

Climate Action Plan

2022 – 2024



Great Southern
Bank

Message from our CEO and Managing Director

Climate change is accelerating, and the time for action is now. That is why Great Southern Bank has made responding to the issue a key priority within our sustainability strategy and our broader business.

By developing a Climate Action Plan, we are gaining a better understanding of the impact of extreme weather events such as cyclones, flooding, bushfires and droughts on our customers and their homes. This plan maps out how we believe we can reduce our emissions, sets clear and meaningful targets and transparency in the way we report and share our progress with our customers.

Around five percent of our \$14 billion home loan portfolio is currently considered at very high risk to at least one of these climate-related weather events. Unless we can reduce emissions and limit global warming, these numbers and the impact they have on people's lives and livelihoods - will continue to grow.

We acknowledge the important role our industry needs to play in leading climate action. We are already working with our peers to understand the collective role our sector can play in managing climate risk and transitioning to net zero.

We are already acting across our business as well as providing education and support to our team members to help them make more informed decisions.

This Plan builds on our earlier work in March this year when we became the first customer-owned bank to publish a Task Force on Climate-Related Financial Disclosures (TCFD) report.

Our new Climate Action Plan acknowledges our support for the Paris Agreement, and its aim to limit global warming to 1.5 degrees Celsius this century. We have further challenged ourselves to reach net zero emissions by 2040, 10 years earlier than the target date set within the agreement.

It won't be easy - net zero goes significantly beyond carbon neutrality, requiring us to reduce emissions across our offices, branches, the homes and cars we finance and the investments we make.

Recognising that climate science, policy and technology are continuously evolving, we will review and refine our plan over time to ensure our commitments and targets remain meaningful, relevant and in the best interests of our customers.



Our journey so far

For more than 75 years we have advocated for a fair and equitable Australia. Our name has recently changed, but our commitment to being a responsible bank and doing business the right way has not.

We continue to demonstrate strong financial performance and are well positioned for future growth. But we need to manage how we grow responsibly and do it in a sustainable manner.

This includes reducing our environmental footprint and responding to the changing climate.

We are still in the early stages of our sustainability journey but have already taken some significant steps to achieve important milestones.

2020

Measure our climate impact

Commenced measurement of operational greenhouse gas (GHG) emissions across offices and branches

2021

Understand our non-financial impacts

Released our first sustainability strategy, 'Forever Home', in our FY21 Annual Report

2021

Make global commitments

Joined the United Nations Global Compact

2021

Certified carbon neutral

Became certified carbon neutral under the Australian Government's *Climate Active Carbon Neutral Standard for Organisations*

2021

Assess the risks

Assessed physical climate risks across our mortgage portfolio

2022

Accelerate our climate ambition

Developed our first Climate Action Plan

2022

Report against global standards

Released our first **climate-related risk disclosure** in line with the global Taskforce on Climate Related Financial Disclosures (TCFD)

Became first customer-owned bank to report **financed emissions** in our loan and investment portfolio using the global Partnership for Carbon Accounting Financials (PCAF) framework

2022

Join forces on climate action

Became a signatory to the global commitments of TCFD and PCAF

Our climate change position

Great Southern Bank's approach to climate change aligns closely with our strategic purpose of helping all Australians own their own home. After all, a house may not feel like a home without a safe and sustainable environment and thriving community around it.

We understand that climate change is one of the most pressing challenges of our time. We support the goal of the Paris Agreement to limit global warming to 1.5 degrees Celsius this century and net zero emissions by 2050.

Our customers, communities and other stakeholders increasingly expect greater engagement and action from companies, including banks, on sustainability issues. This, in turn, is driving changes in regulation and the supervisory expectations of banks.

As a customer-owned bank, we believe it is important that we clearly demonstrate the steps we are taking on climate-related matters and are acting to limit our impact on the changing climate.

Great Southern Bank became certified carbon neutral in 2021 and does not directly invest in or have lending exposure relating to fossil fuel extraction or fossil fuel energy production.

We are also conscious that the changing climate can impact the wellbeing and prosperity of our communities, including our customers' ability to own, maintain and insure a home.

Education and building team capability to better understand and drive our response in this fast-changing area is also important to us. We will continue to work with leaders across the business to increase awareness, understanding and create change.

Climate action plan

Our Climate Action Plan focuses on four key areas. These areas are where we believe we can have the biggest impact and where we can connect climate action to the needs and expectations of our customers, and the priorities of our organisation.



Commit to climate action

We will take action to address climate change within our business and assist our customers and communities as they too transition to net zero emissions. We recognise that our greatest climate impact stems from financed emissions – specifically, our home lending and investment portfolios - and commit to targeted reductions in both these areas as well as across our operations.

Our Commitments

1. Align our GHG emission reduction targets with the Paris Agreement
2. Source 100% renewable energy for our offices and branches by 2030
3. Be net zero by 2040
4. Maintain carbon neutral certification under Climate Active
5. Enable our team members to become agents of change



Build recovery and support resilience

We know that climate change is increasingly impacting the ability of our customers to afford, maintain, and insure their home. While we cannot control their destructive force, we will continue to support the immediate recovery from natural disasters. We will also help build future resilience for our customers by championing renewable energy, access to efficiency upgrades, and the development of new green products.

Our Commitments

1. Support our customers' access to housing upgrades that increase their physical resilience to extreme weather events
2. Promote affordable energy efficiency and the adoption of renewables
3. Advocate for our customers to maintain appropriate levels of home and contents insurance
4. Identify opportunities for the bank and our team members to support disaster responses



Manage climate risk

We understand that climate change is one of the most significant challenges of our time, posing substantive risks to the financial system, our business, and our customers. To help manage and mitigate these on-going climate-change risks, we will embed rigid governance throughout our business, including reporting our climate risks against best practice and global reporting standards.

Our Commitments

1. Embed climate risk governance across our business
2. Understand and manage climate risks and risk scenarios to ensure we are a sustainable bank for our customers today and in the future
3. Report annually against the TCFD framework



Partner for impact

We know that tackling the considerable challenges of climate change is something that cannot be achieved alone. Partnerships are key to building scale and creating impact. Our goal is to see collaboration grow between industry, government, business, and community to drive coordinated action and embolden stronger climate change policies and targets to accelerate the transition to net zero.

Our Commitments

1. Strategically partner with community, industry, NGOs, and government to advance tangible climate action
2. Continue working with COBA and BCCM to strengthen industry capacity in climate action and climate-related risk
3. Partner with service providers to decarbonize our procurement and supply chains
4. Share success stories to inspire our business banking customers towards achieving net zero emissions

Commit to climate action



As a customer-owned bank, we believe it is important that we clearly demonstrate our commitment to climate action and share the steps we are taking as a business and with our customers to reduce our environmental impact.

1. Align our GHG emissions reduction targets with the Paris Agreement

We are currently developing 2030 emissions reduction targets for our operations (scope 1 and 2) and financed emissions (scope 3) which are the activities we finance through our lending and other investments. We will ensure these targets are science-based by seeking validation from the *Science Based Targets initiative* (SBTi) in 2023. Priority focus will be given to our home lending and investment portfolios, where we know our climate impact is the greatest. Our commitment to reducing the carbon intensity of our lending portfolio will see us improve our products and services to increase energy efficiency and support homeowners' access to cost effective, low-carbon renewable energy.

2. Source 100% renewable energy for our offices and branches by 2030

The energy that powers our branches and offices will be fully renewable by 2030. With locations across the country, our current retail agreements are diverse, but we are already talking to suppliers and will develop an action plan in FY23 to deliver on this commitment.

3. Be net zero by 2040

Being a responsible and sustainable bank means adopting best practice and being held accountable to global standards. We support the Paris Agreement and the target year of 2050 that has been set to achieve net zero emissions. We'd like to reach this target earlier and have challenged ourselves to achieve this important milestone by 2040. We will reduce our absolute emissions by reducing consumption, improving energy efficiency and sourcing renewable energy. To help us achieve this, we are adopting the SBTi's globally-recognised *Corporate Net-Zero Standard* as well as its *Financial Institution Net-Zero Standard*, currently under development.

4. Maintain carbon neutral certification under Climate Active

Great Southern Bank became carbon neutral in 2021, after we offset an estimated 7,600 tonnes of carbon emitted during the year. This was achieved through a range of partnerships, including savannah burning projects managed by First Nations rangers in Arnhem Land. Whilst our future focus will seek to accelerate a reduction in our own emissions and ensure we become more energy efficient, we will also maintain carbon neutral certification to mitigate our impact on the climate today.

5. Enable our team members to become agents of change

With more than 1,100 highly engaged team members, Great Southern Bank has a skilled army of ambassadors and advocates ready and willing to ignite this plan and turn it into meaningful action across the organisation. We will continue to leverage these valuable human resources through our communications channels and employee engagement activities.

Build resilience and support recovery



Despite global efforts, climate change is already impacting local communities, hindering the ability of more and more Australians to afford, maintain, and insure their home. The frequency and severity of weather events is increasing. We know this displaces our customers and can cause ongoing challenges for their physical and emotional safety. Staying true to our purpose, we will always support our customers to get back into their own homes as quickly as possible. This includes supporting immediate disaster relief efforts, providing financial assistance for customers that need it and (in the future) helping build our customers' resilience to future weather events.

1. Support our customers' access to housing upgrades that increase their physical resilience to extreme weather events

The unfortunate consequence of climate change is that we are experiencing more frequent and more severe natural disasters in Australia. We cannot prevent cyclones, bushfires, flooding and droughts, but we can work to mitigate their impacts. We commit to helping our customers build greater physical resilience through awareness measures and community education around the practical steps available to upgrade their homes.

2. Promote affordable energy efficiency and the adoption of renewables

The cost of electricity - and therefore our customers' electricity bills - has risen much faster than most other household expenses over the last decade. At the same time, almost one-third of Australian households have solar panels, the highest rate in the world, indicating that renewables are both in demand and cost effective. Added to this opportunity, there is still room to increase the thermal performance insulation of many homes. We are committed to helping our customers realise these environmental and financial benefits by developing relevant products and services and encouraging energy efficiency upgrades.

3. Advocate for our customers to maintain appropriate levels of home and contents insurance

Research indicates that one in 25 Australian properties is at very high risk of being effectively uninsurable by 2030. We understand this may impact the ability of some customers to own and maintain their homes. We will help our customers understand these risks and support solutions that increase affordability and access to home insurance.

4. Identify opportunities for the bank and our team members to support disaster responses

The lows of the many severe weather events we experience in Australia are matched by the highs of seeing communities work together and respond. Whether it's the on the ground efforts of charities like the Red Cross or other locally mobilised volunteers, it's in the relief efforts of natural disasters that we see the best of Australians. Community is central to resilience, and we commit to identifying opportunities for our organisation and our people to play a role in getting disaster-affected communities back on their feet and back into their homes.

Manage climate risk



Managing climate risk is integral to being a responsible, sustainable bank and a good corporate citizen. As a customer-owned bank, it is also about representing the best interests of our customers and safeguarding their funds. As our owners, our customers are invested in the financial success and the sustainability of Great Southern Bank. This means maintaining the operational integrity of our business as we transition to net zero emissions. We are committed to analysing and managing all climate-related risks, while also leveraging future opportunities.

1. Embed climate risk governance across our business

2020 was the first year we assessed our governance and risk management processes against the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)¹. Since then, we have identified ways to adjust our internal processes to better consider the unique characteristics of climate change. We will continue to do this to ensure we meet emerging regulatory expectations, and also ensure governance of our climate response is integrated within the role responsibilities of our Board and senior executive.

2. Understand and manage climate risks to ensure we are a sustainable bank for our customers today and in the future

We already consider climate risk in our risk management approach, and we will continue to develop active risk management practices for broader integration across our business, including in our strategic plans, policies, and learning and development. This also includes working with industry to better identify, understand and develop best practices. We will conduct climate change scenario analysis to better understand our medium- and long-term risks and opportunities.

3. Report annually against the TCFD framework

We believe it is important that we clearly demonstrate the steps we are taking on climate-related risks and opportunities. We published our *first TCFD report* in March 2022, and we are committed to providing enhanced reporting against our TCFD Framework to demonstrate our progress and our determination to deliver on this Climate Action Plan.

¹The TCFD was established in 2015 to guide companies and financial institutions on how to best understand, manage, and report on how they might be financially impacted by climate change. More information on their website <https://www.fsb-tcdf.org/>

Partner for impact



Addressing the considerable challenges of climate change cannot be achieved alone. Partnerships are key to building scale and creating impact. We actively encourage and are already collaborating with industry, government, business and community to drive action and establish stronger climate change policies.

1. Strategically partner with community, industry, NGOs, and government organisations to advance tangible climate action

Some of the best ideas and solutions to problems are grassroots and community-led – and this is an approach we want to champion as we seek to address the impacts of our changing climate. Leveraging existing and new partnerships across communities, industry, NGOs, and government, we will seek to identify and support initiatives that reduce emissions, build resilience, and facilitate solutions to climate change.

2. Continue working with COBA and BCCM to strengthen industry capacity in climate action and climate-related risk

Great Southern Bank is working closely with the Customer Owned Banking Association (COBA) and the Business Council of Co-operatives and Mutuals (BCCM) to build capacity, set standards, and accelerate climate action and risk management within our sector. We are committed to continuing this close collaboration and supporting these networks as we seek to collectively address emerging challenges.

3. Partnering with service providers to decarbonize our procurement and supply chains

Our commitment to 'greening' our operations also requires greening our supply chains. Through our existing procurement service provider, *Mutual Marketplace (MMP)*, Great Southern Bank is already securing more environmentally friendly and sustainable deals. Working with other customer-owned banks, we will work with MMP and tap into their expertise to reduce upstream emissions.

4. Share success stories to inspire our business banking customers on their way to net zero

Our business banking customers are typically small and medium enterprises, and many of them are as excited about a net zero future as we are. We are committed to finding ways to help these customers decarbonise; to spread the word on best practices; to share what we've learned, and to identify cost saving opportunities.

Data tables

Operational Greenhouse Gas Emissions and Resource Consumption

Operational GHG Emissions ^{1:2}	FY21	FY20 ³
Scope 1 ⁴	87	95
Scope 2	1,019	1,225
Scope 3	6,020	5,860
Gross GHG emissions (t CO ₂ -e)	7,126	7,180
Offsets retired	7,692	-
Total net GHG emissions (t CO ₂ -e) ⁵	0 (566 offsets banked)	7,180
Gross GHG emissions per FTE ⁶ (t CO ₂ -e)	5.09	6.22
Fleet fuel (kl)	39	41
Electricity in offices (MWh)	537	350
Electricity in branches (MWh)	683	1,156
Waste (t)	27	22
Water (kl)	9,086	7,549
Gross electricity per FTE (KWh / FTE)	872	1,305

- 1) Subsidiaries covered are CUA Health Limited (ABN 98 098 685 459), Credicorp Insurance Pty Ltd (ABN 50 069 196 756), CUA Management Pty Ltd (ABN 60 010 003 853) and Credicorp Finance Pty Ltd (ABN 79 010 052 981).
- 2) The GHG account is based on the World Resources Institute (WRI) [Greenhouse Gas Protocol](#) Corporate Standard and the Climate Active [Carbon Neutral Standard for Organisations](#). All values in tonnes of carbon dioxide equivalent (tCO₂-e). Emission factors were derived from the National Greenhouse Accounts (NGA) Factors and the Climate Active database.
- 3) In line with Climate Active requirements the FY20 performance data underwent a third-part verification audit.
- 4) Scope 1 emissions include all direct GHG emissions from sources that are within Great Southern Bank's control boundary, including emissions from fuel use, refrigerants, and on-site electricity generation, Scope 2 emissions include purchased electricity in our offices and branches, and Scope 3 emissions are all indirect emissions that occur as a result of our activities, but occur from sources outside the organisation's control boundary. These are for example, postage, courier, and freight, employee commute, advertising, and business travel.
- 5) Great Southern Bank has been a certified carbon neutral organisation under Climate Active since FY21. More information on the [Climate Active website](#).
- 6) Gross (pre-offset) GHG emissions per full time employee equivalent, over 1154.18 FTE in FY20 and 1398.6 in FY21.

Financed GHG emissions in FY21

Asset Class	Total outstanding loans and investments covered (\$M)	Scope 1 + Scope 2 Emissions (tCO ₂ e)	Scope 3 Emissions (tCO ₂ e)	Total Financed Emissions (tCO ₂ e)	Emissions intensity (tCO ₂ e/\$M)	Dollars lent/ invested per tonne of emissions generated (\$/tCO ₂ e)	Offsets and carbon removals (tCO ₂ e)	Weighted Data Quality Score (1 = High Quality / 5 = Low Quality)
Mortgages	13,093	173,703	22,120	195,823	14.96	66,860	-	5.00
Corporate Bonds	1,427	209	207	416	0.29	3,433,608	256	1.64
Motor Vehicle Loans	179	13,947	3,574	17,521	97.63	10,242	-	5.00
Certificates of Deposit	160	547	365	912	5.70	175,390	4	4.23
Security Deposit	90	681	451	1,133	12.56	79,632	-	5.00
Unlisted Equity	50	1,942	1,287	3,229	64.20	15,577	-	5.00
Business Loans	47	217	867	1,084	22.97	43,536	-	5.00
Total	15,026	191,376	29,392	220,768	14.69	68,063	261	4.67

Out of scope	Total outstanding loans and investments not covered (\$M)	Reason
Personal Loans	191	No methodology available
Corporate Bonds (Government)	313	No methodology available
ADIs	3	No methodology available
Derivates	2	No methodology available
CUA Health Limited investments	82	Assets held for sale as at 30 June 2021 and sold on 1 October 2021.
Total	592	



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