

Corporate Governance 2023



OUR VISION | OUR VALUES | OUR PURPOSE

Mareeba & Dimbulah Financial Services Ltd

Mareeba Branch – Bendigo Bank

Dimbulah Branch – Bendigo Bank

 **Bendigo Bank**

Corporate Governance Statement

Our Vision | Our Values | Our Purpose

Our Vision: "Passionate about, Engaging with and Investing in, our community"

Our Values: "To mirror the Bendigo Bank values – Teamwork, Integrity, Performance, Engagement, Leadership and Passion"

Our Purpose: "We work with and invest in our communities, to embrace opportunities for a sustainable and positive future"

Our governance framework provides for the oversight of decision-making, actions and behavior to ensure we live our values, focus on our vision and align with our purpose.

The Board... about our directors

These dedicated individuals, from varying backgrounds in our community, make up the board members of Mareeba & Dimbulah Financial Services Ltd. Information about each is set out below and in the Annual Financial Report each year.

All Directors are non-executive Directors, who's independence is assessed on an annual basis. For this purposes, each Director is a non-executive Director who is

free from any business or other association – except as otherwise reported in the Annual Financial Report and declared annually – that could materially interfere with the exercise of their independent judgement.



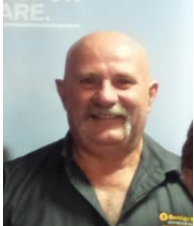


Gilbert James Teitzel – Chairman

Appointed: 28th July 2005

Committees: Governance & Business Development Committee, Human Resources Committee, Audit/Finance Committee and Strategic Planning Committee

Gilbert is a Certified Practicing Accountant and an Associate Member of the Governance Institute of Australia

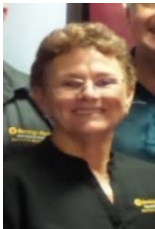


Gianfranco De Iacovo - Vice Chairman

Appointed: 28th July 2005

Committees: Marketing & Sponsorship Committee and Strategic Planning Committee

Frank is a business owner

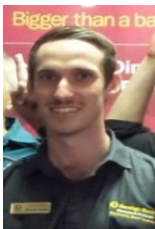


Rhonda Annette Stevens – Secretary

Appointed: 21st November 2018

Committees: Governance & Business Development Committee, Human Resources Committee, Audit/Finance Committee and Strategic Planning Committee and Public Relations

Rhonda is Secretary/Treasurer of the Mareeba Turf Club and Treasurer of the Mareeba Business Women’s Club



Michael Peter Hoskin - Treasurer

Appointed: 21st December 2017

Committees: Chair of Audit/Finance Committee and Strategic Planning Committee

Michael is a Certified Practicing Accountant



Natasha Srhoj - Director

Appointed: 30th March 2011

Committees: Marketing & Sponsorship Committee and Strategic Planning Committee

Natasha is the Accounts Manager at The Express Newspaper



Graeme Eric Ford - Director

Appointed: 28th July 2005

Committees: Chair of Governance & Business Development Committee, Chair of Human Resources Committee, Audit/Finance Committee and Strategic Planning Committee

Graeme is a Director of Graeme Ford Motors Pty Ltd



Charles Edward Khan - Director

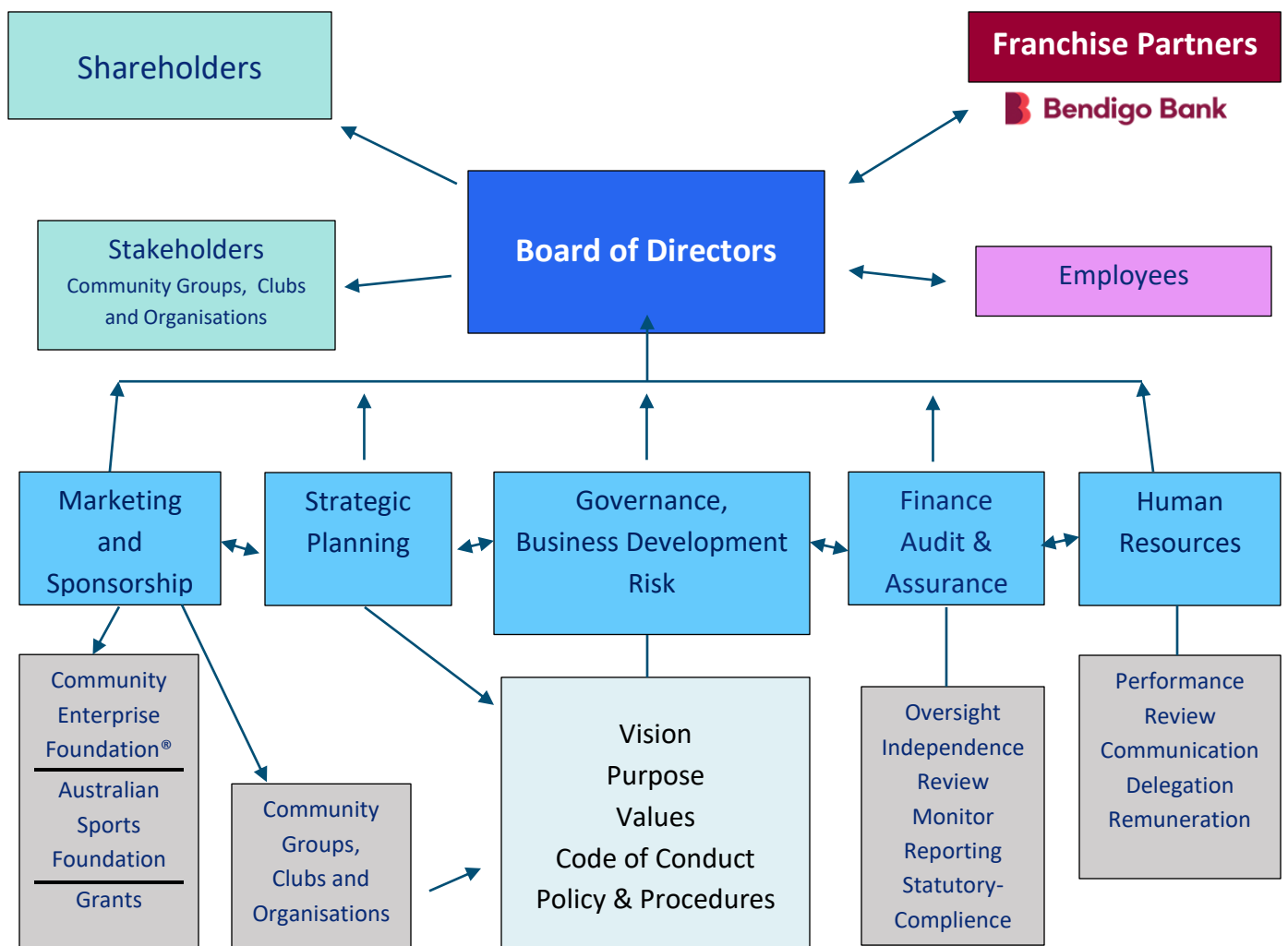
Appointed: 27th August 2014

Committees: Marketing and Sponsorship Committee and Strategic Planning Committee

The Governance framework...

The board of a company has a significant role in achieving the company's purpose and goals. The board has the onus to act in the best interests of the company's shareholders. The board is accountable to its shareholders and also to stakeholders in the community in which it supports. Sound overview by a strong and balanced board is vital in addressing a company's strategic direction. By such governance the board can fulfil its moral and legal responsibilities and also allow management to carry out its role within defined parameters without the day to day intervention of the board.

Corporate Structure



The role of the Board...

The areas this board has identified that are relevant for a governance framework to enable it to make effective decisions are:

- **To provide strategic leadership**, to proactively move the company's business forward and address emerging issues.
- **To encourage a diversity of opinion and views** where collective, rather than individual decisions are made, that assures stakeholders that the board is fulfilling its responsibilities with due diligence and accountability.
- **To identify and understand:**
 - the key duties and responsibilities of an organization's directors and officers
 - the role of committees
 - the role of external audit
 - risk assessment from the perspective of the board and individual board members.
- **To provide a future focus** rather than a present focus.
- **To adhere** to a clear distinction between the board and Branch/Operations managers' roles; and
- **To be proactive** rather than reactive to changes in the business environment.

The role of the Board committees...

To maximize its effectiveness, the board has implemented sub-committees, from which groups of individuals make decisions and recommendations for the board to approve; these sub committees include:

Governance, Business Development and Risk Committee;

- **To adhere to good corporate ethics** with a sense of duty to act in good faith and in the best interests of the company.
- **To provide performance** reports to stakeholders on a timely basis.
- **To be aware** of good corporate governance issues.
- **To make known** to stakeholders the company's governance process and to report on the board's adherence to its corporate governance policies.

The Board recognizes the opportunities to further develop and grow the business within our area. We aim to initially focus on the growth of enterprise within our community, however our longer term vision is to focus on enhancing the prospects of our broader district. We acknowledge the role the community company can play in assisting and developing local enterprise within the area and will actively embrace this role within the district.

Accordingly, the Board commits to:

- Undertaking a thorough planning process prior to proceeding with business expansion.
- Consulting our shareholders, who are representative of the community, to ascertain their needs.
- Recognizing our shareholders commitment to the establishment of the business by payment of a shareholder return, prior to broadening the structure to encompass potential business expansion.
- Balance our existing business needs and responsibilities to our shareholders and the community, with the goal of expanding our business to stimulate further economic growth within the region.
- Looking beyond banking at opportunities that will enhance opportunities within the district.
- Work in partnership with Bendigo Bank to further expand the business, ensuring that future business expansion opportunities have the prior approval of Bendigo.

The Board will only consider business expansion opportunities that:

- Introduce new and enhance existing services within our community.
- Provide us with greater control over services we currently do not have control over.
- Provide the ability to generate returns and capital to the district.
- Provide facilities or services that facilitate valued social outcomes within the community.
- Are ethically and morally consistent with our community's goals and objectives.

The Board is responsible for overseeing the establishment, implementation, review and monitoring of risk management systems and policies. It has established an integrated framework of committee policies and controls to identify, assess, monitor and manage risk. Executive management is responsible for implementing the policies and controls.

There are a number of policies that establish and support the risk management system, including the following Risk Management Principles and Systems Description.

- Branch Staffing
- Regulatory Compliance
- Strategic Objectives
- Community Aspirations
- Business Continuity Management

These themes are mindful of the importance of maintaining an open relationship with Bendigo Bank with respect to the boards Code of Conduct, issues around Privacy and Occupational Health and Safety .

Sponsorship & Marketing Committee;

Sponsorship is recognized as the purchase of tangible potential rights and benefits associated with an event, entrant, or organization, which results in increased brand awareness, communication of key messages and increased customer base.

A. Guidelines

Recipients engaged in legal activities that are considered acceptable by normal community standards.

Sponsorship must align and be consistent with Bendigo Bank's corporate image and identity as a community based organization. Staff and families of Community Bank branches are eligible for sponsorships of their community organization if there are justifiable business reasons and tangible benefits are returned to the Community Bank branch.

B. Assessment

To assist Boards and Branch/Operations Managers evaluate the value of a sponsorship and identify if the sponsorship is successful and worthwhile continuing, attached is the Bendigo Bank's sponsorship review formula and sponsorship review form. The form also highlights the specific areas that may need attention to generate greater sponsorship values.

This process involves two methods of evaluation, a qualitative assessment and a financial assessment, to enable a fair appraisal of the overall value of the sponsorship.

1. Qualitative Assessment

The Qualitative Assessment is to be undertaken by a minimum of three people, preferably the Branch Manager and two directors. Each person will independently complete their own review.

Questions are to be answered according to a scale from 1 – 5, with 1 demonstrating a poor score and 5 demonstrating an excellent score. All completed Review Forms are then to be discussed by the Board Sponsorship Committee. Five questions are provided in each category with points allocated to determine an overall rating. There is also space for comments.

2. Financial Assessment

The Financial Assessment is to be undertaken by the Branch Manager in conjunction with the Board Sponsorship Committee. Costs included in this review include the sponsorship cost, materials cost, printing, signage and freight, travel and accommodation, etc. It is important that sales performance and sales value for the year is also provided. The true financial investment in the sponsorship cannot be identified without all costs and income being accounted for.

Finance and Audit Committee;

The Board recognizes the position of public trust it has accepted as the governing body of the Community Bank. The Board also acknowledges their role as a custodian of Bendigo Bank's assets in regard to the franchise. The Board will ensure that the company's and Bendigo's assets are protected, adequately maintained and not unnecessarily risked. The Board acknowledges the importance of making prudent financial decisions and acting in line with the Board's goals and objectives.

Accordingly, the Board commits to:

- Set an annual budget and actively monitor the budget, compared to actual performance, on a monthly basis.
- Review the budget on a six monthly basis and revise the budget forecast as required.
- Develop and implement a procedure to ensure the ongoing monitoring of the financial position of the company by the Board, the Branch Manager and Bendigo Bank.
- Utilize specialist advisers as required.
- Further the education of directors as required to ensure a full understanding of the financial position of the company.
- Use company funds to further Board approved purposes and priorities.

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- Only spend funds that have been received in the financial year, unless offset by Board approved borrowings or withdrawals from reserves.
 - Seek shareholder approval for capital expenditure over \$XXX where the proposed investment is a material change to the company's structure.
 - Pay staff in accordance with their employment contracts.
 - Ensure that tax or other government payments or returns are paid on time and filed accurately.
 - Assertively pursue overdue receivables.
 - Ensure there are adequate controls in place for Board members and staff with delegated expenditure authority.
 - Comply with Australian Accounting standards.

The Audit Committee assists the board by providing oversight of the company's financial reporting responsibilities, including external audit independence and performance. The Audit Committee's responsibilities include:

- Reviewing the half-year and full-year statutory financial reports for recommendation to the board;
- Reviewing significant accounting estimates and judgements used for the preparation of the financial reports;
- Reviewing and approving any new or proposed changes in accounting policies;
- Monitoring developments in statutory reporting, accounting and disclosure requirements; and
- Reviewing the effectiveness of the internal control and risk management framework.

Human Resources Committee;

The Board recognizes the role of the Branch/Operations Manager and acknowledges that the Branch/Operations Manager is responsible for the day to day operations of the business.

Accordingly, the Board delegates the following authority to the Branch/Operations Manager.

- Authorities as outlined in the Franchise Agreement and undertaken as part of the Manager's role.
- Overall management of the branch, and all operational functions within the branch structure.
- Commitment and authorization of regular accounts payable up to \$2,000.
- Providing comments to the media, subject to prior approval by the Chairman and Bendigo Bank.
- Reduction or waiver of fees up to \$1,000 in order to win banking business.

The Board commits to

- Regularly reviewing the performance of the Branch/Operations Manager, in conjunction with Bendigo, against stated objectives and goals.
- Maintaining open communication lines between the Board and the Branch/Operations Manager and encouraging active communication from the Branch/Operations Manager to the Board.

The Board also acknowledges the authority delegated to the Branch/Operations Manager by Bendigo to make operational decisions up to \$2,000 on behalf of the company, and the potential risk to the company in the event of a loss as a result of a decision made by the Branch/Operations Manager. Further, the Board also recognizes that decisions made by the Branch/Operations Manager without the prior approval of Bendigo place the company at risk in the event of a loss to the branch.

The Board recognizes that the staff of the community company are integral to the success of the Community Bank. The Board values the contribution made by the staff and the role that they play as ambassadors of the Community Bank. The Board acknowledges that the primary contact with the staff is through the manager, however the Board will ensure that all staff have the opportunity to approach the Board as required.

Accordingly, the Board commits to:

- Treat staff with respect and equality and at all times be fair and equitable in dealing with staff.
- Set clear objectives and goals for staff that contribute to the overall success of the company.
- Review these objectives and goals formally on an annual basis.
- While recognizing the staff are seconded employees of Bendigo Bank, review staff remuneration on an annual basis, current market conditions and practices across the Community Bank network.
- Provide staff with the opportunity to further their individual aspirations as part of their career development.
- Regularly review the training requirements of our staff and ensure that appropriate training programs are in place.
- Provide a satisfying and rewarding workplace that, time and resource permitting, allows staff to participate in projects and activities which contribute to the enhancement of our community and district.
- Adopt Workplace Diversity and Occupational Health and Safety policies and review the policies on an annual basis.
- Ensure compliance with all regulatory requirements.

Remuneration

The policy applies to each director who is an independent director, that is, not an employee of Bendigo & Adelaide Bank Limited. The fees payable are not related to performance of the company, but attendance and contribution to meetings and the business of the company, as appropriate. The power of the board to pay a remuneration/meeting attendance fee is contained in clause 53 of the Company's Constitution.

Understanding of the requirements for this policy introduction

The following three policy points are to be included in this overall policy document. These are adopted policy across all Community Banks. To ensure transparency is maintained throughout the process these points are adopted within Mareeba & Dimbulah Community Bank policy. The payment of any remuneration/meeting attendance fees to directors is made after the following considerations by the board:-

1. The Company must have sufficient Surplus Capital to ensure future stability of The Company and provision of sufficient reserves for future objectives;
2. The Shareholders have been rewarded on a commercial , but not excessive , basis for their contribution of Capital to the Business; and
3. The Company has contributed to Community Projects, with an overall focus on building the community's future prosperity and capacity.

Reasons for a policy to pay Remuneration

- The time and responsibility provided by directors to the month to month managing of the company and the 2 Branches. The Mareeba and Dimbulah Community Bank branches;
- There is an increased demand on time, for direct support and attendance with branches at "Community Partnership" arrangements to work towards and to both maintain and increase Community Bank awareness within the Community; and
- The increasing demand on Community Bank director's time from Bendigo & Adelaide Bank Limited with collaborative marketing and related projects.

Strategic Planning Committee;

The Board recognizes its responsibility to the shareholders to set the strategic direction of the company. The Vision, Purposes and Values statements form the foundation that the strategic platform of the company is built on.

Accordingly, the Board commits to:

- Articulate the company's strategy to shareholders, Bendigo and the community on a regular basis.
- Ensure the company's Values are consistent with community's needs, the community enterprise philosophies, Bendigo and the broader Community Bank network.
- Monitor and review the Purpose, Vision and Values annually.
- Ensure the essence of the Community Bank philosophy is maintained in line with the community's goals.
- Maintain relevance within the community by identifying and supporting the community's needs on a short and long term basis.
- Ensure the Purpose, Vision and Values flow through all the activities of the company.
- Develop an annual strategic plan which sets the basis for the branch budget.
- Regular monitoring of the strategic plan and branch budget.

The use of these subcommittees will enable the workload to be balanced amongst the entire board in areas where individuals have and bring particular skills to that sub-committee;

- promoted an environment in which personal and board risk is understood, articulated and managed from a basis of sound governance policy and a risk management framework;
- investment in individual director and board education and training;
- encouraged a diversity of opinions and views as a means towards effective decision making by the board;
- adhered to a clear distinction between the board and Branch/Operations managers' roles; and
- recognized the views of our franchise agreement partner, Bendigo Bank Limited, in board discussions and to utilize its experience.

Reporting to our Shareholders...

The Board recognizes that a cornerstone of the Community Bank concept's success is the ownership by the community, which is integral to driving business into the structure. While the model is co-operatively spirited, it is commercially based and the Board recognizes the need for ongoing broad based community ownership to ensure the long term commitment of the community and success of the business. Furthermore, the Board acknowledges that broad based community ownership is essential in defining the services required within the community.

The Board places great importance on maintaining a strong relationship with our shareholders and keeping shareholders informed of the progress of the community company. The Board acknowledges responsibility to the shareholders in a legal sense and has identified the future benefits in marketing and developing business with the shareholder base. The shareholders are the owners of the business and a representative sample of the community. The Board will gather information about their

shareholder's needs, concerns, and aspirations, and remain up to date on matters concerning their shareholders' interests.

The Company is a public company registered with ASIC and is considered to be an unlisted disclosing entity not listed on any Stock Exchange. The company maintains its own share register through a share registry services group, AFS Share Registry Services, in Bendigo, via the Low Volume Market share trading process. Shareholders are able to login to the share registry website to review and update information at <https://www.registrydirect.com.au/login/afs-associates-pty-ltd/mareeba-dimbulah-financial-services-limited/>. Unlisted disclosing entities are subject to continuous disclosure obligations that require them to make material information available to investors as soon as practicable after having become aware of it.

Engaging with and Investing in our community...

The Board acknowledges the responsibility between recognizing the significant investment the shareholders have made through their commitment to the structure, ensuring adequate reserves are in place to broaden the community enterprise, further expand the banking business and return profits to community projects.

Accordingly, investing in the community through profit distribution will be considered on the following basis.

- Adequate reserves of capital are in place to ensure the ongoing viability and the expansion of the business.
- Returns to shareholders will be on a commercial, but not excessive, based in line with the Franchise Agreement.
- Projects undertaken will enhance and promote new infrastructure and services, along with building the capacity to enhance development and other beneficial opportunities within the community.
 - Contributions to community projects will:
 - Add value to the community.
 - Represent a tangible positive benefit.
 - Protect the integrity of the Community Bank, the Community Bank network and Bendigo Bank.
 - Be relevant to the wider community.
 - Be non-politically motivated.
 - Be consistent with the statements made to the community during the initial community banking™ campaign.
 - Be considered in line with further enhancing our community's opportunities through a range of beyond banking initiatives and expanding the banking operation of the business.
- Funds distributed to a trust or another organization will be bound by the ethical and moral standards of the community company.

Economic, environmental and social sustainability...

We discuss economic sustainability risks in the business through our governance committee meetings, particularly in light of our position of having little or no real control over revenue streams based on pricing of product, such that Bendigo Bank and its related entities do have.

Environmental sustainability includes our direct impacts on the environment and our indirect impacts through the activities of our franchise partners lending and other financial intermediary activities. Our business, like the Bendigo Bank (and associated entities) is committed to:

- Actively identifying environmental and climate risks and reporting these.
- Actively identifying opportunities to reduce our environmental footprint.
- Assisting our staff, customers, partners, shareholders and communities to identify opportunities to reduce their environmental footprints and to be better prepared for future climate risks.
- Considering the physical environment and future environmental and climate conditions in all relevant business decisions.
- Considering the impact of climate risks on the performance and sustainability of the business, and the communities we influence.

Social sustainability underlies everything we do. Our purpose is to feed into the prosperity of our customers and our communities, not off it.

Where relevant, we consider the social, climate and environmental outcomes of the business decisions we make.

In all things the board shall be transparent in its dealings and have strong corporate governance focus. The board will adopt corporate governance policies and procedures that will guide Mareeba & Dimbulah Financial Services Limited into the future.