Responsible Investment Policy



Our Responsible Investment Policy

This Policy applies to Credit Union Australia (operating as Great Southern Bank) ABN: 44 087 650 959, Credicorp Insurance Pty Ltd (CCI) ABN: 50 069 196 756, and CUA Management Pty Ltd (CUAM) ABN: 60 010 003 853 ("The Bank"). This policy outlines our approach to ensure that our investment activities reflect the Bank's commitment to responsible investment practices, incorporating environmental, social and governance (ESG) principles.

IN SCOPE:
This Policy applies to Great Southern Bank's investments, including Treasury activities and strategic investments.

OUT OF SCOPE:
This policy does not apply to Great Southern Banks's lending operations.

Sustainability at Great Southern Bank

Our sustainability strategy reflects our commitment to positive social and environmental outcomes for our customers, team members, community, and the environment. As a customer owned bank, our stakeholders play a vital role in shaping this strategy. We carry out regular Materiality Assessments of our stakeholders to identify our most material environmental, social and governance topics.

Aligned with our sustainability strategy, this policy underlies our support for the Paris Agreement. Great Southern Bank is committed to achieving net zero emissions by 2040 and has set science-based targets. Near term targets have been validated by the Science Based Target Initiative (SBTi) and net zero targets are in the process of being validated. The Bank's near-term targets and progress against these targets are disclosed annually in Great Southern Bank's annual reports.

Environmental

Aligned with the Paris Agreement, we are committed to achieving net zero emissions by 2040. We are also committed to maintaining our Climate Active certification, confirming our carbon neutrality annually – status we first attained in 2021. As a customer- owned bank, we believe it is important that we clearly demonstrate the steps we are taking on climate-related matters and limit our environmental impact. Further information on our environmental commitments and focus areas can be found in our Climate Action Plan and annual Climate-Related Financial Disclosure.

Social

We are dedicated to helping all Australians access affordable and stable housing, advancing financial inclusion, and fostering reconciliation through partnerships with like-minded community organisations. Our efforts to improve financial and social inclusion, including for Aboriginal and Torres Strait Islander peoples, are detailed in our Innovate Reconciliation Action Plan (RAP) and our Build Financial Inclusion Action Plan (FIAP). We value partnerships with other organisations whose experience and expertise can enhance our capability to achieve our environmental and social goals. More information on these collaborations can be found here.

Governance

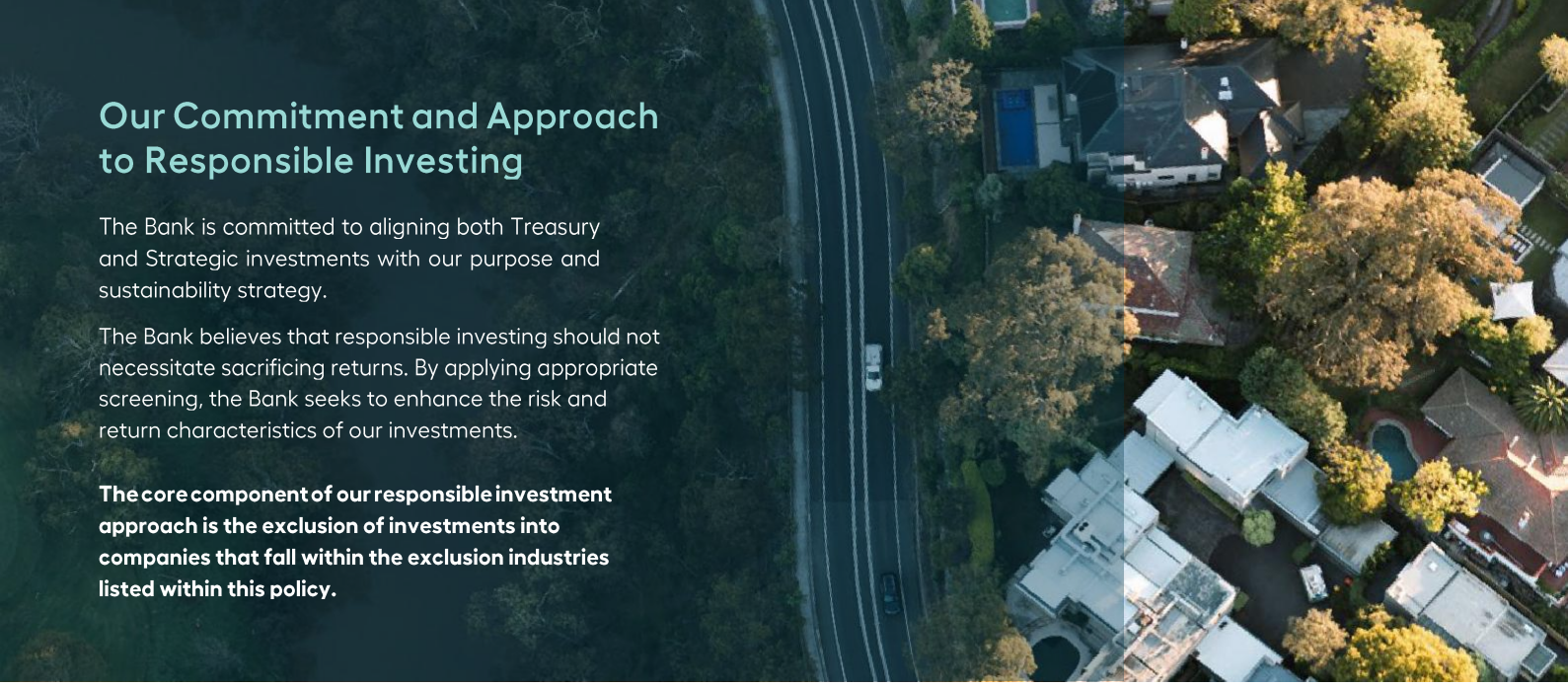
As a Certified B Corporation (or B Corp), we have been independently recognised for managing our business to high standards, while being transparent and accountable for our actions. We are committed to adhering to best practices and maintaining accountability through compliance with global reporting standards. In June 2021, we reinforced our dedication to sustainable development by joining the United Nations Global Compact. Our commitments include upholding human rights across our operations, supply chain, and investments. More information can be found here.

Our Commitment and Approach to Responsible Investing

The Bank is committed to aligning both Treasury and Strategic investments with our purpose and sustainability strategy.

The Bank believes that responsible investing should not necessitate sacrificing returns. By applying appropriate screening, the Bank seeks to enhance the risk and return characteristics of our investments.

The core component of our responsible investment approach is the exclusion of investments into companies that fall within the exclusion industries listed within this policy.



An investment or investing is defined as the money we place in products, like investment securities, with other banks or the government, to have access to cash (Treasury liquidity management) to meet our customers' needs and as part of the regulatory requirements of being a Bank. On occasions, we also make Strategic Investments in companies or initiatives that either improve services for our customers or to generate financial returns. These direct excess liquid and corporate investments are within the scope of the policy.

The excluded investment criteria below applies to all of the Bank's direct excess liquid and corporate investments. This does not include our customer lending operations which are subject to separate policies

Direct Investment Exclusions

Great Southern Bank currently excludes direct investments into companies that fall into the industries or activities listed below, reflecting the Bank's risk tolerance.

1. Tobacco and vapes

Companies whose primary business is in the manufacturing, producing or selling of cigarettes, vapes and other tobacco products.

2. Arms

Companies whose primary business is in manufacturing, producing, or selling of military weapons, including but not limited to, weapons of mass destruction, landmines and cluster munitions.

3. Gambling

Companies whose primary business is in the manufacturing, selling and facilitation of gambling activities, including but not limited to, poker machines, sports betting, and casinos.

4. Fossil Fuels

Companies whose primary business is in the extraction of fossil fuels or fossil fuel energy production.

This includes but is not limited to thermal coal mining, coal exploration and drilling, coal mining services, coal processing, coal trading, coal transport and logistics, coal equipment manufacturing, coal operations and maintenance services, coal engineering, procurement and coal construction services, transmission and distribution of coal-fired electricity, coal to liquids and coal to gas.

Indirect Exposures

The Bank recognises that we are still indirectly exposed to ESG risks in the excluded industries mentioned, particularly due to the investment and value chain activities of the companies the Bank invests in, as well as their subsidiaries.

Due to the nature of our indirect exposures, our ability to influence these companies and their ESG policies is limited. The Bank's investment instruments include (but are not limited to):

- Cash and cash equivalents.
- Australian Federal Government bonds and short-dated T-Notes
- Australian State Government bonds and short-dated Promissory Notes
- Other ADIs senior unsecured MtNs (limited list of RBA repo-eligible bonds) and NCDs (Negotiable Certificate of Deposit)
- Corporate investments

This Responsible Investment Policy applies to the following investment portfolios:

- Excess Liquid Investments:

Investments with approved ADIs to provide liquidity for the Bank in the event of a crisis. The investments are in repo-eligible liquid assets and are reviewed annually to ensure limits and investee companies remain appropriate and within the Bank's Risk Appetite.

- Corporate Investments

Where the Bank invests their own capital for strategic outcomes.