

# RESPONSIBLE BANKING POLICY

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## Objective

This Policy establishes Suncorp Bank's approach to the management of environmental, social, and governance (ESG) risks and opportunities across Suncorp Bank's business. It seeks to align Suncorp Bank's institutional conduct and business practices with positive customer, environmental, and social outcomes now and into the future.

This Policy aligns to and supports:

- Suncorp Group's Code of Conduct.
- Suncorp Group Product Management Policy, and any other Policies which govern how Suncorp Bank engages with its customers and designs and distributes its products and services.
- Suncorp Group Procurement Policy, Supplier Code of Practice and Outsourcing Policy.
- Suncorp Group's Corporate Sustainability Principles.

## UN Principles for Responsible Banking

In line with Suncorp Bank's commitment to the UN Principles for Responsible Banking (PRB) and the PRB Commitment to Financial Health & Inclusion, this Policy informs how Suncorp Bank:

- aligns its business strategy to be consistent with and contribute to customers' needs and society's goals, as expressed in the United Nations Sustainable Development Goals, the UNFCCC Paris Agreement, and relevant national and regional frameworks,
- continuously increases its positive impacts whilst reducing the negative impacts on, and managing the risks to, people and environment resulting from its activities, products, and services. To this end, this Policy guides how Suncorp Bank will set and publish targets where it can have the most significant impact,
- works responsibly with its customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations,
- proactively and responsibly consults, engages, and partners with relevant stakeholders to achieve society's goals,
- implements commitment to the PRBs through effective governance and a culture of responsible banking, and
- periodically reviews its individual and collective implementation of the PRBs and remains transparent and accountable for its positive and negative impacts and contribution to society's goals.

## Application

This Policy applies to Suncorp-Metway Limited and all products and services provided by Suncorp Bank to customers. It also articulates Suncorp Bank's expectations for distribution, sales and customer service agents, and other organisations Suncorp Bank partners with to provide products and services on its behalf.

The Policy does not apply to:

- procurement and supplier arrangements, which are covered by the Group Procurement Policy and Supplier Code of Practice, or
- external sustainability reporting other than reporting necessary to support the UN Principles for Responsible Banking.

# Policy Statements

## 1. Suncorp Bank integrates ESG considerations into decision making, across its business.

In managing its portfolios, products, partnerships, distribution channels, lending, communications, and customer service, Suncorp Bank will:

- be transparent with customers, regulators, and other stakeholders on ESG considerations,
- delivers products and services that are suitable, fair, and affordable and that meet the needs of our customers and helps build their financial resilience,
- remunerate and incentivise partners, distributors, and agents in a manner which minimises potential conflicts of interest and with the best interests of customers in mind; and will not pay conflicted remuneration or offer incentives based directly or solely on sales performance to employees,
- communicate clearly and transparently with our customers when representing value and functionality of Suncorp Bank or its products and services,
- provide access to affordable and suitable financial products and services, considering customer vulnerability, disability, language, indigeneity, gender, location, and culture,
- respond and resolve customer issues in a timely and respectful way, and address systemic issues to prevent problems reoccurring, and
- build portfolios that address economic, social, and environmental outcomes, and support the achievement of the United Nations Sustainable Development Goals and the Paris Agreement.

## 2. Suncorp Bank regularly assesses product and portfolio ESG risks and opportunities.

Suncorp Bank prepares an annual ESG Portfolio Review which:

- identifies at least two priority impact areas<sup>1</sup> and emerging ESG risks and opportunities which impact customers, the community, other stakeholders, and the environment,
- measures impact in Financial Health & Inclusion<sup>2</sup> and other priority impact areas and update or establish impact targets to reflect Suncorp Bank's commitments and changes (if any) to priority impact areas, and changes to methodology in performance measurement or target setting,
- reviews internal practices including products, partnerships, distribution channels, communications, and customer service practices to assess their alignment with Suncorp Bank's priority impact areas and targets, recommending changes where appropriate,
- reviews Suncorp Bank's products and services to ensure they continue to provide value for customers, and align with customers' and stakeholders' reasonable expectations and interests and the requirements of relevant industry codes and standards, and
- measures performance against existing impact targets and assesses the efficacy of existing action plans, recommending changes where appropriate.

## 3. Suncorp Bank works to understand and address ESG risks and opportunities within portfolios through stakeholder engagement.

Suncorp Bank conducts a regular materiality assessment of current and emerging ESG risks and opportunities which impact customers, our community, other stakeholders, and the environment through engagement with civil society to ensure Suncorp Bank maintains relevance with society needs and ensure Suncorp Bank delivers on its commitments with ambition and transparency. Engagement includes but is not limited to:

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<sup>1</sup> Per UN PRB ['Impact Analysis'](#)

<sup>2</sup> Noting that the Bank is a signatory to the [PRB Commitment to Financial Health & Inclusion](#) and must continue to measure impact and set targets in the *Healthy Economies* impact area for as long as the Bank is a signatory, even if it is no longer a priority impact area.

- consumer advocacy organisations, customer representative bodies, employees, investors, and customers to better understand and address customer and community expectations and any systemic ESG risks and opportunities,
- industry representative bodies to influence industry policies on ESG-related topics,
- industry experts and academics to verify knowledge and build capability, and
- global and local representative bodies to share knowledge, build capability and improve responsible banking practices.

#### **4. Suncorp Bank seeks business opportunities that have a positive economic, environmental, or social impact.**

Suncorp Bank seeks product, service and customer opportunities that deliver business benefits and improve:

- the financial, social, and natural hazard resilience of people and communities,
- the economic participation of individuals, through education, employment, and enterprise,
- environmental sustainability and climate change mitigation, including renewable energy, and
- customers' own environmental and social impacts.

#### **5. Suncorp Bank may exclude engagements with organisations where the activities of that organisation are deemed to be inconsistent with Suncorp's Corporate Sustainability Principles.**

Suncorp Bank may, if no regulatory barriers exist, exclude doing business with a sector or a specific entity including when:

- doing business with the entity would lead to contravention of international treaties or conventions to which the Australian federal or state governments are signatory, including but not limited to: the United Nations Convention on Landmines; the United Nations Convention on Cluster Munitions; and the United Nations International Bill of Human Rights,
- a product produced by the entity is detrimental to human health with no safe level of human use or consumption,
- the entity's business is clearly inconsistent with the Paris Agreement and the transition to a global net-zero carbon economy by 2050,
- the relevant Suncorp Bank management committee(s) consider doing business with the entity is inconsistent with Suncorp's Corporate Sustainability Principles, Position Statements or Action Plans,
- the Suncorp Bank ESG & Create a Brighter Future Committee (ECO) considers doing business with the entity is inappropriate to the extent it may have a negative impact on Suncorp Bank's reputation,
- exclusion is the only means to mitigate a systemic ESG risk in business portfolios, or
- engagement to mitigate or manage ESG risk has proven ineffective.

#### **6. Suncorp Bank will maintain robust governance and management of ESG risks and opportunities in its business practices.**

- Suncorp Bank will govern material ESG topics including its responsible business practices via management committees, reporting into the ECO.
- Suncorp Bank will report on management of responsible business practices to the Suncorp-Metway Limited Board via the Board Risk Committee and the Board Customer Committee.
- Suncorp will manage ESG risks in line with the Enterprise Risk Management Framework.

## **7. Suncorp Bank will be transparent through appropriate public disclosures to the extent that it is commercially prudent.**

Suncorp Bank will provide appropriate transparency to stakeholders on ESG topics including its responsible business practices. Suncorp Bank will make a copy of this Policy publicly available, and report on responsible banking practices, including:

- governance and risk management processes,
- relevant objectives, performance metrics and targets, and
- progress on initiatives associated with this Policy.

## **Raising concerns**

Suncorp Bank is committed to fostering a culture of honest and ethical behaviour. Suncorp Bank recognises the importance of ensuring a safe, supportive, and confidential environment where people feel confident about reporting wrongdoing and are supported and protected throughout the process. A copy of Suncorp's Whistle-blower Policy including contact details for the Reporting Service are available on the Suncorp Group website. Customers can raise complaints by visiting the customer relations section of Suncorp Bank's website.

## **Role Accountabilities & Responsibilities**

### **1. Suncorp-Metway Limited Board**

- Responsible for reviewing reports on the exposures and application of the Policy where material (via the Board Risk Committee and the Board Customer Committee).

### **2. Group CEO**

- Note reports on the exposures and application of this Policy on an annual basis.

### **3. Bank CEO**

- Review reports on the exposures and application of this Policy on an annual basis.
- Responsible for ensuring the following:
  - Own and monitor this Policy,
  - Oversee the implementation of the statements outlined in this Policy into relevant business processes and procedures,
  - Review this Policy and associated standards and guidelines at least every two years, and
  - Annually review related reporting and disclosures.

### **4. Group Sustainability & Diversity Committee**

- Responsible for ensuring the following:
  - Note at least annually portfolio-level ESG exposures, portfolio-level decision making, and customer-level issues management for Suncorp Bank.

### **5. ESG & Create a Brighter Future Committee (ECO)**

- Responsible for ensuring the following:
  - Review and monitor key trends regarding ESG topics for Suncorp Bank,
  - Act as a central reference point for ESG risks identified across functions and ensure consistency,
  - Provide strategic direction for integration of the Policy,
  - Oversee portfolio-level and customer-level issues management and decision-making,
  - Act as a point of escalation for contentious or ambiguous decisions, and
  - Approve the adoption of frameworks, standards, and guidelines associated with this Policy where required.

## Policy Exemptions

Exemptions to this Policy can be sought via the Bank CEO, with noting by the ECO. To ensure public transparency, exemptions must be recorded in an appropriate register and publicly disclosed at least annually.

## Policy Breaches

All Policy breaches must be recorded in IRIS in accordance with the Incident Management Standard, with the Policy Owner notified. Non-compliance with this Policy may result in disciplinary action (including termination of employment).

To the extent that this Policy imposes an obligation on Suncorp Bank, it does not form a contractual term, condition, or representation.

## Key Terms

Unless otherwise defined in this Policy, commonly used terms and phrases are defined within Collibra.

Civil society	Civil society refers to a wide array of organizations: community groups, non-governmental organizations (NGOs), labour unions, indigenous groups, charitable organizations, faith-based organizations, professional associations, and foundations.
Commercial business customer	For Suncorp Bank, commercial business customers are those with a total business-related exposure (TBRE) of more than \$3m with Suncorp Bank.
Community	A group of people based on a geographical area, set of relationships, shared identity, or other common interest.
Conflicted remuneration	Any benefit that, because of the nature of the benefit or the circumstances in which it is given, could reasonably be expected to influence the choice of financial product recommended to customers or the advice given to customers.
Consumer	For the purposes of this Policy, an individual or small-to-medium business who is in the market to purchase products and services.
Customer	For the purposes of this Policy, an individual consumer, small-to-medium business, or commercial business who engages Suncorp Bank or a Partner to purchase a product, financial product, or financial service.
Consumer Advocacy organisations and customers representative bodies	A group or organisation whose role it is to protect and promote the rights and welfare of customers and consumers.

Environmental, Social and Governance (ESG) risks and opportunities

ESG factors are three core areas that are central to a company's sustainability, ethical impact, competitiveness, and ability to operate.

Examples of ESG risks include:

- Environmental: pollution, deforestation, climate change and renewable energy
- Social: human rights violations, working conditions, and consumer protection (including scams)
- Governance: corruption, political lobbying and corporate governance

Consideration of ESG factors can also present opportunities for companies to achieve sustainable growth, such as through increased focus on emerging markets or by increasing the resilience of an organisation.

Financial product

Has the same meaning as defined within section 763A of the Corporations Act 2001 (Cth).

Financial service

A financial service includes providing financial product advice, dealing in a financial product, making a market for a financial product, operating a registered scheme, and providing a custodial or depository service.

Financial wellbeing

When a person is able to meet expense, has some money left over, is in control of their finances and feels financially secure, now and in the future.

Global and local industry representative bodies

Organisations representing the collective interest of organisational members, or organisations which provide a forum for capability building, facilitation of business, and sectoral leadership on common topics. Examples include the Australian Banking Association and the United Nations' Environment Program Finance Initiative.

Investors

Organisations or persons who purchase equity or debt issued by Suncorp Group or Suncorp Bank respectively.

No safe level of human use or consumption

The product cannot be consumed **or used** safely (e.g. tobacco).

Partner

Any third party with whom Suncorp Bank enters into an arrangement to either deliver third party products using Suncorp Bank's brand and/or platforms, or for the third party to deliver and/or manage Suncorp Bank products using its platforms and/or brand.

Platforms

A channel, system, application, or device used to deliver or distribute a product or service to customers and includes platforms administered by Suncorp Bank.

Product

An offering made to customers and encompasses the product or service as a whole and all components of the product including but not limited to benefits, features, functions and uses. A product includes those for which a sum is paid by the customer or is free and can include financial products. A product is either manufactured by Suncorp Bank or a third-party using Suncorp Bank's brand and/or platforms.

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Sensitive sectors	Industry sectors whose business activities may result in negative and material ESG impacts. These sectors may require further analysis. Management action may include avoidance due to their high degree of ESG risks.
Small-to-medium business customer	For Suncorp Bank, small business customers are those with a total business-related exposure (TBRE) of less than \$3m with Suncorp Bank.
Sustainable Development Goals	Developed through the United Nations, the 17 Sustainable Development Goals (SDGs) were developed to address areas such as climate change, inequality, innovation, sustainable consumption, and inclusive and sustainable economic growth. The SDGs came into effect in January 2016, with governments and organisations across the globe committing to working toward SDGs.
Systemic risk	The potential for an event to trigger severe instability or collapse of an entire industry, market, or economy.
UNFCCC Paris Agreement	An agreement within the United Nations Framework Convention on Climate Change (UNFCCC), dealing with greenhouse-gas-emissions mitigation, adaptation, and finance, starting in the year 2020. The Paris Agreement's long-term goal is to keep the increase in global average temperature to well below 2-degree Celsius above pre-industrial levels; and to limit the increase to 1.5°C, since this would substantially reduce the risks and effects of climate change.

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