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# United Nations Global Compact 2019

Communication on Progress.



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# Contents.

<b>01. General Information</b>	<b>3</b>
<b>02. Human Rights Principles</b>	<b>4</b>
2.1 Assessment, policy and goals	4
2.2 Implementation	4
2.3 Measurement of outcomes	5
<b>03. Labour Principles</b>	<b>6</b>
3.1 Assessment, policy and goals	6
3.2 Implementation	6
3.3 Measurement of outcomes	8
<b>04. Environmental Principles</b>	<b>9</b>
4.1 Policy and goals	9
4.2 Implementation	9
4.3 Measurement of outcomes	9
<b>05. Anti-Corruption Principles</b>	<b>10</b>
5.1 Assessment, policy and goals	10
5.2 Implementation	10
5.3 Measurement of outcomes	11

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## General Information.

01.

7 February 2020

Dear stakeholders:

I am pleased to confirm ME reaffirms its support of the Ten Principles of the United Nations Global Compact in the areas of human rights, labour, environment and anti-corruption.

In our 2019 Communication on Progress, we describe our actions to continually improve the integration of the Global Compact and its principles into our business strategy, culture and daily operations.

Yours sincerely,

A handwritten signature in black ink that reads "Jamie McPhee". The signature is written in a cursive style with a large, looping initial "J".

**Jamie McPhee**  
Chief Executive Officer

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# Human Rights Principles.

02.

## 2.1 Assessment, policy and goals.

ME is committed to upholding the Universal Declaration of Human Rights and all other international standards relating to the protection of these rights. In addition to the measures in place to protect the human rights of its people relating to labour (see Labour Rights section of this document), ME abides by all legislation relating to human rights protection in Australia, where ME conducts all its business. ME is also committed to ensuring it partners with suppliers which demonstrate a considered approach to economic, social and environmental responsibility.

## 2.2 Implementation.

### United Nations Principles for Responsible Investment.

ME is a signatory to the United Nations Principles for Responsible Investment. As a professional services partner signatory, ME acknowledges the relevance of environmental, social and governance issues within the investment sector, including the protection of human rights. ME's participation in this initiative represents a commitment to providing and promoting services which support the implementation of the principles by those within its business network, primarily its industry superannuation fund shareholders.

### Diversity and inclusion.

ME believes a diverse and inclusive workplace is critical to the quality of decision-making, idea generation and financial success. The bank supports this belief through its diversity and inclusion commitments to its customers, its people and the industry.

### For customers.

A diverse workforce provides the bank with deeper insights and understanding into its customer base, allowing it to better meet their needs from a communication, engagement and innovation perspective.

### For people.

ME provides a respectful and inclusive environment, where employees can bring their whole selves to work, where their opinions and talents are welcomed and valued, and where they will be given fair and equitable career development opportunities.

### For the industry.

ME thinks differently to other banks. It has a free-thinking culture, with its customer promises and values at the core of all it does.

FY19 saw ME's staff-led affinity groups ProudlyME and Women at ME continue to grow to have a positive impact across the organisation. This included the implementation of internal events that grew awareness of the importance of fostering a diverse and inclusive environment, and which helped to create a setting where everyone at ME feels like they can bring their whole selves to work.

ME uses its employee engagement survey HowÜDoin? to measure the broad reach and impact of its diversity and inclusion strategies and initiatives across the organisation.

The bank also uses quantitative turnover data coupled with qualitative insights gained through exit surveys to monitor attrition trends across demographic factors and ensure it understands the drivers of voluntary turnover and acts if required.

ME regularly reports to the board, executive and external agencies on its continued progression regarding pay parity, promotions and rewards. It regularly reviews and reports female representation at management and board levels, which it publishes publicly via its *Annual Review*.

### Supply chain.

ME works closely with a wide range of suppliers in the day-to-day operation of its business. In line with its commitment to corporate responsibility, it chooses to partner with suppliers which demonstrate a considered approach to economic, social and environmental responsibility.

When sourcing new suppliers, ME regularly assesses performance across a range of corporate responsibility indicators.

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### **Responsible procurement.**

ME believes in value for money as a founding principle of all procurement activities. A decision on price alone does not necessarily represent value for money. Value for money is achieved when all risks are considered across social, economic and environmental impacts. Costs and benefits are thoroughly examined, optimised and managed during the bank's sourcing and contract management activities. All procurement activities are documented to demonstrate the integrity, transparency, consistency and accountability of the process.

In FY19, ME completed a full review of the supplier due diligence process, which has ensured that the bank's evaluations adhere to its regulatory requirements, new legislation such as the Modern Slavery Act 2018 (Commonwealth), and a continued commitment to secure customer data.

ME values and respects human rights and the environment. Relationships with suppliers are based on lawful, efficient and fair practices. The bank expects its suppliers to be environmentally conscious and to obey the laws and regulations in their jurisdictions that require fair treatment of all workers within a safe environment.

### **2.3 Measurement of outcomes.**

During the reporting period, ME has complied with all its obligations under the United Nations Principles for Responsible Investment. It has also complied with all Australian legislation relating to human rights protection.

Highlights include:

- International Women's Day Event in March 2019, which featured a keynote presentation from Sally Moyle, Chief Executive of CARE Australia. Sally shared insights on how supporting women and girls is one of the most effective ways to create sustainable outcomes in poor communities.
- ProudlyME's first Queer Week, centred on the theme 'Queerness in Australia: Past, Present and Future'. Queer Week featured a movie night, a market and a panel headlined by leaders in the LGBTIQ+ community, which discussed how queer diversity and inclusion has changed post the achievement of marriage equality.
- ME's inaugural sponsorship of the Melbourne Queer Film Festival, with ME's brand visible to over a million filmgoers across the two-week festival.

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# Labour Principles.

03.

## 3.1 Assessment, policy and goals.

ME is committed to upholding the principles of the International Labour Organization's (ILO) core instruments in all its operations. As a wholly Australian-owned and operated company, ME complies with Australian laws and regulations relating to labour rights.

ME was the first Australian banking organisation to enter into a formal partnership with a union to work collaboratively to solve business issues. ME's partnership with the Finance Sector Union (FSU), forged in 2011, recognises that management, employees and the union have a mutual interest in the ongoing success of the business and uses collaboration as an important means of achieving its business objectives while improving employee satisfaction and engagement. The partnership is a more sophisticated way to engage on business issues such as change, modernisation, productivity, and employment terms and conditions. It hinges on a shared understanding of, and works towards, agreed business objectives.

ME's workplace agreement contains a range of facilitative provisions – including recognition of the role of union delegates as critical to building union capability. ME provides financial assistance towards an FSU membership or a professional association fee. Employees receive a contribution to a professional membership to receive ongoing professional development, a contribution to an FSU membership for support or training purposes, or a contribution to an association useful for the development of working relationships.

## 3.2 Implementation.

### Remuneration Policy.

ME aims to provide rewards that attract, motivate and retain employees to fulfil ME's core purpose of helping all Australians get ahead and meet its overall objectives, while encouraging employees to act responsibly within its risk appetite and risk framework. ME uses a range of different remuneration elements to effectively reward employees, which are described in the bank's reward framework.

Any variable pay and performance-based components of remuneration are designed to encourage behaviour that supports the bank's long-term financial soundness and its risk management framework.

ME also continues to actively listen to the needs of its employees through its annual HowÜDoin? employee engagement survey.

### Health, Safety and Wellbeing Policy.

ME employees, contractors and visitors expect and deserve a safe and healthy workplace. People are the focus of ME's business and the wellbeing of all workers – including employees, contractors and students – is a non-negotiable.

ME is committed to providing and maintaining the safety and wellbeing of all its employees. To achieve this, it ensures its business and work practices are created and conducted safely, and that hazards to health, safety and wellbeing are either identified and removed, or minimised and controlled.

The bank develops, implements and maintains its occupational health and safety management system, Keep ME Safe, to comply with all current legal requirements. ME is committed to establishing measurable objectives and targets to ensure continued improvement of health and safety performance aimed at eliminating work-related injury and illness.

ME communicates information and consults with and educates its employees on health, safety and wellbeing matters in the workplace.

ME actively supports the physical and mental health and wellbeing of its employees through the provision of a health and wellbeing program called Mindfully ME, with an annual company-wide Wellbeing and Benefits Expo.

ME also actively participates in work-related and non-work related return-to-work of injured employees and supports injury management and rehabilitation processes to achieve positive return-to-work outcomes.

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### **Employee Assistance Program.**

ME offers an Employee Assistance Program (EAP) to support employees and immediate family members in dealing with issues at home or work. The EAP is a voluntary, professional and confidential counselling service. EAP counsellors are all experienced psychologists or social workers who have extensive training and experience in counselling and workplace consulting and hold peak industry body accreditations.

### **Manager Assistance Program.**

ME offers a Manager Assistance Program (MAP) to identify, explore and help people leaders manage a range of issues through a solution-focused approach. All Australian-based people managers at ME can discuss a wide range of issues – from employee behaviour to organisational development, in addition to accessing coaching, tools, psycho-education and other resources.

### **Collective bargaining.**

ME's workplace agreement covers all ME employees and provides the cornerstone for ME and its employees to create a workplace culture in accordance with the bank's commitments to labour rights.

ME worked closely with the FSU in negotiating its most recent ME Workplace Agreement, guided by its partnership principles and a shared commitment to common business objectives. All ME employees had the opportunity to contribute to creating the agreement by submitting ideas and feedback. Following a successful employee vote, the ME Workplace Agreement was approved by the Fair Work Commission effective from 12 January 2018 with a nominal expiry date of 30 June 2020.

The agreement covers:

- employment categories
- hours of work
- job grading and remuneration
- performance development and reward
- leave
- workers' compensation and make-up pay
- redundancy, redeployment and retrenchment
- termination of employment
- workplace diversity and flexibility
- ME/FSU partnership
- workplace change
- dispute resolution
- work, health and safety
- training and development.

### **Supply chain.**

When partnering with new suppliers, particularly those who conduct activities outside of Australia, ME asks them to demonstrate their approach to a range of corporate responsibility indicators.

### 3.3 Measurement of outcomes.

#### Workplace profile.

At the end of June 2019, ME had 1,164 permanent employees and 454 contractors. The bank's 12-month rolling average workplace turnover for the year was 20.8%.

#### Work, health and safety.

A common health and safety benchmark is lost time injury frequency rate (LTIFR) which measures the number of lost time injuries per million hours worked. ME's LTIFR in FY19 was 1.56.

#### Diversity metrics.

ME's gender diversity profile and the number of employees utilising parental leave in FY19 are shown in the following tables.

#### GENDER DIVERSITY IN FY19\*

##### Non-managerial employees

Female	48%
Male	51%

##### Business leaders

Female	32%
Male	68%

##### Executive (including CEO)

Female	28%
Male	72%

##### Board (including Chairman)

Female	43%
Male	57%

#### UTILISATION OF PARENTAL LEAVE IN FY19\*

##### Primary carer's leave

Female	28
Male	5

##### Secondary carer's leave

Female	8
Male	17

\*From the 2018-19 public report form submitted by Members Equity Bank Limited to the Workplace Gender Equality Agency



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# Environmental Principles.

04.

## 4.1 Policy and goals.

Reducing its impact on the environment is part of ME's commitment to responsible business. The bank understands that its environmental impact extends beyond its own operations to include the products and services it provides and procures.

## 4.2 Implementation.

ME's head office in Melbourne Central Tower, where most of its people operate from, has a five-star 'Green Star – Office Interiors v1.1' rating. The building that ME sits in has a five-star assisted NABERS Energy Rating and a three-star NABERS Water Rating. The bank's green star accommodation has provided significant environmental benefits, including reduced electricity consumption (due primarily to improved heating, cooling and lighting efficiencies), waste improvement campaigns to minimise contamination of organic and recyclable waste that's sent to landfill, as well as social awareness campaigns among tenants around annual occasions like Clean Up Australia Day and Plastic Free July.

## 4.3 Measurement of outcomes.

In FY19, ME reduced its greenhouse gas (GHG) emissions by 7% to 1,703 tonnes from its operations, which covers electricity use in offices, vehicle fleet usage and employee air travel. This is a decrease of 127.5 tonnes from the previous year, achieved from a consistent reduction in all reported areas.

The largest source of GHG emissions for ME was electricity use in its offices, which accounted for 59% of the bank's total emissions. In FY19, ME reduced its electricity usage by 134 tonnes, or 11.7%, of carbon dioxide equivalent (CO<sub>2</sub>-e) and vehicle fleet usage by 32 tonnes, or 6.6%, of CO<sub>2</sub>-e.

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# Anti-Corruption Principles.

05.

## 5.1 Assessment, policy and goals.

ME is committed to the protection of its employees and customers, and to maintaining the integrity of the bank's operations and reputation. To this end, it has policies and systems in place to protect against corruption, fraud, crime or serious misconduct within the organisation.

ME is committed to complying with all relevant Australian legislation and codes to prevent corruption. ME complies with Australia's Anti-Money Laundering and Counter-Terrorism Financing Act 2006.

ME has several policies and procedures to prevent instances of corruption and these are reviewed and updated every year.

## 5.2 Implementation.

### Conflicts of Interest Policy.

#### The staff.

The bank's Conflicts of Interest Policy is responsible for setting an expectation on how the bank and its employees should manage conflicts of interests so as to not disadvantage customers. The Conflicts of Interest Policy is communicated to employees on a regular basis.

As part of managing actual, perceived or potential conflicts of interest, the Conflicts of Interest Policy also provides guidance for the acceptance, non-acceptance and reporting of business and personal gifts by ME employees. The policy is intended to reduce the actual or perceived risk that the acceptance of a gift or benefit might influence or appear to influence an employee.

Specific exclusions to this include the giving of gifts to employees from other employees or management to mark occasions – such as birthdays, retirements, resignations, promotions and the celebrations of successes, gifts under \$50 (unless they are repeated gifts) – or token branded items such as pens, golf balls or umbrellas.

This policy forms part of the ME Risk Management Framework and is applicable to all ME employees and contractors. Breaches of its requirements will be subject to appropriate consequence management and outcomes of non-compliance may include disciplinary action, such as termination.

### The Board.

ME's directors have a duty to not place themselves in a position which gives rise to an actual conflict, or real possibility or perception of conflict, between their duties to the bank and a personal interest or duty owed elsewhere. All directors are required to disclose any interest which they believe is appropriate to disclose in order to avoid an actual conflict of interest or the perception of a conflict of interest and must disclose any material person interest in a matter that relates to the bank's affairs. This disclosure must be made prior to their appointment and on an ongoing basis, with directors required to keep these disclosures to the board up to date through formal standing notices.

The Board Disclosure of Interests and Handling Conflicts of Interest Procedures set out disclosure obligations and procedures to be followed by directors in the event of a conflict or a potential conflict of interest.

The Board is responsible for ensuring the bank's conflicts of interest systems and controls are appropriately designed and effectively implemented across the bank.

### Code of Conduct.

ME recognises the importance of being an inclusive employer and the value of a safe, fair and respectful workplace where there is no room for intolerance. ME is a place where teamwork is valued, and diversity is celebrated. The bank is committed to embracing diversity and inclusion and creating an environment where everyone can reach their full potential across the organisation.

ME has a Code of Conduct that provides a framework to guide decisions, actions and behaviours for all directors, employees and contractors. The Code of Conduct sets out several guiding principles under the following headings:

- Integrity
- Respect
- Be your best
- Live our values.

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Training about the Code of Conduct is part of the induction process for all new ME employees. It is also a requirement that ME employees complete regular online refresher training about the Code of Conduct.

As a values-based organisation, ME believes in free and open communication on even the most difficult of issues. ME's values of Love Monday, Have a Swing, Ride the Subway, Stay Hungry and Go for the Moon allow for all employees to feel confident that they may, in good faith, raise concerns internally. The bank's Code of Conduct provides a mechanism to enable employees to report actual or suspected misconduct or unlawful activity.

#### **'Speak Up' Policy.**

'Speak Up' is ME's whistleblower policy and operates in addition to the Code of Conduct. It supports all ME employees – both current and former, including contractors, officers, suppliers, brokers and third parties or a dependant of these individuals – to raise concerns of suspected or actual misconduct or unlawful activity with the knowledge that retaliation will not be tolerated.

This type of actual or suspected inappropriate conduct includes things such as corruption, bribery, abuse of authority, wilful breaching of legislation or internal policies, questionable accounting or auditing practices, business behaviour and practices that may cause consumer harm, unsafe work practices and health risks, bullying and harassment, and engaging in or threatening to engage in detrimental conduct against a person who has made a disclosure, among other things.

The policy covers instances where the employee is reluctant to, or it would be inappropriate to, follow a standard notification process or if the person wishes to make the report anonymously. The processes within the policy aim to protect those who speak up by making sure that anyone who reports wrongdoing feels safe doing so, while at the same time, effectively investigating and managing concerns with fair treatment.

### **5.3 Measurement of outcomes.**

In FY19, ME continues to comply with suspicious matter reporting requirements of the Australian Transaction Reports and Analysis Centre and to ensure compliance with the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth).

In the 2019 calendar year, ME launched 21 internal fraud investigations, including those not resulting or relating to a monetary loss.

#### **Banking Executive Accountability Regime (BEAR).**

On 1 July 2019, BEAR came into effect for ME and all other medium and small authorised deposit-taking institutions (ADIs). The government has implemented BEAR to provide a heightened accountability framework for the most senior and influential directors and executives.

In response to BEAR, ME has:

- identified and registered the board of directors and senior executives as 'accountable persons' with APRA
- strengthened existing accountability structures, including a new accountability policy to provide greater clarity on accountabilities across ME
- refined delegation and management committee protocols to result in clearer decision-making with greater accountability, including updates to delegation policy and committee terms of reference
- implemented changes to its remuneration policy and deferral periods for incentive pay to align with BEAR requirements.

ME will continue work to embed BEAR across ME in FY20.

#### **Sedgwick Review.**

ME has completed the implementation of the key recommendations under the Retail Banking Remuneration Review (Sedgwick Report) and continues to work on the cultural change required to ensure customers and ethical considerations are at the forefront of decision-making within the organisation.

ME also continues to work on third-party relationships to ensure their processes and remuneration are in line with ME's and the Sedgwick Report's expectations.

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