

Heritage Bank

Environmental, Social and Governance Position Statement

1. Purpose

This Environmental, Social and Governance (ESG) Position Statement sets out our approach to embedding sustainable and ethical business practices in our operations.

As a mutual financial institution, acting responsibly and ethically has always been inherent in our operations. We exist to serve the interests of our members, and their communities, not to maximise profit for shareholders. We have always acted with the greater good of our community in mind.

Heritage Bank recognises the importance of considering the ESG implications of our activities. The longevity of our society depends on the sustainability of our environment, our communities and our business practices. We understand that we have a responsibility to foster sustainability and to focus on outcomes beyond financial metrics. Heritage believes that fulfilling our ESG responsibilities is best achieved by embedding our core values into our policies, procedures and practices to benefit our people, our community and our world. We recognise that ESG considerations must also be part of our risk management framework and become part of our day-to-day decision making processes.

2. Our sustainability approach

The drivers of our approach are as follows:

2.1 *We exist to serve our members*

Heritage Bank is a socially responsible, member-owned organisation, passionately committed to achieving social and economic development for our members and our community. We act to deliver financial security and prosperity to our members and the communities in which they live.

Heritage was founded in 1875 as a building society – an organisational structure created specifically to harness the collective resources of members to enable them to achieve the goal of home ownership and financial security.

Heritage is not listed on any securities exchange and is not owned by shareholding investors looking for a financial return. Our members are our owners. We do not seek profit as a goal in itself, but as a way to serve our members. We retain the profits we make and use them to support the services we provide and grow our business.

We maintain our member-owned structure and continue to consider the interests of our members as our primary goal.

2.2 *We serve our members by supporting the communities they live in*

As a mutual, Heritage has a long history of embedding community-minded outcomes in our objectives. Inherently, we serve the prosperity of our society by enabling our members to achieve financial security, especially through the goal of home ownership.

Heritage also acts in the interests of members not only by providing them with effective banking products and services, but also by supporting the communities they live in, to enhance their overall quality of life.

Our goal is to make a positive impact to the community, nurturing growth through a diverse range of initiatives. This means:

- We invest in the economic development of local communities in which we operate
- We invest in the social infrastructure to improve the lives of people within the communities in which we operate
- We develop shared value models that allow local communities to share in our financial success
- We will partner with governments and other organisations to support community growth

2.3 *Acting ethically and upholding our values is central to our approach*

Heritage recognises that as a member-owned organisation, we have the responsibility of being guardians of our members' financial future. We act on their behalf and bear the burden of their trust in us to take decisions that will generate a sustainable future, both for them individually and for our society.

Delivering on those responsibilities requires us to act ethically and responsibly at all times. This is central to all our activities.

2.4 *Seeking greater sustainability is essential in meeting our responsibilities to our members*

Heritage accepts that sustainability is one of the greatest challenges our world currently faces. We have a responsibility to meet our present needs without compromising the ability of future generations to meet their needs. That responsibility extends to Heritage. We best serve our members by acting to protect their future and that of subsequent generations. We do them a disservice by focussing only on short-term outcomes. Acting in the interests of members means embedding greater sustainability into our operations.

3. Our ESG framework

Our framework splits our ESG responsibilities into three sections:

- Environmental
- Social
- Governance.

Within each section, we outline the guiding principles that drive our approach, and then the position we take in relation to specific issues relevant to each topic.

4. Our ESG guiding principles

Heritage Bank will adopt the following guiding principles in relation to its ESG considerations

4.1 Environmental issues

We will:

- Reduce the use of natural resources in our business operations wherever possible
- Reduce our contribution to global warming wherever possible
- Avoid contributing to unacceptable ecological impacts caused by the activities of customers, suppliers and business partners
- Support activities that contribute to greater environmental sustainability

4.2 Social issues

We will:

- Embed internationally recognised human rights standards within our operations.
- Act to reduce inequality and exclusion for particularly vulnerable members of our communities
- Contribute to increased social equality by assisting people to achieve financial security through the products, services and advice we provide
- Contribute to increased social equality through the activities we undertake to support communities, consistent with our mutual values
- Avoid business relationships with others who may act in violation of human rights standards or contribute to negative social or health outcomes
- Avoid lending to or investing in industries that contribute significantly to adverse health or social outcomes

4.3 Governance issues

We will:

- Adopt high standards of corporate governance
- Act with the interests of our members driving our decisions
- Set expectations for our staff to meet high standards of ethical behaviour
- Take measures to prevent the specific risks inherent to our business, including money laundering, terrorism financing, and other financial crimes, as well as bribery and corruption.

5. Environmental issues

Today, our world faces the global challenge of protecting and conserving our natural heritage, and ensuring a clean, safe and sustainable environment for present and future generations. There can be no doubt that human activities have adversely impacted the condition of our planet and that we need to take a more sustainable approach to the way we use our natural resources and biodiversity. Urgent action is needed to ensure that current practices do not lead to the over-extraction of resources or to the degradation of environmental resources, and should include measures that improve resource efficiency, reduce waste and enhance mainstream sustainability practices across all sectors of the economy.

As a responsible member of the global community, Heritage acknowledges that we must take action to protect our environment and improve our planet's sustainability, within our sphere of influence.

Heritage also recognises that as a mutual financial institution focussed mainly on providing banking services for individuals and families, there is limited scope for us to influence large-scale reductions in environmental impacts. We will take action to better embed sustainability in our own operations and seek to ensure our business partners take the same approach.

The following principles will guide our approach to protecting our planet's sustainability: We will:

- Reduce the use of natural resources in our business operations wherever practicable.
- Reduce our contribution to global warming wherever practicable
- Avoid contributing to unacceptable ecological impacts caused by the activities of customers, suppliers and business partners
- Support activities that contribute to greater environmental sustainability

Our position on individual environmental issues are as follows

5.1 Climate change

Heritage recognises the need to address the issues created by climate change. The [National Climate Science Advisory Committee](#)¹ warns that Australia's climate has warmed by just over 1°C since 1910. This has led to an increased intensity and frequency of extreme heat events, longer fire seasons, warming and acidifying oceans and rising sea levels that amplify the effects of high tides and storm surges on coastal communities and infrastructure. Climate change exacerbates risks inherent in the Australian climate and brings new ones, posing serious consequences for our economy, communities and environment. Across all sectors of the Australian economy, businesses, governments and communities are now assessing the risks and impacts arising from our changing climate.¹ Heritage is no exception and acknowledges the need to limit the contribution that human activities make to global warming and global change. As a result, Heritage does not directly lend to industries known to exacerbate the impact of climate change.

1. Climate Science for Australia's Future – A Report by the National Climate Science Advisory Committee. Department of the Environment and Energy July 2019. Prepared by Dr Tony Press, Dr Will Howard and Paul Mattiazzi as the NCSAC Committee Secretariat on behalf of the National Climate Science Advisory Committee.

5.2 Energy efficiency

We will take action to minimise our consumption of energy as a whole, and to encourage greater use of renewable energy sources.

Heritage Bank encourages staff and our members to be more energy efficient and mindful of the impact of excess usage of energy has on the environment

5.3 Water

The security of water supplies into the future in Australia will be an increasingly important issue as climate change increases water scarcity. We will take action to minimise our consumption of water wherever practicable.

5.4 Pollution and waste

We are committed to minimising our generation of waste and to increasing the proportion of waste that we recycle. We will implement initiatives to reduce the amount of paper we use and to encourage members to switch to digital communications wherever possible. We commit to recycling of all our electronic waste.

Heritage supports action to achieve greater use of organic farming practices in Australia through our financial administration of the Woolworths Organic Growth Fund (WOGF). Organic farming encourages practices that limit the use of pesticides and fertilisers, and subsequent pollution that they might cause.

5.5 Mining and extractive industries

Heritage accepts that mining and extractive industries are an important contributor to our way of life and to our economy. Mining activities provide resources that are essential to our daily life, such as through their use in building and construction. They are particularly important to the economies of regional areas and to the prosperity of our members who live there.

However we also believe that mining activities must not create unacceptable environmental and social outcomes. We will carefully consider lending or investment applications that involve mining activities, to assess their potential negative impacts.

Heritage does not invest in or lend to projects that involve uranium mining or production of nuclear energy.

5.6 Destruction of valuable environments

Heritage will not invest in or lend to activities that have direct negative impacts on recognised World Heritage and High Conservation value areas. Heritage will carefully consider overall ecological impacts in assessing lending applications.

5.7 Culturally significant sites

Heritage recognises the importance of protecting Australia's cultural heritage, including sites of cultural significance. Our heritage of places and objects helps us to understand what is significant about the land we occupy and the nature of human settlement upon it. We have a duty to preserve this heritage for future generations. With this in mind, we will not invest in, or support, organisations that actively destroy Australian cultural heritage in pursuit of commercial outcomes.

6 Social Issues

Heritage's legacy as a mutual financial institution since 1875 has helped embed the concept of social responsibility within our culture. We have always acted with the greater good of the community in mind. Heritage understands that our activities reflect the way we treat and value people, and set a benchmark for way we expect people to be treated and valued across our society. That's why we embed within our operations the human rights standards and social outcomes that we support and abide by.

Our social responsibilities extend not just to the way we treat our members and our staff, but also to influencing the way others treat their stakeholders. Our responsibilities are not limited solely to our own operations. We seek to develop relationships with stakeholders who share our views on supporting human rights and treating people fairly. We accept that we have a responsibility to assist groups within our society that face particular needs or challenges. Equally, we seek to avoid relationships with stakeholders whose activities contribute to negative social outcomes.

As a mutual, our core business inherently serves to deliver positive social outcomes. Heritage exists to serve its members, not to prioritise dividends for shareholder. Our reason for being is to provide our members with the means to achieve their financial goals. This translates into products and services that typically provide greater financial benefits, especially when compared to the profit-first listed banks. Enabling a wider range of people to access financial products and services in itself provides positive social outcomes.

Heritage's contribution is not just through the products and services we provide to help members achieve their financial goals. It also comes because we accept a responsibility to make contributions back to the communities our members live in, to improve their prosperity, lifestyle and social outcomes. Our members only fully benefit from our activities when our actions help to improve the welfare of society as a whole. That's why we undertake a proactive community giving and sponsorship program, and encourage staff to participate in activities that deliver a positive benefit to their community

The following principles will guide our approach to our social responsibilities: We will:

- Embed internationally recognised human rights standards within our operations.
- Act to reduce inequality and exclusion for particularly vulnerable members of our communities
- Take steps to ensure that we do not enter business relationships with others who may act in violation of human rights standards
- Contribute to increased social equality by assisting people to achieve financial security through the products, services and advice we provide, and by the activities we undertake to support communities as a result of our mutual values

6.1 Community support

Heritage is committed to implementing a program of community support activities. We recognise that companies have a wider responsibility to work for the betterment of society, over and above simply offering financial products and services. We actively seek out ways that we can make a positive difference to the overall well-being of the communities we operate in. We do this a number of ways.

6.1.1. Heritage events

As a mutual, Heritage has a proud tradition of supporting and leading activities that contribute to the wider good of society. In line with that community-focussed ethos, Heritage runs a number of its own events and activities that raise money for charity or support cultural activities

in our community. This includes the annual Heritage Charity Golf Day; the collection of gold coin donations for copies of the annual Heritage Calendar, and the annual Heritage Bank Photographic Awards.

In addition, Heritage encourages staff to participate in numerous charity fund-raising activities each year, including Australia's Biggest Morning Tea, Harmony Day, Jeans for Genes Day and Movember.

6.1.2 Heritage Bank Charitable Foundation

In 2018, Heritage provided \$2 million in seed funding to establish the Heritage Bank Charitable Foundation, as a way to magnify its philanthropic contributions to worthwhile charitable causes across Australia.

The Heritage Bank Charitable Foundation is dedicated to improving the quality of life for people in need throughout our community. The Foundation does so by giving grants to eligible not-for-profit organisations that provide:

- Positive educational and alternative pathways to help at-risk children and teenagers;
- Health care services for vulnerable Australians and their families; and
- Support for the economic and social wellbeing of people in regional, rural and remote communities, including in times of natural disasters. Grants are targeted at making a positive difference to the lives of individuals and their families.

The Charitable Foundation has been established as a Public Ancillary Trust, meaning it is able to accept donations from the public, which are fully tax deductible.

Heritage has a vision that the Charitable Foundation will grow to become one of the most important philanthropic organisations in the country. While the Charitable Foundation is a separate organisation, Heritage continues to support it by meeting all administrative and running costs, meaning all funds the Foundation raises are available to go to the causes it chooses to support.

6.1.3 Sponsorship program

Heritage runs a sponsorship program that supports our core community ethos – our passion for helping people. As a socially responsible, member-owned organisation, we are passionately committed to achieving social and economic development for our community. We act only to deliver financial security and prosperity to our members and the communities in which they live.

Our sponsorship program operates under the umbrella theme of "helping hands". The program targets our sponsorship support to events and activities that provide significant positive social outcomes. Our sponsorship program is not all about generating a commercial return; it is about being authentic in our aim to give a helping hand where it is needed. Every sponsorship investment we make must be to an organisation or program that provides support, services, infrastructure, or even simple dignity, and that will assist individuals, families, or SMEs to improve their situation.

Our goal is to make a positive impact to the community, nurturing growth through a diverse range of initiatives. This means:

- We invest in the economic development of local communities in which we operate
- We invest in the social infrastructure to improve the lives people within the communities in which we operate
- We develop shared value models that allow local communities to share in our financial success

- We will partner with governments and other organisations to support community growth

6.1.4 Community Branches

Heritage operates a network of seven Community Branches, which are jointly owned by Heritage and a company representing the local community under a model developed by Heritage in 1999. These Community Branches help maintain financial services in local areas, and provide financial assistance to local organisations in the form of grants. These grants are funded by the community company's share of branch profits.

The Community Branch model is a true joint-venture with the community, with the aim of maintaining a local banking presence and of returning money back to the community. The model aligns closely with Heritage's mutual values and delivers significant financial benefits to the rural/regional communities where they are located.

6.2 Contributing to social equality

Heritage's mission as a mutual has always been about helping people from all walks of life to achieve financial security. We began as a building society in 1875, an organisational structure specifically established to harness the collective power of members to fund homes for individuals who would not otherwise be able to afford them on their own. By providing credit at generally lower rates than listed banks, Heritage continues to champion a more egalitarian approach to banking, allowing a wider range of people the opportunity to own their own homes and take a step closer to financial security. Likewise by providing generally higher rates on deposit products, Heritage also helps to increase the incomes of people from a wider cross section of society.

Heritage remains headquartered in the regional city of Toowoomba, where we employ more than 400 staff in our Head Office and in branches. A number of our other branches are also located in rural and regional areas of Queensland. Our presence assists regional communities to remain vibrant by providing the financial services they need to grow and prosper. We create flow on economic and social benefits by generating jobs and demand for services that add to the wellbeing of communities in which we operate.

6.3 Human rights

Heritage respects all human rights as outlined in the [United Nations' Universal Declaration of Human Rights](#) and embeds them in our policies and practices. Respecting and championing human rights is consistent with our vision of being passionate about helping people, and our commitment to supporting the interests of members, staff and communities. We do this by

- Respecting the human rights of our staff members. We provide safe and comfortable work conditions, an environment that prevents harassment, bullying and discrimination, fair wages, and a workplace that respects diversity and encourages individual development.
- Encouraging respect for human rights in our supply and value chains. This includes developing relationships with customers, suppliers and business partners stakeholders who respect and advance human rights.
- Supporting human rights in our communities. We identify and support projects that advance human rights issues in our society.

6.4 Supply chain

Heritage recognises that ESG risks exist within our supply chains, with potential exposure from third-party suppliers in relation to issues such as environmental damage, energy usage, human rights, anti-bribery and corruption, and health and safety. We understand that our supply chain decisions need to include considerations of more than the traditional factors such as cost, quality and speed of delivery.

Our Procurement Policy states that one of the key principles we follow is to ensure social responsibility and show consideration for other people, society and the environment.

We are also committed to supporting local businesses where practicable. We appreciate that local suppliers may provide better and responsive servicing, and local knowledge, and we will consider these factors, together with costs and relevant risks, to ensure a value-for-money outcome for Heritage. We also believe it is important that local companies are given a fair chance in the procurement process by:

- considering the proposed service design and scope to identify opportunities to include local suppliers in tendering processes; and
- considering local suppliers when preparing lists of potential suppliers

As part of our proposed Reconciliation Action Plan (RAP), we will consider adopting procurement practices that provide Indigenous companies with opportunities to provide products and services to Heritage.

6.4.1 Modern slavery

Heritage has particular steps in place to address the issue of modern slavery in the supply chain, as required under the *Commonwealth Modern Slavery Act 2018*. Modern slavery is the use of forced, compulsory, trafficked or child labour. Heritage is committed to conducting due diligence on third parties to ensure that they have in place appropriate measures to prevent and address modern slavery risks. Heritage is committed to ensuring staff are appropriately educated on Modern Slavery risks associated with engaging a new supplier before entering into an agreement with them. All staff who seek to engage in third party contractual arrangements with new suppliers must ensure appropriate due diligence is conducted and the risks associated with Modern Slavery are appropriately addressed.

6.5 Diversity and inclusion

At Heritage, we are committed to creating a place where genuine diversity and inclusion is woven into the fabric of our culture. At Heritage, we see diversity and inclusion as a strategic and cultural advantage, not only enriching our organisation but modernising it, making it more innovative, increasing its effectiveness and increasing our connectedness to our customers.

Our Diversity and Inclusion Strategy sets out a roadmap for Heritage to build a more diverse and inclusive organisation over the next two years. Our Diversity and Inclusion Strategy is designed to:

- Encourage inclusive leadership and empower all employees to participate in an inclusive culture that brings to life Heritage values;
- Provide focused programs for under-represented groups;
- Enable mechanisms which will enhance our talent pool, retain, develop and reward our people based on ability and factors relating to their role and organisational requirements;
- Improve gender and cultural diversity in leadership; and
- Support workplace flexibility as an enabler to enhanced diversity outcomes.

Each year we submit a report to the WGEA as required under the Workplace Gender Equality Act 2012. That report is made publicly available on our website.

6.6 Discrimination and harassment

Heritage believes all forms of discrimination and harassment are unacceptable and is committed to creating a workplace free from discrimination and harassment. Our Discrimination and Harassment Policy provides guidance by outlining principles for preventing and addressing discrimination and harassment.

Taking action on this issue is important because we believe everyone should be able to enjoy work free from discrimination and harassment. Similarly, our members should be able to enjoy the services provided by Heritage without discrimination or harassment. Further, discrimination and harassment are against the law and are inconsistent with our values.

6.7 Vulnerable customers

Heritage recognises the need to identify members who are in vulnerable situations and take steps to ensure they are treated fairly and receive a level of assistance appropriate to their circumstances. People may find themselves in vulnerable situations for many different reasons, including:

- age related impairment
- cognitive impairment
- elder abuse
- family or domestic violence
- financial abuse
- mental illness
- serious illness
- Other personal or financial circumstances causing significant impact.

We understand that our members may need help in different ways, at different times, depending on the circumstances they face. We need to be flexible in meeting those needs and support that capability through our systems, processes, and training.

6.8 Supporting indigenous Australians

Heritage is committed to pursuing reconciliation between Aboriginal and Torres Strait Islander people, and other Australians, and recognises the need for action to reduce Indigenous inequality.

Australia's Indigenous peoples have the oldest continuous living culture on our planet. However, the impact of European occupation of the country has seen indigenous people now experiencing significant inequality, particularly in areas including health, wealth, employment, education and life expectancy.

Heritage is currently considering adopting a Reconciliation Action Plan (RAP) that will identify activities we can undertake to advance reconciliation and achieve greater equality between indigenous and non-Indigenous Australians.

6.9 Asylum seekers and refugees

Heritage recognises that people who arrive in Australia as asylum seekers, refugees and new immigrants face many challenges, including understanding the finance and banking system. Heritage will look to address the financial educational needs of significant migrant groups within its member base, particularly in the Toowoomba region.

6.10 Tobacco

Heritage does not invest in or lend to activities directly involved in the growing or production of tobacco.

6.11 Pornography

Heritage does not provide financial services for activities directly involved in the production or distribution of pornography, or for activities related to sex industry businesses. As well as conflicting with Heritage's values, the heightened risk of exposure to money laundering and criminal activity associated with the sex industry sits outside Heritage's risk appetite.

6.12 Animal cruelty

Heritage takes a considered approach to investment in activities that involve animal husbandry. Heritage members live and work in rural communities. They are involved in farming activities and are part of rural communities that depend on farming for their prosperity. Heritage will consider the need for humane treatment of animals in making investment and lending decisions, and will not invest in or lend to activities directly involved in cruel treatment of animals, including live animal exports, animal testing for cosmetic purposes, or production of controversial animal products (ivory, Foie gras etc.)

6.13 Guns

Heritage does not invest in or lend to activities directly involved in the manufacture or distribution of military weapons. However Heritage recognises that guns can be used in activities that do not generate adverse social outcomes, and will consider lending and investment for activities where guns are being used for non-military and lawful reasons, particularly in relation to agricultural and sporting pursuits.

7. Governance Issues

Our approach to corporate governance is based on a set of values and behaviours that underpin day-to-day activities, provide transparency and fair dealing and seek to protect stakeholder interests. This approach includes a commitment to excellence in governance standards, which we see as fundamental to the sustainability of our business and our performance. It includes monitoring local and global developments in corporate governance and assessing their implications.

7.1 Board Governance

Heritage's Board and senior executive are committed to managing our business ethically and maintaining high standards of corporate governance, applied in a manner that is appropriate to Heritage's circumstances. Heritage has adopted a formal Board Charter setting out the roles and responsibilities of the Board. The Board's primary role is to ensure that Heritage provides customers with appropriate financial services on the most beneficial terms available and to protect and enhance long-term customer value.

Heritage's approach is detailed in a Corporate Governance Statement that is included in the company's annual Financial Report.

7.2 Regulatory compliance

Heritage is an authorised deposit-taking institution supervised by the Australian Prudential Regulation Authority (APRA) under the Banking Act 1959. Heritage is also supervised by the Australian Securities and Investments Commission under the Corporations Act 2001 and has been granted Australian financial

services and credit licenses. Heritage is committed to meeting all regulatory requirements.

7.3 Risk Management

Heritage is committed to implementing appropriate strategies to identify, analyse and manage the risks associated with its activities, to help realise opportunities and to minimise the impact of undesired and unexpected events. Heritage has adopted an integrated approach to risk management which meets the international standard ISO 31000 Risk Management. Heritage has appointed a Chief Risk Officer and is compliant with APRA Prudential Standards CPS 220 (Risk Management) and APS 310 Audit & Related Matters.

7.4 Code of Conduct

Our members and our communities expect high standards from Heritage Bank. The way we behave, both at work and outside, is a key driver of our success and directly affects the perceptions people have about Heritage. We have adopted a Code of Code of Conduct that sets out the expectations for how our staff act, solve problems and make decisions.

The Code of Conduct helps bring our vision, mission, and values to life by providing a set of guiding principles to help us act professionally and with integrity, making ethical, risk-based decisions. These principles operate in conjunction with policies, procedures and our values to help define how we can do the right thing for our members, each other, and Heritage.

The Code:

- Describes how we expect people working at Heritage to behave, via a set of guiding principles;
- Promotes behaviour that exemplifies our values;
- Protects and upholds the reputation of Heritage;
- Encourages staff to call out conduct that breaches this Code; and
- Makes clear that we take behavioural expectations seriously and that we're prepared to act if people breach the Code.

The seven guiding principles are:

- We will act professionally with honesty, integrity and courage
- We will comply with our policies and procedures
- When making decisions, we will aim to meet member and community expectations
- We will protect personal data as well as maintain the confidentiality of Heritage information
- We will disclose, record and manage conflicts of interest responsibly
- We play a role in preventing financial crime
- We will work as a passionate team, treating each other with respect

7.5 Whistleblower Protection

As part of our commitment to being a conscientious corporate citizen, Heritage encourages staff to report any activity that is illegal, improper or unfair at work without fear of retribution. We recognise that any genuine commitment to detecting and preventing illegal, dishonest, unfair or other undesirable conduct must include a mechanism to enable individuals to report their concerns freely and without fear of repercussions. Our approach is detailed in our Whistle-blower Policy, which promotes a culture of conducting our business with honesty, fairness and integrity. Heritage

7.6 Responsible Banking

As a mutual, Heritage is committed to acting in the interests of its members. As such, our focus is on ensuring that the financial commitments our members make are appropriate for their circumstance and can be managed without adverse financial impacts. We do not sell financial products merely to generate profit; our goal is always to serve the interests of our members.

Heritage is committed to being a responsible lender and complying with the National Consumer Credit Protection Act 2009 and ASIC Regulatory Guide 209 Credit Licensing: Responsible Lending Conduct.

As such, we will:

- prudently assess all credit applications
- only lend amounts that we believe, on the information available to us, a borrower can reasonably afford to repay
- develop processes to ensure that we meet our disclosure, conduct and responsible lending obligations
- periodically review our credit assessment procedures and criteria

7.6 Privacy

Heritage values the ongoing trust our members place in us and places the utmost importance on protecting and maintaining the privacy of their personal information. When handling personal information we are bound by the Australian Privacy Principles in the Privacy Act 1988. We are also bound by Division 3 of Part IIIA of the Privacy Act and the Credit Reporting Privacy Code (CR Code), which regulates the handling of credit information, credit eligibility information and related information by credit providers, like us and the credit reporting bodies (CRBs) we use.

We take all reasonable precautions to protect personal information from misuse, interference and loss, and from unauthorised access, modification or disclosure, including:

- confidentiality requirements of our employees

- document storage security policies
- returning documents or destroying data when no longer required in a secure manner or by de-identifying
- security measures including passwords for access to our systems
- only giving access to personal information to a person who is verified to be able to receive that information
- having confidential face-to-face discussions with members in a secure environment
- control of access to our buildings, and
- Electronic security systems, such as firewalls, virus software and data encryption on our websites.

7.8 Financial hardship

Heritage's focus on the interests of our members is reflected in our approach to those who find themselves having difficulty meeting their financial commitments. We understand that people can face tough circumstances that impact on their finances. We work closely with these members to find ways to help them navigate through these issues and meet their commitments, while maintaining their financial security.

Heritage has hardship provisions in place to assist customers during times of financial difficulty. Members having issues meeting their loan repayments can apply for assistance, which typically involves measures such as capitalising arrears, temporarily deferring loan repayments, or extending the term of a loan. Further details are outlined in our Impairment Policy.

Heritage has in place a Natural Disaster Relief Package which can provide assistance to members affected by events such as bushfires, floods and cyclones.

7.9 Stakeholder engagement and communication

Part of Heritage's responsibility to act in the interests of its members is the need for them to receive relevant information and engage with us in a timely way. We seek to be transparent in providing members with multiple channels to access the information they need about our operations, and to provide us with direct feedback.

7.10 Complaints handling

Heritage strives to act in the interests of its customers and has implemented dispute resolution processes to provide customers with an avenue to have any complaints or disputes addressed and resolved. Where complaints or disputes are not able to be resolved internally, an external dispute resolution process is made available.

As part of its Customer Dispute Resolution framework, Heritage is committed to complying with ASIC Regulatory Guide 165: Licensing: Internal and external dispute resolution (RG 165). This requires Heritage to have an Internal Dispute Resolution (IDR) system, and be a member of an ASIC approved External Dispute Resolution scheme (EDRS).

Heritage's approach is outlined further in our Customer Dispute Resolution Policy.

7.11 Political donations and affiliations

Heritage does not endorse or make donations to any political parties.

7.12 Lobbying

Heritage does not employ political lobbyists. However Heritage does engage with political representatives as required to discuss matters of importance to us and to our industry.

In particular, Heritage is committed to advocacy on behalf of the customer-owned banking sector. Heritage strongly believes that the mutual model offers banking consumers a greater advantages than the publicly listed banks. Given that, Heritage actively advocates to advance the sector's interests. Heritage does this in its own right when needed. Heritage engages with the Customer Owned Banking Association, the voice of the mutual financial sector, to advocate on the sector's behalf to government, media and the wider financial sector, as well as with the Business Council of Cooperatives and Mutuals (BCCM), who represent the wider movement of co-operative and mutual organisations across all industry sectors.

7.13 Fraud and corruption

Heritage has no tolerance for fraud, bribery and corruption.

We recognise that the most effective way to prevent the occurrence of internal fraud or corruption is to promote an ethical environment from the top down, in which potential fraud and corruption risks are identified and appropriate control mechanisms are implemented.

Our Fraud and Corruption Control Plan details our fraud and corruption prevention, detection and response initiatives and is an integral part of Heritage's overall risk management framework.

7.14 AML/CTF

Heritage is subject to the to the Anti-Money Laundering and Counter Terrorism Financing (AML/CTF) Act 2006 (**AML/CTF Act**) and the associated AML/CTF Rules and Regulations. We are committed to preventing financial crime and mitigating the risk of its customers, products, delivery channels, employees and agents being inadvertently or otherwise involved in the facilitation of money laundering or the financing of terrorism, by meeting anti-money laundering and counter-terrorism, sanctions, tax evasion, and anti-bribery and corruption obligations and implementing an effective compliance management framework and controls. Heritage and each of its officers, employees, third party providers (when applicable), agents (when applicable) and mini branches are required to comply with these requirements.