

**SERVICE ONE<sup>®</sup>**

# BOARD – GOVERNANCE POLICY

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<b><i>Manager:</i></b>	<b><i>CEO</i></b>
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<b><i>Reviewer:</i></b>	<b><i>Board</i></b>

## TABLE OF AMENDMENTS

VERSION	RELEASE DATE	DESCRIPTION/HISTORY	APPROVED BY
1.0	25 March 2010	New Policy	Board
2.0	27 October 2010	Securitisation Review	Board
3.0	26 April 2012	Annual Review	Board
4.0	30 May 2013	Annual review	Board
5.0	26 June 2014	Annual Review	Board
6.0	14 September 2015	CEO minor amendments	CEO
6.1	19 October 2015	CEO amendments due to Constitutional amendments	CEO
7.0	14 December 2016	Annual review	Board
8.0	12 December 2017	Annual Review	Board
9.0	6 March 2018	Minor Amendments to Policy approvals	Board
10.0	28 February 2019	Annual Review	Board
11.0	30 June 2020	Annual Review	Board
12.0	29 June 2021	Annual Review	Board
13.0	18 April 2023	Review for creation of Bendigo Community Bank structure	Board
14.0	27 February 2024	Annual Review	Board

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# 1 INTRODUCTION

## 1.1 Document Purpose

The Board of **SERVICE ONE** believes that to maintain its position as a leading social enterprise within the ACT, and the areas in which it operates, it must commit to the highest level of corporate governance. To **SERVICE ONE**, this means fostering a culture that values and rewards the highest ethical standards, personal and corporate integrity, and respect for others. The Board of **SERVICE ONE** considers these cultural underpinnings are relevant across the **SERVICE ONE Group**.

Central to this approach is the operation of a mutual company that aims to provide its Members with access to industry leading financial products and services and to support the communities within which it's Members live and work through the encouragement of, and participation in, sustainable social enterprises. Access to financial products and services for Members is achieved through a wholly owned subsidiary - **Service One Financial Services Limited (SOFS)** which has a franchise agreement with **Bendigo and Adelaide Bank** under which it operates a number of **Bendigo Community Bank Branches**.

## 1.2 Policy Objective

This Policy will set out:

- The Board's Charter, role and responsibilities (including those of the Chairperson);
- How the Board will oversee, through a series of policies, committees, delegations to management, and procedures, the prudent operation of **SERVICE ONE** and have oversight of the **Group** as a whole;
- How the Board will comply with its Constitutional obligations and ensure it can continue to do so into the future;
- **SERVICE ONE's** vision, strategy, values, purpose, framework and culture;
- The policy structure for **Service One Mutual** and **Service One Financial Services**; and
- The role of Members in the management of **SERVICE ONE**.

## 1.3 Committee Approval

The Board approved this Policy on 27 February 2024.

## 1.4 Effective Date

The effective date of this Policy is 27 February 2024.

## 1.5 Review

February 2025.

## 1.6 Nomenclature

The definition of terms in **BOLD**, other than the section headings, are contained in the Glossary.

### Glossary of Terms

<b>Bendigo and Adelaide Bank (Bendigo)</b>	Bendigo and Adelaide Bank Limited ABN 11 068 049 178
<b>Bendigo Community Bank Branches</b>	A Community Bank Branch permitted to be operated by SOFS under the Franchise Agreement with Bendigo
<b>Franchise Agreement</b>	Community Bank Franchise Agreement between SOFS and Bendigo and its associated documents and agreements
<b>Group or Group entities</b>	Either, or both, SERVICE ONE Mutual or Service One Financial Services, as the case requires
<b>SERVICE ONE Group</b>	SERVICE ONE Mutual and its subsidiary companies
<b>SERVICE ONE Mutual (SOM – SERVICE ONE)</b>	SERVICE ONE Mutual Limited ABN 42 095 848 598
<b>Service One Financial Services (SOFS)</b>	The wholly owned subsidiary Service One Financial Services Propriety Limited ACN 662 398 272
<b>Social Enterprise</b>	Investments undertaken by SERVICE ONE Mutual as part of its social enterprise activities
<b>Strategic Plan</b>	The Strategic Plan approved by the Board for SERVICE ONE Group company

## 2 REGULATORY AND CONTRACTUAL UNDERPINNINGS

The Board will ensure that **SERVICE ONE**, and companies in the **SERVICE ONE Group**, operates in a manner that is consistent with:

- the values enshrined in this document;
- the Company's Constitution;
- its contractual obligations to **Bendigo** under the **Franchise Agreement**;  
and
- the law.

The policies, as approved by the Board of **SERVICE ONE** will apply, firstly, to it, and, secondly, where specifically referenced or adopted, to any subsidiary of **SERVICE ONE**. As a general rule, where there is doubt as to the application of a policy to a particular company in the **SERVICE ONE Group** it is assumed to apply where to do so furthers the overall objectives of the **Group** and is in compliance with its legal obligations.

The primary responsibilities under the **Franchise Agreement** entered by **SOFS** to operate a number of **Bendigo Community Bank Branches** are owed by **SOFS**. However, **SERVICE ONE**, has, within the Agreements that form the basis of the contractual relationship with **Bendigo**, agreed to unconditionally and irrevocably guarantee that **SOFS** will fulfil its obligations under the terms of the **Franchise Agreement**.

Moreover, **SERVICE ONE** has indemnified **Bendigo** for any costs that it may suffer as a result of any breach, default or delay by **SOFS** in performance of its obligations under the **Franchise Agreement**. These contractual obligations set an important structural element to the policy structure that the Board needs to adopt. Both for **SERVICE ONE**, but more importantly, for **SOFS**.

## 3 BOARD – CHARTER

### 3.1 Board Charter

The Board of **SERVICE ONE** is responsible for the overall management and strategic direction of **SERVICE ONE** and the **SERVICE ONE Group**.

The role of the Board is to ensure **SERVICE ONE** fulfils its objectives as set out in its Constitution and that it enhances Member value and builds a sustainable future for the organisation. In discharging these responsibilities the Board has reserved to itself the following key responsibilities as well as those imposed under the Constitution and/or required by law:

- setting the overall strategic direction and vision for the **SERVICE ONE**, and the **Group**, in association with management;
- putting in place delegations to Committees and management to assist in the management of **SERVICE ONE**, and the **Group**;
- the approval of a policy framework that outlines key policies that, amongst other things:
  - sets out a Board Committee structure for the **Group** and arrangements to ensure the Board remains effective, with directors having the skills and experience that will assist the **Group** to achieve its objectives;
  - sets out the role of a Chairperson of a Group Board, a Secretary, and Chief Executive and/or Managing Director, and the processes for appointment, and agreed succession policies for, those positions;
  - establishes Code of Conduct and Fitness and Propriety standards applying to **SERVICE ONE** and the **Group**;
  - establish a risk framework to ensure that **SERVICE ONE's** key risks are identified, monitored and reported upon;
  - set the standards and monitoring arrangements for conduct obligations for the Board and employees, including for training, conflict of interest, corruption and whistleblowing;
  - apply to the management of capital and the integrity of reporting (both from management and to Members), including the approval of budgets, major capital expenditure and strategic plans, and the specific oversight of subsidiaries and any Social Enterprise investments;
  - ensuring the conduct of a yearly risk assessment workshop that sets the risk appetite for **SERVICE ONE**, and where appropriate the **SERVICE ONE Group**, and the Board's strategic and planning cycle;
  - challenge management in relation to outcomes against agreed performance measures and monitoring adherence to the Group's risk framework and risk appetite; and
  - ensure the **SERVICE ONE Group** operates in an ethical, responsible and lawful manner.

### 3.2 Service One Values

The values and beliefs of **SERVICE ONE** are to:

- Be respectful and courteous;
- Be tolerant and supportive;
- Be open and honest;
- Be dependable and accountable; and
- Be prudent and ethical.

Under the **Franchise Agreement** entered by **SOFS** with **Bendigo** to operate a number of **Bendigo Community Bank Branches**, **SOFS** is required to adopt **Bendigo's** values – which are: Teamwork, Integrity, Performance, Engagement, Leadership, and Passion.

The Board believes **SERVICE ONE'S** values, and those required to be adopted by **SOFS**, are compatible and complimentary.

### 3.3 The Board

The Board of **SERVICE ONE** will be made up of a majority of independent directors. Directors will ordinarily reside in Australia. The Chairperson of the Board must be an independent director. An independent director is someone who:

- has not been employed in an executive position within the **SERVICE ONE Group** in the past three years;
- has not been, in the past three years, either a principal or consultant in a firm providing professional advice material to the operation of the **SERVICE ONE Group**;
- does not have a material contractual relationship with the **SERVICE ONE Group**, or work for someone who does;
- is not perceived to have a material conflict of interest as a result of any interest or other business relationship outside of the **SERVICE ONE Group**.

To be eligible to be an elected director of **SERVICE ONE** you must comply with **SERVICE ONE'S** Constitution, the Corporations law, and the **SERVICE ONE** Fit and Proper Policy, and be approved by the Director Nominations Committee.

The Board will ensure that each director standing for re-election will undergo a performance appraisal as set out in the Nomination Committee Policy.

A director of **SERVICE ONE** cannot serve for a period longer than permitted in the Constitution. The Board will determine, on a case by case basis, whether it will support another candidate for a position of director over that of an incumbent.

The Board of **SERVICE ONE** will elect its Chairperson at its first meeting after the Annual General Meeting.

The Board will set out in the Fit and Proper Policy any requirements that it considers appropriate for a Chairperson, or the directors, of **SERVICE ONE**.



## 4 ROLES AND RESPONSIBILITIES OF DIRECTORS AND SECRETARY

### 4.1 Chairperson

The roles and responsibilities of a Chairperson of **SERVICE ONE** are to:

- ensure the Board provides leadership and vision to the management of **SERVICE ONE**;
- preside over Board meetings and direct Board decisions;
- direct and oversee the annual review process of Directors and Committees;
- guide the ongoing effectiveness and development of the Board and individual directors;
- keep up-to-date with all issues affecting financial, statutory, and compliance responsibilities applying to Directors;
- Demonstrate the highest level of personal and interpersonal skills that contribute to Board success;
- Show a high level of commitment, demonstrating mutual philosophies and values; and
- Make certain the Board has the correct and necessary information to support effective decision making and action.

### 4.2 Directors

At a collective level, the diversity, skills, knowledge, experience, gender and attributes of individual directors enables the Board of **SERVICE ONE** to provide the oversight needed to develop and achieve the relevant strategies of **SERVICE ONE Group** entities.

In the furtherance of the above role, directors of **SERVICE ONE** must:

- Act honestly and in good faith in the interests of the Members and shareholders of **Group** companies;
- Avoid conflicts between their duties to **SERVICE ONE**, or a **SERVICE ONE Group** company, and other personal interests;
- Disclose actual and potential conflicts of interest to the Board;
- Not make any improper use of his/her position or use information acquired by virtue of that position in order to gain personal advantage or to cause detriment to a **SERVICE ONE Group** company, or **Bendigo**;
- Exercise a proper degree of skill, care and diligence in exercising their powers and functions;
- Bring an independent view to the Board and Board deliberations;
- Accept the collective decision making of the Board and once a decision has been made agree to accept and support that decision and its implementation without dissent;
- Keep all Board deliberations confidential and only conduct Board business at Board meetings; and
- Comply with all Board policies and Codes of Conduct.

### 4.3 Role of Secretary

The Board will appoint at least 2 Secretaries for **SERVICE ONE**. One will be the current Chief Executive of **SERVICE ONE**, and the other a senior executive within a **SERVICE ONE Group** company. A secretary must ordinarily reside in Australia.

The Secretary has the following roles and responsibilities, in addition to those outlined in the Constitution and/or the Corporations Act:

- Assisting the Chairperson with the efficient, effective and timely conduct of Annual General Meetings, Board meetings, preparation and distribution of agendas and minutes, and the operation of the Board committee structure;
- Maintenance of a complete set of Board and Committee papers either in electronic format on a Board support IT platform or at the registered office of **SERVICE ONE**, including records related to the use of the corporate seal and the execution of other documents;
- Maintaining all statutory registers, a list of approved company policies and delegations of authority by the Board, or other persons, not otherwise delegated in an approved policy; and
- Any other duties the Chairperson may direct.

## 5 BOARD DELEGATIONS

### 5.1 Board Delegations to Chief Executive

The Board delegates responsibility for the day-to-day management of **SERVICE ONE** to the Chief Executive, and through the Chief Executive to the executive management team.

The Chief Executive is required to report to the Board at every Board meeting about the exercise of those delegations.

## 6 COMPLIANCE, REMUNERATION AND INSURANCE

### 6.1 Compliance, Remuneration and Insurance

Directors of **SERVICE ONE** are required, each year, after the Annual General Meeting, to sign an acceptance of the obligations contained in **SERVICE ONE's** policies. Where they do not, or believe they are unable to do so, the matter will be reported to the Chairperson. In the case of the Chairperson it will be reported to any chair of a Board sub-committee.

The person to whom the above matter is reported will form a committee of Directors to consider the issue of non-compliance and provide a recommendation to the Board as to action.

The Board's remuneration is determined in accordance with the requirements of the Constitution and the policy set out in the Board – Committee Policy.

The Board will ensure that it obtains, and maintains, appropriate insurances in accordance with the Constitution for the benefit and protection of directors and officers who may incur liabilities as part of their official duties.

## 7 MEMBERS AND CORPORATE SOCIAL RESPONSIBILITIES

### 7.1 Members' rights and responsibilities

As a mutual company **SERVICE ONE** is owned by its Members, equally. Members elect directors and approve any Board appointments to casual Board vacancies. Additionally, Members approve changes to the Constitution of **SERVICE ONE**, the total remuneration of the Board as a whole, and whether any limit determined by the Board for the number of directors below the Constitutional limit is approved.

To assist Members in this role, and to enable meaningful participation at Annual General Meetings, the Board maintains relevant corporate governance information on its website at [www.serviceone.com.au](http://www.serviceone.com.au).

### 7.2 Corporate Social Responsibility

**SERVICE ONE** has a long term commitment to the implementation of a Corporate Social Responsibility (CSR) policy and strategy that supports the fulfilment of the financial, community investment, and other strategic objectives contained in its **Strategic Plan**. This includes the investment of funds into **SOFS** which operates, under a **Franchise Agreement** with **Bendigo**, a number of **Bendigo Community Bank Branches** which are also dedicated towards the continued advancement and support of the communities in which they operate.

In fulfilment of the above objective **SERVICE ONE** will ensure that it:

- Promotes and facilitates its social enterprise and impact investing activities by engagement with, and through, its directors, leadership team, stakeholders, and Members;
- Focuses its social enterprise and impact investing activities on economic, social, and environmental programs that benefit the well-being of its Members, their families, and the broader communities in which the **SERVICE ONE Group** operates;
- Maintains transparency in relation to its Social Enterprise activities; and
- Openly reports on its CSR programs.

## 8 POLICY STRUCTURES

### 8.1 Group Policy Structure and Review

The Board of **SERVICE ONE** has determined that it will have the following policy structure covering, broadly, the topics mentioned under the relevant headings. In developing the suite of policies the Board has had regard to the Corporate Governance Principles and Recommendations (4<sup>th</sup> Edition) issued by the ASX Corporate Governance Council, its obligations under the Corporations Act, and the **Franchise Agreement** (and associated documents and agreements) entered by **SOFS** with **Bendigo and Adelaide Bank** related to the operation of a number of **Bendigo Community Bank Branches**.

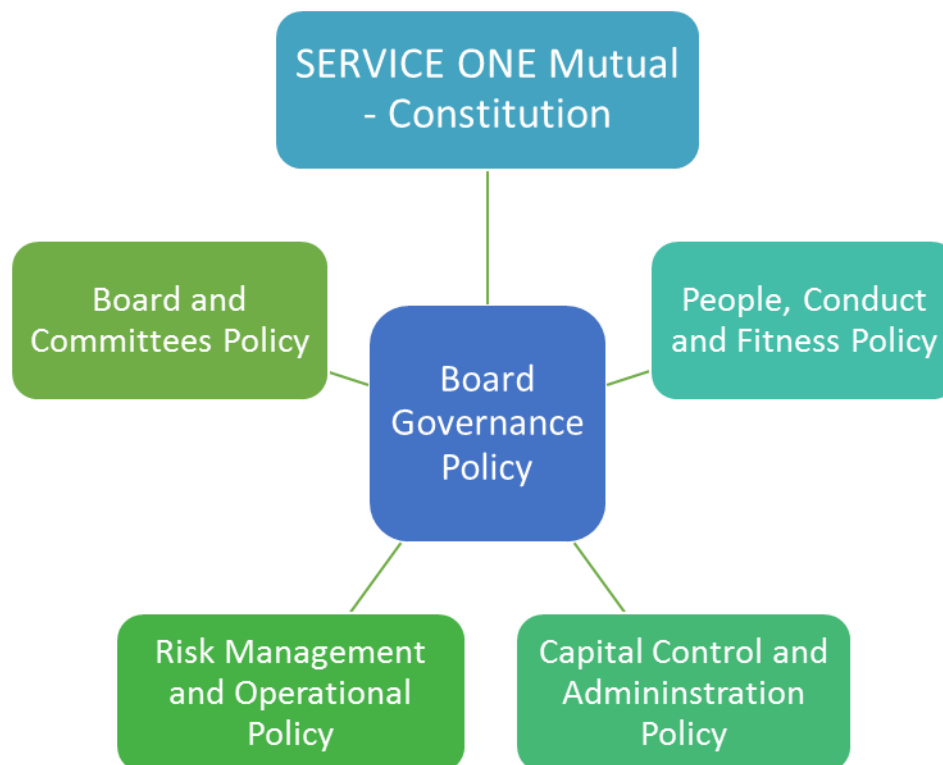
The Board of **SERVICE ONE** has also determined that **SOFS** will have the below policy structure so as to ensure that it complies with **SERVICE ONE's** overarching corporate objectives, and promotes compliance with the **Franchise Agreement** between it and **Bendigo**.

Each policy will be reviewed in accordance with its terms and considered by the Board or a delegated Board Committee or Management Committee. Each policy will state who approves the policy and any amendments. Schedule A contains a summary of the policy structure for both **SERVICE ONE** and **SOFS**.

### 8.2 Service One Mutual Policy Structure

Some of the policies at the **SERVICE ONE** level will apply across all **Group** companies. Some will apply to **SERVICE ONE** alone. The Policies of **SOFS** will only apply to itself, but may reference or adopt Policies at the **SERVICE ONE** level. Both sets of Policy reference relevant **Bendigo** Policies either because they satisfy the **SERVICE ONE Group's** policy needs, or because it is a requirement under the **Franchise Agreement** for the operation of a number of **Bendigo Community Bank Branches**.

In developing, and reviewing, the below policies regard will be had to relevant Acts, Regulations, Codes of Practice, the **Franchise Agreement** with **Bendigo** (and its subsidiary documents and Agreements), and the values and strategic objectives of **SERVICE ONE** and entities in the **SERVICE ONE Group**.



The following policies will cover, in the main, the following specified policies topics:

#### **Board Governance Policy**

- Board Charter
- The Board and Committees;
- The role of the Secretary;
- Delegation arrangements.
- Compliance, Remuneration and insurance;
- Members' Rights and Responsibilities;
- CSR and Social Enterprise Investing; and
- Policy structure and review.

#### **Board Committee Policy**

- Board and Committee structure and responsibilities;
- Board Nomination Committee;
- Board and Management Remuneration Committee;
- Constitution Review Committee; and
- Board Remuneration, expenses, and training and development.

**People, Conduct and Fitness Policy**

- Fitness and Propriety, including the roles of a Chairperson and directors;
- Code of Conduct;
- Staff employment, training, and monitoring (including performance reviews and disciplinary matters);
- Staff remuneration policy;
- Diversity policy;
- Anti-bullying, harassment and discrimination;
- Conflict of Interest;
- Anti-bribery and corruption;
- Redeployment and redundancy;
- Corporate uniform;
- Staff travel and accommodation;
- Motor vehicle policy;
- Staff leave standards;
- Whistleblowing Policy.

**Risk Management and Operational Policy**

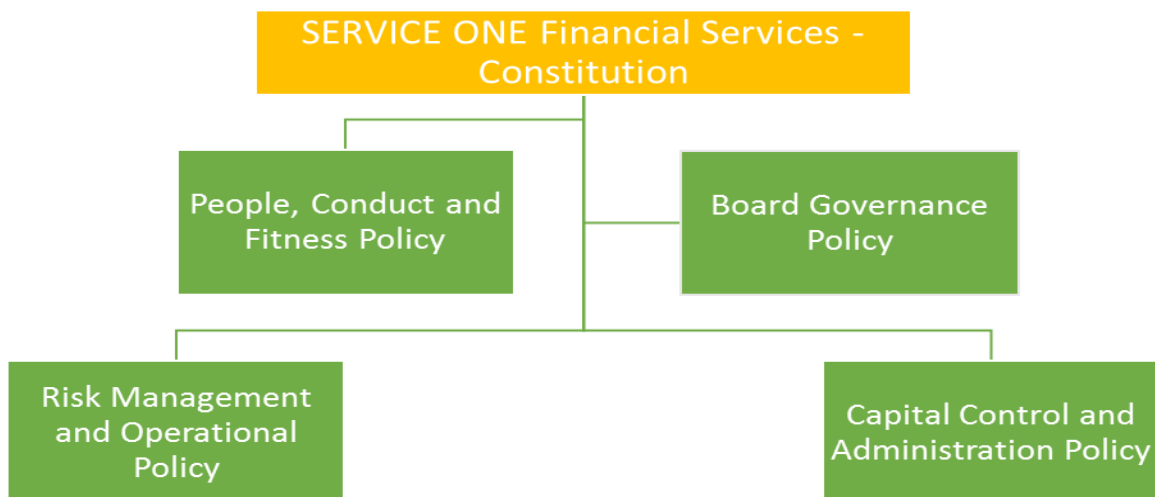
- Risk management framework;
- Staff performance and disciplinary matters;
- Fraud control;
- Data risk;
- Business disruption;
- Insurances;
- Dispute resolution;
- Sponsorships, grants, donations, and investment oversight; and
- W H & S Policy.

**Capital Control and Administration Policies**

- Capital management and retention
- Dividend and accounting policy
- Social Enterprise investing;
- Accounting policy; and
- Investment policy.



### 8.3 Service One Financial Services Policy structure



The following policies will cover the specified policies topics:

#### **Board Governance and Reporting Policy**

- Vision and values;
- Board Charter, roles and responsibilities;
- Franchise Agreement and Constitutional obligations;
- Compliance, remuneration and insurance; and
- Committee and policy structures and responsibilities.

#### **People, Conduct and Fitness Policy**

- Fit and Proper requirements;
- Code of conduct;
- Communications and Public comments; and
- Regulatory requests and reporting.

#### **Risk Management and Operational Policy**

- Risk management and compliance framework;
- Staff performance and disciplinary matters;
- Fraud management;
- Data Risk;
- Business disruption and recovery;
- Insurances;
- Dispute Resolution – Customer feedback;
- W,H&S;
- Operational Manuals; and
- Advertising, marketing, promotions and communications, including social media;

**Capital Control and Administration Policy**

- The capital management processes applying to **SOFS**;
- The adoption of the Accounting and Investment Policies of **SERVICE ONE**;
- General **Franchise Agreement** obligations and Reporting not otherwise specifically addressed in another Policy; and
- The structures for approval of marketing, sponsorships, grants, and donations.

**8.4 Editorial Amendments to policies**

The Chief Executive of **SERVICE ONE** is authorised by the Board to make editorial amendment and other textual amendments to the policies of entities in the **SERVICE ONE Group** to correct formatting, layout, or printing styles or other changes of a minor nature arising due to changes in relevant Laws, Regulations or Codes of Practice, and/or relevant **Bendigo** policies.

The Chief Executive is not authorised to make an amendment that results in the change of effect of any policy.

Any changes made by the Chief Executive must be placed before the next meeting of the Board, or relevant Board Committee, responsible for the policy.

## 9 APPENDIX - A

Policy	Reviewed by	Manager Responsible	Review Frequency (mths)	Adopted by:
<b>SERVICE ONE Mutual Limited</b>				
Board Governance Policy	Board SOML	CEO	12	Board SOML
Board and Committee Policy	Board SOML/A,R&F/SIT	CEO	12	Board SOML
Capital Control and Administration Policy	Board SOML	CEO	12	Board SOML
People, Conduct and Fitness Policy	Board SOML	CEO	12	Board SOML
Risk Management and Operational Policy	Board SOML	CEO	12	Board SOML
<b>Service One Financial Services</b>				
Board Governance and Reporting Policy	Board of SOFS	MD	12	Board SOFS
Capital Management and Administration Policy	Board of SOFS	MD	12	Board SOFS
Risk Management and Operational Policy	Board of SOFS	MD	12	Board SOFS
People, Conduct and Fitness Policy	Board of SOFS	MD	12	Board SOFS
Enterprise Bargaining Agreement 2016	MSR Comm	CEO	36	Board SOML