

**Speech by Steve James, CEO Teachers Mutual Bank
Australia's Sustainability in Business Conference and Exhibition, Melbourne**

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Purpose

Teachers Mutual Bank is dedicated to providing financial products and services exclusively for the education sector and their families.

Everything we do is to ensure our members have a brighter financial future.

We believe that 'profit has a purpose', which is not only to help us deliver a range of benefits and services to our members, but also to support our members' communities, and to manage our impact on people and the planet.

Philosophy

Sustainability most definitely gives tangible, financial expression to our organisation. And by that I mean it is not just part of our business, it's why we do business.

Sustainability is not 'in our DNA' - it is our DNA.

This is not new for us.

It helps to put it in context when you understand that Teachers Mutual Bank was built by teachers, acting in good faith and with a socially responsible ethos nearly 50 years ago, to improve the financial wellbeing of teachers and their families.

We know from our research and member feedback how important sustainability is to teachers, as it reflects their values and ethics.

It consistently ranks highly in their criteria for satisfaction - along with being a responsible business - and is what they want to see from us and businesses in general; being authentic, consistent and honest.

Sustainability is also a natural outcome of our status as a mutual, where the fundamental principle is that our members are our shareholders, and our profits are returned to the business to improve products and services for those members.

Culture

We certainly lead from the top; It is the Executive and Board who drive sustainability at the Bank.

I chair the Monthly Sustainability Committee, which has 5 C- Suite Executives. I can tell you the Executives are all animated, passionate and pushing the business agenda relentlessly forward. Its ambition is strong.

We have achieved a great deal but we know there is always more to do.

But lasting leadership on sustainability comes from everyone - from the Board Room to the mail room.

It's the passion and advocacy of the employees at TMB that make us a sustainable organisation.

Every one of our staff has sustainability KPIs in their performance assessment.

Sustainability has been part of our philosophy for decades, even before it was a popular concept, and it's based in a culture of service and learning.

For instance, we have a strong reputation for caring for both members and staff. We make sure we measure these metrics. Our staff satisfaction is currently 84% .

They take an absolute pride in going the extra mile.

This flows through to our customer satisfaction which is regularly measured alongside all the other banks by Roy Morgan, and has been above the 90% mark for some years.

Strategy

We have a business plan that is sustainable, rather than a separate sustainability business plan – that's an important distinction.

As a bank, we don't just measure a single bottom line of profit.

We measure the 'triple bottom line' – people, planet and profit

Our Strategic Business goal is; '*Sustainability is integrated throughout our business and embedded in policies, procedures and practices*'

We report against a rigorous 96 targets and KPIs every year in our 'Annual Report and Sustainability update'

I believe it's one of the best examples of 'triple bottom line' reporting.

Competitive Advantage

As a challenger bank to the large players, our financial success is fundamental to enable us to compete and grow.

Although we are a bank offering a wide range of products and services like the others on the main street, we have a fundamental governance difference: unlike listed banks, customer-owned banking institutions, - also known as mutuals - are owned by their members, not shareholders.

Mutuals like us exist solely to serve their members, and **don't** face the conflicting priorities of providing quality services to members while maximising returns to shareholders. This means our members are effectively our shareholders.

Our business model is that there is no trade-off between being profitable and being sustainable. They are both sides of the same coin.

We understand that we need to protect and improve our competitive positioning, member equity and value through sustainable business practices. This includes:

- providing competitive products and services
- offering a remote service model, including online and mobile banking
- strengthening our balance sheet and diversify our funding
- growing our membership, targeting the 600,000+ people in the education sector

At the heart of all this is that we are a bank based on strong values, and that leads to value creation.

In the last 2 years we have significantly improved our sustainability performance at an international level, punching above our weight.

Our credentials are measured in three of the world's leading Sustainable business indices;

- the CRI (Corporate Responsibility Index)
- the LBG (London Benchmarking Group)
- and the World's Most Ethical Companies list (WME).

These are competitive performance-driven rankings with hundreds of metrics across the full sustainability agenda, covering over 400 companies collectively worth over \$2 trillion.

We are a leader in all three indices, and one of only five banks on the World's Most Ethical Companies 2014 list.

We lead on one of the largest challenges – climate change.

We don't use members' funds to finance large-scale greenhouse-gas pollution, and don't use members' deposits to directly lend to, buy equity or debt in, any large-scale greenhouse polluting activities from fossil fuel exploration, extraction, production and use.

We're continuing to strive to be an ethical and sustainable business, and to lead by example, and I believe that gives us a competitive advantage.