand for election. The Board may also reappoint Board appointed Directors at its discretion.

Each candidate for the position of Director is expected to have the following mandatory competencies:

- a comprehensive understanding of the roles and responsibilities of a Director, including the regulations required in the financial sector
- a commitment to mutuality values, sustainability and responsible banking principles, including the ability to be seen as a role model for the Company's brand through their actions and behaviours
- the ability to evaluate, form conclusions and apply good judgement
- the ability to understand the Company's strategy
- the ability to understand retail banking risks, including risk identification and monitoring of risk mitigation



- the capacity and willingness to undertake continuous professional development and learning to acquire and update skills and knowledge relevant to the role of Director of the Company
- good financial literacy
- an understanding of their obligations as an Accountable Person under the Banking Executive Accountability Regime, namely to:
  - act with honesty and integrity, and with due skill, care and diligence
  - deal with APRA in an open, constructive and co-operative way
  - take reasonable steps in conducting those responsibilities to prevent matters from arising that would adversely affect the prudential standing or prudential reputation of the Company.

In addition to the above mandatory competencies, for the 2020 Director election, a candidate for the position of Director was also expected to meet the following desirable criteria:

- Significant corporate governance experience and significant experience with auditing of financial institutions (not necessarily an auditor).

As well as these qualities, Directors must also be ‘fit and proper’ by reference to the Board’s fit and proper policy.

The board seeks external expertise in relation to areas of significance, for example cybersecurity.

The Board, led by the Chair, regularly considers the skills represented by the Directors to ensure that the mix of skills remains appropriate to achieve the bank’s objectives. The Board consists of Directors with a broad range of experience, expertise and diversity in background and gender. The Board is subject to an annual review of its performance to ensure that it continuously identifies opportunities to improve its own performance.

In 2020, recognising the significant and growing importance of cybersecurity to Bank Australia, the Board appointed a specialist expert cybersecurity advisor to the Board. The advisor’s role included supporting the board to assess and understand the cybersecurity framework of the bank and provide insights in relation to emerging cybersecurity environment and risks.

### Remuneration

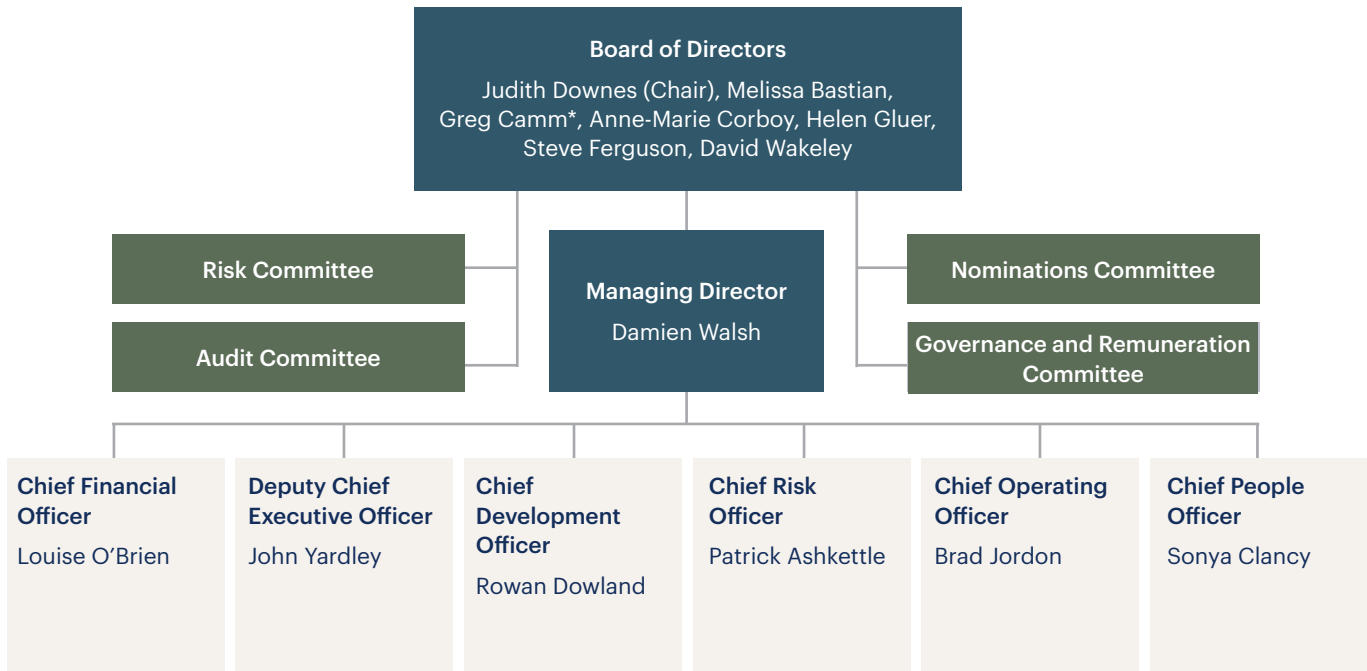
The collective remuneration for the seven Non-Executive Directors of the Board (as approved by customers at the 2019 annual general meeting) is \$615,034 per year pro rata. This sum represents total Board remuneration for the Non-Executive Directors, including fees, superannuation and all relevant taxes payable by either the bank or these Directors. The Directors did not seek an increase in aggregate remuneration at the 2020 AGM.

The base remuneration for a Director in 2021 was \$75,770 (inclusive of superannuation).

The bank’s remuneration policy, which was developed by the Board on the advice of the Governance and Remuneration Committee, sets the framework for rewarding all Directors, officers and employees of the Group. The Remuneration Report (contained in the Directors’ Report within the Statutory Financial Report) outlines the Executive remuneration structure, in addition to details about Non-Executive Directors’ remuneration and other information specifically required under the Corporations Act 2001 (Cth).

### Avoidance of conflicts of interest

In addition to their standing notices, Directors must declare any specific conflicts of interest arising from the business of a particular meeting.



as at June 30 2021

### Chair

The Chair, an independent Non-Executive Director, is responsible for the efficient conduct of the Board’s meetings, setting the agenda, facilitating the work of the Board at its meetings and ensuring that the procedures and standards of the Board are observed.

### Managing Director

The Managing Director is charged with the bank’s day-to-day leadership and management, supported by a senior management team that oversees the bank’s operations. Together, the Managing Director and the senior management team are responsible for embedding culture and sustainability principles within the business and delivering strategy and leadership, product development, commercial oversight, stakeholder engagement, community partnerships, and communications.

Our Statutory Financial Report includes a profile of each of our Directors.

\* Greg Camm retired as a Director on 20 July 2021.

The Board committees are:

- **Risk Committee.** The Board Risk Committee oversees the implementation and ongoing operation of the risk management framework, risk identification and control, and ensures the bank meets its prudential and statutory requirements in relation to the risk management framework. It fulfils the bank’s obligations under Prudential Standard CPS 510 – Governance requiring a Board Risk Committee with specific responsibilities. The Risk Committee meets six times per year.
- **Audit Committee.** The Board Audit Committee helps the Board fulfil its corporate governance responsibilities relating to the oversight of the bank’s reporting obligations, audit function, internal control and compliance framework, and promote an ethical culture of compliance throughout the organisation. It fulfils the bank’s obligations under Prudential Standard CPS 510– Governance requiring a Board Audit Committee with specific responsibilities. The Audit Committee meets four times per year.



- **Governance & Remuneration Committee.** The Board Governance and Remuneration Committee ensures the bank has a strong and effective governance framework for fulfilling the bank's remuneration responsibilities and constitutional matters, and advises the Board on related matters. It fulfils the bank's obligations under Prudential Standard CPS 510 – Governance requiring a Board Remuneration Committee with specific responsibilities. The Governance and Remuneration committee meets four times per year.
- **Nominations Committee.** The Nominations Committee is responsible for determining the appropriateness of candidates for Director elections and appointments. They oversee nominations submitted from eligible customers for Director elections, and interview nominees to assess their fitness and propriety to be and act as a Director. The Nominations Committee is formed and meets as needed.

#### External auditor

Ernst and Young (EY) has been appointed to conduct an audit of the Financial Report and to report to members in accordance with the requirements set out in the Corporations Act for the year under review. The audit report is provided at the end of the Financial Report.

A representative from EY attended the November 2020 Annual General Meeting to answer any questions from members on the conduct of the audit, the preparation and content of the auditor's report, accounting policies adopted in the preparation of the financial statements and EY's independence in relation to the conduct of the audit of the bank's financial statements. A representative from EY will attend the November 2021 Annual General Meeting to fulfil a similar role.

#### Internal audit

The bank's audit function provides independent, objective assurance and consulting services to the bank's operations. KPMG has been appointed to carry out this function for the bank. KPMG assess whether the bank's framework of risk management, control and governance processes are adequate and functioning in a manner that supports various aims, including:

- the appropriate identification, reporting and management of risks
- the accuracy, reliability and relevance of financial, managerial and operating information
- that employees' actions comply with policies, standards, procedures and applicable laws and regulations.

#### How we're regulated

While not a listed company, the bank is committed to maintaining high standards of corporate governance, and actively applies a governance framework that reflects the majority of the Australian Stock Exchange Corporate Governance Principles and Recommendations.

The bank is regulated by the Australian Prudential Regulation Authority (APRA). This independent statutory authority supervises institutions across banking, insurance and superannuation, and is accountable to the Australian Parliament.

According to regulatory requirements, we must manage a diversified liquidity portfolio consisting of securities issued by government and a number of ADIs, including the four major banks and regional banks.

This portfolio includes fixed term deposits, negotiated certificates of deposits, bank bills, bonds, covered bonds, mortgage-backed securities and floating rate notes, and is required by APRA for liquidity purposes. It is not possible to determine the exact purpose of every dollar invested in these APRA-regulated ADI products, so we cannot be sure whether the use of every dollar of these funds matches our responsible investment and lending policy.

The bank is also regulated by the Australian Securities and Investments Commission (ASIC) who have responsibility for regulation under the Corporations Act 2001. ASIC is the country's integrated corporate, markets, financial services and consumer credit regulator. The bank is a Mutual Entity under Section 51M of the Corporations Act 2001.

The bank is also subject to oversight by various state, territory and Commonwealth regulators across its operations and workforce including the Department of Health, the Australian Taxation Office, the Fair Work Ombudsman, the Workplace Gender Equality Agency, the Australian Transaction Reports and Analysis Centre (AUSTRAC), the Office of the Australian Information Commissioner (OAIC) and several work-health and safety regulators.

#### Risk management

The bank is committed to the identification, assessment, management and, where relevant, quantification of risk throughout its business units. Risk culture, and the implementation and adherence to sound risk management frameworks and practices is a core area of focus for the bank's Board and management.

The Board approves the risk appetite statement and the risk management strategy of the bank. The bank's risk management framework is annually reviewed to facilitate a continued proactive and consistent approach to risk management across all areas of activity. The risk management framework has been reviewed within the period covered by this report.

The bank's approach to risk is discussed in greater detail in appendix 2.

#### Compliance

The bank has a well-developed and implemented compliance framework supported by dedicated compliance managers. The focus of this function is to ensure ongoing compliance with all laws and regulatory requirements with particular attention to industry specific requirements.

#### Transparency in our share holdings

Bank Australia holds shares in related companies. In 2021 the bank was a shareholder in two major service suppliers:

- Cuscal – a provider of payment and transactional banking services
- Data Action – a supplier of core banking and data network facilities.



## Appendix 4: Our customer profile

We experienced strong customer growth in 2021. We attribute much of this growth to the ongoing success of our clean money customer value proposition, which was supported this year by the ‘People Australia Needs’ campaign. The bank also experienced very strong loan growth which also contributed to strong customer acquisition numbers.

However, 2021 has been a challenging year for many of our customers because of the impact the COVID-19 pandemic had on their lives. Further details are provided in Chapter 2 – Our Customers (page 52).

### Customer numbers and demographics

	2021	2020	2019	2018 <sup>1</sup>
<b>Number of customers</b>				
Total customers	176,210	160,437	146,400	143,244
New customers	27,691	26,796	19,199	15,162
Customers acquired through merger	0	0	0	7,842
Customers who left the bank <sup>2</sup>	11,918	12,759	16,043	7,549
Net customer growth	15,773	14,037	3,156	15,455
Customer retention rate	93%	91%	88%	94%
<b>Customer locations</b>				
Victoria	60.4%	63.9%	66.2%	67%
New South Wales	15.5%	14.1%	12.3%	11.6%
Queensland	10.2%	9.6%	9.2%	8.9%
Australian Capital Territory	4.4%	4.3%	3.9%	3.7%
South Australia	2.7%	2.4%	2.2%	1.9%
Western Australia	2.7%	2.3%	2.1%	1.9%
Tasmania	1.3%	1.1%	0.9%	0.8%
Northern Territory	0.4%	0.4%	0.3%	0.2%
Other	2.4%	2.1%	2.9%	3.8%

	2021	2020	2019	2018 <sup>1</sup>
<b>Customer age</b>				
Average age of customers (years)	49	49	50	51
Average age of new customers (years)	35	36	39	44
<b>Customer satisfaction</b>				
Customer satisfaction <sup>3</sup>	87%	90%	88%	91%
Net promoter score <sup>3</sup>	42.4	45.4	44.6	46.8
Customer complaints <sup>4</sup>	715	914	383	228
Customer complaints as a share of total customers	0.4%	0.6%	0.3%	0.2%
<b>Brand awareness</b>				
Brand awareness of our brand within target audience <sup>5</sup>	40.2%	31%	34%	26%
<b>Financial wellbeing</b>				
Customer satisfaction with overall financial situation	75%	75%	71%	70%
<b>Hardship</b>				
Loans varied due to hardship <sup>6</sup>	383	1,714	121	174

#### Notes on our customer profile

- Our customer numbers for 2018 were restated in the 2019 Report due to a change in our customer definition. Within this change we included some accounts which were transitioning to dormancy. For example, the total number of customers reported in our 2018 Corporate Report was 135,786. By dormancy, we mean customers with no account activity for the past 12 months that have been transitioned to dormancy.
- The high figure for the number of customers leaving the bank in 2019 and 2020 was driven by a backlog of dormant customers whose accounts were not closed prior to 2019.
- We again worked with research agency Forethought to measure customer satisfaction late in the financial year. A representative sample of 1,850 customers were asked how satisfied they are with Bank Australia on a 10-point scale. Scores of 6+ (satisfied or extremely satisfied) are used to calculate overall satisfaction. Forethought also surveyed these 1,850 customers to determine the Net Promoter Score, which is the likelihood that customers will recommend us to others.

- Our approach to responding to customer complaints is discussed on page 53. 85% of complaints were resolved within 21 days.
- We regularly conduct research to determine the awareness of our brand within our target audience. We define our target audience according to Roy Morgan's 2014 Helix Personas. The target market consists of those personas, which index over 100 for social awareness. Personal customer records are updated quarterly with a Helix Code and the target percentage tabulated for existing and new customers.
- Although less than in 2020, the number of loans that we varied due to customer requests in 2021 remained higher than in years prior to COVID-19. This includes all requests for hardship and COVID-19 deferrals. Of the 383 variations applied, 323 (84%) related to COVID-19 assistance. Our approach is discussed on page 52.



Appendix 5:
Our people and culture

This appendix contains information and statistics about our people and our culture activities in 2021. All data was correct as at 30 June unless otherwise stated. For further information about our gender data please refer to Workplace Gender Equality Agency (WGEA) reporting on the WGEA website https://www.wgea.gov.au/

Our workforce summary, 2017-2021

	2021	2020	2019	2018	2017
Total staff <sup>1,2</sup>	456	441	427	411	394
Female	290	285	292	281	265
Male	166	156	135	130	129
Full-time equivalents (FTEs) <sup>3</sup>	417	400	386	367	356
Staff turnover rate <sup>4</sup> (continuing)	15.6%	10.4%	12.7%	9.5%	10.7%
Absentee rate <sup>5</sup>	2.4%	3.1%	2.7%	3.3%	3.6%
Occupational health and safety hazards, incidents and injuries affecting staff <sup>6</sup>	22	54	385	38	19
Occupational health and safety hazards, incidents and injuries affecting customers <sup>6</sup>	23	7	6	-	-
Days lost to injury <sup>7</sup>	11	54	12	30	39
Number of staff who took paid parental leave <sup>8</sup>	26	17	21	22	n/a
Staff engagement survey score <sup>9</sup>	75%	70%	71%	67%	73%

Notes on people and culture summary figures

1 Total staff figure includes employees on parental leave, extended sick leave, casual and fixed term contracts, trainees. Excludes Board Directors.

2 Most staff worked full time (78%) followed by those who worked part-time (15%), those on a contract (3%), trainees (2%) and casual staff (2%). These figures are broadly similar to those reported in 2020.

3 This excludes staff on parental leave, extended leave and Board Directors.

4 Includes voluntary separations, not dismissals or redundancies.

5 This is an annualised rate and includes staff on extended sick leave, unpaid sick & pandemic leave.

6 There were 39 hazards, occupational health and safety incidents and injuries affecting staff recorded. This included 16 incidents (73%) without injury, and 6 incidents with injury (27%). This decrease may be attributed to fewer staff being in the office. There were no common themes/trends from the injuries sustained. Reasons for injuries were minor slips, bumps, falls, a vehicle accident, stress and a computer related strain. There were 18 incidents involving a customer or member of the public acting with aggressive behaviour towards a member of our staff; no injuries resulted.

Of the other five hazards, incidents and injuries affecting customers: two were unwell, one was a secondary COVID contact and two resulted in minor injuries. In last year's report we began reporting separately for staff and customers/members of the public and also restated the 2019 figure to align with that new reporting.

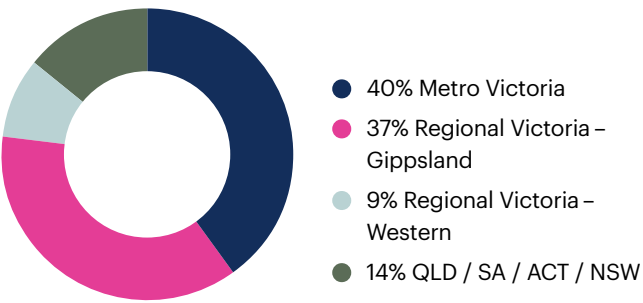
7 As reported in the 2020 Report, the higher than usual days lost to injury in 2020 was due to injuries that required extended leave.

8 Our parental leave figure refers to leave that is taken and paid by Bank Australia for primary carers and secondary carers. We did not report on this measure before 2018 because this paid leave policy had not been introduced.

9 Our staff engagement measure is measured by surveying staff with a non- compulsory survey (87% participated in October/November 2020). The survey had 32 questions and the following six indices were measured:

- Engagement
- Demonstrated Commitment of Values
- Direction
- Importance of Values
- Risk Culture
- Cybersecurity.

Staff by location, 2021



Where our people work

In 2021, our people were split across our locations as illustrated below:

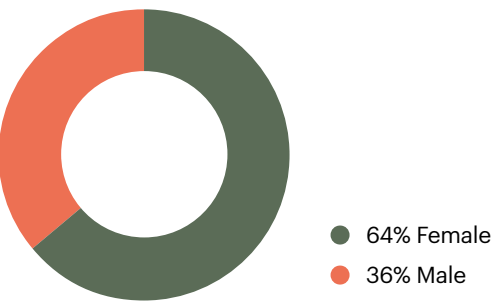
- 45% of our people are based in regional Victoria. This proportion reflects our commitment to creating jobs and opportunities in regional Australia
- 86% of our people are based in Victoria and 14% are based in other states.

Employee age, 2021

Age bracket	Number	% of total
<25 years	48	11%
25 years to 55 years	357	78%
>55 years	51	11%
Total	456	
Average Age		
Average age	39	

- Most of our people continue to be between the ages of 25 and 55 (up from 73% last year).
- The average tenure of employees is 6.57 Years.

Employee gender split, 2021



Gender equity

In 2021, we continued to employ more female staff (290, or 64%) than male staff (166, or 36%). These figures exclude Bank Australia's Board of Directors.

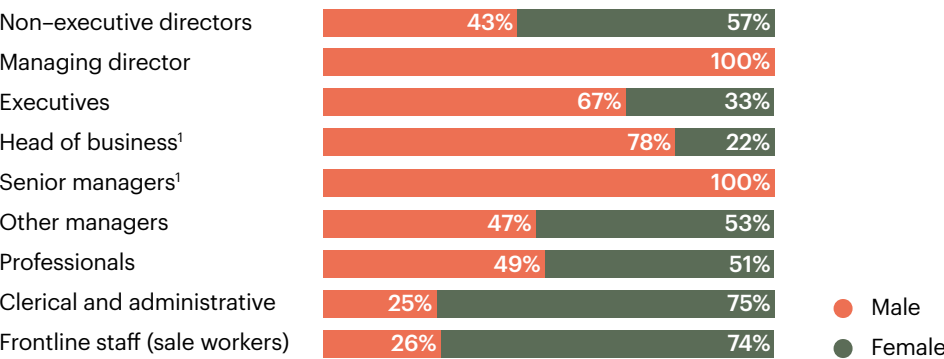
Salary packages, by gender, 2021

Role classification	Female salary package (average)	Male salary package (average)
Frontline and support staff	\$71,627	\$68,432
Middle management	\$143,625	\$164,267
Senior Management	\$407,309	\$ 441,596

- Notes:
- Frontline and support staff are all those employed at grade 1 and 2 (including trainees).
  - Middle management are all those employed at grades 3 and 4
  - Senior management are all those employed at grades 5 and 6
  - Consistent with previous years, Senior Management excludes the Managing Director
  - Average Base Salary has been converted to Full Time Equivalent (FTE) for Part-time staff
  - The differences between the average full-time equivalent (FTE) salaries for females and males is attributable to a number of reasons relating to individual choices including years of service at the bank, level of experience and complexity of roles.
  - Refer to page 62 for our approach to gender equality.



Employee gender split, by role classification, 2021 (as at 31 March 2021)<sup>1,2</sup>



Role classification

We classify roles across the bank based on the Workplace Gender Equality Agency (WGEA) classification of roles: frontline staff (this includes sales workers), clerical/administrative staff, professionals, other managers, senior managers, head of business and executives. The WGEA data presented on this page is accurate, as of 31 March 2021. To align to our WGEA reporting we have included all levels of the workforce in the *Staff by role classification* and *Employee gender split by role classification* charts. All other data excludes non-executive directors.

Staff, by role classification, 2021 (as at 31 March 2021)

Role	Number	% of total
Managing Director	1	<1
Executives	6	1%
Head of Business <sup>1</sup>	18	4%
Senior managers <sup>1</sup>	1	<1
Other managers	76	17%
Professionals	77	17%
Clerical and administrative	157	35%
Frontline staff	108	24%
Total	444 <sup>2</sup>	

Employee gender split by type of employment, 2021<sup>3</sup>

		FTE	% of total
Full time staff	Female	209	48%
	Male	147	34%
Part-time staff	Female	37	9%
	Male	6	1%
Trainees	Female	8	2%
	Male	2	<1%
Contract staff (full-time) <sup>4</sup>	Female	4	1%
	Male	8	2%
Contract staff (part-time)	Female	2	<1%
	Male	0	0%
Casual staff (head count)	Female	7	
	Male	2	

- 1 New categorisation in line with Australian and New Zealand Standard Classification of Occupations (ANZSCO). As a result, some staff previously categorised as Senior Managers have been re-categorised as Head of Business.
- 2 Percentage calculated based on headcount within each role category.
- 3 Note: These figures do not include non-executive (Board) directors.
- 4 Prior to 2021, permanent staff on a secondment or temporary change to hours/roster were previously classified as 'Fixed Term'. We have now correctly reclassified these as 'Permanent' staff.

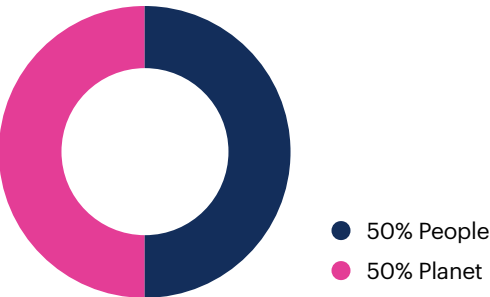
Appendix 6:  
Bank Australia impact fund

The bank allocates up to 4% of its after-tax profits to the Bank Australia impact fund. The fund supports a number of projects and partnerships that benefit people and the planet. Our largest social partnership is with The Big Issue<sup>1</sup> and our largest environmental project is the Bank Australia conservation reserve. We also run an open grant round each year for Bank Australia community customers who can apply for grants that benefit people or the planet. Recognising the challenges COVID-19 created for many community sector organisations and communities we doubled the size of the individual grant amount from \$10,000 to \$20,000.

In 2020, 3.2% of after-tax profits (generated in 2019) or a total of \$729,067 was disbursed from the impact fund. We rolled over the remaining 0.8% that was not allocated, to fund new projects in 2021.

In 2021, we disbursed \$970,352 from the impact fund. This represented 4.9% of our after-profit tax (generated in 2020). This included the amount carried forward from 2020.

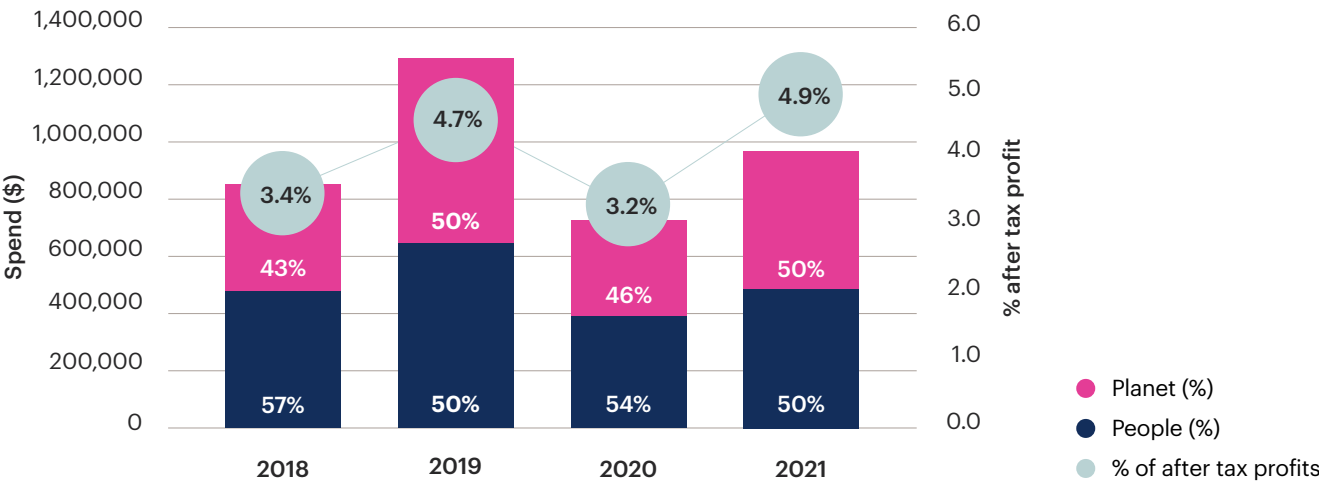
Funding for people and planet, 2021



The 2021 funding was split across programs that benefit people (50%) and programs that benefit the planet (50%). This is represented in the chart below.

The bars in the chart below illustrate the total amount of funds allocated each year since 2018 as well as the proportion of funds allocated to people and the planet. The grey trend line illustrates the percentage of after-tax profit spent each year.

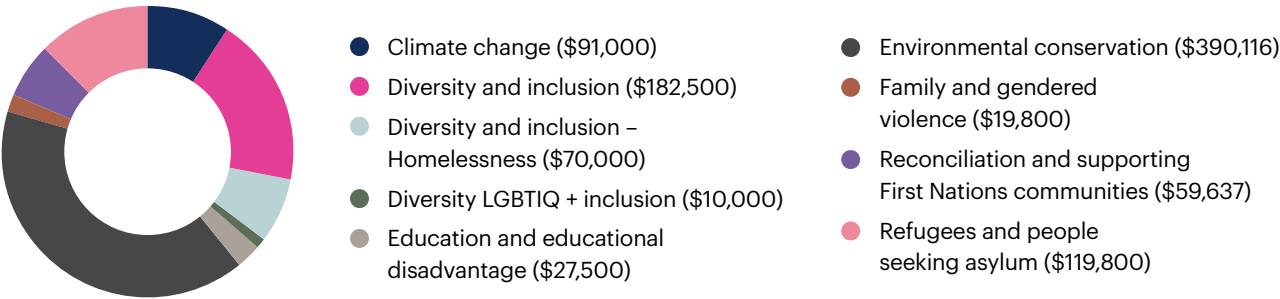
Funding for people and planet year on year comparison, 2018 – 2021



1 Bank Australia's Chief People Officer, Sonya Clancy is the current Chair of the Big Issue. Our partnership with The Big Issue commenced in 2016 and predates Ms Clancy joining the bank in 2018.



Bank Australia impact fund programs, by funding category, 2021



Bank Australia impact fund projects, 2021

Impact area	Organisation	Program	Amount
Environmental			
Environmental conservation	Greening Australia/Trust for Nature	Bank Australia conservation reserve	\$327,616
Climate change	Responsible Investment Association Australasia	Australian Sustainable Finance Initiative – Transition Phase funding	\$11,000
Total			\$338,616
Social			
Reconciliation and supporting First Nations communities	Greening Australia	First Nations traineeship – conservation reserve	\$21,437
Diversity and inclusion	Business Council Of Co-Operatives And Mutuals	Curriculum development	\$44,500
Refugees and people seeking asylum	Human Rights Watch	Refugee advocacy and research	\$20,000
Diversity and inclusion	Moe Life Skills	LIFE in Action program	\$0.00 <sup>1</sup>
Diversity and inclusion	The Big Issue	Uniform partner and financial capability	\$88,000
Reconciliation and supporting First Nations communities	VLGA/Reconciliation Victoria	Community HART Awards	\$5,000
Education and educational disadvantage	Zoe Support	Young mums education re-engagement program	\$27,500
Total			\$206,437

1 The LIFE in Action program funding was provided as an upfront payment of \$81,825 in 2019 as part of a three-year partnership.

Impact area	Organisation	Program	Amount
First Nations scholarships			
Reconciliation and supporting First Nations communities	Community Leadership Loddon Murray	First Nations leadership scholarship – Bendigo	\$7,700
Reconciliation and supporting First Nations communities	Gippsland Community Leadership	First Nations leadership scholarship – Gippsland	\$5,500
Total			\$13,200

Community customer grants 2021

Impact area	Organisation	Program	Amount
Environmental			
Climate change	Climate for Change	Climate Conversations Program – Building Community Partnerships	\$20,000
Climate change	Creative Recovery Network	Creative Responders	\$20,000
Climate change	Environment Victoria	The Vision for the Valley Summit	\$20,000
Environmental conservation	For Wild Places PTY Ltd	For Wild Places ‘Climate Run’ Trail Race series	\$10,000
Climate change	Gippsland Climate Change Network	Energise Gippsland Renewables Fund	\$20,000
Environmental conservation	Seabin Foundation Limited	Strengthening Seabin Project’s Citizen Science Program in Australia	\$20,000
Environmental conservation	The Forktree Project	The Forktree Project	\$20,000
Social			
Diversity and inclusion Homelessness	Bower Reuse & Repair Centres	HomeKeeper	\$20,000
Diversity and inclusion Homelessness	End Street Sleeping Collaboration	Implementing the By-Name List in Greater Sydney	\$20,000
Refugees and people seeking asylum	Ethni	Future Female Changemakers – Leadership Program	\$20,000
Refugees and people seeking asylum	Free To Ltd (t/a Free to Feed)	Leadership, Empowerment & Communications Training	\$20,000
Diversity and inclusion	Gippsland Disability Advocacy Inc.	Disability – Know Your Rights	\$17,500



## Appendix 7: Our lending and investments

This appendix contains information on our lending and investment activities for 2021 with a particular focus on our impact finance assets. For full reporting of our balance sheet, see our 2021 Financial Report.

### Our lending portfolio

As at 30 June 2021

Lending portfolio	Total value	% of overall loan book
<b>Total lending</b>	<b>\$6.3b</b>	<b>100%</b>
Home loan lending	\$5.8b	92.3%
Lending to personal customers for car loans, personal loans and overdrafts	\$0.1b	1.2%
Commercial lending	\$0.4b	6.5%

Our Responsible Banking Policy guides all our lending, and our teams follow procedures to ensure we screen out any potential loans that don't comply with sectors excluded under our policy.

### Commercial lending by sector

As at 30 June 2021

Sector	Total balance	% of overall loan book
Accommodation and food services	\$3.8m	0.9%
Administrative and support services	\$4.2m	1.0%
Agriculture, forestry and fishing	\$5.6m	1.4%
Arts and recreation services	\$2.2m	0.5%
Construction	\$32.0m	7.8%
Education and training	\$8.0m	2.0%
Electricity, gas, water and waste services	<\$0.1m	<0.1%
Financial and insurance services	\$31.4m	7.7%
Health care and social assistance	\$0.6m	4.4%
Information media and telecommunications	\$0.6m	0.2%
Manufacturing	\$10.9m	2.6%
Other services	\$3.6m	0.9%
Professional, scientific and technical services	\$2.5m	0.6%

Impact area	Organisation	Program	Amount
Diversity and inclusion Homelessness	Independent Community Living Australia	House Mates	\$20,000
Diversity and inclusion	Kensington Neighbourhood House Inc	Kensington Study Support Program – Making Up Lost Ground	\$12,500
Diversity LGBTIQ+ inclusion	Laneway Learning	Queer Social	\$10,000
Family and gendered violence	Lifeline Central Victoria & Mallee	Mental Health First Aid for the Region	\$19,800
Refugees and people seeking asylum	Road to Refuge	In My Own Words	\$20,000
Refugees and people seeking asylum	Scarf Community Organisation	Spring Scarf '21, Autumn Scarf '22 & Winter Scarf '22	\$19,800
Diversity and inclusion	Society Melbourne	home.plate	\$20,000
Diversity and inclusion Homelessness	The Footpath Library Ltd	The Footpath Library Sydney Hub	\$10,000
Refugees and people seeking asylum	The Social Outcomes Lab Pty Ltd	Her Kitchen Table	\$20,000
Reconciliation and supporting First Nations communities	Zoe Support Australia	Cultural Safety, Inclusion and Mental Health Support for Young Mothers	\$20,000
<b>Total</b>			<b>\$399,600</b>

### Bank Australia impact fund donations, 2021

Impact area	Organisation	Amount
<b>Environmental</b>		
Environmental conservation	Goroke Rural Fire Brigade	\$2,500
Environmental conservation	Minimay Rural Fire Brigade	\$2,500
Environmental conservation	Neuarpuur Rural Fire Brigade	\$2,500
Environmental conservation	Ozenkadnook Rural Fire Brigade	\$2,500
Environmental conservation	Peronne Rural Fire Brigade	\$2,500
<b>Total</b>		<b>\$12,500</b>
<b>Total spend from impact fund</b>		<b>\$970,352</b>



Sector	Total balance	% of overall loan book
Public administration and safety	\$0.6m	0.2%
Rental, hiring and real estate services	\$277.5m	67.6%
Retail trade	\$1.7m	0.4%
Transport, postal and warehousing	\$7.1m	1.7%
Wholesale trade	\$4.2m	0.1%
<b>Total</b>	<b>\$410.5m</b>	<b>100.00%</b>

### Impact finance assets

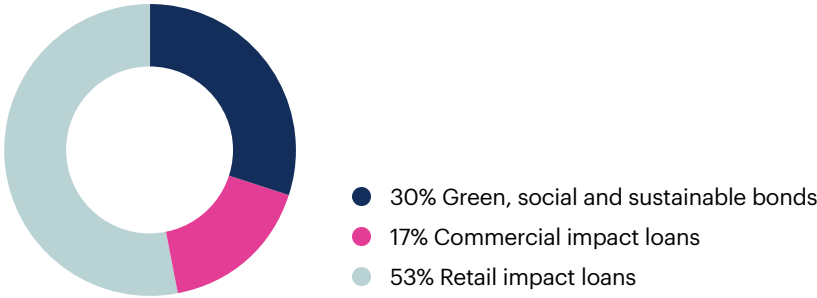
As at 30 June 2021

We're committed to lending and investing with a positive impact for people and the planet. Our impact finance business exists to grow these assets, and to measure and report back to our customers on the impact that our loans and investments are having.

We're a member of the GABV, and we use the GABV Scorecard as the basis for classifying our impact finance assets into three categories based on the primary impact they have: people, planet or prosperity.

Impact finance assets	2021	2020	2019
Total balance	\$1,080m	\$746.1m	\$610.7m
% of total assets	12.8%	10.4%	9.6%

Our impact finance assets include loans for people, planet or prosperity, as well as investments from our liquidity portfolio in green bonds and sustainability bonds.



Impact finance lending	2021	2020	2019
<b>Impact finance lending</b>			
<b>Total balance</b>	<b>\$756.0m</b>	<b>\$578.2m</b>	<b>\$487.1m</b>
<b>% of total loan portfolio</b>	<b>11.9%</b>	<b>10.4%</b>	<b>9.3%</b>
<b>People lending</b>			
Total balance	\$148.3m	\$108.4m	\$115.4m
% of total loan portfolio	2.3%	1.9%	2.2%
<b>Planet lending</b>			
Total balance	\$488.8m	\$392.5m	\$324.7m
% of total loan portfolio	7.7%	7.0%	6.2%
<b>Prosperity lending</b>			
Total balance	\$119.0m	\$77.3m	\$47.0m
% of total loan portfolio	1.9%	1.4%	0.9%

### Lending for people

Our people lending includes:

- commercial loans to community housing providers to help them build affordable and social housing for people who need it
- commercial loans and individual loans for specialist disability accommodation suited to people with complex care needs
- commercial loans to not-for profit community organisations that have a social focus.

People lending highlights in 2021 were:

- A new \$50m debt facility to Australian Unity for its Specialist Disability Accommodation Fund to help create more housing for people with complex care needs
- A loan to Interchange Gippsland to help them build new premises for disability services.

### Lending for planet

Our planet lending includes:

- commercial loans and home loans for sustainable housing developments
- commercial loans to make green upgrades to buildings
- commercial loans to not-for profit community organisations that have an environmental focus
- Clean Energy Home Loans
- home loans for construction (because we protect an equivalent amount of land on our conservation reserve)
- car loans (because we offset emissions associated with our loans), including discounted loans for low-emissions vehicles.



Planet lending highlights in 2021 were:

- we lent to a new development for Nightingale Anstey, which will see 54 new homes built with a focus on the environment and strong community
- we grew our Clean Energy Home Loan to over \$100m in funded loans, with over 170 households taking up the loan since we launched in January 2020
- we allocated 194,087m<sup>2</sup> of land on our conservation reserve to ensure an area is protected that's equal to the size of the building lots of all the construction loans we financed during the year.

Lending for prosperity

Our prosperity lending includes:

- home loans as part of affordable housing initiatives such as the First Home Loan Deposit Scheme, the HomesVic scheme, the Home Smart Shared Equity Scheme, and ACT Land Rent
- home loans as part of Indigenous Business Australia's banking panel to support Aboriginal and Torres Strait Islander customers on their home ownership journeys.

Impact finance investments	2021	2020	2019
Total value	\$324.2m	\$168.9m	\$123.6m
% of total investment securities	17.5%	12.3%	13.9%

Prosperity lending highlights in 2021 were:

- we launched a banking panel partnership with Indigenous Business Australia with the goal of supporting Aboriginal and Torres Strait Islander customers buy a home, or transition to a bank
- we grew our loans under the Federal First Home Loan Deposit Scheme, helping 127 first home buyers overcome the barriers to entering the housing market in 2021.

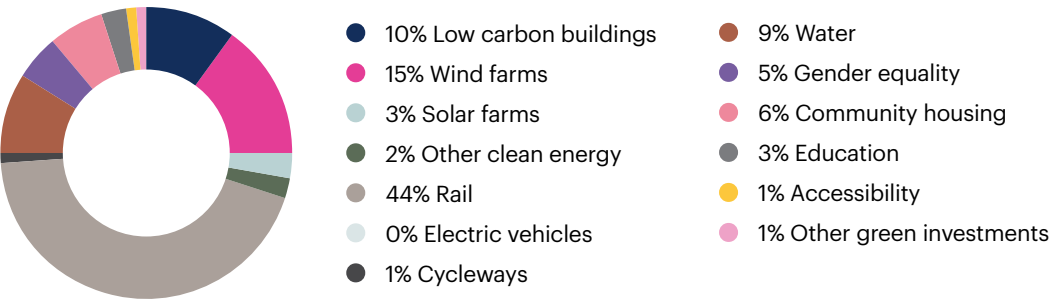
A selection of our people, planet and prosperity loans have been used to underpin Bank Australia's sustainability bonds. We have issued \$320m of sustainability bonds since our first bond in August 2018.

Our liquidity portfolio

We hold money in liquid investments to ensure we have access to a sufficient amount of money to meet our customers' needs, as well as the requirements of our regulator, the Australian Prudential Regulation Authority. These investments include bonds from other banks, Governments and other organisations.

When they are available, we prioritise green, social and sustainability bonds and we're working to increase the share of these in our total liquidity portfolio.

The proceeds of our investments in green, social and sustainability bonds are allocated to the sectors below.



Measuring our impact

We're committed to measuring and reporting on the impact of our people, planet and prosperity assets.

As a member of the GABV since 2012, we've been on this journey for a while. Each year we complete the GABV Scorecard that tracks our share of people, planet and prosperity assets and compares us to other values-based banks around the world. We also map our impact finance assets to the United Nations Sustainable Development Goals (SDGs).

Sustainable Development Goals

The SDGs are 17 global goals set by the United Nations with a target date of 2030. They are described as a blueprint to achieve a better and more sustainable future for all, and each goal includes specific targets for the world to work towards.

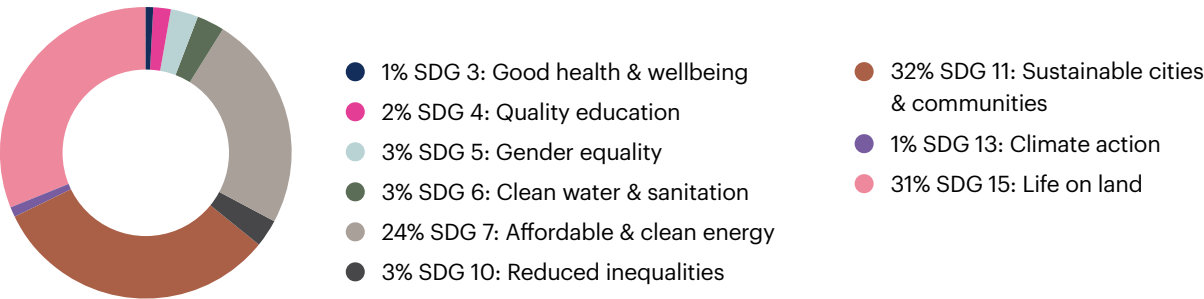
In developing our impact finance strategy, we used the SDGs as a reference point and identified five key goals that aligned with both our capabilities and the positive impacts our customers want to see.





We map our impact finance portfolio against the 17 SDGs, reviewing the expected impact of all loans and investments against alignment with SDGs and

their targets. The breakdown of our impact finance assets according to the primary SDG they are aligned to is shown below.



Examples of how we map our key areas of lending against their contribution to the SDGs are below.

Example lending area	SDG	Target	Rationale	Example indicators
Specialist disability accommodation	10 Reduced inequalities	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	People with complex care needs currently lack choice over where and how they live, and access to appropriate housing. Funding high qualify housing suitable for people with complex care needs contributes to the empowerment and inclusion of people living with a disability.	Homes funded for people for people with complex care needs
Clean Energy Home Loan	7 Affordable and clean energy	7.3 By 2030, double the global rate of improvement in energy efficiency	Homes in Australia are not generally built to high standards of energy efficiency. By providing an incentive to customers to build or buy green homes, or make ambitious green upgrades to their homes, this product contributes to the rate of improvement in energy efficiency.	Energy rating of homes financed Green upgrades made Carbon emissions saved

Appendix 8:  
Responsible banking commitments

We're part of an Australian and global network of banks that are guided by values to pursue positive economic, social and environmental outcomes from the business of banking.

We know we need to listen to and learn from others, and be open to new ideas that make our bank better and stronger. For this reason, we seek to learn from like-minded organisations in Australia and around the world.

We're a member of:

- the Global Alliance for Banking on Values – a global network of banks committed to advancing positive change in the banking sector
- the Business Council of Cooperatives and Mutuals – the national peak body representing co-operative and mutual enterprises

- the Customer Owned Banking Association – the industry advocate for Australia's customer owned banking sector
- the Australian Banking Association – a main contributor of analysis, advice and advocacy for the banking industry and financial services

We are also certified by:

- B Lab which manages B Corporation accreditation and advocates for purpose-driven business across the world.

Our memberships, accreditations and associations bring different perspectives to the bank. They help us network, share information, learn and question our own thinking, making sure we're working in ways that help us to achieve our purpose.

Progress against our public commitments on values based banking, 2021

Commitment	Commitment description	Progress in 2021
Financial Inclusion Action Plan	To understand and address the drivers of financial exclusion among vulnerable groups of customers.	We're improving inclusion and accessibility for our customers and staff. This includes the way we design our products, services and buildings, by increasing employment opportunities for people with a disability, and by creating a positive community impact through customer grants and lending to specialist disability housing.  We established a new team to develop and deliver an ongoing program to support vulnerable customers and ensure their access to our products and services.  As part of a review of our public commitments, we decided not to develop a stand-alone Financial Inclusion Action Plan in future. These commitments and actions will be incorporated into our overarching Force for Good Strategy, which reflects and is aligned to our B Corporation accreditation.



Commitment	Commitment description	Progress in 2021
<b>Reconciliation Action Plan</b>	To promote understanding and close the gap between Indigenous and non-Indigenous Australians.	<p>In 2021 we completed the last year of our three year ‘stretch’ level Reconciliation Action Plan 2018-2021 (RAP).</p> <p>Our progress on some RAP activities was impacted by the COVID-19 pandemic and the need for our resources to be focused on supporting customers and staff. This included delays to staff trips to the Bank Australia conservation reserve that feature cultural heritage education and engagement with traditional owners; the establishment of a formal mechanism to engage and receive advice from Indigenous stakeholders and elders; and, the deployment of the refreshed Indigenous trainee program.</p> <p>This year we:</p> <ul style="list-style-type: none"> <li>renewed our funding for an Indigenous trainee on the conservation reserve</li> <li>conducted our first cultural burn on the conservation reserve in partnership with the Barengi Gadjin Land Council and the CFA</li> <li>spent \$5,399 on procurement with Aboriginal and Torres Strait Islander-owned businesses, below our target of \$25,000</li> <li>continued our sponsorship of Reconciliation Victoria's HART Awards, helping Reconciliation Victoria to expand the awards.</li> </ul> <p>We are now embarking on the development of our next RAP for 2022 – 2025, which will focus on formal engagement with Indigenous stakeholders, employment, cultural awareness and partnering with traditional owners on our expanded conservation reserve.</p>
<b>Global Alliance for Banking on Values</b>	To operate in alignment with the agreed principles of values-based banking. This commitment is articulated as a shared mission to use finance to deliver sustainable economic, social and environmental development, with a focus on helping individuals fulfil their potential and build stronger communities.	<p>We continued to operate in alignment with values-based banking through our stated purpose of creating mutual prosperity in the form of positive economic, social, environmental and cultural impact.</p> <p>We ran the second year of our Values-based Leadership Program in partnership with GABV member bank Teachers Mutual Bank Limited. The program focused on developing emerging leaders from both banks and providing a common framework for what it means to be a leader in a values-based bank.</p> <p>Our Managing Director continued to serve on the GABV Council.</p>

Commitment	Commitment description	Progress in 2021
<b>UN Global Compact</b>	To help global efforts to keep the warming of the earth to below 2 degrees Celsius.	<p>We met our commitments via a range of actions on environmental and social issues.</p> <p>As part of the review of our public commitments, we decided to cease reporting to the UN Global Compact due to these commitments overlapping with the B Corp accreditation, which are publicly reported.</p>
<b>Paris Pledge</b>	To help global efforts to keep the warming of the earth to below 2 degrees Celsius.	We've met our commitment (see appendix 9).
<b>Carbon neutrality</b>	To calculate and offset the carbon emissions generated through the operations of the bank.	We remained carbon neutral and achieved certification under Climate Active (formerly the National Carbon Offset Standard) (appendix 9).
<b>Take2Pledge</b>	To support the Victorian Government's collective climate action program to help global efforts to keep the warming of the earth to below 2 degrees Celsius.	We've met our commitment (see appendix 9).
<b>Responsible banking policy</b>	<p>We don't lend to the:</p> <ul style="list-style-type: none"> <li>Fossil fuel sector</li> <li>Intensive animal farming and the live animal export industry</li> <li>Gambling industry</li> <li>Arms industry</li> <li>Tobacco industry.</li> </ul>	<p>We continued to operate in line with our responsible banking policy in alignment with our stated purpose of empowering our customers to use their money to create a world where people and the planet thrive.</p> <p>In 2021 we reviewed our responsible banking policy, adding a new lending exclusion to cosmetic animal testing or harmful animal trade (see page 24).</p>
<b>Bank Australia impact fund</b>	To invest 4% of annual after-tax profits into projects that create positive social and environmental change.	In 2021 we invested 4.9% of our previous year's after-tax profit. This amount included unallocated funds from the previous year's Impact Fund commitment.
<b>Create and keep jobs in Australia</b>	To create and keep all employment with Bank Australia in Australia, with a focus on generating employment in regional Australia.	<p>We're meeting our commitment. Over 45% of our staff work in regional Victoria across our branches, our offices in Bendigo and our Contact Centre and offices in the Latrobe Valley.</p> <p>Approximately 10% of our staff work in the Contact Centre in Moe. Having merged with Enterprise Credit Union (formerly the SEC Credit Union) in 1998, we're proud to continue our strong legacy of supporting the Latrobe Valley.</p>



We Mean Business commitments

Ahead of the Paris climate change talks in 2015, Bank Australia committed to the initial seven We Mean Business initiatives – a global platform to demonstrate business leadership on climate action. These commitments helped shape priorities of our environmental management plan for the coming years. Our approach to these initiatives will be reviewed as part of our ongoing work on climate change strategy and activities.

Commitment	Commitment description	Progress in 2021
Adopt a science-based emissions reduction target	We will ensure our emissions are in line with global budgets for limiting temperature increase to under 2 degrees Celsius.	Our Scope 1 and 2 emissions reductions are well on track to exceed our target of 16% reductions by 2025 on 2017 levels following our switch to 100% renewable electricity. Responding to this development, together with the evolving science and methodologies, we are strengthening our targets and will seek endorsement from the Science-Based Targets initiative in 2021-22.
Put a price on carbon	We will set an internal price per tonne of carbon dioxide equivalent and use it in decision making.	We carefully reviewed the benefits relative to our business and the investment required to develop and maintain an internal carbon price. This guided a decision to withdraw from this commitment for the foreseeable future so that we can redirect our efforts to areas with greater impact.
Commit to 100% renewable power	We will switch our electricity supply to renewable sources.	We continued to run on 100% renewable electricity for the second full year running.
Responsible corporate engagement in climate policy	We will engage consistently and positively with policymakers on climate change.	We played an active role in supporting the establishment of the Australia and New Zealand chapter of B Labs, Climate Collective.
Report climate change information in mainstream reports as a fiduciary duty	We will include information on climate relevant topics in our impact report.	We continued to report on our greenhouse gas emissions and offsetting in our Impact Report.
Remove commodity-driven deforestation from all supply chains by 2020	We will stop purchasing products that contribute to deforestation.	We used 100% recycled paper for office and statement printing, and responsible forestry certified paper for our other paper use (e.g. Forest Stewardship Council).  We updated our procurement policy to refer to sustainably sourced wood and paper products.
Reduce short lived climate pollutant emissions	We will track and reduce emissions of greenhouse gases such as hydrofluorocarbons (HFCs) and methane.	Following a thorough review, we decided to withdraw from this commitment due to relevance to our emissions boundary.

International cooperative principles

Cooperatives are businesses owned and run by and for their members. Whether the members are the customers, employees or residents they have an equal say in what the business does and a share in the profits.

As businesses driven by values not just profit, cooperatives share internationally agreed principles and act together to build a better world through co-operation.

The International Cooperative Alliance is an independent, non-governmental organisation established in 1895 to unite, represent and serve cooperatives worldwide. The Alliance provides a global voice and forum for knowledge, expertise and co-ordinated action for and about cooperatives. In 1995, the Alliance adopted the revised Statement on the Cooperative Identity which contains the definition of a cooperative, the values of cooperatives, and the seven cooperative principles as described below.

The cooperative principles are guidelines by which cooperatives put their values into practice.

1. Voluntary and open membership

Cooperatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2. Democratic member control

Cooperatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organised in a democratic manner.

3. Member economic participation

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4. Autonomy and independence

Cooperatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5. Education, training and information

Cooperatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their cooperatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of co-operation.

6. Co-operation among cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

7. Concern for community

Cooperatives work for the sustainable development of their communities through policies approved by their members.



Appendix 9:  
Environment management

In 2021, we developed a Force for Good program of work to guide our progress and ambition across a number of environmental and social priorities. Initiatives include the development of robust, data-informed, science-based emissions targets. This work aims to set out a detailed roadmap to identify and assess the viability of new opportunities to reduce our impact on the climate crisis.

While the development of our long term climate action planning is underway, we continued to deliver on our existing commitments to operate thr bank using 100% renewable electricity, and our operations continued to be certified carbon neutral.

We have adopted a revised methodology for measuring our greenhouse gases emissions as introduced by Climate Active during FY21. This includes a nationally standardised approach for measuring the emissions associated with employees commuting to their workplaces, and those working from home. The approach also impacts the way we account for the goods and services we procure from carbon neutral sources, as well as the presentation of emissions associated with land and sea transport. Despite these changes, we are still exceeding our goal to reduce our scope 1 and 2 emissions 16% below 2017 levels by 2025. We expect this performance to be sustained, as it was predominantly achieved by our commitment to procure 100% renewable electricity as well as through changes to assets including more efficient technology and branch closures.

Changes to the carbon accounting methodology came into effect in 2021, which impact the way several of our emissions sources are estimates and reported, especially for emissions associated with electricity. For the purpose of comparing year-on-year changes, we have applied the same methodology to 2020 to provide a meaningful representation of changes to our emissions sources.

In 2021, our total emissions were 699.8 tCO<sub>2</sub>-e, down by 265.3 tCO<sub>2</sub>-e or 27.5% on the previous year. This reduction was largely driven by pandemic-related declines in emissions associated with our: Scope 3 land and sea transport (-239.7 tCO<sub>2</sub>-e, or -59.0%); air transport (-139.3 tCO<sub>2</sub>-e, or -81.6%); hotel accommodation (-70.4 tCO<sub>2</sub>-e, or -81.7%); waste (-35.4 tCO<sub>2</sub>-e, or -56.5%); gas consumption (-9.9 tCO<sub>2</sub>-e, or -17.1%); and postage (-7.9 tCO<sub>2</sub>-e, or -10.2%). These reductions were partly offset by a sharp rise in emissions associated with our employees working-from-home (+235.8 tCO<sub>2</sub>-e, or +1,828.3%).

Some smaller changes were attributable to reasons other than the impact of the pandemic, including emissions associated with our base building services, which declined by 9.6 tCO<sub>2</sub>-e (-34.6%) reflecting the impact of branch closures. The decline also results from the investment in energy efficiency performance by Vicinity Centres, the owner of the shopping centre where our Glen Waverley branch is located.

Looking forward, we plan to continue developing our approach for tracking the activity of emissions sources, as well as setting targets to improve our performance. We have committed to developing a strategy for monitoring and reporting on initiatives to reduce energy consumption, while also seeking opportunities to continue the practices we’ve improved through the pandemic, such as reducing the passenger kilometres travelled by employees.

To offset our outstanding emissions for FY21 and anticipating future emissions, we forward-purchased offsets from a leading VCS conservation project in Victoria and a Gold Standard tree planning project in Timor Leste.

Renewable electricity

For the second full year running, we ran on 100% renewable electricity. Our electricity consumption is in line with our Scope 2 electricity consumption reported for our carbon neutral claim under Climate Active (using the operational control method to define our organisational boundary).

In future we will use three methods of renewable electricity consumption, as per the RE100 Technical Criteria:

- direct consumption from on-site installations owned by Bank Australia (from solar panels at our head office and contact centre);

- direct procurement from a grid-connected generator (purchase of large-scale generation certificates directly from the generator under a power purchase agreement); and
- unbundled energy attribute certificate purchase (voluntary purchase of large-scale generation certificates from our electricity retailers).

Our electricity consumption and renewable electricity use for 2021 is shown below.

Renewable electricity certificate details

Electricity source	MWh	% of total FY21 consumption
Total electricity self-generated	23.5	2.9%
Total LGCs from Crowlands retired voluntarily <sup>1</sup>	644.5	78.7%
Total LGCs retired to meet renewable energy target <sup>2</sup>	150.4	18.4%
Total renewable electricity consumption	818.4	100.0%

Notes:

1 Serial number of large-scale generation certificates (LGCs) retired voluntarily: 34176-34329 carried over from FY19; 22103-22207 carried over from 2020; and 4476-4537; 4538-4649; 14343-14541; 51912-52086.

2 All electricity retailers, who we purchase our electricity from, are required to retire LGCs to meet the federal renewable energy target in line with the renewable power percentage set by the Clean Energy Regulator. In 2021, the renewable power percentage was 18.5%; in 2020 it was 19.3%.

3 Figures may not sum due to rounding. Renewable percentage can be above 100%.



Greenhouse gas emissions – tonnes of carbon dioxide equivalent (CO<sub>2</sub>-e)<sup>1</sup>

	2021	2020	2019	2018	2017	2020 to 2021 percentage change
<b>Scope 1</b>						
Land and sea transport	2.0	8.0	17.6	19.6	21.1	-74.7%
Gas consumption	47.8	57.7	52.3	49.5	49.1	-17.1%
<b>Scope 1 subtotal</b>	<b>49.9</b>	<b>65.7</b>	<b>69.9</b>	<b>69.1</b>	<b>70.2</b>	<b>-24.1%</b>
<b>Scopes 2 + 3<sup>2</sup></b>						
Electricity consumption and distribution	0.0	0.0	982.0	1,056.8	1,104.1	0.0%
<b>Scope 2 + 3 subtotal</b>	<b>0.0</b>	<b>0.0</b>	<b>982.0</b>	<b>1,056.8</b>	<b>1,104.1</b>	<b>0.0%</b>
<b>Scope 3<sup>3</sup></b>						
Land and sea transport	166.8	406.5	589.6	77.7	58.0	-59.0%
Employees working-from-home	248.7	12.9	–	–	–	1,828.3%
Air transport	31.5	170.8	234.7	221.2	151.2	-81.6%
Hotel accommodation	15.8	86.2	98.5	89.4	–	-81.7%
Paper	12.4	0.0	0.0	0.0	–	–
Water	1.8	2.8	3.0	3.3	0.0	-36.5%
Waste	27.2	62.6	65.5	62.1	65.6	-56.5%
Printing	21.1	14.5	25.8	19.0	40.1	45.9%
Postage	69.9	77.8	–	–	–	-10.2%
Base buildings	18.2	27.8	37.4	36.9	–	-34.6%
Key suppliers	32.6	32.8	57.6	–	–	-0.7%
Gas distribution	3.7	4.2	4.0	3.7	3.7	-11.6%
Fuel distribution	0.1	0.4	0.9	1.0	1.1	-74.7%
<b>Scope 3 subtotal</b>	<b>649.9</b>	<b>899.3</b>	<b>1,117.0</b>	<b>514.3</b>	<b>319.7</b>	<b>-27.7%</b>
<b>TOTAL</b>	<b>699.8</b>	<b>965.1</b>	<b>2,080.8</b>	<b>1,640.2</b>	<b>1,494.0</b>	<b>-27.5%</b>

Operational carbon offsets

Offset type	Registry	Serial numbers	Year retired	tCO <sub>2</sub> -e
VCU – WatchBox, Victoria	VCS	9651-115153788-115154487-VCS-VCU-259-VER-CN-1-849-01012018-20072018-0	2021-22	700.0
Total offsets purchased and retired				700.0
Total emissions				699.8
Surplus offsets banked for future years				0

Note:

- 1 Our greenhouse gas emissions are defined in the Greenhouse Gas Protocol:
- Scope 1: direct emissions that we own or control (for example, owned motor vehicles)
  - Scope 2: indirect emissions, including emissions from the generation of purchased electricity
  - Scope 3: other indirect emissions that are a consequence of our activities but have sources that we do not own or control (for example, air travel).
- 2 In line with best practice and guidelines from the Greenhouse Gas Protocol and Climate Active, we have reported our electricity emissions in FY21 and FY20 using the Market-based approach. Estimates for FY17, FY18 and FY19 use the Location-based approach which was the best methodology at the time. Bank Australia switched to 100% renewable electricity for the first full year in FY20, which was achieved for the second consecutive full year in FY21. This commitment remains unaffected by this change in reporting standards.
- 3 Notable change between FY20 and FY21 in several emissions sources was largely driven by pandemic-related declines in emissions associated with: Scope 3 land and sea transport (-239.7 tCO<sub>2</sub>-e, or -59.0%); air transport (-139.3 tCO<sub>2</sub>-e, or -81.6%); hotel accommodation (-70.4 tCO<sub>2</sub>-e, or -81.7%); waste (-35.4 tCO<sub>2</sub>-e, or -56.5%); and postage (-7.9 tCO<sub>2</sub>-e, or -10.2%). These reductions were only partly offset by a sharp rise in emissions associated with our employees working-from-home (+235.8 tCO<sub>2</sub>-e, or +1,828.3%), which largely reflects the increase in staff working-from-home in FY21 relative to the year before, while a methodological change contributed only partly to the rise in emissions estimated from this source. A change in methodology also means we are no longer able to claim carbon neutral paper, as our paper supplier is certified by a third party independent of Climate Active, this resulted in an increase in a 12.4 tCO<sub>2</sub>-e increase reported in FY21, up from 0.0 tCO<sub>2</sub>-e in the previous year. Our emissions from printing services also increased due to a small rise in consumption.



Offsetting the emissions associated with our car loans

Since 2004, we have been measuring and offsetting the emissions associated with each and every car loan we make, for the life of the loan. In 2021, we forward purchased 2.5 years worth of offsets based on our current trends. This means we were able to provide a

significant investment in a local conservation project, while simultaneously enhancing the environmental benefit of carbon offsetting by paying it forward two to three years. In 2021, the total emissions associated with our active car loans was 5,470 tCO<sub>2</sub>-e, a decrease of 22.9% on the year before.

Offset type	Registry	Serial numbers	Year retired	tCO <sub>2</sub> -e
VCU – WatchBox, Victoria	VCS	9651-115152188-115153787-VCS-VCU-259-VER-CN-1-849-01012018-20072018-0	2021-22	1,600.0
VCU – Renewable energy	VCS	8457-21861282-21866481-VCS-VCU-997-VER-IN-1-1660-01012019-31102019-0	2021-22	5,200.0
Total offsets purchased and retired				6,800.0
Total emissions (scope 3 downstream from car loans)				5,470.0
Surplus offsets banked for future years				1,330.0

Notes:

1 We calculate emissions associated with each car loan based on average vehicle emissions figures and average mileage figures for Australian vehicles (sources: National Greenhouse Accounts Factors and Australian Bureau of Statistics). For each car loan, we use the average vehicle emissions factor multiplied by the share of the year that the car loan was active.

Appendix 10:  
Bank Australia conservation reserve

We continue to work with our partners Greening Australia and Trust for Nature to manage the Bank Australia conservation reserve. Our reserve received funding of \$349,052 from the Bank Australia impact

fund in 2021. Additionally, Greening Australia and Trust for Nature successfully secured \$65,000 in government funding through the Working for Victoria program that was allocated to the reserve.

Action area	Objectives	Progress
Wildlife and land conservation	<b>1.1, 1.2</b>  By 2026, we will maintain or improve the quality of at least 600 hectares of our conservation reserve to support and increase the populations of up to five existing threatened plants and four existing threatened animals, which have been identified through baseline ecological monitoring.	In 2020-21 we:  • Invested in innovative drone technology to explore its potential to build a detailed baseline assessment of vegetation from which to accurately assess changes over time.  • Greening Australia and Working for Victoria crews undertook the major task of removing unnecessary internal fencing across our Minimay, Ozenkadnook and Booroopki sites. Approximately 3.4km of fencing was removed at Booroopki, 1.8km from Ozenkadnook and a further 0.3km from the Minimay site. The removal of these fences allows for wildlife to re-establish intuitive track and passages around the land, and prevents wildlife from becoming injured or entangled in the fencing wire.
	<b>1.3</b>  By 2026, we will extend and enhance the condition of existing revegetation across 200 hectares of previously degraded land in our reserve to provide habitat for at least five other wildlife species, which will be identified through baseline ecological monitoring.	In 2020-21 we:  • Planted over 5,900 Buloke trees within degraded remnant vegetation to support healthy populations and provide future food for the South Eastern Red-tailed Black-Cockatoo.  • Greening Australia together with Working for Victoria crew mapped and closed 150 rabbit warrens across the reserve.
	<b>1.4</b>  By 2020, social and Indigenous ecological knowledge will be integrated into the management of our reserve.	In 2020-21 we:  • Worked alongside the Barengi Gadjin Land Council to plan and initiate the reintroduction of traditional burning practices, unlocking rich cultural and ecological value on the reserve.




Action area	Objectives	Progress
Climate change resilience	<b>2.1, 2.3</b> By 2026, the current extent of our conservation reserve system will be revegetated with native species, and managed to maximise both habitat and biodiverse carbon storage.	In 2020-21 we: <ul style="list-style-type: none"> <li>Undertook targeted and climate-adjusted provenance seed collection, focusing on groundcover and mid-story species. This project will help us to build the genetic resilience of the vegetation on all of our properties as per the climate futures modelling by the CSIRO.</li> <li>Sourced 12 kgs of seed from both hotter and drier, and cooler and wetter locations as part of the climate-adjusted direct seeding project.</li> <li>Completed on-ground works to slash, rip and seed climate-adjusted ground coverage plants across 74.5 ha marked as priority land. This revegetation activity will involve establishment of climate-adjusted monitoring plots within these areas and the subsequent monitoring of these plots to inform future management actions.</li> </ul>
	<b>2.2</b> By 2026 our conservation reserve will provide critical habitat for up to five identified threatened wildlife species, based on 2050 climate models. The species will be identified through baseline ecological monitoring.	In 2020-21 we: <ul style="list-style-type: none"> <li>Expanded the coverage of land protected under the conservation reserve project to include land that is home to additional threatened species such as the Mallee fowl.</li> </ul>
Engaging the community	<b>3.1</b> By 2020, Indigenous land management practices and stories will be implemented and celebrated within our conservation reserve.	In 2020-21 we: <ul style="list-style-type: none"> <li>Continued our focus on embedding First Nations culture, history and stories into the Reserve's engagement activities, including community days and celebrating the Traditional Burn.</li> <li>Completed earthworks to return artificial dams to restore the wetlands complex in the culturally significant Women's Area at one of our sites.</li> </ul>
	<b>3.2</b> Each year we will run one project at our conservation reserve that ties in with an identified social priority of our customers other than conservation (for example, supporting people with a disability or refugee communities).	In 2020-21 we: <ul style="list-style-type: none"> <li>Installed fire access tracks across each of our reserve sites named in local Indigenous language by our first Indigenous Trainee and approved by Barengi Gadjin Land Council. Track signage was sourced from 100% recycled plastics and will assist with us keeping the sites safe and navigable in the case of fire or lost walkers. Official track opening ceremony will take place in September 2021, subject to pandemic related public health orders.</li> </ul>

Action area	Objectives	Progress
Demonstrating corporate environmental leadership	<b>3.3</b> Each year until 2021 we will engage the local community, including children, with our conservation reserve.	In 2020-21 we: <ul style="list-style-type: none"> <li>Explored opportunities to engage more meaningfully with the local community surrounding our reserve sites and inviting feedback on our strategy and approaches to managing fire risk.</li> </ul>
	<b>4.2</b> By 2021 Bank Australia will have partnerships with at least three research institutions and/ or conservation networks relating to the conservation reserve.	In 2020-21 we: <ul style="list-style-type: none"> <li>Continued ongoing partnerships with the Red-Tailed Black-Cockatoo Recovery Team, Birdlife and Nature Glenelg Trust.</li> </ul>
	<b>4.1</b> At least once each year Bank Australia will inform a banking industry or corporate audience about the conservation reserve, such as through a conference, presentations, visit or publication.	In 2020-21: <ul style="list-style-type: none"> <li>We spoke at the annual Transform conference on what's needed for companies to be able to set clear targets for biodiversity.</li> <li>We presented at the inaugural workshop of stakeholders interested in promoting private land conservation by corporate actors.</li> </ul>
	<b>5.1</b> By 2021, 60% of Bank Australia's customers will be aware of our conservation reserve.	In 2020-21 we: <ul style="list-style-type: none"> <li>Continued to develop our new content strategy aimed at increasing the volume of stories shared about the reserve on social media, online and in print.</li> <li>Scheduled further recordings of the Reserve for a second Spotify album showcasing the Sounds of the Reserve playlist to help our customers stay connected with nature throughout the ups and downs of the pandemic.</li> </ul>
Delivering value to Bank Australia and our customers	<b>5.2</b> Every year there will be a greater number of customers who identify our conservation reserve as being a factor in deciding to join Bank Australia.	In 2020-21: <ul style="list-style-type: none"> <li>Customers have attributed the reserve and the associated content, in particular the Sounds of the Reserve playlist, as a reason they chose to switch to banking with us.</li> </ul>
	<b>5.3</b> Each year 10% of our staff will have visited our conservation reserve and be able to share their stories with customers.	In 2020-21: <ul style="list-style-type: none"> <li>Many of our on-site activities, including restoration work, but also staff engagement trips, have been adversely impacted by the COVID-19 pandemic. We are planning to make up for this with a series of staff visits throughout 2022.</li> </ul>

Appendix 11:
EY statement of assurance

Every year we engage an independent auditor to review our Impact Report as part of our commitment to transparency. Involving an expert third party also provides our Board, senior management, staff, customers and readers with assurance that we are disclosing accurate and complete information. The rigorous process also helps to improve our internal reporting processes year on year. EY provided limited assurance over our 2021 Impact Report. This is the eighth report that they have assured for us. Details of the metrics that EY tested and the procedures they performed are given in the assurance statement in this appendix.

Each year we select several metrics to undergo assurance. We base this selection on our material issues and aim to rotate through these metrics depending on the focus of current initiatives and level of complexity of the data.



Independent Limited Assurance Statement to the Management and Directors of Bank Australia

Our Conclusion

We were engaged by Bank Australia to undertake 'limited assurance' as defined by Australian Auditing Standards, hereafter referred to as a 'review', over the materiality process and Selected Performance Metrics included in its 2021 Impact Report ("Report") for the year ended 30 June 2021. Based on our review, nothing has come to our attention that causes us to believe that Bank Australia's approach to materiality was not consistent with the Global Reporting Initiative's (GRI) materiality principle and that the Selected Performance Metrics have not been prepared and presented fairly, in all material respects, in accordance with the criteria defined below.

What our review covered

For the year ended 30 June 2021, we reviewed the following:

- Bank Australia's materiality process including the way Bank Australia identified material topics and the appropriate disclosure of these material topics in the Report
- Selected Performance Metrics, as shown in the table below.

Selected Performance Metrics	Report Section
We do not lend to the intensive animal farming and live animal export industry	Responsible banking, p. 25, Appendix 8: Responsible banking commitments, p. 127
We loan to inclusive and community housing	Responsible banking, p. 25, Appendix 7: Our lending and investments, p. 121
Staff engagement (FY21 value)	Our people, p. 56, Appendix 5: Our People and culture, p. 112
Total scope 1, 2 and 3 emissions	Target setting, p. 86, Appendix 9: Environmental Management, p.130 - 134
We pause loans to support customers in hardship	Our business, p. 33, Appendix 4: Our customer profile, p. 111
We have provided over \$1m of customer grants	Community customer grants, p. 74 & 75, Appendix 6: Bank Australia impact fund, p. 117

Criteria applied by Bank Australia

In preparing the materiality approach, Bank Australia applied the GRI principles for defining report content for materiality. In preparing the Selected Performance Metrics for review, Bank Australia applied criteria as detailed in the Report, including those defined by management and Climate Active Standard.

Key responsibilities

EY's responsibility and independence

Our responsibility was to express a limited assurance conclusion on Bank Australia's materiality process and Selected Performance Metrics.

We were also responsible for maintaining our independence and confirm that we have met the independence requirements of the APES 110 Code of Ethics for Professional Accountants and have the required competencies and experience to conduct this assurance engagement.

Bank Australia's responsibility

Bank Australia's management was responsible for selecting the criteria; preparing and fairly presenting the materiality process and selected material topics; and fairly presenting the associated Selected Performance Metrics in accordance with the defined criteria. This responsibility includes establishing and maintaining internal controls, adequate records and making estimates that are reasonable in the circumstances.

Our approach to conducting the review

We conducted this review in accordance with the *Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ASAE 3000)*, Assurance

Engagements on Greenhouse Gas Statements (ASAE 3410) and the terms of reference for this engagement as agreed with Bank Australia dated 20 May 2021.

Summary of review procedures performed

Our procedures included, but were not limited to:

- Conducting interviews with personnel to understand the business, reporting process and processes and systems for collecting and collating the underlying data for the Selected Performance Metrics
- Reviewing the approach for determining material topics which included a review of media coverage, peer reporting and documentation supporting the materiality process
- Reviewing the disclosure of material topics in the Report, recalculating the materiality matrix for accuracy, and reviewing disclosures in line with GRI criteria
- Undertaking data analytics to check the reasonableness of the data supporting the Selected Performance Metrics
- Checking the criteria has been reasonably applied and the reasonableness of assumptions supporting the Selected Performance Metrics
- Conducting detailed testing of underlying source information on a sample basis to check completeness & accuracy of data
- Performing recalculations of the Selected Performance Metrics to confirm quantities stated were replicable
- Checking the aggregation, transcription and presentation of Selected Performance Metrics in the Report.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Limited Assurance

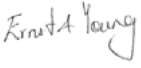
Procedures performed in a limited assurance engagement vary in nature and timing from and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

While we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

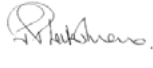
Use of our Assurance Statement

We disclaim any assumption of responsibility for any reliance on this assurance statement to any persons other than management and the Directors of Bank Australia, or for any purpose other than that for which it was prepared.

Our review included web-based information that was available via web links as of the date of this statement. We provide no assurance over changes to the content of this web-based information after the date of this assurance statement.



Ernst & Young  
Melbourne, Australia  
29 September 2021



Terence Jeyaretnam FIEAust  
Partner

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Glossary

Term	Description
arrears	The percentage of delinquent loans 30 days or more in arrears to the total loan portfolio. This includes delinquent loans greater than or equal to 90 days past due that are categorised as non-performing loans
Australian Credit Licence (ACL)	Authorisation to provide services as a credit provider in Australia. National legislation defines credit activity, including activity related to credit contracts, consumer leases, related mortgages and guarantees, and credit assistance services
Authorised deposit taking institution (ADI)	Corporations authorised under the <i>Banking Act 1959</i> (Cth), including banks, building societies and credit unions that must meet certain criteria
Australian Financial Services Licence (AFSL)	Authorisation to offer and provide consumers with specified financial products and services in accordance with ASIC compliance standards
Australian Prudential Regulation Authority (APRA)	An independent Commonwealth statutory authority that administers the <i>Banking Act 1959</i> (Cth) and sets prudential requirements for ADIs, including monitoring their lending activities
Australian Securities and Investments Commission (ASIC)	An independent Commonwealth statutory authority that protects consumers, investors and creditors by licensing and monitoring financial services organisations and their representatives. ASIC regulates mutual ADIs as companies under the <i>Corporations Act 2001</i> (Cth)
capital adequacy ratio	The percentage of a bank's adjusted capital compared to its risk-weighted assets, as per Prudential Standard APS110
cost to income ratio	The percentage relationship between operating expenses and effective gross income
Cuscal	An ADI regulated by APRA, which provides payment services to the majority of Australia's mutual ADIs
customer	An account holder. Customers also hold one share in Bank Australia
Global Reporting Initiative Standards	The current version of global voluntary guidelines for companies to report their sustainability performance and workplace practices
incident (occupational health and safety related)	An occupational health and safety (OH&S) event that affects staff but does not result in physiological or psychological change. It includes when a person or process is impacted by a hazard (for example, when a person trips on a broken floor tile). It does not include near misses (for example, when a plywood sign falls from its mounting but does not hit a person). The total number of incidents includes injury numbers
impact finance	Finance that is mobilised to create measurable positive social and/or environmental impact, while delivering a return on investment
materiality	Materiality is the threshold at which issues become sufficiently important that they should be reported according to the GRI materiality principle
net profit after-tax	The amount of profit achieved after tax
other domestic banks	Locally owned banks, excluding those defined as major banks
return on average assets	The profit that a company generates for each dollar of average assets that it owns

Term	Description
return on equity	The profit that a company generates for each dollar of equity that it invests
sustainable development	Systematic and balanced business strategies that satisfy the economic, social and environmental performance expectations of stakeholders, while protecting, sustaining and enhancing the financial, human and natural resources needed for future development

Abbreviations

Term	Description	Term	Description
ABA	Australian Banking Association	GABV	Global Alliance for Banking on Values
ACL	Australian Credit Licence	FIAP	Financial Inclusion Action Plan
ADI	Authorised deposit taking institution	FTE	Full-time equivalent
AFSL	Australian Financial Services Licence	km	Kilometres
APRA	Australian Prudential Regulation Authority	kWh	Kilowatt hours
ASIC	Australian Securities and Investment Commission	MJ	Megajoules
BCCM	Business Council of Cooperatives and Mutuels	NDIS	National Disability Insurance Scheme
COBA	Customer Owned Banking Association	SDA	Specialist Disability Accommodation
DAP	Disability Action Plan	RAP	Reconciliation Action Plan
		RBA	Reserve Bank of Australia







