

# POL 3103 Environmental, Social & Governance Sustainability Policy

Version: 1.2  
Effective Date: 28 September 2023  
Administered by: Executive Manager, Brand, Marketing & Communications  
Reviewed by: CEEED, Executive Management Committee and Board Remuneration & Governance Advisory Committee  
Approved by: Board

## References

Business Continuity Plan (BCP)  
Crisis Management Communication Plan  
BCM Contact Register  
Business Impact Analysis  
CEEED Committee Charter  
Balanced Scorecard  
S&P ESG Evaluation Report  
POL 3005.08 Work Health Safety and Wellbeing Policy  
POL 2001 Management of Feedback, Complaints and Disputes  
POL 3002.14 Technology and Data Security Policy  
POL 1448 Use of Printers and Photocopiers  
POL 3005.22 Member Rejection and Termination Policy  
POL 1415 Leave Policy  
INF 1451 Corporate Social Responsibility Leave Checklist  
Governance Plan and Framework (pending)

## Definitions and Interpretation

The **CEEED Committee** refers to the Community, Environment & Employee Engagement & Diversity Committee.

**Environmental Risk** - material environmental issues are ones that could potentially lead to a material financial impact on the entity, either directly or indirectly. The S&P ESG Evaluation approach considers four key entity-specific factors (greenhouse gas emissions, waste and pollution, water use, and land use) to determine whether the entity is actively and effectively managing its environmental risk exposure compared with similar entities.

The criteria for Environmental Risk, and the section of the Strategic Plan or policy framework where PCU is already mitigating these (where applicable) are as follows:

Risk Criteria	Strategic or policy reference
Climate Change	Strategic Plan: Community & Environment Initiative 5.2 Strategic Plan: People, Culture & Governance Initiative 4.2
Natural Resources	Contained within this policy under Greenhouse Gas Emissions
Pollution & Waste	Strategic Plan: Community & Environment Initiative 5.2
Environmental opportunities	Strategic Plan: Community & Environment Initiative 5.2

**Social Risk** - a social licence to operate reflects the continuous acceptance of an entity's practices by the public. Four key entity-specific factors (workforce and diversity, safety management, customer engagement, and communities) are assessed to determine how the entity is actively and effectively managing its exposure to social risks and opportunities compared with other comparable entities.

The criteria for Social Risk, and the section of the Strategic Plan or policy framework where PCU is already mitigating these (where applicable) are as follows:

Risk Criteria	Strategic or policy reference
Child Labour	Contained within this policy under Community Involvement
Forced Labour (Slavery)	Contained within this policy under Community Involvement
Socio-economic inequality	POL 3005.09 Diversity & Inclusion Policy
Diversity and inclusion	POL 3005.09 Diversity & Inclusion Policy
Working conditions	POL 3005.08 Work Health Safety and Wellbeing Policy Enterprise Agreement 2020 - 2023
Health & Safety	POL 3005.08 Work Health Safety and Wellbeing Policy POL 1425 Counselling & Disciplinary Policy
Digital Rights (e.g., Privacy)	POL 3005.25 Privacy Policy POL 3005.36 Internet, Email and Social Media Policy
Product Liability	N/A – due to nature of financial services products
Stakeholder opposition	POL 4009 Contracts Agreements Management Policy
Social opportunities	POL 3005.35 Fair Treatment Policy

**Governance Risk** – The inadequate management, behaviours, ethics and implementation of the framework of rules, practices or laws by which a board of directors ensures accountability, fairness, and transparency in the Credit Union’s relationship with its stakeholders.

The criteria for Governance Risk, and the section of the Strategic Plan or policy framework where PCU is already mitigating these (where applicable) are as follows:

Risk Criteria	Strategic or policy reference
Corporate Governance	Strategic Plan: People, Culture, Risk & Governance Initiative 4.4 Corporate Governance Statement
Fraud	POL 2608 Fraud Investigations Policy POL 3005.04 Fraud Mitigation Policy
Internal controls over financial reporting	POL 1800 Financial Reporting Accounting Policies & Critical Accounting Judgements Policy
Anti-bribery and corruption	POL 3005.2 Part A AML/CTF Program POL 3005.39 Code of Ethics
Anti-Money Laundering	POL 3005.2 Part A AML/CTF Program
Information Security	People, Culture, Risk & Governance Information Security Governance Framework POL 3002.14 Technology & Data Security POL 3005.12 Security Program Policy
Corporate Behaviour	People, Culture, Risk & Governance Initiative 4.1 POL 3005.39 Code of Ethics, POL 3005.35 Fair Treatment Policy POL 3005.38 Alcohol and Drugs Policy POL 3005.16 Whistleblowing Policy
Anti-competitive practices	POL 3005/50 Competition Policy POL 3005.39 Code of Ethics,
Tax transparency	Tax Governance Policy (pending approval)
Ownership & Structure	Corporate Governance Statement PCU Constitution

**Climate Risk** – Climate change financial risks include the Physical risks which cause direct damage to assets or property as a result of rising global temperatures, Transition risks which arise from the transition to a low-carbon economy and Liability risks stemming from the potential for litigation, if entities and boards do not adequately consider or respond to the impacts of climate change and may include the potential breaching of directors' duties.

**S&P ESG Evaluation Report** - S&P Global Ratings' environmental, social, and governance (ESG) Evaluation is a cross sector, relative analysis of an entity's capacity to operate successfully in the future and is grounded in how ESG factors could affect stakeholders, potentially leading to a material direct or indirect financial impact on the entity. ESG factors typically incorporate the entity's impact on the natural and social environment and the quality of its governance.

**Modern Slavery** - the recruitment, movement, harbouring or receiving of children, women or men through the use of force, coercion, physical threats, abuse of vulnerability, deception or other means for the purpose to compel someone to work. It includes individuals that are forced to be exposed to unhealthy, unsafe, and non-inclusive work environments.

**Greenhouse Gas Protocol Initiative** – is an internationally accepted greenhouse gas (GHG) accounting and reporting standard for businesses. It comprises of two standards including the GHG Protocol Corporate Accounting and Reporting Standard, which provides a step-by-step guide for companies to use in quantifying and reporting their GHG emissions, and the GHG Protocol Project Quantification Standard, a guide for quantifying reductions from GHG mitigation projects.

## **Policy Background**

The objective of this policy is to document Police Credit Union's commitment to implementing sustainable initiatives that achieve environmentally and socially responsible outcomes whilst contributing to the mitigation of environmental, social and governance risk.

## **Policy**

**All Police Credit Union Employees** are expected to contribute towards Police Credit Union's environmental, social and governance sustainability initiatives by complying with this Policy, taking personal responsibility, and supporting the initiatives of the CEEED Committee.

**The CEEED Committee** shall be responsible for the implementation of initiatives that support this policy framework. This policy shall be reviewed annually.

To reduce Police Credit Union's environmental, social and governance risk, an Environmental, Social & Governance Risk Assessment and a Climate Risk Assessment will be conducted annually to ensure Police Credit Union does not have any material exposure to these risks.

## **Environmental sustainability**

It is the policy of Police Credit Union to implement environmental sustainability initiatives focussing on relevant key entity factors including greenhouse gas emissions, waste and pollution, in accordance with the S&P ESG Evaluation Report.

## **Greenhouse Gas Emissions**

In accordance with Police Credit Union's strategic objectives around its community and environment, it is Police Credit Union's policy to maintain a carbon neutral status.

Police Credit Union will calculate its carbon emission outputs annually in accordance with scope 1, 2 and 3, as outlined in the Greenhouse Gas Protocol Initiative.

### **The CEEED Committee** will

- Be responsible for acquiring accredited carbon offset credits to ensure Police Credit Union remains carbon neutral.
- Review the calculation methodology of Police Credit Union's carbon emission outputs annually to become certified carbon neutral and will endeavour to enhance the scope of its calculation for all emissions under Police Credit Union's operational control.
- Implement a carbon emission reduction strategy which will be reviewed annually by the Committee.
- Consider implications of carbon emissions related to its products and formulate opportunities to offset these emissions.
- Review and propose opportunities in relation to environmental sustainability, flora propagation, and land rejuvenation projects.

Police Credit Union will not knowingly, actively or directly lend to the coal, mining, gas and oil sectors or fossil fuel industries.

### **Waste and Pollution**

#### **The CEEED Committee** will

- Actively promote the implementation of waste reduction initiatives including all efforts will be made to reduce single use plastics for events and catering and will maximise recycling opportunities.
- Implement initiatives and employee education to contribute to the reduction of printing in line with the objectives of POL 1448 Use of Printers and Photocopiers.
- Actively promote volunteer-based opportunities for employees to participate in the reduction of waste and pollution including in public and roadside areas.

### **Social Sustainability**

It is the policy of Police Credit Union to implement social sustainability initiatives incorporating relevant key entity factors including workforce and diversity, safety management, and community involvement in accordance with the S&P ESG Evaluation Report.

### **Workforce and Diversity**

**All employees** are required to adhere to POL 3005.09 Diversity & Inclusion Policy, which outlines the expectations for an inclusive and diverse workforce at all levels of the organisation.

#### **The CEEED Committee** will

- Actively promote a Diversity and Inclusion Calendar, outlining a variety of events and initiatives for Police Credit Union to support.
- Promote initiatives and work opportunities for individuals with special needs or from diverse backgrounds as opportunities arise.
- Monitor, analyse and have oversight on workforce and diversity key performance indicators on a quarterly basis.
- Ensure that employees will actively participate in a learning and development training calendar each month.

## **Safety Management**

**All employees** that participate in environmental and social sustainability initiatives including volunteering opportunities, must do so in accordance with POL 3005.08 Work Health Safety and Wellbeing Policy, POL 1415 Leave Policy and INF 1451 Corporate Social Responsibility Leave Checklist.

## **Community Involvement**

Police Credit Union will not actively or knowingly conduct business or purchase products or services with any organisation or entity that has been identified as non-compliant to the principles of modern slavery.

If Police Credit Union identifies members that are found to participate in any illegal activities that could put the community or staff at risk of harm or wrongdoing, will be dealt with in accordance with POL 3005.22 Member Rejection and Termination Policy, giving consideration to the nature and severity of the conviction or wrongdoing.

## **Governance Sustainability**

It is the policy of Police Credit Union to implement a Governance Plan and Framework and governance sustainability initiatives to mitigate Inadequate Corporate Governance Risk.

## **CEEED Committee Responsibilities**

**The CEEED Committee** will actively promote a positive culture of improved environmental, social and governance sustainability through;

- Developing ongoing awareness and involvement of employees through the implementation of environmental, social and governance sustainability initiatives.
- Ensuring environmental and energy conservation considerations are incorporated into our business decision-making processes.
- Actively considering the use of alternative energy sources and low emissions technology, as they become economically viable.
- Understanding and addressing any environmental, social and governance risks or threats with the goal of minimising or eliminating those risks through the BCP.
- Complying with all applicable legal and regulatory requirements.

## **Annual Policy and Control Attestation:**

In completing this attestation and as the Responsible Officer for the implementation of this policy, I confirm that following reasonable enquiries and to the best of my knowledge, other than previously reported exceptions and/or those provided in support of this attestation, each listed policy requirement has been completed by the Assigned Officer. Any known material exceptions have been reported to the Chief Risk Officer.

**Christie Crouch**

Signed

**Christie Crouch**, and dated **28 September 2023**