

Social Responsibility Report 2020

For Laboratories Credit Union Ltd



lcu.com.au | 9859 0585 | ABN 77 087 650 217 | AFSL / Australian Credit Licence 240807 | BSB 802 841



About Us

We are a locally-owned and operated credit union (member-owned financial institution) at Riverside Corporate Park, North Ryde.

Established in 1954 by CSIRO staff in NSW, LCU started off with just 30 members and has grown over the years and now has over 3,300 members extending well beyond CSIRO staff and their families.

A credit union is a member-owned financial institution. We offer the same services as other financial institutions such as banks, but we've always put people before profit, and been democratically controlled, socially responsible, community-focused, and financially sustainable.

Our profits go back to our members through competitive interest rates, fairer fees and community activities/ sponsorships in our local area.

LCU is an Approved Deposit-taking Institution that is regulated by the Australian Prudential Regulation Authority (APRA) under the Banking Act.

APRA ensures that regulated institutions are safe, so like all banks LCU provides deposit accounts that are government guaranteed up to \$250,000.

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What we do for our Community

Education

We hold seminars and workshops on financial literacy, scam awareness and more to various groups in our community including schools, seniors, and staff at local businesses.

Financial wellness program

LCU prides itself on providing resources to those wishing to assess, monitor and improve their financial situation. These resources are available not only to our members, but to employee groups, students and other attendees of our workshops.

Sponsorship/Support

We sponsor or support a variety of community events and organisations especially where they promote science or values that align with ours.

Community of Practice – Women in Business (City of Ryde)

Riverside Business Chamber

Riding for the Disabled (Ryde Centre)

AIP-NSW Day

CSIRO – HSME Day (Lindfield and North Ryde)

CSIRO Tony Collings Fun Run

CSIRO Lindfield gym

CSIRO Tour de Lindfield

Women in Stem – Macquarie University

Local gym weight loss challenges

Barnardos Christmas gift appeal

2020 AIP NSW Community Outreach to Physics Award

Youth OutLoud Program – Ku-ring-gai Council

Australian Mutuals Foundation

Hadia Foundation

Women in Mutuals

World Vision - Sponsor a Child

We strongly believe that as a local mutual financial institution it is our responsibility to support our community in every way we can.

Sponsorship/Support (cont.)

CSIRO Alumni Scholarship in Physics

This scholarship connects the brightest young physicists or mathematicians to a leading research centre overseas or in Australia.

On 21 March 2013, the science and physics community lost four of their finest, Drs John Dunlop, Tony Farmer, Gerry Haddad and Don Price, in a tragedy beyond imagination. All had distinguished careers at CSIRO and were influential in bringing to industry new and novel techniques and products. This scholarship was created in their honour.

Northern Sydney Science Hub

The hub's goal is to bring science/STEM-related educational activities to the local community. LCU supports the hub financially as well as volunteering staff time to help promote and run the activities.

RACI President's Dinner & Mentorship Program

The mentorship program helps students in their final year of university find jobs in the industry and build a support network.

Physics in the Pub

One of the annual Sydney Science Week events.

Bondi Lions Club

Sponsorship for Ryde area disabled children to attend the World Festival of Magic.

What we do for our Members

Being a mutual financial institution means that LCU is not listed on the stock exchange, hence our main drive is not maximising our profits and producing a large dividend at the end of each year. Instead our **members are our shareholders** and so our focus is always to provide the best service for them, along with competitive rates and minimal fees.



Excellent, personalised service

98% of members rate LCU service as satisfactory or very satisfactory. LCU takes pride in delivering a one-call service outcome that is second to none.

Minimal fees

We only pass on third party costs incurred from services our members choose to use.

Fraud monitoring & education

Our team vigilantly watches our members' transactions to protect them against unauthorised attempts. We also keep our members up to date on the latest trends in fraud and cyber crime to help them protect themselves.

Student banking

We offer our students a higher rate on their savings account to help them get set for the future and start saving early.

Tertiary scholarships

Each year LCU awards 10 scholarships to our members or children/grandchildren of members for Tertiary Education based on their ATAR results, or on completion of a Trade Certificate.

In this way we encourage our members to attain higher education and improve their future prospects via study.

Social Responsibility

People

Experience

At LCU we have 11 staff members with a combined total of 256 years financial service experience.

Diversity

LCU is a prime example of female representation in management positions. The two senior management positions (General Manager & Assistant General Manager) have both been filled by women since 2015 and our board of directors comprises 33% women.

Our staff, management and directors also hail from a variety of different backgrounds.

Volunteering

LCU staff are often given time to work towards charitable causes during business hours, especially with affiliated organisations such as the Australian Mutuels Foundation, Northern Sydney Science Hub, and others.

Industry representation

Many of our staff dedicate time with their active membership of industry bodies which have a diversity of goals but all work in general towards the betterment of the mutual industry.

The Environment

Climate Change

LCU provides personal banking services to our members. We are helping to create a better planet by offering a range of green products to help encourage our members to purchase goods, like cars and home improvements (eg. solar and water saving devices), that are kinder to the environment.

Moving to paperless

LCU continually undertakes projects to reduce the consumption of paper via improvements to our in-office procedures plus member education around alternatives to mailed paper statements. We now have over 50% of our members opting for electronic delivery of their monthly statements.

In the last 2 years paper use within the office has reduced by 55%.



Corporate Responsibility

Lending

LCU has always ensured that borrowing members have the capacity to service their loan. LCU has never had to foreclose on a member's mortgage. In this way we have been practising responsible lending prior to the regulations that now govern it.

Our lending policies follow the guidelines set out by ASIC under The National Consumer Credit Protection Act. This Act formalised responsible lending guidelines and ensures that documents include adequate disclosures, that forms are correctly completed, and that proper serviceability calculations are used to assess loan affordability.

Fraud

There has never been an instance of internal fraud at LCU. External fraud in the form of internet banking, Visa card and ATM fraud totalled \$6,546.62 in the 2019 FY. While some fraud events such as card skimming can be beyond our control, our in-house fraud monitoring procedures reduced exposure to card and ATM fraud.

No contracts with business partners were terminated due to fraud, and no legal cases of fraud were brought against LCU or its employees.

Compliance

LCU's staff and board are made aware of changes to legislative and other requirements via subscription to:

- » The Customer Owned Banking Association (COBA)
- » GRC Solutions – for compliance bulletins, compliance manuals, and training modules; and
- » DB Legal – for legal advice and guidance.

Australian Suppliers

Where possible we ensure we use Australian owned and operated suppliers for our services.

Our IT provider TAS is Australian owned and operated as is our core banking and digital service provider Ultradata and our payments provider Cuscal Ltd.

We also support local business with our custom whenever we need services such as printing, promotional goods etc.

LCU does not outsource to overseas call centres or office processing services, this is all kept in-house.

Governance & Risk Framework

The directors of LCU are elected by the membership at the Annual General Meeting. Directors are only eligible for election if they are deemed "Fit & Proper". "Fit" meaning that they have the requisite skills and experience, and "Proper" meaning they are persons of honesty and integrity.

LCU has a Code of Conduct covering policies on the acceptance of gifts, conflicts of interest, confidentiality and workplace behaviour.

LCU also has 3 board committees to manage corporate and regulatory responsibilities:

- » The Remuneration & Nomination Committee (RaNC)
- » The Audit Committee
- » The Risk Committee

Community

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Donations
for Barnardos
Christmas appeal



Presentation of the winner of the 2019
CSIRO Alumni Scholarship in Physics



Riding for the
Disabled (Ryde)



2018/19 LCU Tertiary
Scholarship Award recipients.
(with management and board
members)



Prize
presentation to
local gym



Financial Literacy Workshop
in a local school