
United Nations Global Compact 2020.

Communication on Progress.



Contents.

01. General Information.	3
02. Human Rights Principles.	4
2.1 Assessment, policy and goals	4
2.2 Implementation	4
2.3 Measurement of outcomes	6
03. Labour Principles.	6
3.1 Assessment, policy and goals	6
3.2 Implementation	6
3.3 Measurement of outcomes	7
04. Environmental Principles.	9
4.1 Policy and goals	8
4.2 Resource reduction	8
05. Anti-Corruption Principles.	10
5.1 Assessment, policy and goals	10
5.2 Implementation	10
5.3 Measurement of outcomes	11

General Information.

1.0

26 March 2021

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 2020 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,



Adam Crane
Chief Executive Officer

Human Rights Principles.

2.0

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.

Our response to COVID-19.

ME adapted quickly to the COVID-19 environment. Our branchless business model, team culture and smaller size has allowed us to swiftly address the challenges of the pandemic for our people and customers.

We were quick to adapt our systems and processes to support customers, working with key business partners to offer new ways for consumers to access the banking services they need, via enhanced online and digital support services.

ME continues to work closely with regulators, the Australian Banking Association and other industry stakeholders on the design and execution of our COVID-19 support program, recognising the important role ME and our industry peers have been, and will continue to play in supporting all Australians get through, and recover from, the pandemic.

Support for staff and community.

ME's primary focus since the outset of the COVID-19 pandemic has been the wellbeing of its customers and its people, and providing access to short and long-term options that will support them through the COVID-19 environment. For customers, our primary form of support as they weather the impacts of the pandemic has been the option to defer their loan repayments for up to six months. The Bank assisted over 9500 customers with repayment deferrals, approximately 9.5% of ME's lending arrangements.

Ways ME has supported its people and customers during COVID-19 include:

Customers.

- Allowing impacted customers to defer their loan repayments for up to six months
- Waiving the bonus interest rate qualification for Online Savings Accounts allowing customers to continue receiving bonus interest without making physical card transactions
- Increasing contactless card payment limits from \$100 to \$200
- Creating an online customer portal for faster customer communications and requesting home loan repayment pause and reinstatement requests
- Implementing Virtual Identity Verification processes to help brokers and mobile bankers verify the identity of customers virtually rather than the usual face-to-face method

Staff.

- Implementing a Pandemic Leave Policy entitling employees to two weeks leave for special circumstances
- Enabling 98% of our people to work from home throughout the pandemic period
- A \$300 allocation for staff to purchase equipment to ensure they are set up safely to work from home
- Providing a ME-Day to all ME staff – an extra day off to focus on their health and wellbeing
- Mental health sessions for all staff led by an expert to focus on meditation and mindfulness
- People leader training – a six-week leadership program teaching leaders how to adapt to leading remotely
- Increased staff communication an overwhelming majority (91%) of ME staff believe their leaders are keeping them informed about the Bank's response to COVID-19

Diversity and inclusion.

ME believes a diverse and inclusive workplace is critical to the Bank's 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 our 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.

Affinity groups.

Existing affinity groups ProudlyME and Women at ME continued 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.

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, ME chooses to understand its suppliers' approach to economic, social and environmental responsibility before partnering with them.

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

Responsible procurement.

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.

Modern Slavery.

As part of a wider review of ME's supplier due diligence in 2020, ME introduced a requirement that suppliers need to be assessed against expectations of being a good corporate citizen (e.g. labour practices, community involvement, environmental policies) and regulatory requirements such as the APRA CPS234 Information Security Standard and the Modern Slavery Act of 2018. This allows ME to make informed decisions on who they work with, their risk, and social and environmental impact.

Human rights and the environment.

Relationships with suppliers are based on lawful, efficient and fair practices, aligned to ME's values. The Bank expects environmentally conscious suppliers who obey the laws and regulations in their jurisdictions requiring fair treatment of all workers within a safe environment. ME's initiated a program of work to address the Modern Slavery Act and consider modern slavery prevention inclusions to ME's Policies, Procedures, Guidelines and contractual documents. A review of ME's supplier base identified services considered high risk for modern slavery practices. Suppliers engaged to provide these services also supplied information regarding their practices for ME to assess. There were no concerns identified for these suppliers. The program of work is ongoing to ensure processes and procedures for mitigating risks of Modern Slavery are embedded at ME.

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, featuring a keynote presentation on unconscious bias from Anneli Blundell in the morning and a panel discussion on confronting gender stereotypes in the afternoon. The panel of speakers included Anna Leibel CIO UniSuper, Clea Smith CEO The Mind Room and former Cricket Australia player, Dale Robinson AFLW Development Coach, and Danny Sexton Head of Football Operations at St Kilda Football Club. The day ended with an event that raised \$3,000 for youth mentoring charity Sister2Sister.
- Women at ME worked with internal stakeholders to make enhancements to the parental leave process and to improve flexible work arrangements offered at ME.
- ProudlyME's second Queer Week, featured a panel headlined by LGBTIQ+ community leaders who discussed the mental health challenges faced by the LGBTIQ+ community, particularly in response to the marriage equality debate, and a workshop on how to be a better ally and stand tall for all.
- An internal postcard and poster campaign to celebrate LGBTIQ+ inclusion and LGBTIQ+ Awareness Training held with a tailored session delivered to the Executive Leadership team.

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.

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. During the 2020 financial year, ME conducted mental health awareness training for people leaders.

Since the COVID-19 outbreak, the Health, Safety and Wellbeing team have been providing health, safety and wellbeing advice to employees to minimise the risk and have played a key role in safely mobilising people to work from home.

The Health, Safety and Wellbeing team have completed a COVID-19 Health, Safety and Wellbeing Risk Assessment for returning to the office outlining OH&S considerations as the Bank prepares for a gradual return to the office in line with government advice.

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.

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, psychoeducation 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 Finance Sector Union in negotiating its current ME Workplace Agreement, guided by our partnership principles and a shared commitment to common business objectives.

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.

3.3 Measurement of outcomes.

Workplace profile.

At the end of June 2020, ME had 1,137 permanent employees and 45 contractors. The bank's 12-month rolling average workplace turnover for the year was 21.1%.

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 FY20 was 0.48.

Diversity metrics.

ME's gender diversity profile and the number of employees utilising parental leave in FY20 are shown in the tables below.

Gender Diversity in FY20*

Overall workforce

Female	51%
Male	49%
Don't identify	<1%

Business leaders

Female	29%
Male	71%

Executives (including CEO)

Female	33%
Male	67%

Board (including Chairman)

Female	43%
Male	57%

Utilisation of Parental Leave in FY20*

Primary carer's leave

Female	31
Male	7

Secondary carer's leave

Female	2
Male	13

*From the 2019-20 public report form submitted by Members Equity Bank Limited to the Workplace Gender Equality Agency

Environmental Principles.

4.0

4.1 Policy and goals.

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

ME's head office in Melbourne Central Tower has a five-star 'Green Star – Office Interiors v1.1' rating ME's building has a five-star assisted NABERS Energy Rating and a three-star NABERS Water Rating.

Renovations on ME's head office commenced in February 2020 and were completed in November 2020. The renovations afforded ME the opportunity to review and implement improvements to further reduce the Bank's environmental impact, including replacing the existing fluorescent lighting with new LED lighting, new bathroom technology to save water and replacing paper towels with hand dryers, and new carpet tiles made from recycled materials.

4.2 Resource reduction.

In the 2020 financial year, ME reduced its greenhouse gas (GHG) emissions by 19% to 1,675 tonnes from its operations, which covers electricity use in offices, vehicle fleet usage and employee air travel. This is a decrease of 389 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 530.3 tonnes of the Bank's total emissions. In the 2020 financial year, ME reduced its electricity usage by 68 tonnes, or 7% of carbon dioxide equivalent (CO₂-e) and vehicle fleet usage by 139 tonnes, or 31% of CO₂-e.

Anti-Corruption Principles.

5.0

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, procedures and systems in place to protect against corruption, fraud, crime or serious misconduct within the organisation. These are reviewed and updated on a regular basis.

ME also conducts regular employee surveys which includes consideration of its organisational values. This reinforces ME's efforts in understanding and managing an organisational culture which provides additional protection against corrupt practices.

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

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 to not disadvantage customers. Employees are required to complete a Conflicts of Interest questionnaire on commencement. 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 of 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 personal 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.

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 via a publicly available link on our website. 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.

Financial Crime Policy

The Financial Crime Policy provides a framework that guides ME bank employees' actions, decisions and approaches to prevent, detect and respond to financial crime. It has been designed to ensure that employees involved in a financial crime process are treated fairly with care and confidentiality. The policy also operates as an anti-corruption and bribery mitigant by highlighting unacceptable employee actions, risk indicators to identify this type of behaviour and consequences of these actions.

5.3 Measurement of outcomes.

In FY20, 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 2020 calendar year, ME launched 13 internal fraud investigations, including those not resulting or relating to a monetary loss. Of those cases, 7 resulted in confirmed policy breaches and 6 cases required no further action.

