

**The bank that puts people  
and the planet before profit  
is the bank Australia needs.**

**2020  
Impact Report**



Bank Australia  
RESPONSIBLE BANKING

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## Our purpose

**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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### 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.**



Levi joined Bank Australia because he's committed to social enterprises.

## Welcome

**Or, if you've been with us a while, welcome back! We exist as a bank because we share a belief with our customers: the belief of a better future, together.**

**That's why this report matters. It demonstrates how we have worked to achieve the best possible outcomes for our customers and stayed true to our purpose during the 2020 financial year.**

From this report, we hope you'll get a clear picture of our performance and impact from 1 July 2019 to 30 June 2020, including measures of:

- our financial and cultural performance
- our creation of mutual prosperity for our customers
- our support for people and their 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).

# 2020 in numbers



## Total assets

**\$7.2 billion**

(up from \$6.3 billion in 2019)



## Net profit after tax

**\$19.6 million**

(down from \$22.8 million in 2019)



## Impact finance

Assets generated to benefit people, planet and prosperity

**10.4% (\$747.1 million)**

(up from 9.6%, \$610.7 million in 2019)



## Staff engagement

**70%**

(down from 71% in 2019)



## Our people

**441**

(up from 427 in 2019)



## Our customers

**160,437**

(up from 146,400 in 2019)



## Customer satisfaction

**90%**

(up from 88% in 2019)

All data is correct as of 30 June unless otherwise stated. Staff engagement survey was conducted in October 2019. Customer satisfaction research was conducted in June 2020.

**Eileen has  
chosen customer  
owned banking  
since joining  
us in 1981.**



# A message from Judith, our Chair, and Damien, our Managing Director.

**Welcome to the 2020 Impact Report. On behalf of the Bank Australia Board and Executive team, thank you for being part of our story.**

We all know that it hasn't been an easy year for Australians. First, there were bushfires across much of the country. Then the COVID-19 pandemic arrived, impacting all of our lives in a way that we've never experienced before. This is truly a time of uncertainty.

From our personal, community and business customers to our staff, partners and stakeholders, and all of our communities, we acknowledge the challenges many of you are facing.

## The pandemic is an ongoing challenge

For many of our customers, the COVID-19 pandemic has had a serious financial impact. Job changes, losses and insecurity have affected loan repayments, savings goals, retirement plans and so many other aspects of our lives. We've been doing all we can to support our customers through the pandemic, including deferring loans, waiving fees, consolidating debt and providing guidance on government support schemes (page 34).

Our staff have also been impacted in many ways. As banking is an essential service, this work can bring with it extra emotional and work-related stress. We're proud of just how committed our staff are to caring for our customers, and thank each and every one of them.

Thankfully, we've been able to navigate the pandemic without standing down any of our workforce. We're also grateful that we've had no cases of COVID-19 among our staff to date.

For the bank and our staff, responding to the COVID-19 pandemic includes:

- implementing our Business Continuity and Pandemic Response plans
- changes to working arrangements, including 28% of staff moving to working from home (as of 30 June), and this continued to increase to more than 50% after the end of the financial year due to tighter lockdown restrictions in Victoria
- many changes in our branches, such as reduced opening hours and some temporary closures
- a significant increase in enquiries to our Contact Centre
- a significant increase in hardship requests
- developing appropriate measures to support individuals and businesses financially impacted by COVID-19 in collaboration with the Australian Banking Association, regulatory bodies and the banking sector
- ongoing communication with our customers and staff.

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Our ability to respond to COVID-19 has been shaped by a number of our cultural strengths: our strong risk management approach, prioritising people over profit, and our focus on customer and staff wellbeing.

### **COVID-19 has also impacted our business operations**

While our financial performance has remained strong, the pandemic has brought about a global economic downturn. Like many financial institutions in Australia and internationally, the bank's short to medium-term financial performance is likely to be impacted as we know some of our customers will face challenges repaying their loans. Despite these challenges we remain a strong, well-capitalised bank.

Over the past year we delivered a profit of \$19.6 million, which was slightly down on last year and 14% below our target. We raised a provision of \$7.2 million for the possible impact on our loan portfolio due to the pandemic. Loans grew by 6.3%, but this growth was below our target by 5%. Overall assets grew by 13.7%, which was slightly above our target. Deposits grew by 12.2% which was 6% above our target.

To help maintain our strong financial position, we remain focused on being prudent in managing our costs while protecting the bank's accumulated capital and maintaining a high level of liquidity.

### **Despite the challenges, we're proud of what we achieved**

Our priorities this year included further investing in technology, developing our staff and the capabilities we need to grow the bank, growing our customer numbers, developing our impact finance lending and building awareness of our brand.

As a result of our work, we've seen record customer growth this year. In June, we passed 160,000 customers. This includes a record 26,796 new customers joining us, with the majority of these people coming from our socially aware target market and attracted to our clean money customer value proposition (page 31).

As a snapshot, we've:

- grown our impact finance portfolio to \$747.1 million, up from \$610.7 million in 2019

- achieved B Corporation accreditation (page 24), signifying that we operate at the highest ethical and sustainability standards, and that we now work to a global framework to further improve our performance
- continued to enhance our digital banking offering, including being one of the early Australian banks to launch digital cards
- supported projects that have a positive impact on people and the planet with partnerships, donations and grants totalling \$729,067 from our Impact Fund
- launched our Clean Energy Home Loan, rewarding customers who purchase, build or renovate an energy efficient home
- marked our first full year running on 100% renewable electricity
- grown our social media community and improved our communications, focusing on storytelling to better connect our customers to the impact they make through banking with us
- met all of our regulatory and compliance obligations.

# We're committed to creating **positive impact for people and the planet.**

## Impact finance, for people and the planet

In our 2019 report, we shared that we were committed to further developing our approach to using finance in ways that have a positive impact on people and the planet.

One year on, we've made significant progress across our commercial loan portfolio, liquidity investments and in our retail product offer. A key highlight was launching our Clean Energy Home Loan in January (page 21).

We've also made progress on how we measure and report on the impact of this lending and investment for people and the planet (page 21 and 80).

## Urgent action on climate change

In 2019, we adopted the language of climate crisis in response to the need for more urgent global climate action.

We were proud to join the School Strikes for Climate in September and sign the Not Business As Usual pledge alongside like-minded businesses. This involvement was positively received by our customers, who continue to ask the bank to advocate for climate action. Our staff were able to use their volunteer leave to attend their local strike, and Damien joined a group of staff at the Melbourne strike.

We continued our efforts to reduce our operational greenhouse gas emissions, which was supplemented by a decline in activity due to the pandemic. The 2020 financial year was also our first full year of running on 100% renewable electricity, which we source through the Crowlands Wind Farm in Victoria, as a member of the Melbourne Renewable Energy Project. This is aligned to our RE100 commitment.

Last but not least, we continued certifying our carbon neutrality with Climate Active (formerly National Carbon Offset Scheme) for the third year running.

## A critical year ahead

Every year brings with it opportunities, challenges and uncertainties. But with the ongoing COVID-19 pandemic, record low interest rates, and urgent need for climate action, the year ahead will be particularly significant for our customers and staff.

Coming into the 2021 financial year, our priorities are clear:

- support our customers and staff to navigate the ongoing impacts of COVID-19
- keep our bank strong
- continue responding to the growing risk of cybersecurity
- continue to achieve compliance with all regulatory requirements

- protect our customers from the ever-increasing risk of scams and fraud
- grow responsibly and sustainably
- embed the B Corporation performance framework across the bank and work towards increasing our positive impact, and therefore our B Corp score, at our three-year reassessment
- accelerate the bank's digital transformation to meet our customers' changing banking habits
- grow and diversify our impact finance business
- evolve our response to the climate crisis.

As with every year, thank you for choosing to be part of the Bank Australia community and for choosing a responsible, customer owned approach to banking that puts people before profit. It's only with your support that we can be **the bank Australia needs.**



**Judith Downes, Chair**



**Damien Walsh, Managing Director**



Sam joined us to align his banking with his values.

# 1. Our reporting approach



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

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To understand what matters most to our customers, our staff and other stakeholders, we regularly consult with them, and assess current and emerging issues.

Our customers, our staff and other key stakeholders have told us what is most important to them. We assessed these topics against the issues on which Bank Australia could have the biggest impact, in line with the materiality principle of the Global Reporting Initiative and Integrated Reporting Framework principles (appendix 1). We also conducted a formal assessment of these issues with our senior management and a selection of stakeholders, and validated the outcomes with the Board of Directors to confirm the list of topics that are currently most relevant to the bank.

From the assessment, we identified and ranked topics that are the most important to our stakeholders. We're prioritising 10 topics (appendix 1) that met the assessment's threshold to include in this year's report.

We've broken those topics into four broad themes: **responsible banking** (chapter 4), **our customers** (chapter 5), **our people** (chapter 6) and **people and planet** (chapter 7). These themes inform the structure and content of this report.

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

## Who has a say?

Because we're 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 personal customers
- our staff
- 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 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.

## 2. Our business in brief

**Simon is committed to the environment and his community through his small business.**



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# Here's how it works...

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## 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 an Australia-based Board of Directors.
- Our day-to-day operations are led by a single Executive team, and our 441 staff are 100% Australia-based.
- We represent more than 160,000 customers, and we're custodians of \$7.2 billion in assets (at 30 June 2020).
- We are primarily a retail bank, with a small commercial and growing impact finance portfolio.

## What we do

- We accept deposits from savers and lend money to borrowers to help them achieve their goals.
- We offer savers fair and competitive interest rates on their savings, and we promise to only lend their money to borrowers in ways that do good, and don't harm people or the planet.
- We lend our borrowers money to buy homes, cars, undertake renovations, and a range of other purposes. We currently have \$5.1 billion in home loans that help many thousands of customers buy their own homes or investment properties.
- Our impact finance portfolio includes \$747.1 million 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**. 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 benefit our customers through the impact we make, **competitive rates and fees** and service improvements. We retain most profit 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), such as electing Directors and approving total Director remuneration.
- We listen to our customers through a range of avenues, such as the AGM, complaints and compliments, social media, customer research, and involvement in campaigns. They **have a voice** in what matters to them.

## The company we keep

- Our full range of deposit and home lending products are certified as 'responsible' by the Responsible Investment Association of Australasia (RIAA).
- We were the first Australian bank in the Global Alliance for Banking on Values (GABV) – 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 a certified B Corporation, joining a community of over 3,400 organisations committed to having a positive impact on the world.
- 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 also work with many partners who share our values, such as Greening Australia, Trust for Nature, Sustainable House Day, The Big Issue and Australian Progress. These partnerships help us raise awareness of social and environmental issues and support shared goals.

# Our strategy, purpose and values

## Our purpose and aspiration is evolving

This year, we updated our corporate strategy to reflect our focus and aspiration for 2025, and what we need to do to achieve this.

In June 2017, we adopted our current Corporate Plan, setting ambitious growth objectives and putting purpose at the centre of our operations and performance.

Now, in light of rapidly changing customer expectations, new technology and regulatory developments, a record low interest rate environment, and the impact of the COVID-19 pandemic, we have taken the opportunity to consider how to position your bank for ongoing success over the next five years and beyond.

The 2025 strategy doesn't redefine the bank's trajectory or values. Instead, it's about refining our language and metrics to provide additional clarity and focus for the bank and our stakeholders as we strive to be a purpose-driven, digital-first bank.

Importantly, we have updated our purpose and aspiration. This reflects both our successes against our previous purpose and aspiration plus the evolving landscape for purpose-driven business.

### Purpose

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

### Brand

We are the bank Australia needs.

### Aspiration

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

### Values

We developed these five core values with our customers and staff:

- Honesty and integrity
- Compassion and caring
- Belonging and empathy
- Future and generational thinking
- Transparency and authenticity

## Our approach

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

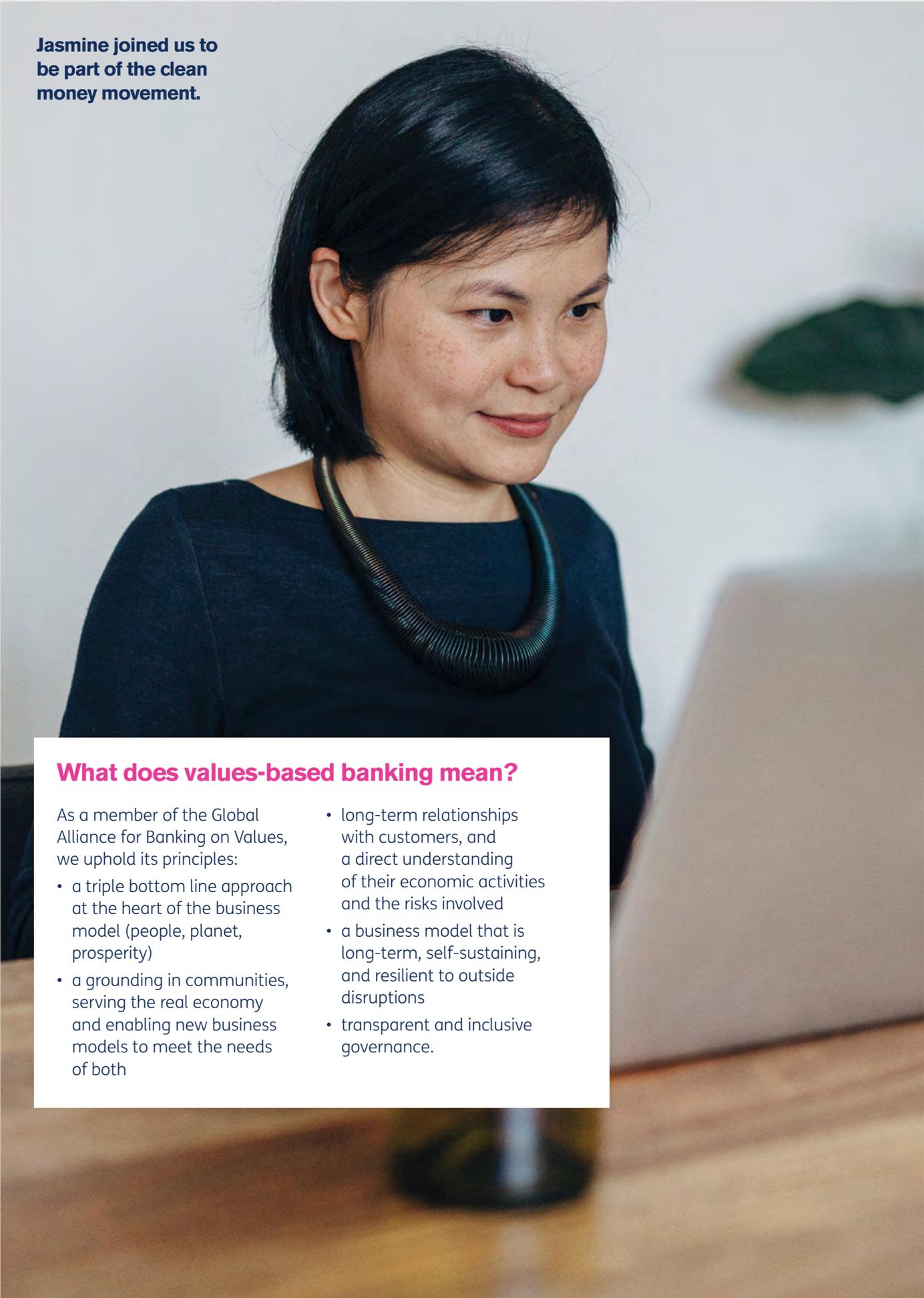
We care for our customers, and base our decisions on their wellbeing. Our commitment to customer ownership helps us achieve this.

### 2. Looking after our staff and culture

Our staff are engaged and empowered to be the champions of responsible banking. We care for our staff, 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, our leadership.



**Jasmine joined us to be part of the clean money movement.**

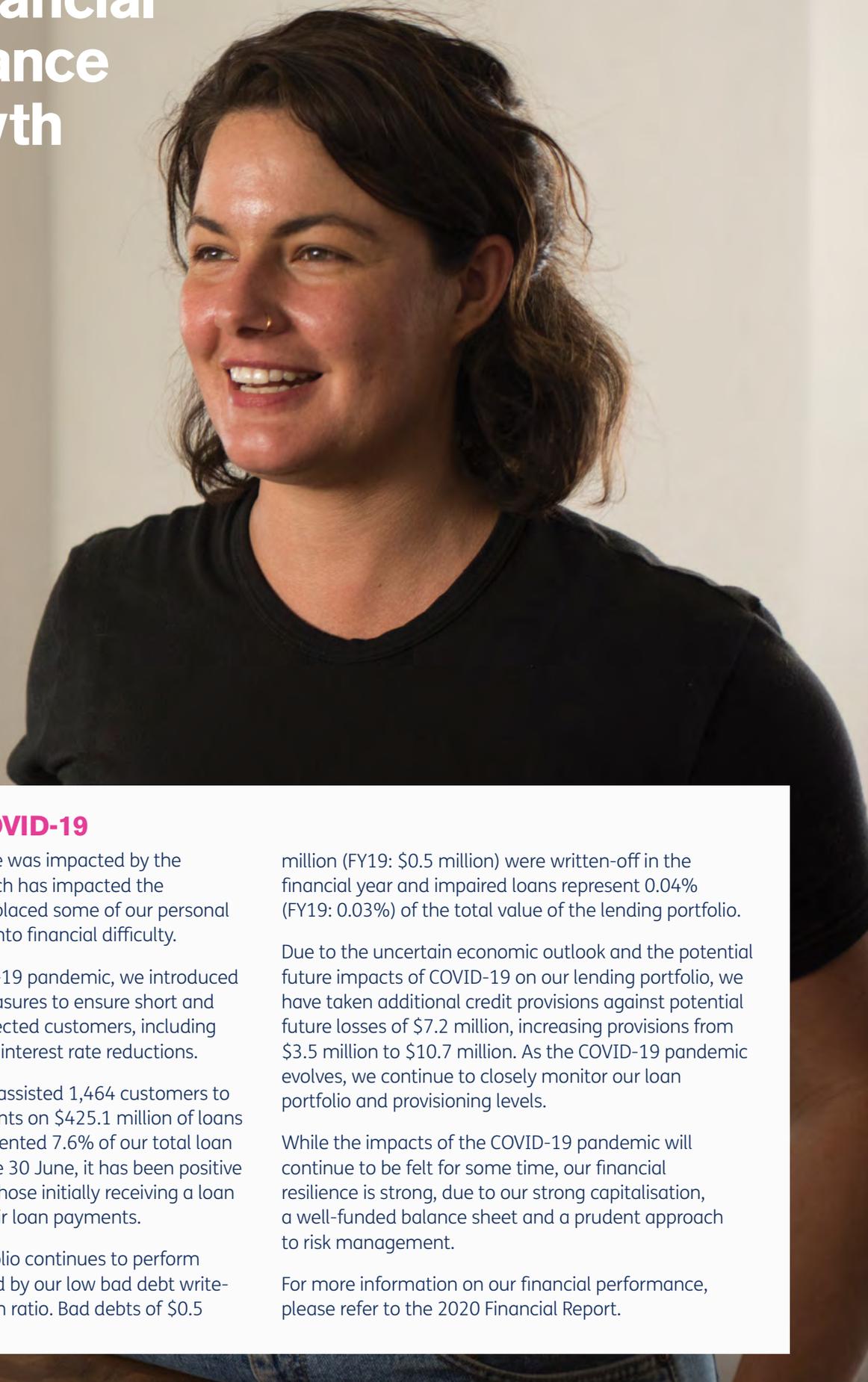
### **What does values-based banking mean?**

As a member of the Global Alliance for Banking on Values, we uphold its principles:

- a triple bottom line approach at the heart of the business model (people, planet, prosperity)
- a grounding in communities, serving the real economy and enabling new business models to meet the needs of both
- long-term relationships with customers, and a direct understanding of their economic activities and the risks involved
- a business model that is long-term, self-sustaining, and resilient to outside disruptions
- transparent and inclusive governance.

## 3. Our financial performance and growth

**Danielle chose to align her banking with her environmental values.**



### The impact of COVID-19

Our financial performance was impacted by the COVID-19 pandemic, which has impacted the Australian economy and placed some of our personal and business customers into financial difficulty.

In response to the COVID-19 pandemic, we introduced a range of assistance measures to ensure short and long-term support for affected customers, including deferral of payments and interest rate reductions.

At 30 June 2020, we had assisted 1,464 customers to defer scheduled repayments on \$425.1 million of loans and advances. This represented 7.6% of our total loan portfolio. In the time since 30 June, it has been positive to see more than half of those initially receiving a loan deferral recommence their loan payments.

Overall, our lending portfolio continues to perform strongly, which is reflected by our low bad debt write-offs and low impaired loan ratio. Bad debts of \$0.5

million (FY19: \$0.5 million) were written-off in the financial year and impaired loans represent 0.04% (FY19: 0.03%) of the total value of the lending portfolio.

Due to the uncertain economic outlook and the potential future impacts of COVID-19 on our lending portfolio, we have taken additional credit provisions against potential future losses of \$7.2 million, increasing provisions from \$3.5 million to \$10.7 million. As the COVID-19 pandemic evolves, we continue to closely monitor our loan portfolio and provisioning levels.

While the impacts of the COVID-19 pandemic will continue to be felt for some time, our financial resilience is strong, due to our strong capitalisation, a well-funded balance sheet and a prudent approach to risk management.

For more information on our financial performance, please refer to the 2020 Financial Report.

# Our 2020 financials

## Our financial performance

In the context of record low interest rates and the economic impacts of the COVID-19 pandemic, we maintained strong financial performance in 2020.

Our profit, while below our target, was almost \$20 million and our customer owned capital reserves grew to \$554 million. Our total assets grew by 14% to \$7.2 billion.

A record number of new customers joined the bank this year which, together with our competitive product and pricing offering, resulted in strong deposit growth of 12.2% and above-system loan growth of 6.3%. The growth in the balance sheet contributed to a \$4.7 million increase in net interest revenue to \$114.1 million.

For more information on our financial performance, please refer to the 2020 Financial Report.

## Total assets

**\$7.2 billion**

(\$6.3 billion in 2019)

## Loan growth

**6.3%**

(11.5% growth in 2019)

## Deposit growth

**12.2%**

(13.7% growth in 2019)

## Net profit after tax

**\$19.6 million**

(\$22.8 million in 2019)

## Total impact finance assets

**\$747.1 million**

(\$610.7 million in 2019)

## Customer owned reserves

**\$554.6 million**

(\$533.2 million in 2019)

## Costs as percentage of income

**73.5%**

(73.5% in 2019)

## Capital adequacy ratio (capital held against risk weighted assets)

**15.8%**

(16.4% in 2019)

## Total liquidity as a percentage of on balance sheet liabilities

**17.9%**

(14.8% in 2019)

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

**0.4%**

(0.3% in 2019)

## 4. Responsible banking



Ashok chose to be part of supporting industries that do good, not harm.

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# Responsible banking is at the heart of everything we do at Bank Australia.

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Our approach to responsible banking informs the decisions we make about how we lend money, how we support social and environmental issues and, most importantly, how we look after our customers and staff.

Guided by our Responsible Banking Policy, we have grown our impact finance assets and further developed our clean money customer value proposition, which has attracted a record number of new customers.

We're now also using our B Corporation performance framework to further embed purpose into our operating model.

## Our Responsible Banking Policy

We believe that where people and organisations put their money has a big impact on the world. And that means using the business of banking for good, not harm.

Our Responsible Banking Policy is a key way we put our values – which are our customers' values – into practice. For the full definitions of what we do and don't lend to please refer to our full Responsible Banking Policy in appendix 8 on page 85.

We lend to:

- individual customers for homes, cars and everyday living
- community housing and Specialist Disability Accommodation
- better housing developments (sustainable, affordable, and community-focused)
- community renewable energy
- not-for-profit community organisations.

We don't lend to the:

- fossil fuel sector
- intensive animal farming and the live animal export industry
- gambling industry
- arms industry
- tobacco industry.

Our Responsible Banking Policy was developed through customer research and engagement with key stakeholder groups. The policy will be reviewed periodically with new inclusions and exclusions considered in line with customer feedback and stakeholder engagement.

# The bank that funds Specialist Disability Accommodation is the bank Australia needs.

We know our customers care how their money is used. They want to see it do good, not harm.

The work of our impact finance business is critical to our commitment to responsible banking. By lending to and investing in projects, organisations and businesses that make a positive impact on people and the planet we can achieve our purpose.

The impact finance business has expertise in:

- making the built environment more sustainable and accessible
- lending to social impact businesses and not-for-profits
- helping businesses to transition to clean energy, including renewables and energy efficiency
- supporting household sustainability with our Clean Energy Home Loan and discount for electric vehicles.

## Making it easier to own a home

Bank Australia participates in programs like the Australian Government's First Home Loan Deposit Scheme and the Victorian Government's HomesVic program. Both schemes aim to help first home buyers, and low and middle-income households buy their own homes.

## Community housing development

We provide commercial development finance to community housing providers to help them build more secure and affordable housing.

## Specialist Disability Accommodation

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

## Not-for-profits

We lend to not-for-profit organisations to help fund the important work they do. This ranges from financing a new building through to providing credit cards and working capital.

## Sustainably designed property development

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

## Environmental upgrades

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



## Welcome to the next generation of accessible Australian housing

**Accessible Homes Australia was founded in 2019 by Perry Cross AM and three friends. It seeks to dramatically improve the quality of life for Australians living with high support needs, who have historically been stuck with limited and subpar housing options.**

One particularly troubling outcome of this lack of options means that some 6,000 Australians under the age of 65 have no other choice but to live in aged care facilities.

With financing from Bank Australia, Accessible Homes Australia is working on completing its first batch of customised apartments on Queensland's East Palm Beach. "These apartments are so far beyond what people in my position might expect," says Perry, who suffered a spinal injury playing rugby when he was 19. "It's an entirely new scheme, and honestly world-leading in terms of what we're offering."

The apartments will be centrally located to cafes, restaurants and amenities and will feature customised kitchens, laundries and bathrooms, as well as voice-activated lights, blinds, gadgets and more besides. Not to mention, they'll be close to the Gold Coast's stunning beaches.



## Meet Michelle, our first Clean Energy Home Loan customer

**Michelle and her family chose our Bank Australia Clean Energy Home Loan. They made a tree-change to build the home of their dreams in a sustainable development at Cape Paterson in Victoria.**

Michelle's house – with three bedrooms, large open plan living, kitchen, dining room, lounge, two bathrooms, garage and studio – cost them just \$420,000 to build. Including land, the total bill came in at around \$600,000.

The ultimate goal of the project is to not just minimise the carbon footprint of the house during construction, but to minimise that footprint every day after construction too.

A big part of this is keeping the house warm in winter and cool in summer: well-placed natural light, double-glazing and insulation are key. Other energy efficiency features include thermal mass, electric appliances, recycled timbers and solar panels.

“Everyone should be able to experience this level of comfort,” says Michelle. “With this loan from Bank Australia, we can borrow money at a cheaper rate, so we’re actually being rewarded for choosing to design a more efficient home.

“We’ve reduced our environmental impact and have fewer bills, meaning we can spend that money on the everyday costs of raising a family, and invest our time in our growing community.”

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# We know our customers care how their money is used. They want to see it do good, not harm.

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## Introducing our Clean Energy Home Loan

In January we launched our Clean Energy Home Loan, supported by an investment of up to \$60 million from the Clean Energy Finance Corporation (CEFC). We're pleased to work with the CEFC to offer interest rate discounts to Bank Australia customers who buy or build a 7+ star NatHERS rated home. Customers who make ambitious energy efficient renovations can also be eligible for a discount on their home loan.

The Clean Energy Home Loan is a perfect example of how the business of banking can play an essential role in helping address the climate crisis.

The Clean Energy Home Loan was recognised as the winner of Best Green Home Loan in the 2020 Mozo Experts Choice Awards.

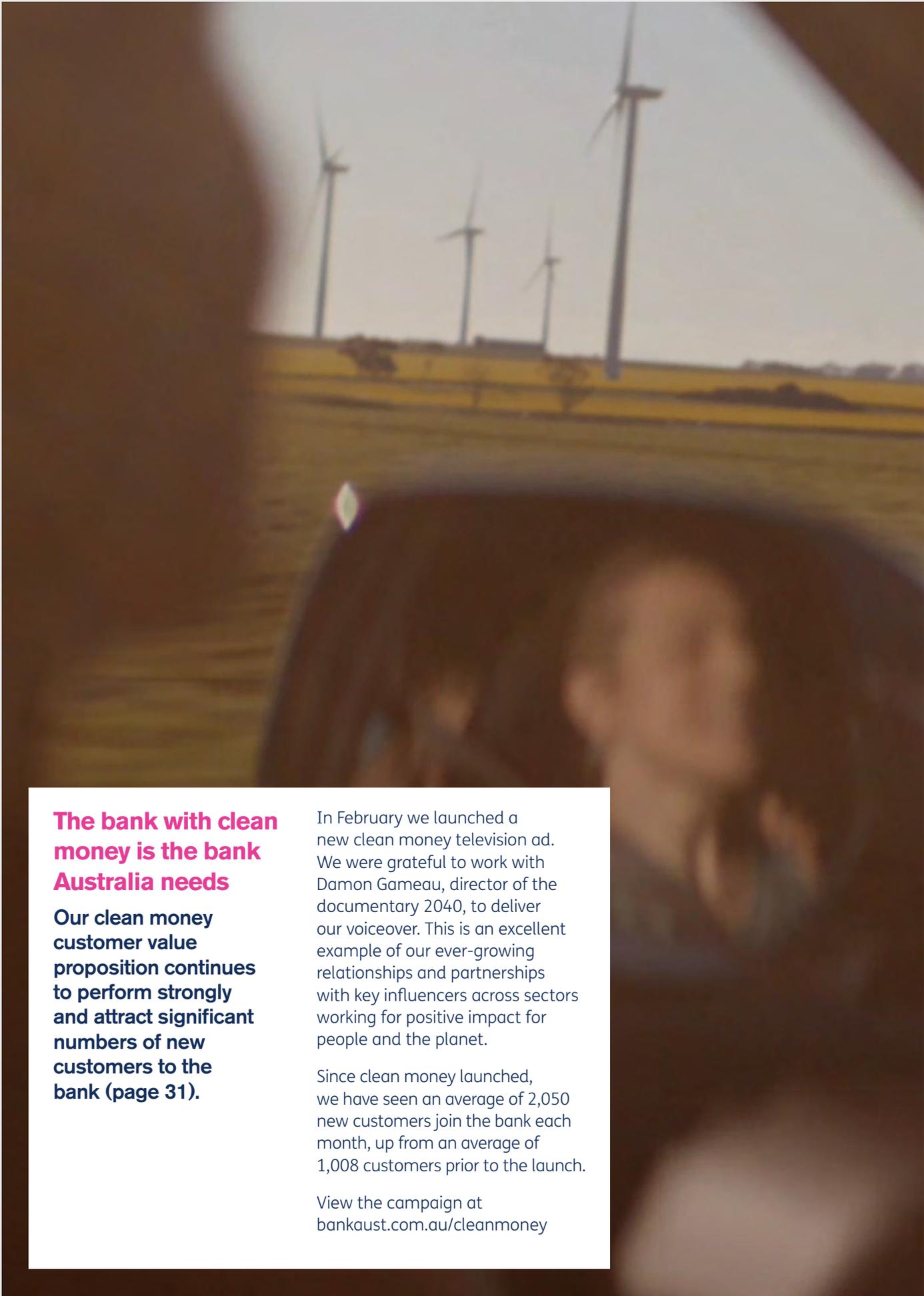
It's predicted that more than half the properties that will be standing in 2050 will be built from now onwards. This means that the housing decisions we make today will impact emissions over the long term, and we want to help homeowners make more sustainable choices.

## We're measuring our impact

In 2020, we continued to develop our approach to measuring the impact of our lending and other investments. Since becoming a member of the Global Alliance for Banking on Values (GABV) back in 2012, we've tracked our lending that makes a positive impact on people, planet and prosperity.

In 2020, we started looking deeper into the impact our loans are having in the world. For all new impact finance commercial loans and retail programs, our team completes a loan impact assessment that details the impact we expect a specific loan to have.

We're also mapping how our lending and investment portfolios align to the United Nations' Sustainable Development Goals. For more detail on our impact finance portfolio and measurement framework, see appendix 7.



## **The bank with clean money is the bank Australia needs**

**Our clean money customer value proposition continues to perform strongly and attract significant numbers of new customers to the bank (page 31).**

In February we launched a new clean money television ad. We were grateful to work with Damon Gameau, director of the documentary 2040, to deliver our voiceover. This is an excellent example of our ever-growing relationships and partnerships with key influencers across sectors working for positive impact for people and the planet.

Since clean money launched, we have seen an average of 2,050 new customers join the bank each month, up from an average of 1,008 customers prior to the launch.

View the campaign at [bankaust.com.au/cleanmoney](http://bankaust.com.au/cleanmoney)



**Using social enterprise to fund affordable housing for women**

**Women's Property Initiatives (WPI) is a Bank Australia customer using its social enterprise to make a positive difference on the lives of women and children.**

Only 6.4% of properties in the private rental market are affordable for people on low incomes, and a large proportion of low income earners are women.

In response to this, WPI founded Property Initiatives Real Estate with the purpose of creating an income stream to provide homes for vulnerable women and children.

Many of these women have experienced family violence or are migrants fleeing conflict in their country of origin. Some are older women who have worked their whole lives, but can no longer afford market rents.

Long-term homes for women require capital where philanthropic and government funding is difficult to source. That's why WPI's focus is on finding innovative ways to expand its own housing stock and increase social impact.

Bank Australia lends to WPI to support the development of these long-term, high-quality housing solutions for women on low incomes and their children.

# We aspire to be a leading purpose-driven business in Australia.

## In June we achieved our B Corporation accreditation, scoring 104.2

The minimum score to become a B Corporation is 80.

B Corporations, known as B Corps, are businesses that meet the highest standards of verified social and environmental performance, public transparency, and legal accountability to balance profit and purpose.

We join a community of over 3,400 other businesses in 60 countries around the world that are using the power of business to benefit people and the planet, and create a more inclusive and sustainable economy.

The B Corp community works toward creating reduced inequality, lower levels of poverty, a healthier environment, stronger communities, and the creation of more high quality jobs with dignity and purpose.

The combination of third-party validation, public transparency, and legal accountability help certified B Corps build trust and value.

B Corp certification is administered by the non-profit B Lab.

### Why B Corp?

The aim of B Corp aligns closely with our desire to use the business of banking to create a positive impact.

B Corp certification also means our customers can be confident that our commitment to being a purpose-led business has real world implications.

The certification demonstrates that we already operate using sustainable and ethical practices, while also providing a global best practice framework for us to measure and evaluate our 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 strongly aligns to our Global Alliance for Banking on Values (GABV) goals and values.

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

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

Read our full assessment at [bcorporation.net/directory/bank-australia](https://bcorporation.net/directory/bank-australia)

## The B Corporation accreditation process

### Certifying as a B Corp goes beyond product or service level certification.

It is the only certification globally that systematically measures overall social and environmental performance. The B Corp accreditation is called '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 split 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 data – from facts and figures to policies, procedures and strategies, as well as interviews with staff – to prove the positive impact of the business. The assessment involves more than 300 questions related to all aspects of the company operations, and the way it acts to have a positive impact.

B Corp Certification requires a minimum verified total score of 80 across all impact areas.

B Corp Certification doesn't just prove where a company excels now – it commits a business to consider impact for the long-term by building it into the very fabric of the company.

All Certified B Corps share their B Impact Assessment overall scores and category scores on their public profiles on [bcorporation.net](http://bcorporation.net), in the spirit of transparency and accountability.

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 their positive impact.

## The B Corp logo

The B Corp logo is used by certified B Corps and provides an external validation of the company as a purpose-driven business. We'll begin to use the B Corp logos alongside our own.



# The bank committed to transparency and accountability is the bank Australia needs.

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.

## Our approach to bonuses and commissions

We continue to see the benefits of our approach to bonuses and commissions. Offering bonuses to drive sales increases the risk of unethical behaviour that may negatively impact customers.

We want our people to focus on serving customers, which is why we don't provide financial incentives to drive sales. Instead, we pay our staff 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 staff. We do make discretionary payments to frontline staff for contributions to service.

We outline the remuneration received by our staff on page 43 and in appendix 5.

### Mortgage brokers

Growing the bank and attracting new customers is important to our future, so we do use and pay commissions to mortgage brokers. We take extensive steps to ensure our broker network reflects Bank Australia's values when promoting our brand and products.

This year we reviewed broker relationships 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 not met, we cease the relationship.

We started working with mortgage brokers in August 2015. We now work with around 1,600 brokers, generating \$584.5 million in new home loans this year (up from \$558.4 million in 2019). Broker-introduced loans are expected to account for 40% of new lending in the years ahead.

We apply one common commission structure across all products. Effective 1 July 2019, our commission payments were 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 Licence who have 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.

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## Insurance partners

Many of our customers have a need for general insurance.

To satisfy this need we work with Allianz Australia Limited, a leading provider of insurance in Australia. 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 with the bank, as well as a marketing allowance to support the promotion and sales of insurance.

We can also receive a percentage of the underwriting profits (if any) each year, depending on the performance of the insurance portfolio.

## Improving our supply chain

A responsible supply chain is yet another important aspect of being a responsible bank.

We believe the goods and services we purchase shouldn't do harm to people or the planet, and that our approach to procurement should support businesses and other organisations that are aligned with our values.

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 Australian supply chains.

In accordance with the Act, we'll submit our first modern slavery public statement before the end of 2020, which will identify any potential risks in our supply chain, the actions we have undertaken to assess and address those risks, and the effectiveness of those actions.

This year we:

- progressed an evaluation of our supply chain and its potential exposure to modern slavery
- sourced and installed new supply chain management software
- identified over 60 suppliers who we requested complete a data security questionnaire. All new suppliers who manage any of our data must now complete this check prior to their engagement
- drafted a new Supplier Code of Practice which details our compliance requirements, including those that form part of APRA Prudential Standards. This was shared with our current suppliers in August 2020 and to all new suppliers from then on.

Our commitment to increase procurement from organisations that are owned by or employ people with a disability was delayed due to changes in our administration, procurement and infrastructure areas. This commitment will be progressed in 2021.

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

- implementing a new Master Contracts Register to help us manage all suppliers consistently and compliantly
- implementing the Environmentally Preferred Purchasing Statement, to complement the Supplier Code of Practice
- engaging Aboriginal and Torres Strait Islander companies to meet our Reconciliation Action Plan targets (page 28)
- prioritising engaging suppliers who are also certified B Corporations (page 24).

# Meaningful reconciliation is yet another important commitment for a responsible bank.

## Working on our Reconciliation Action Plan

We completed year two of our three year '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 staff from across the bank, who aim to meet once every two months to advance our RAP commitments. The working group also includes an Executive sponsor.

### Steps towards reconciliation

This year we:

- exceeded our target of procuring \$25,000 from Aboriginal and Torres Strait Islander-owned businesses, with \$31,587 in services focusing on cultural awareness training and artwork for our West End branch
- celebrated Reconciliation Action Week, internally and externally
- participated in Reconciliation Australia's #InThisTogether campaign as a partner organisation, including attending a discussion hosted by Reconciliation Australia to collaborate in overcoming the challenges presented by the COVID-19 pandemic
- progressed towards becoming a Supply Nation member organisation (restructure of teams in our administration, procurement and infrastructure area delayed our original time frames but we hope to have this finalised by the end of the 2021 financial year)
- consulted with the Traditional Custodians of the Kurilpa on the design of our new West End branch, and commissioned Shaniah Thomason to create artwork that tells the story of the Kuril, a water rodent, which now hangs in the branch
- increased our sponsorship of Reconciliation Victoria's HART Awards, allowing Reconciliation Victoria to expand the awards
- conducted Indigenous Cultural Awareness training for 70 staff from Gippsland, Bendigo and Kew as well as for the Board and Executives
- progressed the cultural burn planning and process at our Conservation Reserve (page 56).

We invested \$88,215 (or 12%) of Impact Fund expenditure in areas that support our RAP targets. Our target for 2020 was 10% of Impact Fund expenditure.

### Alongside progress, we also faced challenges

While we have made some progress towards achieving our RAP targets, our efforts have been impacted this year by our COVID-19 pandemic response and related resource constraints. Heading into the final year of our current RAP, we remain committed to our Stretch targets. We'll also assess opportunities to integrate our RAP into our new B Corp performance framework.

Shaniah Thomason's artwork, Kuril the water rodent, in our West End branch.



## 5. Our customers

**Tessa chose a bank that puts people before profit.**



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# The bank that puts people before profit is **the bank Australia needs.**

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

This year we saw an average of 2,223 new customers join the bank every month. We attribute a significant amount of this growth to the 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 over 26,000 new customers – a record year for the bank – and we now have over 160,000 customers in total. Customer retention has remained above 90% during this time.

Additionally, the average age of our new customers has continued to decrease: it was 44 in 2018, 39 in 2019, and is now 36. This is important for the future of the bank, as we understand that younger generations, in particular, are seeking out purpose-driven businesses. Our research shows that 75% of new customers chose to bank with us because of our approach to responsible banking.

In future, we expect our customers to have increasing expectations of the bank when it comes to both our brand and what we stand for, as well as how we deliver the banking experience across our digital channels.

We also know that 19% of our customers chose to bank with us based on a recommendation from a family member or friend. Over the next year, we'll be working on ways to support customers to tell their own stories about clean money and Bank Australia, in a bid to generate an Australia-wide clean money movement.

### **We strive for happy customers**

Our customer satisfaction score remained at almost 90% for the third year in a row (89.6%). We are also pleased that our Net Promoter Score increased to 45.4 (up from 44.6 in 2019).

Our research found that 75% of our customers were satisfied with their overall financial situation. This is a positive measure, as enhancing our customers' financial wellbeing is core to our purpose. Among these customers, 10% 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 recognise that the ongoing impact of the COVID-19 pandemic may also affect how satisfied our customers feel with their personal financial situation over the coming year.

### **Serving our customers**

At our Contact Centre in the Latrobe Valley, we've made good progress against our target of 80% of customers' calls being answered within 40 seconds. This year our average speed to answer calls was 51 seconds, a significant improvement compared with 1 minute and 30 seconds last year.

Our email channel continues to grow in importance for both existing customers as well as prospective customers. We have maintained our service level, replying to all emails within 48 hours throughout the year.

In future, we will further invest in developing our digital customer service channels including internet banking, email, live chat and social media to become a purpose-driven, digital-first bank.



## A big year for awards

**Awards are won thanks to the dedication of our staff. We won nine awards this year.**

These three awards in particular are recognition not just for our commitment to clean money and our values, but recognition for our staff, who uphold these values each and every day:

### 1. Finder's Green Bank of the Year

The Finder Green Awards celebrate businesses playing an important role in protecting our planet.

“Bank Australia is leading the way on sustainability when it comes to banking in Australia. With exemplary standards on sustainable financing and standout climate-friendly products like their carbon neutral car loans and clean energy home loan, Bank Australia rose to the top against some stiff competition.” – Finder

### 2. Roy Morgan's Customer Satisfaction Award: Bank of the Year 2019

As a customer owned bank, winning a customer satisfaction award is a big deal for us. Roy Morgan Research is Australia's largest independent research company and one of the most respected in the world. In addition to this award, we also recently ranked #42 in Roy Morgan's top 50 most trusted brands in Australia.

“I'm grateful for the recognition that this award and trusted brand ranking gives to our staff who work hard every day to provide the best service and banking experience.”

– Damien Walsh, Bank Australia Managing Director.

### 3. Forbes Media Best Banks

Bank Australia rated Number 2 in the World's Best Banks 2020 by Forbes Media in Australia.

Forbes partnered with market research firm Statista to rank banks on satisfaction and key attributes such as trust, fees and digital services. This ranking is a testament to the dedication and passion of our customers and staff.

### Rounding out a great year, we also won:

MOZO – People's Choice 2020

- Highly Trusted
- Most Recommended

Experts Choice 2020 – Home Loan

- First Home Buyer Loan for our Basic Home Loan Special
- Best Green Home Loan for our Clean Energy Home Loan

Experts Choice 2019

- Used Car Loan for our Car Loan
- No Annual Fee Credit Card for our Visa Credit Card

We thank all our customers who participated in the People's Choice categories.

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# As a customer owned bank we offer an overall approach to pricing that people can trust is more competitive than other banks.

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## We offer fair and competitive rates and fees

As a customer owned bank we offer an overall approach to pricing that people can trust is overall more competitive than other banks. We also always aim to find the right balance between the interest rates we offer depositors and borrowers.

This has been particularly challenging this year, given record low interest rates driven by global economic uncertainty. Despite these challenges, customers can be confident that we remain committed to providing customer value in the form of price while protecting the long-term sustainability of our bank.

Carrying on work we began last year, we continued to improve our customer experience in 2020, investing in automation to:

- remind our new borrowers when their first repayment falls due, sending out 7,474 emails and SMS messages

- allow customers travelling overseas to advise us prior to their travel, and we directed 533 customers to our travel advice web page
- email customers their term deposit certificates at maturity, which saw more than 26,000 emails sent, resulting in savings of \$52,000 in letters and postage as well as 104 reams of paper.
- 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)
- offer paperless loan contracting and e-statements.

## We're committed to offering responsible products

For a long time, we've designed responsible and sustainable features into our range of everyday banking products.

This is why we:

- offer a family pause and an eco-pause with our home loans
- offer our Clean Energy Home Loan (page 21)
- offset carbon emissions from the cars we finance, and offer discounted pricing for customers purchasing a low-emissions vehicle

# Supporting customers who are experiencing financial difficulty is always one of our highest priorities.

## Supporting customers experiencing financial difficulty

One of our core principles is to only provide loans to customers who are able to repay the funds without facing financial stress or hardship.

In late 2019, we made a change to the treatment of accounts falling into hardship, to align with industry practice and regulatory guidance. This new approach makes it easier for customers, allowing them to miss contracted repayments during hardship rather than changing their contract terms and conditions.

In 2020, this change resulted in loan arrears greater than 30 days increasing from 0.3% of all loans to 0.4% of all loans. We're confident that despite this increase, we have maintained our commitment to responsible lending.

## Supporting customers through COVID-19

This year was unlike any we have seen, with the COVID-19 pandemic becoming the primary reason for unemployment, hardship and reduced income among our customers. Regular communication has occurred with these customers, with offers of financial support best suited to their specific circumstances.

Our Hardship Assistance team varied 1,714 loan accounts this year, up by more than 1,000% (from 121 variations in 2019). Over 1,500 of these variations were as a result of the COVID-19 pandemic.

## We're telling our customers' stories

This year we encouraged customers to share their own stories on values-based banking through new approaches to communication.

We refined our content strategy and introduced a number of new ways to regularly share our customers' stories, and stories about the bank with other customers, their friends and families.

Our work included:

- launching and growing our Instagram (@bankaust) to have a highly engaged following of 5,000+ people, including a mix of existing and prospective customers
- redesigning our Your Impact and Your Money newsletters, which saw a significant increase in readership
- increasing the monthly number of stories on our blog ([bankaust.com.au/about-us/news/](https://bankaust.com.au/about-us/news/))
- profiling a range of customer impact projects through a range of brand and media partnerships.



## **The social enterprise sharing flavours of the world**

**Free to Feed is an extraordinary Melbourne-based social enterprise and Bank Australia customer.**

The organisation provides employment, professional development and training in cooking and hospitality skills to recently arrived refugees and asylum seekers, who host a range of authentic food experiences.

“Melburnians are looking for high-quality food experiences, and we know a lot of them want to do something that’s meaningful, and gives back. They can have these experiences in their own homes, learn about Persian or Syrian or

Iraqi food and culture, and get a sense of all these beautiful things... it’s incredible,” says Loretta Bolotin, CEO of Free to Feed.

The team’s immersive and life-changing workforce participation programs are designed to increase social and economic inclusion in Australia. We’re also excited to share that Free to Feed is a 2020-21 Community Customer Grant recipient.



## The compostable plastic wrap that's slashing industrial waste

**Industrial waste is a huge problem globally, and we need bigger and more scalable solutions to help us tackle the issue effectively. Bank Australia customer Jordy Kay has one of those solutions.**

Jordy is the founder and CEO of Great Wrap, an Australian company behind the world's first compostable and biodegradable stretch wrap. Having started his career in the natural wine business, Jordy simply couldn't ignore the staggering amount of plastic wrap the industry was churning through on a daily basis.

"The most effective way that we can solve plastic waste and plastic pollution is through working with businesses, big or small, to begin changing their impact," says Jordy.

The Great Wrap product is 100% compostable, leaves no trace of residue or microplastics, and breaks down in 180 days once it's put on the compost pile. The company's goal is to remove one million tonnes of plastic from the environment within a year.

For each box of Great Wrap sold, Jordy estimates it prevents 1.2 kilometres of plastic wrap entering landfill.

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# Innovative, purpose-driven, digital-first.

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## Technology and innovation

Being a purpose-driven, digital-first bank represents the future.

Our customers are embracing digital banking in ever-increasing numbers, which is also 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 32% to 36%.

We can expect the pace of change of digital banking to accelerate as a consequence of the COVID-19 pandemic driving more people online.

Our new customers took up digital banking at very high rates last year, including:

- 99% of new customers provided their email address
- 95% opted to receive e-statements, up from 90% the previous year

- 96% used internet banking, up from 93%
- 75% downloaded the app, up from 59%
- 29% activated a digital wallet (ApplePay, SamsungPay), up from 14%.

The number of digital payments customers make has also increased due to the COVID-19 pandemic. In June, customers averaged 27 payment transactions, up from 22 the previous year. We also saw more customers have direct credits sent to their account, increasing from 54% to 60%, while customers making direct debit transactions increased from 20% to 26% and customers making BPay payments increased from 16% to 19%.

## We're providing the customer experience people expect

In May we launched digital cards, which provide customers with a new self-service card option within our app.

Digital cards means new customers can add their card to their digital wallet, via our app, as soon as they join the bank – and start banking with us within minutes of joining (no more waiting for a physical card to arrive in the mail!). Importantly, this new feature also provides customers with greater levels of security.

It took over two years of planning and preparation to bring this product to life, and the result is an industry-leading achievement.

# Our customers are embracing digital banking in ever-increasing numbers.

## Digital banking



**Increase in number of customers using digital wallet services**

June 2020: 26,345  
 June 2019: 15,483  
 June 2018: 9,289  
 June 2017: 3,474



**Increase in number of customers signed up for PayID**

June 2020: 24,586  
 June 2019: 17,089  
 June 2018: 12,274  
 Feb 2018 (first time reported): 7,433



**Decline in number of customers using cheques**

June 2020: 8,181  
 June 2019: 10,460  
 June 2018: 13,164  
 June 2017: 19,967



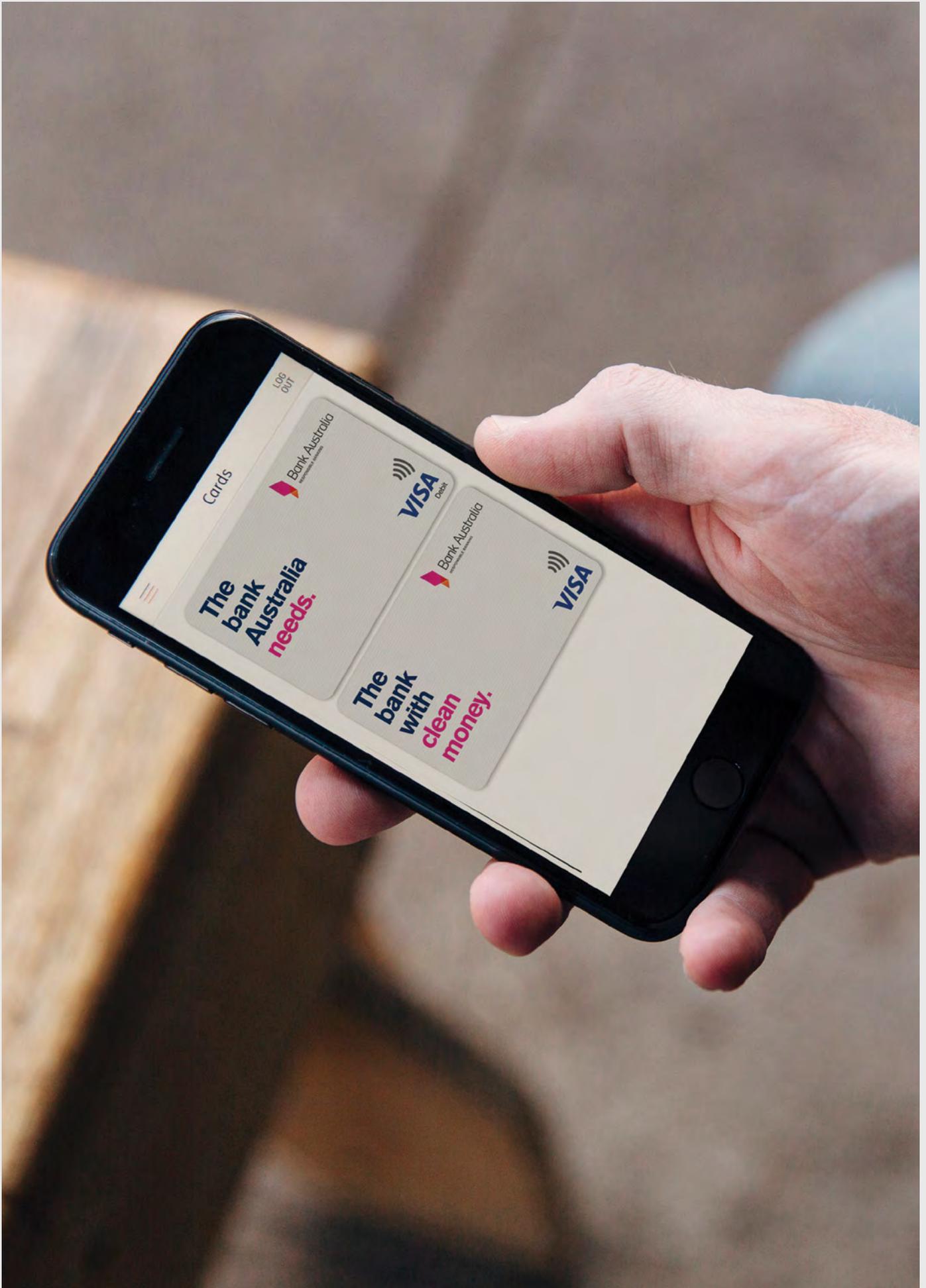
**Decline in ATM cash withdrawals**

June 2020: 96,855  
 June 2019: 117,400  
 June 2018: 130,690  
 June 2017: 134,126



**Increase in number of customers using our mobile app**

June 2020: 68,900  
 June 2019: 60,484  
 June 2018: 44,177  
 June 2017: 31,570



# Our team works tirelessly to mitigate the risk of fraud.

## The way customers use our branches is changing

After careful consideration, in August 2019 we closed the Townsville, North Ryde and Watergardens branches; and in April 2020 we closed a further four branches – Swan Hill, Mildura, Echuca and Maryborough. A further two branch closures, Gold Coast and Eastland, were announced shortly after the end of the financial year.

These were difficult decisions for us to make, but reflect the fact that customers are using branches less in favour of our Contact Centre and digital banking.

A total of 29 staff were impacted by these branch closures. Nine of our team members relocated to other Bank Australia locations and 20 left the bank. We worked closely with staff to help them find other roles within the bank or with other employers. An extensive career transition program was provided to all staff impacted by the closures and above Award

retrenchment packages were provided to those staff who were unable to take up redeployment opportunities. We thank all of these staff for their commitment to their communities and our customers.

In managing these closures, we also provided extensive support to our customers. In some cases, this meant helping customers move their accounts to another bank with a branch in their local area.

When making the decision to close a branch, we follow the Australian Banking Association Branch Closure Protocol. We are especially mindful of our customers in remote, rural and regional areas, and the impact these decisions can have.

At the same time, we recognise and respect that many people have supported these branches over many years and their contribution to the bank has been significant and is never taken for granted.

## Fraud and scams

Sadly, incidents of customers being impacted by external fraud and scams continue to increase, with scammers consistently finding new ways to defraud many Australians.

Our team works tirelessly to mitigate the risk of fraud, notify our customers of suspicious transactions, and offer support to those who have been the victim of fraud or scams.

This year we ran cybersecurity sessions for customers in our branches to educate them on online safety and identity protection, and to build awareness of fraud risks and common scams.

Fraud and scam awareness training for our staff has continued, with the goal of increasing our team's ability to recognise, act on and escalate concerns about potential fraud and scam activity.

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We took the following steps to help mitigate the risk of our customers falling victim to fraud or scams:

- 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
- improved our fraud monitoring activities, to inform customers more quickly of suspicious activities on their accounts
- monitored trends and new types of fraud
- collaborated with industry and various government agencies.

Investments have also been made in new technology that will further improve account security.

We launched an automated program, which triggers an email, SMS and/or letter to confirm any changes to customer details. Since launching in March 2020, we've sent 8,358 alerts. For instances where we received an email bounce back, we sent an SMS instead to request confirmation.

We also began improving customer education on fraud by increasing the frequency of messages. We redeveloped our fraud website pages, integrated fraud reminders into regular operational emails, and added a regular fraud section into our quarterly Your Money customer e-newsletter.

In 2021 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 staff education and fraud awareness.

## 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 increased to 914, compared with 383 in 2019. While our total customer complaints as a percentage of total customers remains very low, they did increase to 0.6%, up from 0.3% in 2019. Of total complaints, 4% (36) were referred to the Australian Financial Complaints Authority which speaks to the efficiency and efficacy of our resolution process.

The rise in complaints is in part due to the significant increase in customer numbers this year (page 31). Additionally, a number of branch closures (page 40) saw feedback from affected customers. The rise can also be attributed to positive changes to our internal dispute resolution process, including introducing delegated financial limits and internal service level agreements for all staff and an improved case management system to help manage and resolve customer issues.

We also ran an awareness campaign with our frontline staff to encourage the capturing of complaints as part of our continuous improvement work. This made the complaints process clearer for staff and more accessible to customers.

In this regard, the rise in complaints can be understood as positive as we strive for transparent and accessible complaint management processes and communications, both at our bank and across the financial services sector.

We acted quickly to resolve customer complaints, with 94% of all complaints being resolved in less than 21 days.

## 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.

In 2021, we will consider how to further develop this role to meet the changing needs of our customers.

# 6. Our people



**Our staff have our customers front and centre in everything they do.**

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# The bank that doesn't pay executive bonuses is the bank Australia needs.

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## Our staff stepped up to support our customers

Working for an essential service like a bank brings additional responsibilities during times of hardship. The COVID-19 pandemic created significant challenges for our people, and they have risen to these challenges with compassion and commitment.

In turn, we've worked hard to support our staff the best we can, and we're relieved that we've made no redundancies or stand downs as a result of the COVID-19 pandemic.

## We're building capability and working flexibly

Our team grew to 441 people in 2020 (from 427 in 2019). 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 flexible working arrangements to support our staff to balance their personal and professional lives. For example, approximately 15% of our staff work part-time.

## Our Contact Centre

We're proud to employ so many regional Victorians. Almost 50% of our staff work in regional Victoria, across our branches plus offices in Bendigo, and our Contact Centre and offices in the Latrobe Valley. 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 support for the Latrobe Valley community.

In response to the COVID-19 pandemic, our priorities were to protect our staff and support our customers as well as ensure the bank remained strong. A key step was separating our Contact Centre team, as well as some of our other critical back office functions between our sites at Moe and Morwell.

We also set up all of our Contact Centre staff with the ability to work from home, extending this capacity from approximately 30% of the team who already worked from home.

## Our approach to remuneration

We pay our people appropriately for the work they do, and we don't pay bonuses or sales-based commissions to any of our staff – 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 2020 was 11:1. In 2019 the ratio was 13:1, and this change demonstrates an increase in the median wage over the past year. We believe this is low compared with the ratio of other private sector businesses and reflects our approach to responsible remuneration management.

# In response to the COVID-19 pandemic, our priorities are to protect our staff and support our customers.

## Engaging our people

Our people are our greatest asset, and we know that an engaged and high-performing workforce is essential to achieving our strategic goals and meeting the needs of our customers and other stakeholders.

We again ran our annual staff engagement survey to measure overall levels of engagement. This year, 84% of our staff completed the survey in October, which showed an overall engagement of 70% (slightly down from 71% in 2019). We'll continue to strive to achieve our target of 80%+ engagement by 2023.

When we asked our people what they liked most about working at Bank Australia, their responses included having a work-life balance, the support of their manager, the leadership and the bank's values.

When we asked what we could do better, our people nominated work-life balance here too, as well as collaboration and further investment in systems and resources.

We acted on the feedback by working with various groups across the bank to further explore key themes and identify actions to address areas of concern for our employees. For example, Operations and Technology introduced a weekly meeting for the division in response to feedback that greater clarity of purpose was needed.

We also worked on improving our internal IT systems, to enable our staff to support our customers. For example, we adopted a more employee-focused approach to the delivery of the IT service desk, increased our help desk staff numbers, and implemented communication and collaboration tools including a video conferencing platform.

Looking ahead, a number of next year's projects will focus on improving a range of business processes and systems, such as upgrading the current payroll and People and Culture systems and introducing employee self-service capabilities.

We acknowledge the effects of COVID-19 on our staff's ongoing engagement levels into next year is not yet known. We will continue to monitor this and support our people as they work remotely.

## Our people and our values

Our people are highly committed to our values and to supporting their local communities. We encourage our staff to support their community by offering one day of paid volunteer leave each year.

During 2020, 39 staff 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.

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## We're investing in staff capability and training

Investing in our people is essential for our success as a purpose-driven bank. In 2020 we delivered:

- induction training to 104 staff, including a new module on clean money
- cybersecurity training to 100% of our staff
- online fraud training to 98% of our staff
- took one group of 18 staff to the Bank Australia Conservation Reserve (a second trip was cancelled due to the COVID-19 pandemic)
- a values-based leadership program to 10 of our managers, in collaboration with Teachers Mutual Bank
- two tailored customer service training courses. Leading Service Capability 'town hall sessions' were conducted for 103 support staff, and 122 team leaders participated in six Masterclass workshops
- Indigenous Cultural Awareness Training for 70 of our staff, as well as Directors and Executives.

We also adopted a quarterly schedule of compliance training to allow staff to better balance the need to complete training with the demands of their day-to-day roles. We achieved a 98% completion rate across all compliance modules throughout the business. Modules include but are not limited to Cybersecurity, Anti-Money Laundering and Counter-Terrorism Financing.

During the year we expanded our compliance training to include:

- Protecting Vulnerable Customers training for all staff (previously frontline staff only)
- Disability Awareness and Inclusion training
- Modern Slavery Legislation training.

With our ongoing focus on learning and development, we partnered with an external provider to design a leadership capability framework for the bank, to be implemented in FY21. We also began a pilot for a digital learning platform for staff to access professional, personal and skills development.

In 2021, we plan to:

- increase our learning and development activities, with a focus on purpose-driven leadership and values-based behaviours
- continue to deliver our Values-Based Leadership Program, and further build capability and embed a values-based approach to leadership across the bank
- continue to invest in business systems, processes and policies that will improve our employees' experience at work.



**Our staff**

**441**

(up from 427 in 2019)

# Achieving a culture that nurtures gender equality, diversity and inclusion is critical for our continued growth and success.

## Workforce equality, diversity and inclusion is a priority

Achieving a culture that nurtures gender equality, diversity and inclusion is critical for our continued growth and success. We want our workforce to represent the varied cultures and life experiences of Australia's society, and for our staff to champion our efforts to be a more accessible and inclusive 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 pay. This assessment accounts for factors such as performance, skill set and experience, tenure at the bank, and differences in roles. A formal review of salaries is undertaken each year and in September 2019 we identified five staff whose salaries were adjusted to achieve pay equity.

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

A review of this year's report highlighted the need for a broader gender equality strategy that looks at our business holistically. This work is currently in development and we expect it to be in place by the end of the calendar year. We anticipate the focus will be on recruitment, career progression and professional development.

### Traineeships and internships aligned to our values

We continued our financial services traineeship program, which offers places for people from disadvantaged backgrounds including refugees and people seeking asylum, Aboriginal and Torres Strait Islander peoples, and people living with a disability. By the end of the year we had 10 trainees.

Since launching our first Reconciliation Action Plan in 2011 (page 28), we've recruited 14 Aboriginal and Torres Strait Islander staff into our financial services traineeship program. During the year we employed one Aboriginal and Torres Strait Islander trainee and employed one former trainee as a casual staff member.



## Meet our trainee, Guilain

**Guilain started his exciting traineeship with us just this year.**

The traineeship through Brotherhood of St Laurence has seen Guilain working in two areas: our Fitzroy branch and helping our sustainability team strengthen our greenhouse gas framework.

The greenhouse gas framework helps measure the carbon emissions from our electricity and gas consumption and other factors like transport used by employees.

“I do the data analytics, pulling data from sources, validating it and building an automated process to validate and correct the data,” Guilain says of his hands-on experience.

He also learned that a branch’s work entails much more than

just transactions, and that it’s often the best place for someone wanting to begin a career in banking to start.

So what’s next for Guilain?

“I’m looking forward to an opportunity where I can use my customer service skills, business analytics and data analytics skills to contribute to the growth and have a positive impact on the community,” he says.

# 7. People and planet



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

## **Our Impact Fund supports projects that address issues our customers care about**

The Bank Australia Impact Fund supports projects that deliver positive outcomes for people and the planet. Each year, we commit 4% of our after-tax profit to the Impact Fund.

In 2020 we disbursed \$729,067 from the Impact Fund, split across programs that benefit people (54%) and programs that benefit the planet (46%). This represented 3.2% of our after-profit tax, which is 0.8% below our annual commitment. This 0.8% will be carried into next financial year.

The Bank Australia Conservation Reserve (appendix 10) is the fund's largest project, with funding of \$294,447 in 2020.

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## **Impact Fund expenditure**

# \$729,067

(3.2% of 2019 after tax profits)

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## **People impact**

# 54%

(for programs that benefit people)

## **Planet impact**

# 46%

(for programs that benefit the planet)

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## **Bank Australia Conservation Reserve**

# \$294,447

(the fund's largest project, see appendix 10)

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In 2020, we funded a number of projects and partnerships through our Impact Fund, including:

- entering the third year of our partnership with Human Rights Watch to support its refugee rights research program
- supported the HART Awards, a partnership between the Victorian Local Governance Association and Reconciliation Victoria
- addressing educational disadvantage through our scholarship with the Queensland University of Technology Learning Potential Fund
- completed our 2019 partnership with Oxfam, focusing on economic justice and sustainable production with their What She Makes campaign
- again partnered with YGAP to support their Polished Man campaign, raising awareness and funds for the prevention of violence against children.

In 2021, we're planning a review of the Impact Fund to be sure we're investing customer funds in projects they value, and we will further develop our capability for measuring and reporting the impact our Fund makes.

## Community Customer Grants

Our Community Grant Program has evolved since it was launched in 2016, and this year we received a record number of applications from our customers for funding.

The program supports our customers from the community sector to make a positive impact across a diverse range of initiatives. Since 2016, we have funded just over \$700,000 in community projects.

In 2020, we provided grants of up to \$10,000 each to 16 customers to support projects addressing issues including climate change, environmental conservation, diversity and inclusion, family and gendered violence, disadvantage, reconciliation, refugees and people seeking asylum, and education and educational disadvantage.

In total this year we provided financial support of \$154,365 towards these projects. Eight of the 16 successful organisations are previous grant recipients.

Continuing support for last year's successful organisations is an important way the bank can continue making a positive, long-term impact.

Recipients of funding this year were:

- Climate for Change Climate Conversations
- HoMie Pathway Alliance Program
- Human Nature Adventure Therapy Healthy at Home
- Reconciliation Victoria Treaty Engagement
- Reground Waste Less App
- Road to Refuge In My Own Words
- Scarf Graduates into Jobs
- Nature Glenelg Trust Mt Burr Solar Project

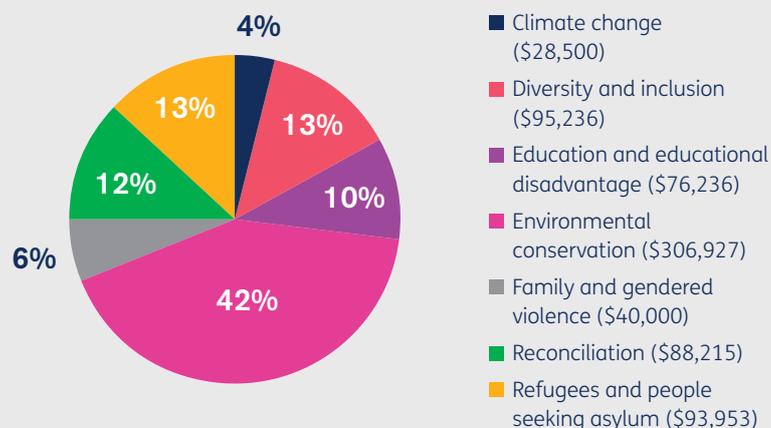
The remaining eight recipients presented applications for new projects including:

- BREAZE Social Solar Project
- ASTERIA Lawn Bowling Program
- Doherty's Creek Indigenous Education Program
- Ethni Future Female Changemakers
- Free to Feed Employment Program
- Natura Pacific Nest Boxes
- Women's Legal Service Inc Financial Abuse Video Series
- Zero Emissions Byron RePlant Byron Project

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

For a full list of recipient details, please see appendix 6.

### Bank Australia Impact Fund programs, by funding category, 2020





### **Hospitality careers for Con and Ngot**

**Scarf is a long-standing customer that received a Community Customer Grant in 2019 and again in 2020.**

Based in Melbourne, this social enterprise provides young people with hands-on experience and individual mentoring to help develop their skills and confidence to secure real jobs in the hospitality industry. They do this in a space where creativity thrives, individuality shines and high fives are just part of the process.

Scarf trainees are resilient young people from refugee and migrant backgrounds facing barriers to employment. Barriers to finding work include: lack of local work experience, English as a second or third language, mental health issues due to trauma

backgrounds, lack of knowledge of employment pathways in Australia, discrimination due to diverse cultural background, and a lack of confidence due to breaks in education or employment.

36 young people participated in the program last year. Scarf trainees receive real knowledge from industry mentors during a 10-week training program, with sessions placed in hospitality hotspots. Trainees earn an Award wage and receive on-the-spot support from hospitality mentors who volunteer their time to share their skills with passion, as well as access to social workers.

# The bank that agrees we're in climate crisis is the bank Australia needs.

## Taking climate action

Science tells us that, collectively, the world must make significant progress to decarbonise our economy this decade if we're to have a chance of limiting warming to 1.5C. While we've focused on reducing the bank's carbon footprint for the past decade, we acknowledge that we can still do more to reduce our impact.

While there's no quick solution to fully decarbonising the bank, we have further invested in several new measures that will drive emissions lower including:

- mapped a pathway to switch a majority of our Scope 1 emissions sources (Appendix 9) to be powered by renewable electricity, and began this task for Scope 3 emissions as well
- invested in energy efficiency measures, for example transparent utility metering at our Head Office in Kew, that will help us to understand the way we use electricity, gas and water and how we can use it more efficiently

- developed a new greenhouse gas accounting framework to better inform our decision making and help us achieve our targets out to 2030
- committed to review our climate and carbon strategy to guide our action over the next three years.

Since 2011, the offsets have formed part of the bank's approach to achieving carbon neutrality. While we're careful not to overstate the application of carbon offsetting, it does play an important role in enabling our transition to a zero carbon future.

In purchasing offsets, we support a Gold Standard-approved carbon offset project focused on replanting native forests in Timor Leste through WithOneSeed. While sequestering residual emissions from our operations, this project also provides co-benefits that align with our values of conservation and self-determination for Indigenous peoples.

Taking a leadership position on the climate crisis takes much more than merely reducing our direct climate change impact. It's equally important to use our position, resources and networks to drive systemic change in our sector and beyond.

That's why this year we:

- launched our Clean Energy Home Loan (page 21) in collaboration with the Clean Energy Finance Corporation, making energy-efficient sustainable housing more affordable for everyday customers
- participated in the September School Strike for Climate and signed the Not Business As Usual pledge alongside like-minded businesses
- commenced work to understand and estimate the 'downstream emissions' associated with the provision of home loans by Bank Australia.

This year, we also celebrated:

- our first full year of purchasing 100% renewable electricity, aligned with the requirements of the RE100 initiative
- achieving carbon neutrality for our tenth year, and certification by the Australian Government's Climate Active program
- being recognised as the Green Bank of the Year by Finder for our leadership and performance in sustainability.

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## Working together for the planet

We 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 the Environmental Film Festival Australia to deliver the 2019 festival program across Melbourne
- partnering with Renew on their annual Sustainable House Day, allowing attendees to learn from sustainable homes across Australia first-hand
- partnering with Australian Progress for their one-off conference, Virtual Progress, to bring values-led people and organisations together to discuss a sustainable and equitable recovery from the COVID-19 pandemic
- working with the makers of the 2040 documentary to include switching banks in their Action Plan, and to offer staff and customers free access to watch the award-winning documentary online
- adding clean money actions into the 1 Million Women App.

## Our Conservation Reserve

The work on our Conservation Reserve is one of the best examples of our commitment to addressing the twin crises of climate change and ecosystem collapse. The Bank Australia Conservation Reserve comprises 927 hectares of land in three properties – Minimay, Ozenkadnook and Boorookpi – all located in the West Wimmera region of Victoria.

Our first full three year contract with Greening Australia and Trust for Nature, who manage the Conservation Reserve, has been renewed. Together we have embarked on another three year partnership that will continue 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 in line with the best available science. Together with our partners' ecologists and scientists, we've developed a research strategy to ensure we're adding to the pool of knowledge our reserve needs to thrive into the future.

We also continued our efforts to plant trees on the reserve as part of our restoration work, with funding from the Victorian Government's Biodiversity Response Planning Program assisting our efforts. This year, 6,360 Eucalyptus Arenacea (Desert Stringybark) seedlings were planted across 106 hectares of degraded Heathy Woodland at our Boorookpi property.

# We're the only bank in the world to own a conservation reserve.

## Seed collection project

One important climate change adaptation strategy involves collecting native seeds, to be replanted where they can thrive in a future, warmer climate. This work is guided by climate adjusted provenance modelling. To do this, we use CSIRO climate futures data to map projected temperature and rainfall conditions at our reserve in 2030 and 2070.

This data is used to determine which species should be planted now to give it the best chance of thriving and being resilient for the future.

Next, we're looking to plant the seeds across 74.5 hectares on our Minimay and Ozenkadnook properties. This work is due for completion by June 2021.

## Setting the research agenda

Together with scientists at Greening Australia and Trust for Nature we have developed a research strategy that will encourage more research activity on the reserve and in the local region.

To facilitate this work we've funded new infrastructure at the Minimay property with facilities that will include solar electricity, WiFi, toilet and shower amenities, and measurement instruments including a small weather station.

## Telling the reserve's stories

Telling the Conservation Reserve story is an essential part of our strategy.

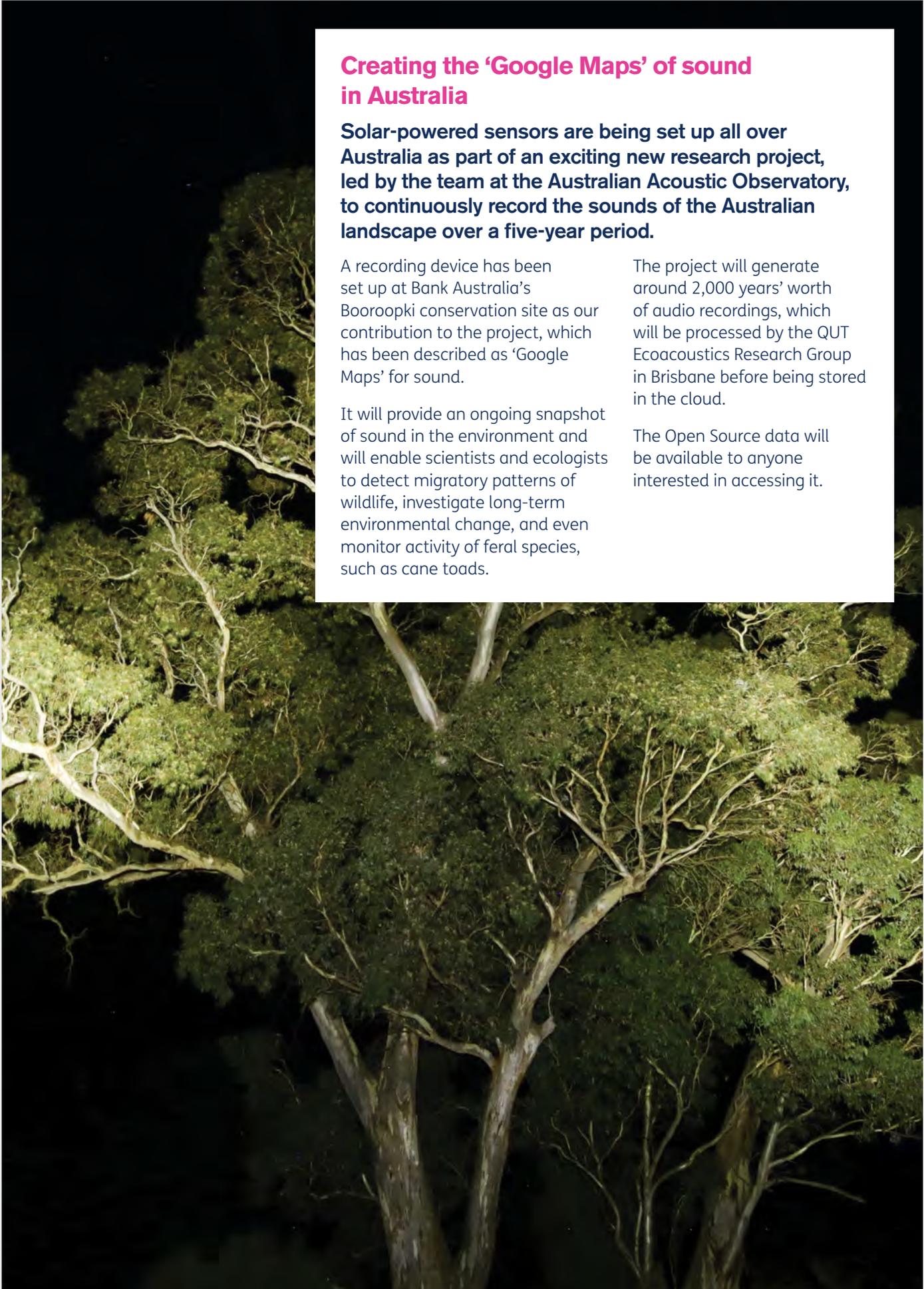
This year we redeveloped the Conservation Reserve's website pages. We are also sharing more stories on the reserve across our social media channels and in our customer newsletters. Conservation Reserve stories consistently perform strongly, telling us that customers have a keen interest in this project, and the properties they own.

## Returning dams to wetlands

Our environmental DNA testing project (eDNA) tested the water in three dams on the Reserve to see what life it was supporting. One of these dams is located within the culturally significant Women's Area, which adds to the value of this project.

The results of the testing have paved the way for returning the dams to natural wetlands – which soak up more carbon than they emit. This will also benefit the local flora, including red gums that prefer wet soil.

In April 2020, Greening Australia was successful in their application for a grant from the Commonwealth Government to progress this dam transformation work.



## Creating the 'Google Maps' of sound in Australia

**Solar-powered sensors are being set up all over Australia as part of an exciting new research project, led by the team at the Australian Acoustic Observatory, to continuously record the sounds of the Australian landscape over a five-year period.**

A recording device has been set up at Bank Australia's Booropki conservation site as our contribution to the project, which has been described as 'Google Maps' for sound.

It will provide an ongoing snapshot of sound in the environment and will enable scientists and ecologists to detect migratory patterns of wildlife, investigate long-term environmental change, and even monitor activity of feral species, such as cane toads.

The project will generate around 2,000 years' worth of audio recordings, which will be processed by the QUT Ecoacoustics Research Group in Brisbane before being stored in the cloud.

The Open Source data will be available to anyone interested in accessing it.

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## Cultural Burns

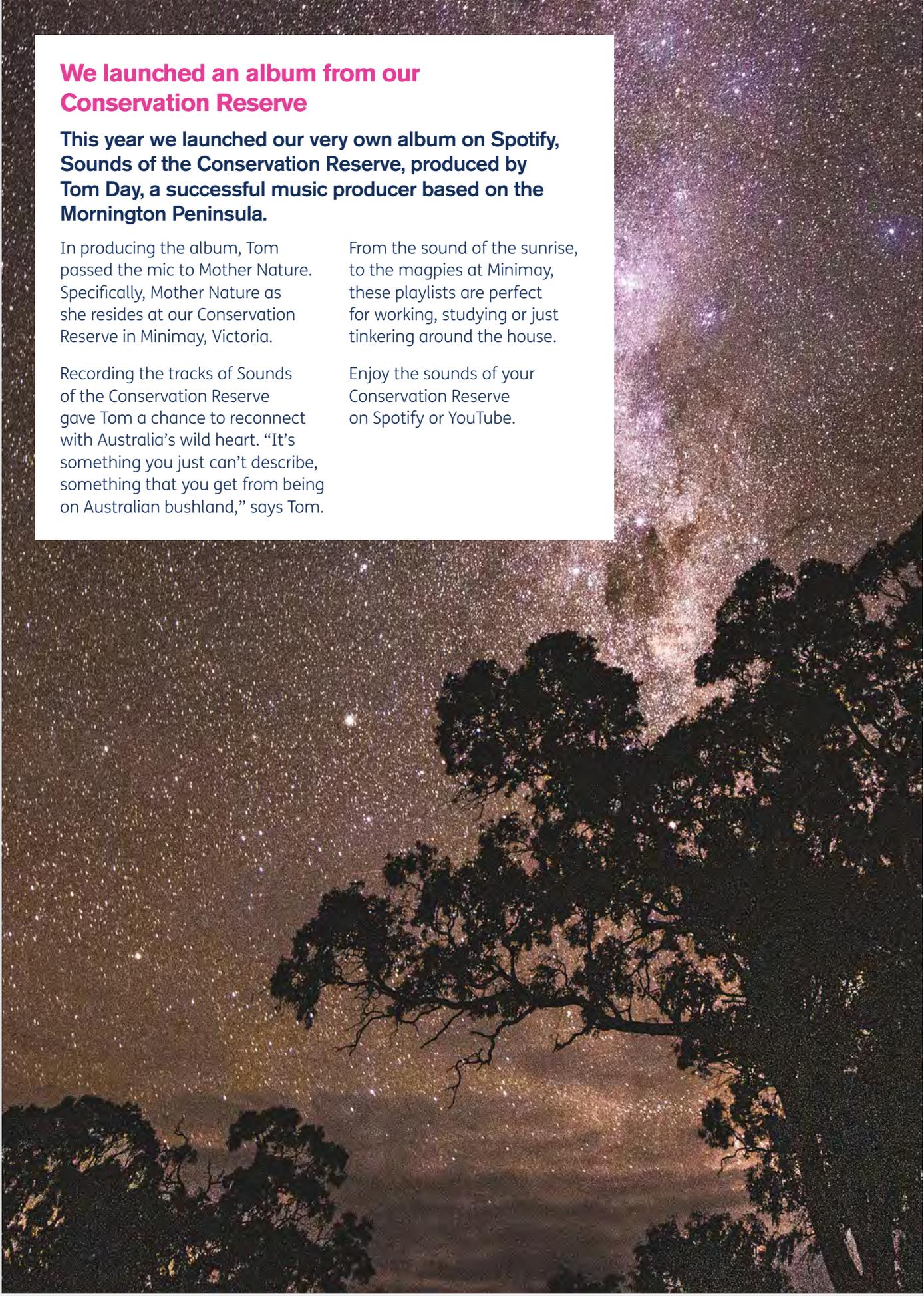
Together with Greening Australia and Trust for Nature, we've worked with the Barengi Gadjin Land Council, Country Fire Authority and various Victorian Government agencies to plan our first Cultural Burn (also known as a Traditional Burn) at the Conservation Reserve.

A Traditional Burn is a cool, low intensity burn that's closely managed. It's an important cultural practice for Traditional Owners and Elders and helps rebuild knowledge, which has been prevented from being passed on to future generations since colonisation.

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.

In late 2019, the Barengi Gadjin Land Council and Country Fire Authority worked with Parks Victoria to conduct the first cultural burn to occur at the Reserve, most likely since colonisation. While the conditions weren't right on the day for a full Traditional Burn, we did a small test burn and successfully conducted a full burn in July 2020.

In future we're planning to use traditional burning methods, which also provide cultural and ecological benefits, as part of our ongoing fire risk management strategy.



## We launched an album from our Conservation Reserve

**This year we launched our very own album on Spotify, Sounds of the Conservation Reserve, produced by Tom Day, a successful music producer based on the Mornington Peninsula.**

In producing the album, Tom passed the mic to Mother Nature. Specifically, Mother Nature as she resides at our Conservation Reserve in Minimay, Victoria.

Recording the tracks of Sounds of the Conservation Reserve gave Tom a chance to reconnect with Australia's wild heart. "It's something you just can't describe, something that you get from being on Australian bushland," says Tom.

From the sound of the sunrise, to the magpies at Minimay, these playlists are perfect for working, studying or just tinkering around the house.

Enjoy the sounds of your Conservation Reserve on Spotify or YouTube.

# Appendices

- 
1. How this report was developed
  2. How we're governed
  3. Our approach to risk
  4. Our customer profile
  5. Our people and culture
  6. Bank Australia Impact Fund
  7. Our lending and investments
  8. Our responsible banking commitments
  9. Environmental management
  10. Bank Australia Conservation Reserve
  11. EY statement of assurance
  12. Global Reporting Initiative Index

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# Appendix 1:

## How this report was developed

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### 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), staff, and stakeholders and partners including Impact Fund partners, community organisations, broker networks, investors (sustainability bond) and government representatives.

This report presents Bank Australia's performance for the period 1 July 2019 – 30 June 2020 (referred to as 2020 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 2020 Financial Report) to support this report and as required by law.

In this 2020 Impact Report, the bank reports on:

- performance in delivering the bank's strategic plan and associated key performance indicators
- 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 page 61-62). 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 2020 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 between March 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. We also sought feedback from external stakeholders, however this was limited in 2020 due to the COVID-19 pandemic.

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

## Data sources

Internal	External
Strategic and Corporate Plan	Participation in national and international conferences
Risk Appetite Statement and register	Media coverage and commentary
Bank's public commitments	Engagement with APRA, ASIC and the Reserve Bank
Bank policies	Global Reporting Initiative's Standards
Board and Committee minutes	Sustainability and impact reports of peers in our industry
Action Plans including: Financial Inclusion, Reconciliation, Disability and Environmental Management	Stakeholder engagement with not-for-profit sector partners and customer organisations
Bank's annual general meeting: questions raised, feedback and discussion	Participation in industry working groups (Australian Banking Association, Customer Owned Banking Association, Global Alliance for Banking on Values)
Bank's social media platforms	
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 2020	

## 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 2020. The long list of 26 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 to validate the results. The results of the workshop were further discussed and refined and, following review by the Executive, a final list of 10 priority issues was identified. Our assurance provider, EY, also attended this workshop to observe the discussion.

### Priority issues for this report

Theme	Issue	Definition	Page number
Our operations	The COVID-19 pandemic as a disruption to business operations and impact on the bank's financial position	Impact of the COVID-19 pandemic on business operations including implementation of business continuity plans, changes in staff working arrangements and higher than average customer inquiries. Implications of the economic downturn on the bank's short to medium-term financial performance (including profit and growth) due to retail and commercial customer exposure to hardship and increased risk of loan arrears and defaults. The importance of retaining a strong financial position during this time including the bank's capital and liquid investments and spread of concentration of exposures, all of this in light of historic low interest rate levels.	4-6, 14-15, 28, 43, 86, 95
	Leadership, 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.	11-13, 26, 43-46, 63-67
	Risk management, compliance, and focus on fraud and cybersecurity	Effective management of risk and compliance, in an increasingly complex regulatory environment.  Effective management of events that disrupt the business and/or threaten the banks ongoing sustainability.  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.	4-6, 14, 26-27, 40-41, 45, 56, 64, 70, 81
Responsible banking	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.	2, 5-6, 17-21, 23, 33, 77-81, 85
	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. The bank's commitment and efforts to become a certified B Corporation, and embed the framework in operations to help us to continue to have a positive impact. Joining a community of values-aligned, purpose-driven businesses.	5, 6, 11-12, 17, 24-25, 52, 85, 95

Theme	Issue	Definition	Page number
Our customers	The COVID-19 pandemic – supporting customers and staff through a crisis	Our support of customers, staff and the communities where we operate during periods of crisis. Helping customers through waiving fees, pausing loan repayments (when applicable), alerting customers of an increased risk of fraud and details of Government assistance on offer.	4-6, 14, 34, 43-44, 69, 83
	Customer value proposition and customer engagement	Our differentiated offering, including responsible products and customer experience. This includes products and services that align to customer expectations and the bank's values.  Customer satisfaction with the bank, as measured through post-purchase surveys (net promoter score), bi-annual customer engagement surveys, and feedback.	2, 5, 12, 17, 22, 31-33, 37, 68-69
	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 online-led distribution model. Our technology and innovation capability and culture enable the bank to meet customer needs and expectations.	5, 6, 12, 31, 37-38, 40, 45
Our people	Purpose-driven culture with engaged staff in a healthy, safe, fair and career-enhancing work environment	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.  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.  Creating a workplace with fair employment practices including gender pay equity, a safe and healthy environment that promotes staff wellbeing, and a diverse workforce including flexible work practices.	2, 12, 43-47, 70
People and planet	Action on climate change	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 Conservation Reserve which in turn helps to protect biodiversity.	6, 21, 32, 44, 50, 52-54, 75, 84, 91, 93

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# Appendix 2:

## How we're governed

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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 mutually owned public unlisted company limited by shares 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.

The Board generally:

- meets eight times a year, plus the annual general meeting and annual Board planning (two days usually, but one day in 2020 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. Customers elected five independent, Non-Executive Directors and there are three Board-appointed Directors – our Managing Director (Damien Walsh), and two independent Non-Executive Directors.

Every three years of service, each member-elected Director will be eligible for reappointment if they 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 passed a due diligence process to stand for election. The Board may also reappoint Board-appointed Directors at its discretion.

The personal qualities required of the bank's Directors are:

- 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 issues, form conclusions and apply good judgement
- the ability to understand the Company's strategy and business 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.

As well as these qualities, Directors must also possess particular skills or experience relevant to the business operations of the Group and be 'fit and proper' within the meaning of Australian legislation and regulatory regimes applicable to the bank's business operations.

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).

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 cyber security to Bank Australia, the Board appointed a specialist expert cyber security advisor to the

Board. The advisor's role included supporting the board to assess and understand the cyber security framework of the bank and provide insights in relation to emerging cyber security 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. This was a 2.5% increase as approved at the 2019 AGM.

The base remuneration for a Director in 2020 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) (the "Corporations Act").

## 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.

## Chair

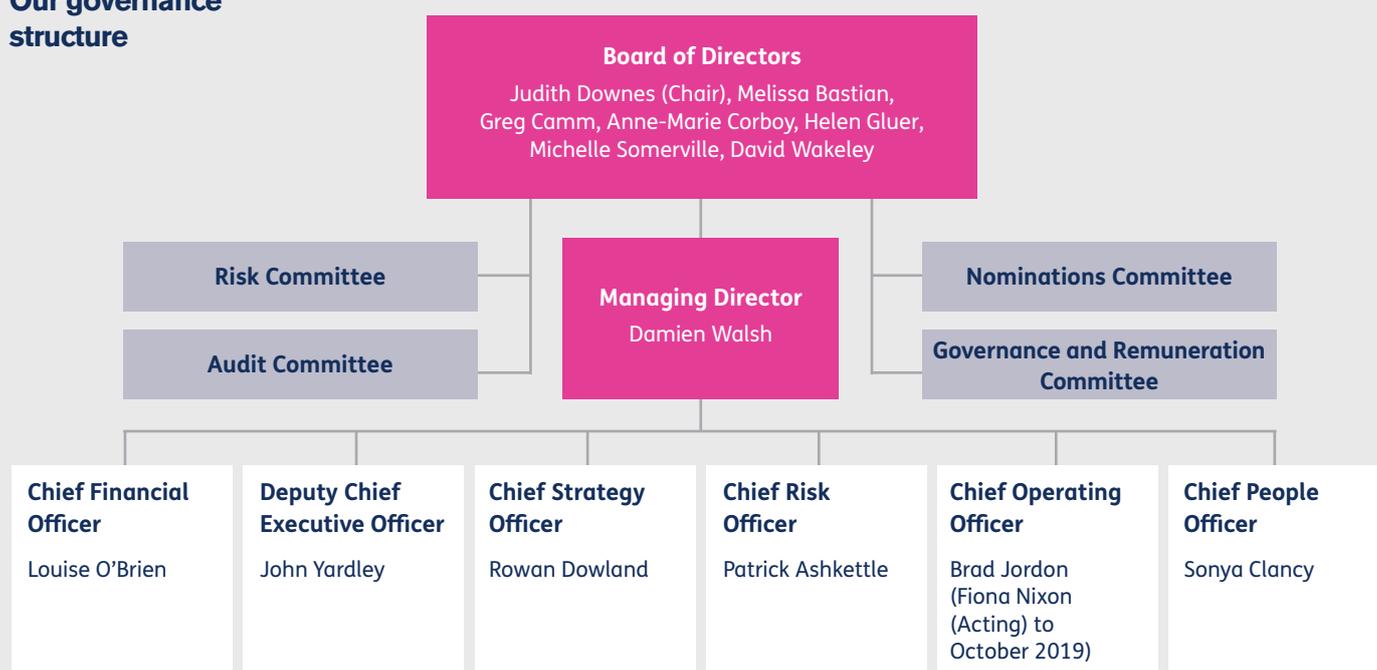
The Chair, an independent Non-Executive Director, is responsible for the efficient conduct of the Board's meetings, setting the agenda, facilitating the work of the Board at its meetings and ensuring that the procedures and standards of the Board are observed.

## 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.

## Our governance structure



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 shareholders 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 2019 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 2020 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 network 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

Whilst 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 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, 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 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 3.

## 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 2020 the bank was a shareholder in two major service suppliers:

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

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# Appendix 3:

## Our approach to risk

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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 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 and considers our risk management framework, including our risk appetite and risk monitoring.

### 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 2020 we managed a number of incidents, none of which materially impacted our customers or deemed notifiable for regulators.

# Appendix 4:

## Our customer profile

We experienced strong customer growth in 2020. We attribute much of this growth to increased awareness as a result of the bank's brand, clean money customer value proposition, as well as our continued competitive rates and fees offering, and quality of our customer service.

However, 2020 has been a challenging year for many of our customers because of the impact the COVID-19 pandemic has had on their lives. Further details are provided in Our Customers page 30.

### Customer numbers and demographics

Customer numbers and demographics	2020	2019	2018 <sup>1</sup>
Number of customers			
Total customers	160,437	146,400	143,244
New customers	26,796	19,199	15,162
Customers acquired through merger	0	0	7,842
Customers who left the bank <sup>2</sup>	12,759	16,043	7,549
Net customer growth	14,037	3,156	15,455
Customer retention rate	91%	88%	94%

Customer numbers and demographics	2020	2019	2018 <sup>1</sup>
Customer locations			
Victoria	63.9%	66.2%	67%
New South Wales	14.1%	12.3%	11.6%
Queensland	9.6%	9.2%	8.9%
Australian Capital Territory	4.3%	3.9%	3.7%
South Australia	2.4%	2.2%	1.9%
Western Australia	2.3%	2.1%	1.9%
Tasmania	1.1%	0.9%	0.8%
Northern Territory	0.4%	0.3%	0.2%
Other	2.1%	2.9%	3.8%
Customer age			
Average age of customers (years)	49	50	51
Average age of new customers (years)	36	39	44
Customer satisfaction			
Customer satisfaction <sup>3</sup>	90%	88%	91%
Net promoter score <sup>3</sup>	45.4	44.6	46.8
Customer complaints <sup>4</sup>	914	383	228
Customer complaints as a share of total customers	0.6%	0.3%	0.2%
Brand awareness			
Brand awareness of our brand within target audience <sup>5</sup>	31%	34%	26%
Financial wellbeing			
Customer satisfaction with overall financial situation	75%	71%	70%
Hardship			
Loans varied due to hardship <sup>6</sup>	1,714	121	174

#### Notes on our customer profile

- Our customer numbers for 2018 were restated in last year's 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.

- The increase to customer complaints in 2020 is discussed on page 41. We were pleased that 94% of complaints were resolved within 21 days.
- We regularly 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.
- The large increase to the number of loans that we varied due to customer requests in 2020 is discussed on page 34.

# Appendix 5:

## Our people and culture

This appendix contains information and statistics about our people and our culture activities in 2020. 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, 2020

	2020	2019	2018	2017	2016
Total staff <sup>1,2</sup>	441	427	411	394	370
Female	285	292	281	265	251
Male	156	135	130	129	119
Full-time equivalents (FTEs) <sup>3</sup>	400	386	367	356	338
Staff turnover rate <sup>4</sup> (continuing)	10.4%	12.7%	9.5%	10.7%	10.2%
Absentee rate	3.1%	2.7%	3.3%	3.6%	2.7%
Occupational health and safety hazards, incidents and injuries affecting staff <sup>5</sup>	54	38 <sup>5</sup>	38	19	18
Occupational health and safety hazards, incidents and injuries affecting customers <sup>5</sup>	7	6	–	–	–
Days lost to injury <sup>6</sup>	54	12	30	39	32
Number of staff who took paid parental leave <sup>7</sup>	17	21	22	n/a	n/a
Staff engagement survey score <sup>8</sup>	70%	71%	67%	73%	77%

#### Notes on people and culture summary figures

- Total staff figure includes employees on parental leave, extended sick leave, casual and fixed term contracts, trainees. Excludes Board Directors.
- Most staff worked full time (74%) followed by those who worked part-time (14%), those on a contract (8%), trainees (2%) and casual staff (2%). These figures are broadly similar to those reported in 2019.
- This excludes staff on parental leave, extended leave and Board Directors.
- Includes voluntary separations, not dismissals or redundancies.
- There were a total of 61 hazards, occupational health and safety incidents and injuries recorded. This included 46 incidents (75%) without injury, and 15 incidents with injury (25%). While the number of incidents increased, the number of incidents with injury remained stable. There were no common themes/trends from the injuries sustained. Reasons for injuries were minor slips, bumps and falls. There were 22 incidents involving a customer or member of the public acting with aggressive behaviour towards a member of our staff; no injuries resulted. Of the seven customer incidents: five were

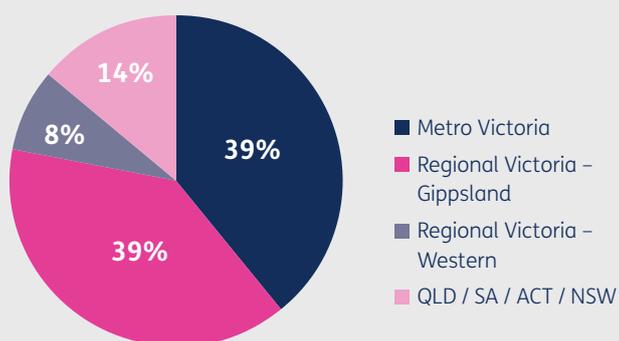
- unwell and two resulted in minor injuries. We have restated the 2019 figure of 44 for occupational health and safety hazards, incidents and injuries as this figure included six incidents of injury or illness involving a customer. Data for customers was not reported separately prior to 2019.
- Days lost to injury increased this year due to injuries that required extended leave.
- 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.
- Our staff engagement measure is measured by surveying staff with a non-compulsory survey (84% participated in October/November 2019). The survey had 32 questions and the following five indices were measured:
  - Engagement
  - Demonstrated Commitment of Values
  - Importance of Values
  - Risk Culture
  - Cybersecurity.

## Where our people work

In 2020, our people were split across our locations as illustrated below:

- 47% 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.

### Staff by location, 2020



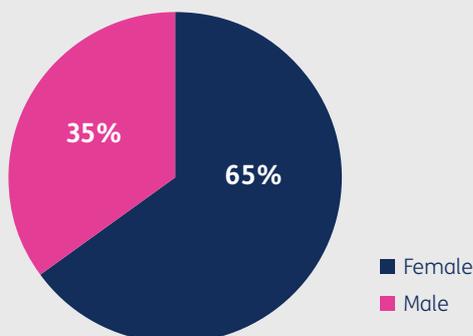
### Employee age, 2020

Age bracket	Number	% of total
<25 years	67	15%
25 years to 55 years	320	73%
>55 years	54	12%
<b>Total</b>	<b>441</b>	
<b>Average age</b>	<b>38.5</b>	

## Gender equity

In 2020, we continued to employ more female staff (285, or 65%) than male staff (156, or 35%). These figures exclude Bank Australia's Board of Directors.

### Employee gender split, 2020



### Salary packages, by gender, 2020

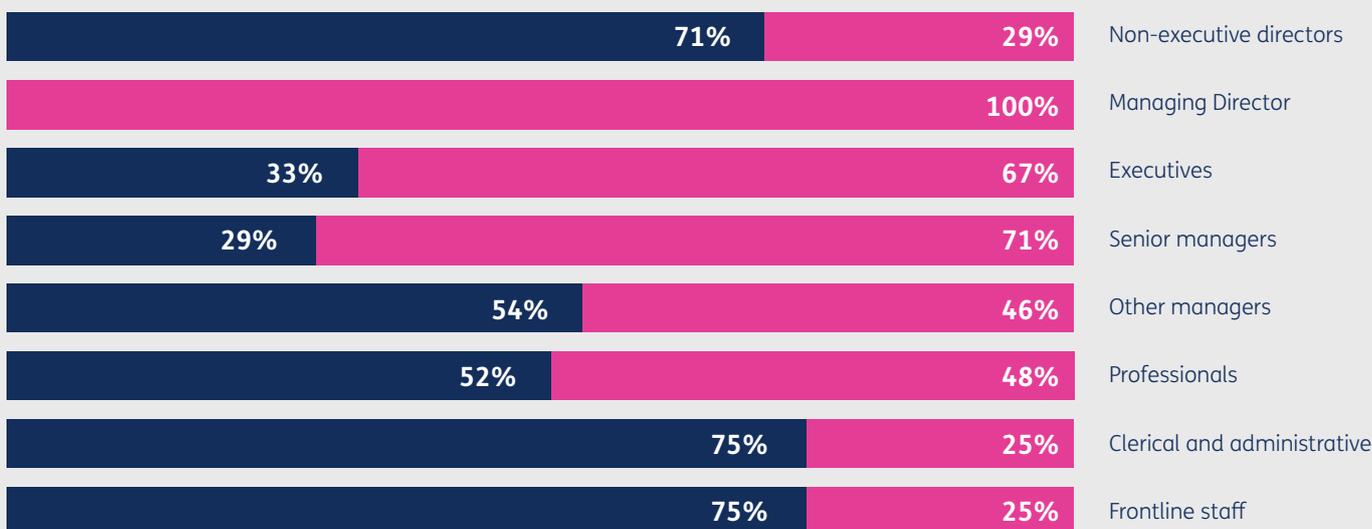
Role classification	Female salary package (average)	Male salary package (average)
Frontline and support staff	\$70,475	\$67,793
Middle management	\$128,972	\$142,165
Senior Management	\$282,371	\$305,394

#### 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
- These figures do not include the Managing Director
- The differences between the average full-time equivalent (FTE) salaries for females and males is attributable to a number of reasons including years of service at the bank, level of experience and complexity of roles.
- Refer to page 46 for our approach to gender equality.

## Employee gender split, by role classification, 2020 (as at 31 March 2020)

■ Female ■ Male



## Role classification

We classify roles across the bank based on the Workplace Gender Equality Agency (WGEA) classification of roles: frontline staff, professionals, clerical/administrative staff, executive managers, senior managers and other managers. The WGEA data presented on this page is accurate, as of 31 March 2020. 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, 2020 (as at 31 March 2020)

Role	Number	% of total
Non-Executive Directors	7	2
Managing Director	1	<1
Executives	6	1%
Senior managers	17	4%
Other managers	72	17%
Professionals	66	15%
Clerical and administrative	110	25%
Frontline staff	153	35%
<b>Total</b>	<b>432</b>	

## Employee gender split by type of employment, 2020

		FTE	% of total
Full time staff	Female	186	47%
	Male	132	33%
Part-time staff	Female	34	8%
	Male	3	<1%
Trainees	Female	4	1%
	Male	6	2%
Contract staff (full-time)	Female	13	3%
	Male	10	3%
Contract staff (part-time)	Female	5	1%
	Male	1	<1%
Casual staff (head count)	Female	8	
	Male	1	

Note: These figures do not include non-executive (Board) directors.

# Appendix 6: Bank Australia Impact Fund

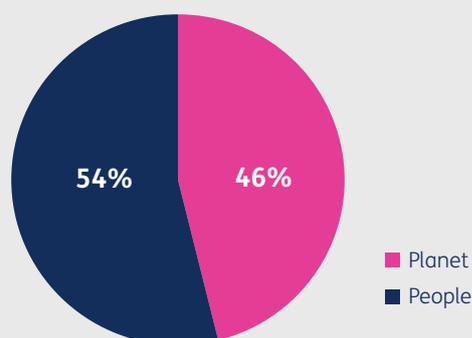
The bank allocates 4% of its after-tax profits to the Bank Australia Impact Fund. The fund supports a number of major projects and partnerships that benefit people and planet. Our largest social partnership is with The Big Issue<sup>1</sup>, and our largest environmental project is the Bank Australia Conservation Reserve. We also run an open grant round each year for Bank Australia community customers who can apply for grants of up to \$10,000 for projects that benefit people or planet.

In 2020, we disbursed \$729,067 from the Impact Fund. This funding was split across programs that benefit people (54%) and programs that benefit the planet (46%). This is represented in the chart opposite.

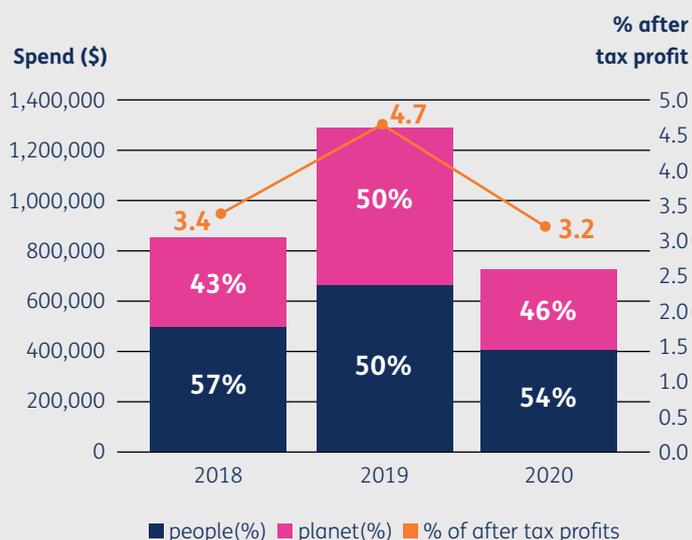
In 2020, we invested 3.2% of our after-profit tax. The 0.8% gap between this and our commitment will be carried over into 2020-21.

The bars in the chart to the right illustrate the total spend each year since 2018 as well as the proportion of spend on people or planet projects. The orange trend line illustrates the percentage of after-tax profit spent each year.

**Funding for people and planet, 2020**



**Funding for people and planet year on year comparison, 2018 - 2020**



<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.

## Bank Australia Impact Fund projects, 2020

Impact Area	Organisation	Program	Amount
<b>Environmental</b>			
Environmental conservation	Greening Australia/Trust for Nature	Bank Australia Conservation Reserve	\$262,487
<b>Social</b>			
Reconciliation	Greening Australia	Indigenous traineeship – Conservation Reserve	\$31,960
Refugees and people seeking asylum	Human Rights Watch	Refugee advocacy and research	\$40,000
Refugees and people seeking asylum	Human Rights Watch	Voices for Justice	\$15,000
Education and educational disadvantage	Ladder	Step Up La Trobe Valley	\$19,500
Diversity and inclusion	Moe Life Skills	LIFE in Action program	\$0.00 <sup>1</sup>
Education and educational disadvantage	State Schools' Relief	STEM Program	\$22,000
Diversity and inclusion	The Big Issue	Uniform partner and financial capability	\$88,000
Reconciliation	VLGA/Reconciliation Victoria	Community Hart	\$5,000
Family and gendered violence	WIRE Women's Information	Employment workshops for women	\$20,000
Education and educational disadvantage	Zoe Support	Young mums education re-engagement program	\$25,000
<b>Total</b>			<b>\$528,947</b>
<b>Indigenous scholarships</b>			
Reconciliation	The Leaders Institute	Indigenous leadership scholarship – Adelaide	\$7,000
Reconciliation	Leadership Ballarat and Western Region	Indigenous leadership scholarship – Ballarat	\$5,555
Reconciliation	Community Leadership Loddon Murray	Indigenous leadership scholarship – Bendigo	\$7,700
Reconciliation	Northern Mallee Community Leadership by Community Leadership Loddon Murray	Indigenous leadership scholarship – Mildura	\$5,500
Reconciliation	Gippsland Community Leadership	Indigenous leadership scholarship – Gippsland	\$5,500
<b>Total</b>			<b>\$31,255</b>

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

## Customer Grants, 2020

Impact Area	Organisation	Program	Amount
<b>Environmental</b>			
Climate change	Ballarat Renewable Energy and Zero Emissions Incorporated (BREAZE)	BREAZE Social Solar Project	\$10,000
Climate Change	Climate for Change	Climate Conversations	\$8,500
Environmental conservation	Natura Pacific Pty Ltd	Nest boxes in fire-affected areas	\$9,940
Environmental conservation	Nature Glenelg Trust	Mount Burr Swamp Restoration Reserve	\$10,000
Climate change	Reground	Waste Less App	\$10,000
Environmental conservation	Zero Emissions Byron Limited	RePlant Byron	\$10,000
<b>Social</b>			
Diversity and inclusion	ASTERIA Services Inc	Bowling along in the Goldfields	\$7,236
Reconciliation	Dohertys Creek P-9 College	Balit Yirramboi – Strong Tomorrow	\$10,000
Refugees and people seeking asylum	Ethni Inc	Future Female Changemakers	\$9,953
Refugee and people seeking asylum	Free to Feed	400 hours paid training	\$10,000
Education and educational disadvantage	HoMie (Conscious Creative Ltd.)	The HoMie Pathway Alliance	\$9,736
Family and gendered violence	Human Nature Adventure Therapy Ltd	Healthy at Home	\$10,000
Reconciliation	Reconciliation Victoria	Victoria's Treaty Engagement Strategy	\$10,000
Refugees and people seeking asylum	Road to Refuge	In My Own Words	\$10,000
Refugees and people seeking asylum	Scarf Community Organisation	Job Readiness Program	\$9,000
Family and gendered violence	Women's Legal Service Inc	Financial Abuse Video Series	\$10,000
<b>Total</b>			<b>\$154,365</b>

## Bank Australia Impact Fund Donations, 2020

Impact Area	Organisation	Amount
<b>Environmental</b>		
Environmental conservation	Goroke Rural Fire Brigade	\$2,500
Environmental conservation	Minimay Rural Fire Brigade	\$3,500
Environmental conservation	Neuarpuurr Rural Fire Brigade	\$2,500
Environmental conservation	Ozenkadnook Rural Fire Brigade	\$3,500
Environmental conservation	Peronne Rural Fire Brigade	\$2,500
<b>Total</b>		<b>\$14,500</b>
<b>Total spend from Impact Fund</b>		<b>\$729,067</b>

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# Appendix 7:

## Our lending and investments

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This appendix contains information on our lending and investment activities for 2020 with a particular focus on our impact finance assets. For full reporting of our balance sheet, see our 2020 Financial Report.

### Our lending portfolio

As at 30 June 2020

Lending portfolio	Total value	% of overall loan book
<b>Total lending</b>	<b>\$5.6 billion</b>	<b>100%</b>
Home loan lending	\$5.1 billion	91%
Lending to personal customers for car loans, personal loans and overdrafts	\$0.1 billion	2%
Commercial lending	\$0.4 billion	7%

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 2020

Sector	Total balance
Accommodation and Food Services	\$3.9m
Administrative and Support Services	\$1.6m
Agriculture, Forestry and Fishing	\$8.4m
Arts and Recreation Services	\$2.3m
Construction	\$8.7m
Education and Training	\$9.6m
Electricity, Gas, Water and Waste Services	<\$0.1m
Financial and Insurance Services	\$35.2m
Health Care and Social Assistance	\$7.6m
Information Media and Telecommunications	\$0.6m
Manufacturing	\$10.4m
Other Services	\$4.8m
Professional, Scientific and Technical Services	\$4.7m
Public Administration and Safety	\$0.7m
Rental, Hiring and Real Estate Services	\$261.5m
Retail Trade	\$2.6m
Transport, Postal and Warehousing	\$7.3m
Wholesale Trade	\$0.9m
<b>Total</b>	<b>\$371.2m</b>

## Impact finance assets

As at 30 June 2020

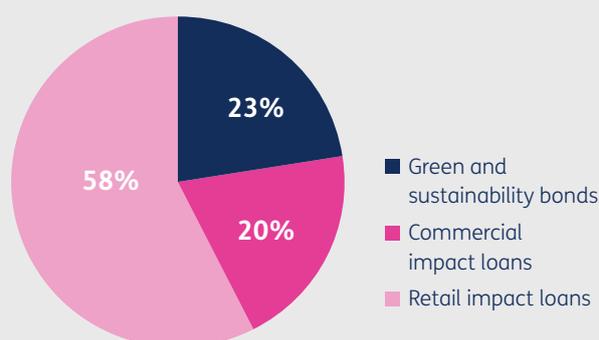
We're committed to lending and investments with a positive impact for people and the planet. Our impact finance business exists to grow these assets, and to measure and report back to our customers on the impact that our lending and investments are having.

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 according to the primary impact they have: people, planet or prosperity.

Impact finance assets	2020	2019
Total balance	\$747.1m	\$610.7m
% of total assets	10.4%	9.6%

Our impact finance assets include both retail and commercial impact loans, as well as investments from our liquidity portfolio in green bonds and sustainability bonds.

## Total impact finance assets



## Impact finance lending

Our impact finance lending includes both our commercial and retail impact loans.

	2020	2019
<b>Impact finance lending</b>		
Total balance	\$578.2m	\$487.1m
% of total loan portfolio	10.4%	9.3%
<b>People lending</b>		
Total balance	\$108.4m	\$115.4m
% of total loan portfolio	1.9%	2.2%
<b>Planet lending</b>		
Total balance	\$392.5m	\$324.7m
% of total loan portfolio	7.0%	6.2%
<b>Prosperity lending</b>		
Total balance	\$77.3m	\$47.0m
% of total loan portfolio	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
- commercial 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 2020:

- continued supporting development of the Specialist Disability Accommodation sector, growing a strong pipeline of high quality, purpose-built accommodation for people living with a disability.
- worked with community housing providers to innovate financing for properties that are affordable for people on low and middle incomes.

## 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 2020:

- launched our Clean Energy Home Loan with investment of up to \$60m from the Clean Energy Finance Corporation
- protected 121,149m<sup>2</sup> of land on our Conservation Reserve to balance out the impact of construction loans we financed.

## 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 Homes Smart Shared Equity Scheme, and ACT Land Rent.

Prosperity lending highlights in 2020:

- participated in the Federal Government-backed First Home Loan Deposit Scheme, helping 68 first-home buyers overcome barriers to entering the housing market.

A selection of our people, planet and prosperity loans have been used to underpin Bank Australia's sustainability bonds. We have publicly issued \$250m of sustainability bonds since our first bond in August 2018.

## Our liquidity portfolio

Our portfolio of liquid assets ensure we have access to a sufficient amount of cash to comfortably meet the needs of our customers and requirements of our regulator APRA. We have a range of investments, ensuring a diversified exposure, and this generally includes bonds from other banks.

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

The proceeds of these green and sustainability bonds are allocated to areas like light rail and transport, wind and solar farms, and gender equity businesses.

Impact finance investments	2020	2019
Total value of impact finance investments	\$168.9m	\$123.6m
% of impact finance investments in our total liquidity portfolio	12.3%	13.9%

## 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, we've been on this journey for a while. Each year, we complete a GABV Scorecard that tracks our share of people, planet and prosperity assets, and compares us to other values-based banks around the world.

With the launch of our impact finance business in 2019, we've been building on that commitment and broadening our impact management and measurement framework. This is an emerging area and we're pleased to share our progress in 2020, including mapping our impact finance assets to the United Nations Sustainable Development

Goals (SDGs), and introducing loan impact assessments for all new commercial impact loans.

## Sustainable Development Goals

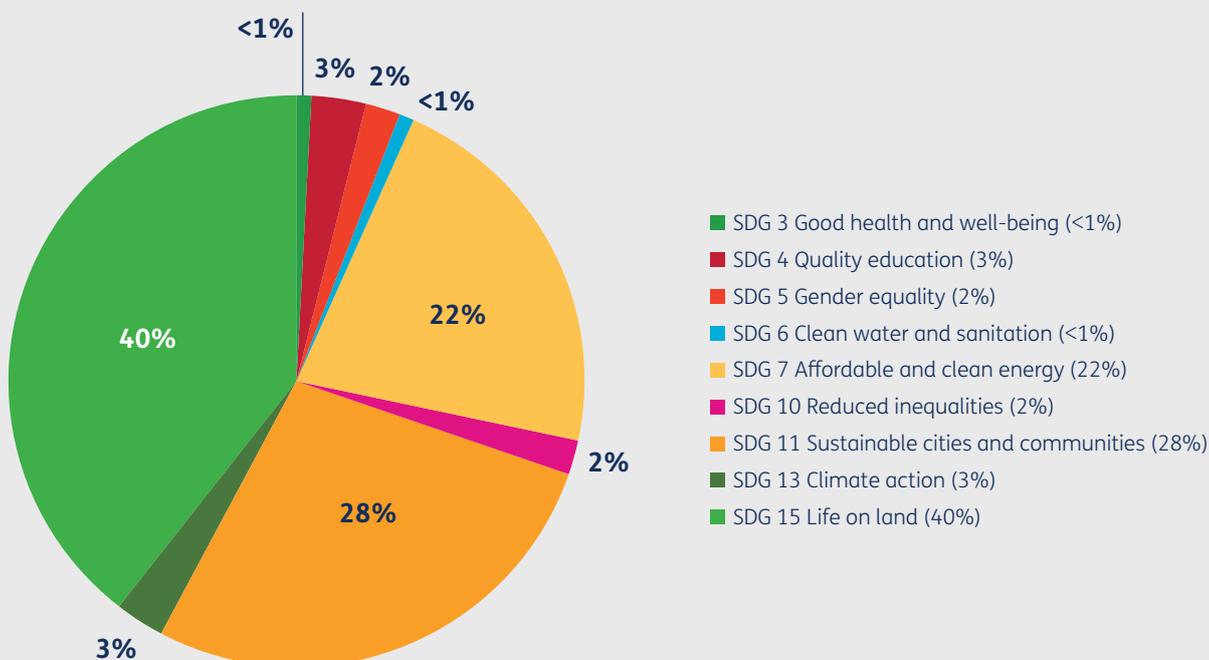
The SDGs are 17 global goals set by the United Nations with a target date of 2030. They are described as a blueprint to achieve a better and more sustainable future for all, and each goal includes specific targets for the world to work towards.

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.



During 2020, we worked to get a baseline of our existing impact finance portfolio mapped 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.

### Impact finance assets according to primary SDGs



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
<b>Specialist Disability Accommodation</b>	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-quality 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.
<b>Clean Energy Home Loan</b>	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.

## Loan impact assessment

In 2020, we introduced a loan impact assessment for all new commercial impact loans, as well as for new retail impact programs.

Our Impact Finance team completes an assessment for each new potential commercial loan or retail program, considering how the business or the project aligns to the GABV's people-planet-prosperity framework and to the SDGs. To assess the expected impact of a loan, we draw on the Impact Management Project's five dimensions of impact – what, who, how much, contribution and risk.

# Appendix 8:

## Our 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
- the United Nations Global Compact – the largest corporate citizenship and sustainability initiative in the world.

Our memberships 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, 2020

Commitment	Commitment description	Progress in 2020
<b>Financial Inclusion Action Plan</b>	To understand and address the drivers of financial exclusion among vulnerable groups of customers.	<p>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.</p> <p>We continued work on the commitments in our Financial Inclusion Action Plan and started implementing new processes to further support vulnerable customers. We also focused on building staff capacity to support vulnerable customers.</p>
<b>Reconciliation Action Plan</b>	To promote understanding and close the gap between Indigenous and non-Indigenous Australians.	<p>In 2019-20 we:</p> <ul style="list-style-type: none"> <li>• Completed year two of our three year 'Stretch' level Reconciliation Action Plan 2018-2021 (RAP).</li> <li>• Spent \$31,587 on procurement with Aboriginal and Torres Strait Islander-owned businesses, exceeding our target of \$25,000.</li> <li>• Participated in Reconciliation Australia's #InThisTogether campaign as a partner organisation, including attending a discussion hosted by Reconciliation Australia to collaborate in overcoming the challenges presented by the COVID-19 pandemic.</li> <li>• Consulted with the Traditional Custodians of the Kurilpa on the design of our West End branch – Shaniah Thomason was commissioned to create an artwork that told the story of the Kuril, a water rodent, which hangs in-branch for staff and customers.</li> <li>• Increased our sponsorship of Reconciliation Victoria's HART Awards, helping Reconciliation Victoria to expand the awards.</li> <li>• Conducted Indigenous Cultural Awareness training for 70 staff from Gippsland, Bendigo and Kew and our Board and Executive – the training was facilitated by Seona James, who runs Indigenous Cultural Connections.</li> <li>• Significantly progressed the cultural burn planning and process at our Conservation Reserve.</li> </ul>
<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 launched a new 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 was appointed to the GABV Council.</p>

## Progress against our public commitments on values based banking, 2020

Commitment	Commitment description	Progress in 2020
<b>We Mean Business climate change action plan</b>	To help global efforts to keep the warming of the earth to below 2 degrees Celsius.	We've met our commitment (appendix 9).
<b>UN Global Compact</b>	To help global efforts to keep the warming of the earth to below 2 degrees Celsius.	We met our commitments via a range of actions on environmental and social issues, and communicated our progress to the UN Global Compact annually.
<b>Paris Pledge</b>	To help global efforts to keep the warming of the earth to below 2 degrees Celsius.	We're on track to meet our commitment (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're on track to meet commitments (appendix 9).
<b>Responsible Banking Policy</b>	We don't lend to the: <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>	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.
<b>Bank Australia Impact Fund</b>	To invest 4% of annual after-tax profits into projects that create positive social and environmental change.	In 2020, we invested 3.2% of our after-profit tax. The 0.8% gap between this and our commitment will be carried over into 2020-21. Our ongoing review will look at the role of the Impact Fund to be sure we're delivering what customers expect of the fund, and measuring our impact in line with best practice.
<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.	We're meeting our commitment. Almost 50% of our staff work in regional Victoria across our branches, plus offices in Bendigo and our Contact Centre and offices in the Latrobe Valley. 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.

## Our responsible banking policy

Bank Australia exists to create mutual prosperity in the form of positive economic, social, environmental and cultural impact. We're here to benefit our customers, their communities and the planet.

We believe that a truly responsible bank can make society better, and that where people and organisations put their money has a big impact on the world. That's why we embed our values into everything we do – from the loans we provide to the types of organisations we do business with.

By choosing to bank with Bank Australia, you can be confident that your money is working to create a positive impact.

<b>We lend to:</b>	
<b>Individual customers for homes, cars and everyday living</b>	<p>We lend responsibly by lending customers an amount they can afford to repay, and by helping customers facing financial hardship. We never market credit limit increases.</p> <p>We design our products to encourage our customers to make sustainable choices.</p> <p>We help first home buyers get into the market by participating in government-supported programs.</p>
<b>Community housing and Specialist Disability Accommodation</b>	We lend to community housing providers to help them build affordable and social housing for people who need it, and Specialist Disability Accommodation providers that build homes suited to people with complex care needs.
<b>Better housing developments</b>	We lend to sustainable, affordable and community-focused housing and land developments.
<b>Community renewable energy</b>	We lend to community renewable energy projects and participate in programs to help low-income households put solar on their roofs.
<b>Not-for-profit community organisations</b>	We lend to not-for-profit community organisations to fund the important work they do.
<b>Organisations in other non-excluded sectors</b>	We lend to other sectors that don't conflict with our exclusion criteria.
<b>We don't lend to:</b>	
<b>Fossil fuel industry</b>	We don't lend to coal, gas or oil extraction or fossil fuel electricity generation.
<b>Intensive animal farming and the live export industry</b>	We don't lend to organisations that use intensive animal farming systems (e.g. battery caged hens, sow stalls and farrowing crates). We don't lend to organisations that export live animals.
<b>Gambling industry</b>	We don't lend to casinos, online gambling operators or businesses that derive revenue directly from poker machines or sports betting.
<b>Arms industry</b>	We don't lend to corporations that produce or sell armaments.
<b>Tobacco industry</b>	We don't lend to organisations that produce tobacco, or businesses whose primary activity is selling tobacco.

# Appendix 9:

## Environmental management

In 2020, we reached the milestone of having carbon neutral operations for a decade, and we achieved Climate Active certification for FY19, with 2018 as our base year. In 2018, we introduced new methodologies and emissions sources relevant to our certification for FY19. For this reason, we selected 2018 as our base year, against which changes in emissions can be tracked over time.

Our scope 1 and 2 emissions reduction efforts are exceeding interval goals towards our 2025 target to reduce emissions from these sources by 16% below 2017 levels. We expect this performance to be sustained, as it was predominantly achieved by our commitment to procure 100% renewable electricity as well as through permanent asset changes, such as more efficient systems and branch closures.

Building on last year's efforts, we also added new sources of scope 3 emissions to our greenhouse gas inventory to ensure we're in line with best practice as recommended by the Climate Active Certification. These included the emissions associated with postage, courier and working from home. We also changed our approach for collecting data and estimating our emissions, shifting to a monthly, site-by-site model that enables us to review and adjust our policies and behaviours throughout the reporting cycle.

Our total net emissions were 1,227.0 tCO<sub>2</sub>-e, down 29.5% on what was reported for 2018-19. This was primarily driven by declines in emissions from staff commuting (-166.0 tCO<sub>2</sub>-e, -32.2%), air travel (-63.9 tCO<sub>2</sub>-e, -27.2%), key suppliers (-24.8 tCO<sub>2</sub>-e, -43.1%), and salary packaged and job needs car travel (-13.2 tCO<sub>2</sub>-e, -27.0%). These reductions were slightly offset by rises due to the introduction of new emissions sources (postage +77.8 tCO<sub>2</sub>-e; and working from home +12.9 tCO<sub>2</sub>-e), increased estimates for gas consumption (+5.4 tCO<sub>2</sub>-e, +10.4%), and electricity distribution (+4.3 tCO<sub>2</sub>-e, +4.9%).

Overall, the decline reflects implications of the COVID-19 pandemic on our operations, particularly impacting estimates for air travel, hotel accommodation, staff commuting and car travel as well as changes in the prescribed methodology impacting our staff commuting estimates. However, this result also reflects genuine reductions in our emission intensity achieved through efforts to decarbonise our vehicle fleet per kilometre travelled, significantly reducing our reliance on gas water and heater boilers, and our third party data centres achieving carbon neutrality.

To offset our outstanding emissions, we forward-purchased offsets from a leading Gold Standard project in Timor Leste, WithOneSeed, which works with subsistence farming communities to replant and protect their forests.

## Renewable electricity

This year was our first full year operating 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).

We will be using 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, contact centre and two branch locations)

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

Our electricity consumption and renewable electricity use for 2020 is shown below.

## Renewable electricity certificate details

Electricity source	MWh	% of total 2019 consumption
Total electricity self-generated	30.3	3.2%
Total LGCs from Crowlands retired voluntarily <sup>1</sup>	750.7	78.5%
Total LGCs retired to meet renewable energy target <sup>2</sup>	175.7	18.3%
<b>Total renewable electricity consumption</b>	<b>956.7</b>	<b>100%</b>

<sup>1</sup> Serial number of large-scale generation certificates (LGCs) retired voluntarily: 20942-21146; 123734-123962; 132276-132494; 22005-22065.

<sup>2</sup> All electricity retailers 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 2020, the renewable power percentage was 19.3%; in 2019 it was 18.6%.

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

Emissions source <sup>1</sup>	2020	2019	2018	2017	2016	Change 2019 to 2020 <sup>2</sup>	Change 2016 to 2020
Scope 1 - direct emissions							
Car travel - pool	8.0	17.6	19.6	21.1	19.2	-54.5%	-58.3%
Gas consumption	57.7	52.3	49.5	49.1	55.1	10.4%	4.8%
<b>Total scope 1</b>	<b>65.7</b>	<b>69.9</b>	<b>69.1</b>	<b>70.2</b>	<b>74.3</b>	<b>-6.0%</b>	<b>-11.5%</b>
Scope 2 - indirect emissions							
<b>Electricity - scope 2<sup>3</sup></b>	<b>893.8</b>	<b>893.9</b>	<b>958.2</b>	<b>1,000.6</b>	<b>977.8</b>	<b>0.0%</b>	<b>-8.6%</b>
Scope 3 - other indirect emissions							
Gas distribution	4.2	4.0	3.7	3.7	4.2	4.6%	-0.4%
Electricity distribution	92.4	88.1	98.6	103.5	116.6	4.9%	-20.7%
Fuel distribution	0.4	0.9	1.0	1.1	1.0	-55.6%	-60.0%
Key suppliers - electricity	32.8	57.6	-	-	-	-43.1%	-
Car travel - salary packaged and job needs	35.7	48.9	54.4	44.0	30.8	-27.0%	15.9%
Car travel - employee owned	18.0	21.5	23.3	14.0	9.8	-16.3%	83.7%
Car travel - taxis and rideshare	3.0	3.4	-	-	-	-10.7%	-
Staff commute	349.8	515.8	-	-	-	-32.2%	-
Working from home <sup>4</sup>	12.9	-	-	-	-	-	-
Air travel	170.8	234.7	221.2	151.2	98.9	-27.2%	72.7%
Hotel accommodation	86.2	98.5	89.4	-	-	-12.5%	-
Water	2.8	3.0	3.3	-	-	-5.1%	-
Base building services	27.8	37.4	36.9	-	-	-25.6%	-
Paper <sup>5</sup>	0.0	0.0	0.0	0.0	18.1	0.0%	-100.0%
Printing	14.5	25.8	19.0	40.1	139.9	-43.7%	-89.6%
Waste	62.6	65.5	62.1	65.6	56.2	-4.5%	11.3%
Postage <sup>6</sup>	77.8	-	-	-	-	-	-
<b>Total scope 3</b>	<b>991.8</b>	<b>1,205.1</b>	<b>612.9</b>	<b>423.2</b>	<b>475.5</b>	<b>-17.7%</b>	<b>108.6%</b>

Emissions source <sup>1</sup>	2020	2019	2018	2017	2016	Change 2019 to 2020 <sup>4</sup>	Change 2016 to 2020
<b>Total gross emissions</b>	<b>1,951.3</b>	<b>2,168.9</b>	<b>1,640.2</b>	<b>1,494.0</b>	<b>1,527.6</b>	<b>-10.0%</b>	<b>27.7%</b>
<b>Additional LGCs (tCO<sub>2</sub>-e)<sup>7</sup></b>	<b>-724.3</b>	<b>-427.4</b>	<b>-232.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL NET EMISSIONS</b>	<b>1,227.0</b>	<b>1,741.5</b>	<b>1,407.7</b>	<b>1,494.0</b>	<b>1,527.6</b>	<b>-29.5%</b>	<b>-19.7%</b>
<b>TOTAL per FTE</b>	<b>2.9</b>	<b>4.5</b>	<b>3.8</b>	<b>4.2</b>	<b>4.5</b>	<b>-34.8%</b>	<b>-34.8%</b>

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 Notable change in several emissions sources including:

- Car travel – pool: decrease reflects fewer passenger kilometre travelled (~39 percentage points), and an increased proportion of consumption with hybrid powered fleet (~16 percentage points). This also saw a comparable decline in fuel distribution emissions.
- Key suppliers – electricity consumption: decrease reflects a large portion of our third party data centres being accredited as carbon neutral by Climate Active, as well as reduced consumption across the board.
- Car travel (scope 3 sources): decreased reflecting reduced demand due to the pandemic response.
- Staff commute: reduced due to the impacts of the pandemic response as well a change in the methodology prescribed by Climate Active.

- Air travel: reduced due to the pandemic response, similarly with hotel accommodation emissions.
- Base building services: declined reflecting a branch closure and greater base building efficiency measures being implemented.
- Printing: declined reflecting a drive to decrease paper-based statements and overall reduced demand for printing services.
- Gas consumption: increase reflects faulty head office heater boiler which has since been replaced with a high-efficiency unit.

3 These scope 2 emissions would have occurred if the bank had not switched to 100% renewable electricity.

4 Working from home emissions were estimated for the first time in FY20.

5 Emissions from paper use (office and statement paper) are recorded as zero because National Carbon Offset Standard certified carbon neutral paper from Australian Paper was used.

6 Postage emissions were estimated for the first time in FY20.

7 LGCs surrendered increased reflecting the first full year running on 100% renewable electricity.

## Carbon offsets

Offset type	Registry	Serial numbers	Year retired	Tonnes of CO <sub>2</sub> -e
VER – WithOneSeed Timor Leste	The Gold Standard Environmental Registry	GS1-1-TL-GS4210-22-2015-6146-686 to 1685	2018-19	416.0
VER – WithOneSeed Timor Leste	The Gold Standard Environmental Registry	GS1-1-TL-GS4210-21-2016-6145-6526-7525	2019-20	1,000.0
<b>Total offsets purchased and retired</b>				<b>1,416.0</b>
<b>Total emissions</b>				<b>1,227.0</b>
<b>Surplus offsets banked for future years</b>				<b>189.0</b>

## Car loan offsets

Bank Australia offsets emissions associated with each car loan that it finances during the life of the loan. In 2020, the total emissions associated with our active car loans

was 7,091 tCO<sub>2</sub>-e, a decrease of 7.6% on the year before. We currently offset these by forward-purchasing certified emissions reductions from a renewable electricity project at the Inner Mongolia Jingneng Chayouzhong Wind Farm Phase II.

## Carbon offsets

Offset type	Registry	Serial numbers	Year retired	Tonnes of CO <sub>2</sub> -e
CER	ANREU	1,024,252,240 - 1,024,262,239	2018-19	10,000.0
Surplus offsets carried over			2018-19	296.0
<b>Total offsets purchased and retired</b>				<b>10,296.0</b>
<b>Total emissions<sup>1</sup></b>				<b>7,091.0</b>
<b>Surplus offsets banked for future years</b>				<b>3,205.0</b>

### Notes

<sup>1</sup> 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.

## 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	Description	Progress in 2020
<b>Adopt a science-based emissions reduction target</b>	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 reduction efforts are exceeding interval goals towards our 2025 target to reduce emissions from these sources by 16% below 2017 levels. We expect this performance to be sustained, as it was predominantly achieved by our commitment to procure 100% renewable electricity as well as through permanent asset changes, such as new heating systems and branch closures.
<b>Put a price on carbon</b>	We will set an internal price per tonne of carbon dioxide equivalent and use it in decision making.	We continued to review options for implementing carbon pricing for purposes beyond our switch to 100% renewable electricity.
<b>Commit to 100% renewable power</b>	We will switch our electricity supply to renewable sources.	We became the first bank in Australia to switch to 100% renewable electricity, one year ahead of our original target.
<b>Responsible corporate engagement in climate policy</b>	We will engage consistently and positively with policymakers on climate change.	We continued participating in the Victorian Government's TAKE2 pledge and South Australia's Carbon Neutral Adelaide program. We joined RE100, a global business initiative led by the Climate Group in partnership with CDP, that brings together influential companies committed to 100% renewable power.
<b>Report climate change information in mainstream reports as a fiduciary duty</b>	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.
<b>Remove commodity-driven deforestation from all supply chains by 2020</b>	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.
<b>Reduce short lived climate pollutant emissions</b>	We will track and reduce emissions of greenhouse gases such as hydrofluorocarbons (HFCs) and methane.	We continued reporting on sources of methane (e.g. gas combustion and waste) in greenhouse gas emissions accounts.

# Appendix 10: 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 \$294,447 from the Bank Australia Impact Fund in 2020. Additionally, Greening Australia and Trust for Nature successfully secured \$54,440 in government funding.

Action area	Objectives	Progress
<b>Wildlife and land conservation</b>	<p><b>1.1, 1.2</b></p> <p>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.</p>	<p>In 2019-20 we:</p> <ul style="list-style-type: none"> <li>• Invested significantly in treating 155 hectares of weed and reserve-wide pest control to protect remnant vegetation, young plantings and native animals.</li> <li>• Dismantled log piles to limit rabbit harbours and manage fire risk, removing 70% from the reserve, while turning the remainder into habitat, increasing the value of restoration areas.</li> <li>• Supported Nature Glenelg Trust research project into species usage of <i>Acacia Paradoxa</i>.</li> </ul>

Action area	Objectives	Progress
Wildlife and land conservation	<p><b>1.3</b></p> <p>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.</p>	<p>In 2019-20 we:</p> <ul style="list-style-type: none"> <li>• Stepped up our research and assessed the suitability of restoring artificial dams to their original hydrology.</li> <li>• Planted over 6,300 Stringybark trees within degraded remnant vegetation to support healthy populations and provide future food for the South Eastern Red-tailed Black-Cockatoo.</li> <li>• Completed redistribution of approx. 130 tonnes of logs throughout revegetation sites to create habitat and protection for reptiles and insects.</li> </ul>
	<p><b>1.4</b></p> <p>By 2020, social and Indigenous ecological knowledge will be integrated into the management of our reserve.</p>	<p>In 2019-20 we:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Supported our first Indigenous Trainee to commence their second year of study, in partnership with Greening Australia and Trust for Nature. The traineeship includes a Certificate III in Conservation and Land Management, as well as practical experience gained while at the reserve.</li> </ul>
Climate change resilience	<p><b>2.1, 2.3</b></p> <p>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.</p>	<p>In 2019-20 we:</p> <ul style="list-style-type: none"> <li>• Began implementing our Restoration Plan by planting over 6300 Stringybark trees. We used climate modelling to understand where seeds should be collected from to ensure the plants are 'climate ready'.</li> <li>• Undertook Targeted and Climate Adjusted Provenance Seed Collection, focusing on groundcover and mid-storey species.</li> </ul>
	<p><b>2.2</b></p> <p>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.</p>	<p>In 2019-20 we:</p> <ul style="list-style-type: none"> <li>• Developed a draft climate change restoration and resilience plan. The restoration plan includes the modelled future distribution of the South Eastern Red-tailed Black-Cockatoo and other species to understand the likelihood of their persistence within the reserve.</li> </ul>

Action area	Objectives	Progress
Engaging the community	<p><b>3.1</b></p> <p>By 2020, Indigenous land management practices and stories will be implemented and celebrated within our Conservation Reserve.</p>	<p>In 2019-20 we:</p> <ul style="list-style-type: none"> <li>Continued our focus on embedding Aboriginal culture, history and stories into the reserve's engagement activities, including community days, staff trips and customer-facing communications.</li> </ul>
	<p><b>3.2</b></p> <p>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).</p>	<p>In 2019-20 we:</p> <ul style="list-style-type: none"> <li>Continued to support our first Indigenous Trainee for a second year in partnership with Greening Australia and Trust for Nature.</li> <li>Supported our Indigenous Trainee to name the fire access tracks across each of our reserve properties in local Indigenous language, as approved by Barengi Gadjin Land Council. Signage will be sourced from 100% recycled plastics for installation in 2020-21, and meet the requirements outlined in our fire management plan.</li> </ul>
	<p><b>3.3</b></p> <p>Each year until 2021 we will engage the local community, including children, with our Conservation Reserve.</p>	<p>In 2019-20 we:</p> <ul style="list-style-type: none"> <li>Explored opportunities to engage more meaningfully with the local community surrounding our reserve sites, hosting lunches and inviting feedback on our strategy and approaches to managing fire risk.</li> <li>We ran a staff and school student trip that focused on the recovery of the endangered Red-tailed Black-Cockatoo, as well as Traditional Knowledge and the rich value it brings to land management.</li> </ul>

Action area	Objectives	Progress
<b>Demonstrating corporate environmental leadership</b>	<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 2019-20 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 2019-20: <ul style="list-style-type: none"> <li>Our Head of Strategy and Communications spoke at the National Private Land Conservation Conference in Adelaide about Bank Australia's leadership in driving multi-stakeholder collaboration.</li> <li>We hosted the South Australia Landcare forum tour on the reserve.</li> </ul>
<b>Delivering value to Bank Australia and our customers</b>	<b>5.1</b> By 2021, 60% of Bank Australia's customers will be aware of our Conservation Reserve.	In 2019-20 we: <ul style="list-style-type: none"> <li>Developed a new content strategy aimed at increasing the volume of stories shared about the reserve on social media, online and in print.</li> <li>Released our first 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>
	<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 2019-20: <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 2019-20: <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.</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 2020 Impact Report. This is the seventh 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 2020 Impact Report ("Report") for the year ended 30 June 2020. 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 2020, 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
100% renewable energy	People and planet, p. 52 and Appendix 9: Environmental Management, p. 87
Loans to casinos, online gambling operators or businesses that derive revenue directly from poker machines or sports betting	Responsible banking, p. 17 Appendix 8: Our responsible banking commitments, p. 85
Loans to not-for-profit community organisations	Responsible banking, p. 17 - p. 18 Appendix 7: Our lending and investments, p. 79
Total scope 1, 2 and 3 emissions	Appendix 9: Environmental Management, p. 86, 88-89
Staff engagement (FY20 value)	Our people, p. 44 Appendix 5: Our People and culture, p. 70

### 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.

### 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 14 May 2020.

### 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
- 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  
28 September 2020

Terence Jeyaretnam  
Partner

# Appendix 12:

## Global Reporting Initiative Index

GRI Standard	Title	Disclosure	Description	Section	Page
GRI 102	General Disclosures	102-14	Statement from senior decision-maker	Hear from our Chair and our Managing Director	4-6
GRI 102	General Disclosures	102-15	Key impacts, risks, and opportunities	Hear from our Chair and our Managing Director Chapters 3-7 Appendix 1, 8 and 9	4-6, 14, 21, 26-28, 34, 40-41, 44, 52, 61-62, 83-84, 91
GRI 102	General Disclosures	102-1	Name of the organisation	Chapter 2	11
GRI 102	General Disclosures	102-2	Activities, brands, products, and services	Chapter 2, 4 and 5	11, 17-21, 33-34, 37-38
GRI 102	General Disclosures	102-3	Location of headquarters	Chapter 2	11
GRI 102	General Disclosures	102-4	Location of operations	Chapter 2 and 6 Appendix 5	11, 43, 71
GRI 102	General Disclosures	102-5	Ownership and legal form	Chapter 2	11
GRI 102	General Disclosures	102-6	Markets served	Chapter 2 Appendix 4	11, 69

<b>GRI Standard</b>	<b>Title</b>	<b>Disclosure</b>	<b>Description</b>	<b>Section</b>	<b>Page</b>
<b>GRI 102</b>	<b>General Disclosures</b>	<b>102-7</b>	Scale of the organisation	Chapter 2	11
<b>GRI 102</b>	<b>General Disclosures</b>	<b>102-8</b>	Information on employees and other workers	Chapter 6 Appendix 5	43, 70-72
<b>GRI 102</b>	<b>General Disclosures</b>	<b>102-9</b>	Supply chain	Chapter 4 Appendix 9	27-28, 91
<b>GRI 102</b>	<b>General Disclosures</b>	<b>102-10</b>	Significant changes to the organisation and its supply chain	Chapter 5	40
<b>GRI 102</b>	<b>General Disclosures</b>	<b>102-12</b>	External initiatives	Chapter 2, 4 and 7 Appendix 7, 8 and 9	11, 13, 18, 21, 24-25, 53, 80, 83- 84, 91
<b>GRI 102</b>	<b>General Disclosures</b>	<b>102-13</b>	Membership of associations	Chapter 2 and 4 Appendix 7 and 8	11, 13, 21, 78, 82
<b>GRI 102</b>	<b>General Disclosures</b>	<b>102-46</b>	Defining report content and topic boundaries	Welcome, Chapter 1 Appendix 1	1, 9, 59
<b>GRI 102</b>	<b>General Disclosures</b>	<b>102-47</b>	List of material topics	Appendix 1	60-62
<b>GRI 103</b>	<b>Management Approach</b>	<b>103-1</b>	Explanation of the material topic and its Boundary	Appendix 1	59-62
<b>GRI 102</b>	<b>General Disclosures</b>	<b>102-48</b>	Restatements of information	Appendix 4 and 5	69-70
<b>GRI 102</b>	<b>General Disclosures</b>	<b>102-49</b>	Changes in reporting	Appendix 1 and 9	59-62, 86
<b>GRI 102</b>	<b>General Disclosures</b>	<b>102-40</b>	List of stakeholder groups	Chapter 1 and 2 Appendix 1	9, 11, 59-61
<b>GRI 102</b>	<b>General Disclosures</b>	<b>102-43</b>	Approach to stakeholder engagement	Chapter 1, 5 and 6 Appendix 1	9, 31, 44, 59-61
<b>GRI 102</b>	<b>General Disclosures</b>	<b>102-44</b>	Key topics and concerns raised	Chapter 5 and 6 Appendix 1	31, 41, 44 61-62
<b>GRI 102</b>	<b>General Disclosures</b>	<b>102-50</b>	Reporting period	Welcome	1
<b>GRI 102</b>	<b>General Disclosures</b>	<b>102-53</b>	Contact point for questions regarding the report	Welcome	1
<b>GRI 102</b>	<b>General Disclosures</b>	<b>102-55</b>	GRI content index	Appendix 12	99-101

GRI Standard	Title	Disclosure	Description	Section	Page
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GRI 102	General Disclosures	102-18	Governance structure	Appendix 2	63-66
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GRI 102	General Disclosures	102-22	Composition of the highest governance body and its committees	Appendix 2 Financial Report	63-65 4-12
GRI 102	General Disclosures	102-23	Chair of the highest governance body	Appendix 2 Financial Report	63-64 4
GRI 102	General Disclosures	102-24	Nominating and selecting the highest governance body	Appendix 2 Financial Report	63-64 10
GRI 102	General Disclosures	102-26	Role of highest governance body in setting purpose, values, and strategy	Appendix 2	63-64
GRI 102	General Disclosures	102-27	Collective knowledge of highest governance body	Appendix 2 Financial Report	66 4-9
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GRI 102	General Disclosures	102-35	Remuneration policies	Chapter 4 and 6 Appendix 2 Financial Report	26, 43 64 12-13
GRI 102	General Disclosures	102-36	Process for determining remuneration	Chapter 2, 4 and 6 Appendix 2 Financial Report	11, 64-65 12, 13
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GRI 201	Economic Performance	201-1	Direct economic value generated and distributed	Chapter 3 and 7 Appendix 6 Financial Report	14-15, 49-50 75-76

<b>GRI Standard</b>	<b>Title</b>	<b>Disclosure</b>	<b>Description</b>	<b>Section</b>	<b>Page</b>
<b>GRI 201</b>	<b>Economic Performance</b>	<b>201-2</b>	Financial implications and other risks and opportunities due to climate change	Chapter 7 Appendix 9 and 10	52-53 91, 93
<b>GRI 203</b>	<b>Indirect Economic Impacts</b>	<b>203-1</b>	Infrastructure investments and services supported	Chapter 4 Appendix 7	18-21 77-81
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<b>GRI 304</b>	<b>Biodiversity</b>	<b>304-2</b>	Significant impacts of activities, products, and services on biodiversity	Chapter 7 Appendix 7 and 10	49, 53-57, 73-74, 79 92-95
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<b>GRI 305</b>	<b>Emissions</b>	<b>305-1</b>	Direct (Scope 1) GHG emissions	Chapter 7 Appendix 9	52 86-91
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<b>GRI 305</b>	<b>Emissions</b>	<b>305-4</b>	GHG emissions intensity	Appendix 9	89
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<b>GRI 401</b>	<b>Employment</b>	<b>401-1</b>	New employee hires and employee turnover	Appendix 5	71
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<b>GRI 403</b>	<b>Occupational Health and Safety</b>	<b>403-9</b>	Work-related injuries	Appendix 5	71
<b>GRI 404</b>	<b>Training and Education</b>	<b>404-2</b>	Programs for upgrading employee skills and transition assistance programs	Chapter 4, 5 and 6	24, 40, 45
<b>GRI 405</b>	<b>Diversity and Equal Opportunity</b>	<b>405-1</b>	Diversity of governance bodies and employees	Chapter 6 Appendix 2 and 5	46, 65 70-72

# Glossary

Term	Description
<b>Australian Credit Licence (ACL)</b>	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
<b>Authorised deposit taking institution (ADI)</b>	Corporations authorised under the <i>Banking Act 1959</i> (Cth), including banks, building societies and credit unions that must meet certain criteria
<b>Australian Financial Services Licence (AFSL)</b>	Authorisation to offer and provide consumers with specified financial products and services in accordance with ASIC compliance standards
<b>Australian Prudential Regulation Authority (APRA)</b>	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
<b>Australian Securities and Investments Commission (ASIC)</b>	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)
<b>capital adequacy ratio</b>	The percentage of a bank's adjusted capital compared to its risk-weighted assets, as per Prudential Standard APS110
<b>cost to income ratio</b>	The percentage relationship between operating expenses and effective gross income
<b>Cuscal</b>	An ADI regulated by APRA, which provides payment services to the majority of Australia's mutual ADIs
<b>customer</b>	An account holder. Customers also hold one share in Bank Australia
<b>Global Reporting Initiative Standards</b>	The current version of global voluntary guidelines for companies to report their sustainability performance and workplace practices
<b>incident (occupational health and safety related)</b>	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
<b>impact finance</b>	Finance that is mobilised to create measurable positive social and/or environmental impact, while delivering a return on investment

Term	Description
<b>materiality</b>	Materiality is the threshold at which issues become sufficiently important that they should be reported according to the GRI materiality principle
<b>net profit after-tax</b>	The amount of profit achieved after tax
<b>other domestic banks</b>	Locally owned banks, excluding those defined as major banks
<b>return on average assets</b>	The profit that a company generates for each dollar of average assets that it owns
<b>return on equity</b>	The profit that a company generates for each dollar of equity that it invests
<b>sustainable development</b>	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
<b>ABA</b>	Australian Banking Association	<b>FIAP</b>	Financial Inclusion Action Plan
<b>ACL</b>	Australian Credit Licence	<b>FTE</b>	Full-time equivalent
<b>ADI</b>	Authorised deposit taking institution	<b>km</b>	Kilometres
<b>AFSL</b>	Australian Financial Services Licence	<b>kWh</b>	Kilowatt hours
<b>APRA</b>	Australian Prudential Regulation Authority	<b>MJ</b>	Megajoules
<b>ASIC</b>	Australian Securities and Investment Commission	<b>NDIS</b>	National Disability Insurance Scheme
<b>BCCM</b>	Business Council of Cooperatives and Mutuals	<b>SDA</b>	Specialist Disability Accommodation
<b>COBA</b>	Customer Owned Banking Association	<b>RAP</b>	Reconciliation Action Plan
<b>DAP</b>	Disability Action Plan	<b>RBA</b>	Reserve Bank of Australia
<b>GABV</b>	Global Alliance for Banking on Values		

## **Bank Australia Conservation Reserve**

All Conservation Reserve photography in this report was taken by our customer, Tom Day.





