

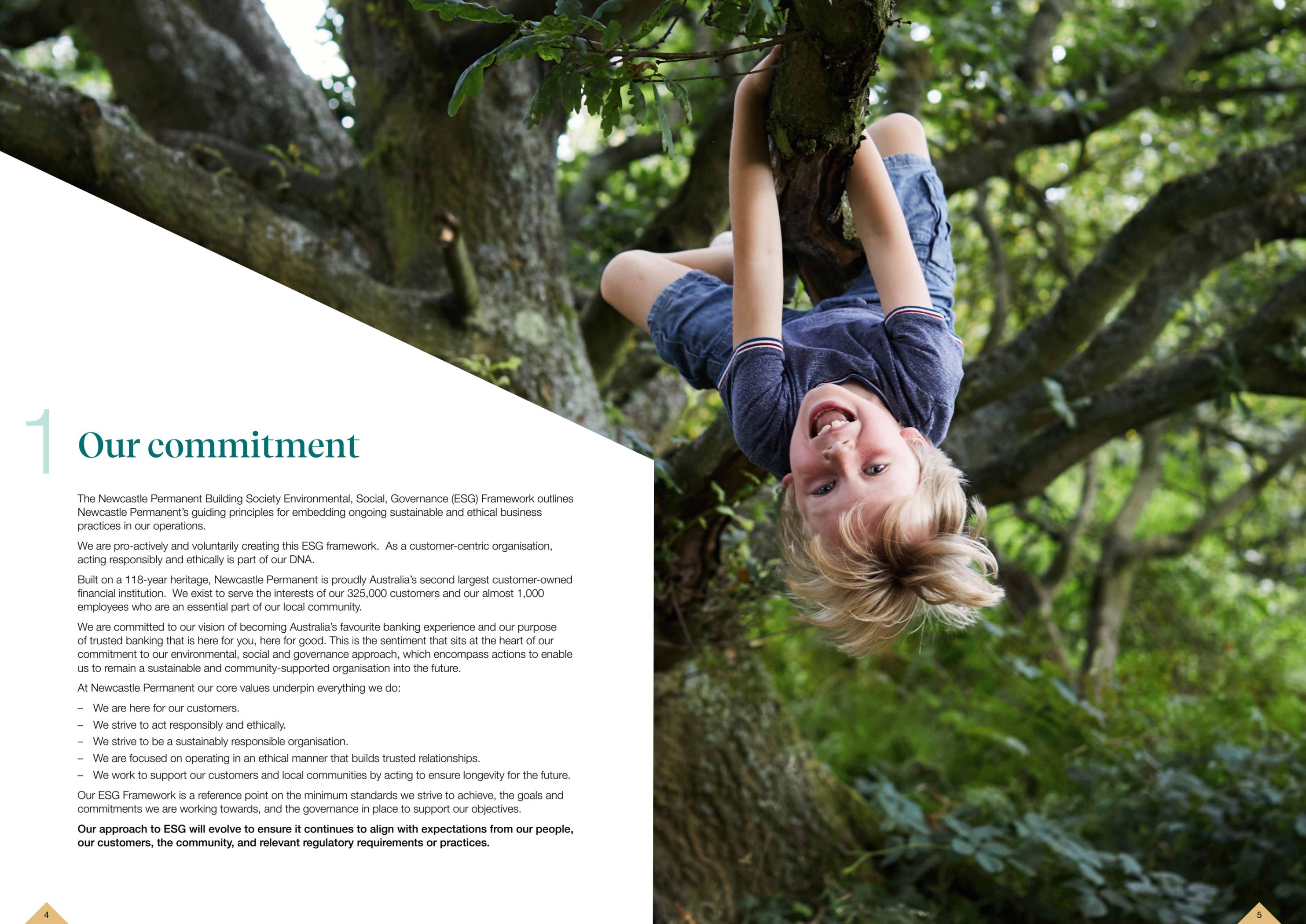
# Newcastle Permanent Environmental, Social, Governance (ESG) Framework

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# 1 Our commitment

The Newcastle Permanent Building Society Environmental, Social, Governance (ESG) Framework outlines Newcastle Permanent's guiding principles for embedding ongoing sustainable and ethical business practices in our operations.

We are pro-actively and voluntarily creating this ESG framework. As a customer-centric organisation, acting responsibly and ethically is part of our DNA.

Built on a 118-year heritage, Newcastle Permanent is proudly Australia's second largest customer-owned financial institution. We exist to serve the interests of our 325,000 customers and our almost 1,000 employees who are an essential part of our local community.

We are committed to our vision of becoming Australia's favourite banking experience and our purpose of trusted banking that is here for you, here for good. This is the sentiment that sits at the heart of our commitment to our environmental, social and governance approach, which encompass actions to enable us to remain a sustainable and community-supported organisation into the future.

At Newcastle Permanent our core values underpin everything we do:

- We are here for our customers.
- We strive to act responsibly and ethically.
- We strive to be a sustainably responsible organisation.
- We are focused on operating in an ethical manner that builds trusted relationships.
- We work to support our customers and local communities by acting to ensure longevity for the future.

Our ESG Framework is a reference point on the minimum standards we strive to achieve, the goals and commitments we are working towards, and the governance in place to support our objectives.

**Our approach to ESG will evolve to ensure it continues to align with expectations from our people, our customers, the community, and relevant regulatory requirements or practices.**



## 2 Our framework

Environmental, Social, Governance (ESG) is a framework for considering an organisation's ongoing impact. There are several different global frameworks which support companies in their strategy and reporting on ESG. One of these is the UN Sustainable Development Goals (SDGs).

The SDGs provide a framework within which to understand, articulate and report on ESG considerations.

At Newcastle Permanent our approach to ESG will evolve to ensure it continues to align with expectations from our people, our customers, the community, and relevant regulatory requirements or practices.

Our ESG Framework is comprised of the following priorities:

<p><b>Our customers</b></p> <ul style="list-style-type: none"> <li>– Deliver a customer experience aligned with our vision of being Australia's favourite banking experience</li> <li>– Improve accessibility to our products and services for customers</li> </ul>	<p><b>Our people</b></p> <ul style="list-style-type: none"> <li>– Promote and measure equality and diversity within our workforce through creating programs, initiatives and opportunities for our people</li> <li>– Help our employees with coaching, training and development opportunities to enhance their development and customer interactions</li> <li>– Encourage our employees to proactively support their local community</li> </ul>
<p><b>Our community</b></p> <ul style="list-style-type: none"> <li>– Support individuals and organisations that contribute positively to social outcomes and equality</li> <li>– Contribute to the social equality through the activities we undertake in our local communities</li> <li>– Encourage and support community advocacy, in view of our core values, vision and purpose</li> </ul>	<p><b>Our environment</b></p> <ul style="list-style-type: none"> <li>– Work to reduce our use of natural resources and our contribution to global warming</li> <li>– Introduce, where possible, further energy and waste efficiency practices that reduce our environmental imprint year on year</li> <li>– Engage our people on environmentally sustainable practices</li> </ul>
<p><b>Governance</b></p> <ul style="list-style-type: none"> <li>– Employ and achieve high standards of corporate governance</li> <li>– A high note is set in our tone from the top</li> <li>– Customers are at the centre of our decisions to enable the best outcome for them</li> <li>– Set the high expectations with our people to adopt ethical, transparent and honest behaviour</li> </ul>	

# 3 Alignment with United Nations Sustainable Development Goals

The Newcastle Permanent ESG Framework aligns with the principles of the United Nations Sustainable Development Goals (SDGs). The 17 SDGs were adopted by all United Nations Member States in 2015, and they provide a shared blueprint for peace and prosperity for people and the planet, now and into the future.

Many organisations around Australia, including ASX200 organisations, and throughout the world map their ESG Frameworks and practices against the UN's SDGs. These enable organisations to have a way of measuring progress while maintaining alignment within a global framework.



We've considered our size and scope of operations, and in order to focus our efforts, we have selected five core SDGs that are the most applicable to our strategy.

Our Customers	Our People	Our Community	Our Environment	Our Governance
Goal 5	Goal 8	Goal 10	Goal 12	Goal 16
<b>5 GENDER EQUALITY</b> 	<b>8 DECENT WORK AND ECONOMIC GROWTH</b> 	<b>10 REDUCED INEQUALITIES</b> 	<b>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</b> 	<b>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</b> 

**Our aspiration:** to deliver our customers Australia's favourite banking experience.



## 4 Our customers

We're customer-owned and we began as an alternative way for our customers to achieve home ownership. During our wonderful 118-year heritage we have never wavered from this. We are proudly Australia's second-largest customer-owned financial institution and serve 325,000 customers.

We support our customers by supporting a strong economy, providing responsible products that are competitive and providing retail banking services that meets their needs.

The following principles priorities will guide our approach to supporting our customers:

- Deliver a customer experience aligned with our vision of Australia's favourite banking experience.
- Improve accessibility to our products and services for customers.

### Customer experience

From the perspective of our customers, we are committed to delivering an exceptional customer experience. We actively measure and monitor our customer satisfaction with our service and our products to ensure our offering is relevant and competitive and delivers satisfaction to our customers.

### Financial inclusion

Periods of vulnerability may affect some customers' ability to control their finances. Certain circumstances may make them more susceptible to harm, loss or disadvantage. Additionally, people are faced with a number of life events that impact people very differently.

We understand that experiencing vulnerability isn't necessarily a long-term state and can be temporary, permanent, sudden or gradual, all of which depends on the event or circumstance. Individual customer circumstances sometimes require individual consideration and we encourage our customers to speak with us about their particular set of circumstances.

We are committed to offering support and helping our customers with the options available.

### Financial literacy

We believe in supporting our customers to understand banking can help them to be able to better manage their money. We know that some people face additional challenging in striving to achieve financial independence and security. We believe that everyone, regardless of gender is equally deserving of reaching their financial goals and financial security to lead a healthy financial life.

We are committed to supporting our customers be in control of their money matters to reduce financial stress and achieve security. We have introduced a series of masterclasses to upskill our customers to become digital savvy and understand how to digitally bank safely. We've run seminars for first home buyers helping them understand the jargon, calculate their borrowing capacity, and how to obtain pre-approval for a loan.

FY22 initiatives	Performance
Introduce a Digital Coach and resourcing to support our people and our customers learn new ways of banking	■ Digital Coach in place and providing support
Introduce masterclasses for our customers on relevant financial topics	■ Digital Masterclasses and First Home Buyer Seminars held for customers

■ Achieved ■ Advanced □ On Track

**Our aspiration:** help our people achieve their best, professionally, personally and within our local communities.



# 5 Our people

The generosity of spirit and dedication of our people has always been part of the fabric of Newcastle Permanent. We are dedicated to providing career opportunities for our people and to deliver a workplace that is open, supportive, and inclusive.

The following priorities will guide our approach to supporting our people:

- Promote and measure equality and diversity within our workforce through creating programs, initiatives and opportunities for our people.
- Help our employees with coaching, training and development opportunities to enhance their development and customer interactions.
- Encourage our employees to proactively support their local community.

## Diversity, inclusion, and gender equality

It is important that our organisational diversity and how we represent our organisation reflects the society we operate within and our local community.

We are committed to treating everyone fairly and prohibiting discrimination and harassment of any type regarding race, colour, creed, religion, sex, sexual orientation, gender identity, marital status, citizenship status, age, national origin, ancestry, disability, pregnancy, genetics, veteran status, or any other legally protected status.

Our Equal Employment Opportunity policy provides guidance by outlining the principles for preventing discrimination.

We participate in the annual Workplace Gender Equality Agency report and actively support diversity through formal training programs and support days throughout the year.

## Bullying and harassment

We expect our people to act with integrity and be aware of and act within the laws that apply to their conduct, ensuring they take responsibility for their own professional behaviour. We deliver training programs to ensure all employees are educated in their rights and responsibilities.

## Wellness of our people

We encourage our employees to embrace a healthy lifestyle and believe in the importance of maintaining a positive life balance. We offer a range of digital and face-to-face resources to help employees manage their overall wellbeing, including healthy bodies through our fitness programs, healthy connections through our formal and informal social networks, healthy finances by offering financial toolkits on topics ranging from budgeting, wealth growth, and planning for retirement, and healthy minds including through our Employee Assistance program.

During COVID-19 in 2020, we kept all our branches open providing our customer-facing teams job security during an uncertain time. Since this time we've introduced flexible working and remote working arrangements for our people. We have also finalised a new three-year Enterprise Agreement which provides our people and Newcastle Permanent with greater stability and security.

## Coaching, training and development

Developing the skills and capability of our people delivers better outcomes for our customers and supports employee engagement. We offer our employees access to the LinkedIn Learning Library, opportunities for participation in dedicated in-house training and development programs, as well as a formal manager/employee feedback program. We are committed to delivering formal and informal coaching, training and development opportunities for our people.

## Actively engaging with local communities

We believe in supporting our local communities. Our Community Assist program, which encompasses employee giving and fundraising and employee volunteering was established more than 20 years ago and enables our people to actively support the communities we live and work in.

We provide our people with the opportunity to invest in their community with two paid leave days each year. These days can be used by employees to volunteer for a local charity of their choice.

Our people also actively donate funds to be collectively donated to local charities.

FY22 initiatives	Performance
Engage our partners to further enhance the delivery and uptake of our employee wellness program	<input checked="" type="checkbox"/> Uplift in uptake in employee wellness program including across our fitness, health insurance and healthy mind partners
Encourage our people to embrace the opportunity to use their community leave and increase the volunteer hours within our local communities	<input type="checkbox"/> Number of volunteer hours undertaken in FY22 is higher than FY21

Achieved 
  Advanced 
  On Track



# 6 Our community

We are committed to helping build a society that is vibrant and filled with opportunity. We are dedicated to supporting our local communities, and help deliver a society that is open, supportive, and inclusive.

As a major Hunter-based organisation, we take our responsibility to treat our people and customers and broader community with respect, support human rights, and assist those groups within society that face challenges and disadvantages. We also seek that our partners and stakeholders do the same.

The following priorities will guide our approach to our social responsibilities:

- Support individuals and organisations that contribute positively to social outcomes and equality.
- Contribute to the social equality through the activities we undertake in our local communities.
- Encourage and support community advocacy, in view of our core values, vision and purpose.

## Community support

Each year we invest almost \$1.5 million to deliver our significant corporate sponsorship program to help our local communities thrive. We offer both major and minor corporate support to our communities such as our almost 40-year partnership with Surf Life Saving and our more than a decade long partnership with Northern NSW Football. Our annual Primary Schools Mathematics Competition has been challenging young minds for more than four decades, and our signature event, Cinema Under the Stars delivers a free family night out in our local communities.

**Our aspiration: to help build a vibrant society where our local communities thrive.**

## Newcastle Permanent Charitable Foundation

In 2003 Newcastle Permanent created the Newcastle Permanent Charitable Foundation as a gift to the community with a \$30 million endowment provided over multiple years. These funds have been invested to generate an income stream that is used to support worthy and important community projects and initiatives to help rewrite the future of those in need. Now. And for generations to come.

The Charitable Foundation provides significant grants annually supporting three focus areas:

- **Health:** Projects that provide improved health outcomes for the most disadvantaged, isolated, and vulnerable in our community.
- **Young people:** Projects that focus on improved life outcomes for marginalised and at-risk young people in our community.
- **Social wellbeing:** Projects that look to improve the social wellbeing for the people in our community who need it most.

## Human rights and supply chain

We have a responsibility to lead by example to protect the human rights of those we directly employ directly and those whose employment we support through our supply chain.

In the past year we have made significant progress in the review and analysis of our investments and our procurement and have made further progress on mitigating modern slavery risks in our supply chain. However, there is more to be done and we are committed to delivering a program that is proactive and supports human rights deep into our supply chain.

Our first modern slavery statement reflects our progress to date and showcases our commitment to continue to evolve to support the rights of decent work for all.

## Aboriginal and Torres Strait Islander engagement

We support national Reconciliation and want to make a strong contribution to the Reconciliation movement. We are looking to foster deeper connections between Aboriginal and Torres Strait Islander people and the wider Australian community. We want to give our people and our community an opportunity to contribute to, and benefit from, advancing Reconciliation. We are planning to formalise our own Reconciliation Action Plan (RAP).

FY22 initiatives	Performance
Finalise and publish our Reconciliation Action Plan	<input type="checkbox"/> RAP to be formally adopted in FY22
Progress the measurement of impact our Charitable Foundation provides our local communities	<input type="checkbox"/> Impact framework in development

Achieved
  Advanced
  On Track



**Our aspiration:** Manage our resource usage to minimise our Environment footprint.

# 7 Our environment

At Newcastle Permanent we are committed to acting to protect our natural environment, especially in the areas where we operate. As a regionally-based customer-owned organisation – we provide banking services to individuals, families, and small business. We are committed to embedding sustainable environmental practices within our own operations.

The following priorities will guide our approach to protecting our environment:

- Reduce our use of natural resources in our business operations
- Engage in energy and waste efficiency practices that reduce our environmental footprint
- Share information with, and engage our people, on sustainability practices

## Energy

We proactively seek to minimise our energy consumption and have implemented energy saving practices across our business where possible. We will consider greener energy suppliers in future energy tenders. We will look, where possible, to augment building management control systems to increase energy efficiency. Where we are looking to replace assets and commence new facility fit outs we will seek to update to the latest energy efficient technologies and materials. Within our owned premises we will commence energy audits in the future.

## Water

We will continue to monitor water use at all Newcastle Permanent facilities and look to make savings where practical.

## Waste

We continue to reduce our paper consumption through the implementation of digital processes and communications. We will continue to implement digital systems and encourage our customers to select digital communication preferences. All paper we use is Forest Stewardship Council certified. We also safely recycle all electronic waste.

Working with our Waste Contractor within our owned premises and sites we have implemented a waste and recycling program reducing our impact of waste to landfill and creating more efficient recycling outcomes from our waste.

## Transport

We will continue to monitor our motor fleet usage and look to make savings in fuel consumption.

FY22 initiatives	Performance
Continue to monitor to improve our current energy, water, and waste consumption.	<input type="checkbox"/> Benchmark review commenced
Evolve energy and waste management systems to improve efficiency.	<input type="checkbox"/> Benchmark review commenced
Commence engagement with our people on environmental sustainability practices	<input type="checkbox"/> Commencing FY22
Make savings in fleet fuel consumption	<input type="checkbox"/> Commencing FY22

Achieved 
  Advanced 
  On Track

**Our aspiration:** continue to be recognised as ethical, honest and delivering beneficial outcomes for our local communities.



## 8 Governance

We are committed to operating a business that is ethical, honest, and delivers beneficial outcomes for our community.

The following priorities will guide our approach to our social responsibilities:

- Employ and achieve high standards of corporate governance.
- Customers are at the centre of our decisions to enable the best outcome for them.
- Set the high expectations with our people to adopt ethical, transparent and honest behaviours.

### Board governance

Newcastle Permanent's Board adopts a best practice approach to corporate governance that is efficient, transparent, and where practicable for Newcastle Permanent, aligned with the 4th Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Principles).

Our approach is detailed in the Corporate Governance report included in the Annual Report.

### Organisational governance

We are regulated by the *Banking Act 1959* (Cth), and supervised by the Australian Prudential Regulation Authority.

### Customers at the centre of decisions

We strive to be Australia's favourite banking experience and we aim to achieve this by offering our customers great deals and competitive rates, award-winning customer service, and a commitment to supporting and giving back to our local communities.

As a mutual, we are here for our customers and our communities. We also have a series of policies which ensure the customer is at the centre of our decisions including: comprehensive fraud and corruption processes, a considered privacy policy, a simple and customer-friendly complaints process, and a compressive financial hardship support program and dedicated team.

### Expectations of our people

All employees, including our Board of Directors, agree to a Code of Conduct which sets the minimum expectation of all our people.

We have a series of policies which protect our people and encourage honest and ethical behaviours including: whistle-blower protection, comprehensive training on customer privacy legislation, and a reward and recognition for employees displaying the desired behaviours and values.

FY22 initiatives	Performance
Alignment to 4th Edition of the ASX Principles earlier than the commencement date	<input type="checkbox"/> Principles are aligned
Prepare an organisational strategic direction document, including ESG, for 2022 – 2025	<input checked="" type="checkbox"/> Strategic direction document development and endorsed

Achieved  Advanced  On Track



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