

UPPER YARRA COMMUNITY ENTERPRISE LIMITED

CORPORATE GOVERNANCE CHARTER

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Related document – UYCE Policies and Principles

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1.0 INTRODUCTION

The Upper Yarra Community Enterprise Ltd (UYCE) is an unlisted public company which was formed in October 1999 to establish the Warburton Community Bank® Branch under a franchise agreement with Bendigo Bank(BB). It was funded through a local capital raising initiative that raised 400,000 shares at \$1 each. The organisation has grown substantially and, in 2008 with further capital raising, opened a second branch in Yarra Junction.

As at 30th June 2017, it had 1,774,160 shares on issue with 532 shareholders. These shares can be traded via a low volume market.

Since 2000, the Company has expanded through the creation of Warburton Waterwheel Ltd, which operates the local Visitor Information Centre, and through the recent formation of Upper Yarra Community Power (UYCP) Pty Ltd. This \$1,200,000 project operates a 100kw hydro electricity generator and is jointly funded through a \$450,000 State Government grant a \$450,000 loan guaranteed by UYCE and equity from UYCE of \$285,000.

UYCE is run by a voluntary board of directors drawn from the local community in the Warburton Valley. The UYCE mission is: “To resource, encourage and promote opportunities essential to sustaining a vibrant community through banking and beyond”.

This Corporate Governance Charter details the current UYCE approach to corporate governance and is structured into five sections:

- Board/Director Obligations
- Key Roles
- Board Processes
- Key Board Functions
- Continuing Improvement

The Charter is intended to be updated on a regular basis to reflect the evolution of the governance practices at UYCE and should be read in conjunction with the Constitution, franchise agreement and the adopted UYCE policies and principles.

Vision

To be integral in building community capacity for a vibrant, resilient and sustainable Upper Yarra region

Mission

To resource, encourage and promote opportunities essential to sustaining a vibrant community through banking and beyond.

Purpose

Growing enterprise in our community to enable a sustainable and prosperous Upper Yarra.

2.0 BOARD / DIRECTOR OBLIGATIONS

2.1 Board Structure

Structure of the Board

Chairperson

Deputy Chairperson

Secretary*

Treasurer*

*These positions may be held by one person. Alternatively, the Board may appoint an Executive Officer or Managing Director (refer Executive Officer/Managing Director Policy)

The board may co-opt additional members from time to time to assist in maintaining specialist skills within the Board.

Number of Directors

The number of directors must not be less than five nor more than ten.

Appointment of Directors

Directors are appointed under the terms of the Company's constitution. Subject to the number of Directors allowed under the Constitution, a Director may be appointed by an ordinary resolution of the Company in general meeting. In the situation of a vacancy occurring between such elections, the Board may appoint a casual director. Such a Director will only hold office until the next AGM of the Company when they may stand for election.

Skills Required on the Board

Ideally, the Board should contain the relevant blend of expertise in:

- Understanding the financial services industry
- Understanding the community/shareholders' needs
- Financial management
- Corporate governance
- Contractual and commercial arrangements
- Strategic and conceptual thinking
- Community capacity building

Duration of Appointment

Directors are appointed for a three year term subject to one third of the Board standing for re-election at each AGM.

Vacation of Office

It is envisaged that Directors shall remain on the Board until required to vacate the office by law or as detailed in the Constitution. Should a Director fail to attend Board meetings during a period of six consecutive calendar months without the permission of the Board, that Director will be deemed to have vacated their position of Director. The terms and conditions for Directors are contained in their letter of appointment. Where a Director vacates his/her position, the Board may appoint a casual Director who will stand for election at the next AGM.

Board Vacancies

In filling vacancies, consideration must be given to the broad range of skills and experience required to function successfully as a Board.

Generally, replacement board members should be selected to assist in:

- Filling any gaps in skill sets that have been identified by the Board.
- Enhancing decision making
- Maintaining business focus
- Maintaining community Focus

Vacancies will initially be filled by an expression of interest process. Expressions of interest may be sort by any reasonable means to ensure the best possible outcome.

2.2 Role of the Board

The Board plays a major role in improving the performance of the Company by setting the strategic direction of the organisation and monitoring the organisation's performance. It is also responsible for the direct conduct of Directors both as individuals and collectively as the Board. It has an obligation to ensure compliance of the Company with Company philosophy and that it operates in a manner to maximise the financial wellbeing of its shareholders in association with achieving its vision and mission.

The key functions of the Board can be described as:

Strategy

Set strategy, its formulation and approval, including the development of major goals and strategies in conjunction with the senior management team;

Approve Capital Expenditure and major operating plans;

Performance Monitoring & Communication

Approve the annual Budget and review progress towards achieving same;

Monitor Company performance;

Communicate with key stakeholder groups, in particular, shareholders;

Risk Management

Set and overview risk appetite policy, general risk management policies, practices and performance;

Executive Officer/Managing Director Recruitment & Assessment

Selection, monitoring, evaluation, mentoring, remuneration and, when necessary, removal, of the Executive Officer/Managing Director;

Compliance

Set and overview compliance policies and practices;

Ensure the Company's activities and performance are in compliance with its Constitution;

Policy

Ensure an appropriate top-level policy framework exists and ratifying specific policies; and

Establish and determine the powers and functions of Committees of the Board.

Community Investment Program

Oversee the annual community investment program

The Board shall:

- Ensure that there is an appropriate separation of duties and responsibilities between itself and Branch Management.
- Make every reasonable effort to ensure that the company does not raise community, supplier or shareholder expectations that cannot be fulfilled.
- Meet its responsibility to ensure that all staff employed by the company are treated with due respect and are provided with a working environment and working conditions that meet all reasonable standards of employment as defined in relevant workplace legislation.
- Regularly review its own performance for development and quality assurance.
- Carry out its meetings in such a manner as to ensure fair and full participation of all directors.

2.3 Effectiveness of the Board

To maximise the effectiveness of the Board, the Board shall:

- Have nominated key roles;
- Utilise committees;
- Balance the workload amongst the entire board;
- Invest in individual and Board education and training to assist its ability to fully understand and effectively fulfil its role;
- Encourage regular self-assessment on performance of the Board, which will endeavor to be open to new ideas and include feedback from BEN representatives and shareholders;
- Develop policies and review adequacy of systems to ensure compliance with all responsibilities, laws and regulations. The Board will develop these policies to:
 - Reflect its values and perspectives;
 - Direct all Board and staff regarding activities and decisions;
 - Provide the basis for evaluation and accountability
- The Board may use a range of committees to regularly review the adequacy of the company's policies and procedures;
- Identifying initiatives aimed at maintaining a viable, engaged and supportive shareholder base;
- Identifying business opportunities the Company could pursue for the benefit of its shareholders and communities.

2.4 Matters Reserved for the Board

The Board has collective responsibility for the long-term success of the Enterprise.

The Board's role is to provide entrepreneurial leadership of the Enterprise within a framework of prudent and effective controls which enables risk and customer/community outcomes to be assessed and managed.

The Board sets the Enterprise's values and standards and ensures that its obligations to its shareholders and others are understood and met.

Subject to the Company Constitution and franchise agreement of the Enterprise, the Board sets the strategy and approves plans presented for the achievement of the strategic objectives it has set.

The Board determines the nature and extent of the significant risks it is willing to take in achieving its strategic objectives and is responsible for ensuring maintenance of sound risk management and internal control systems.

Implementation of the strategy set by the Board and the management and day-to-day running of the Enterprise is delegated to the Executive Officer/Managing Director and senior banking staff with the exception of the matters reserved to the Board listed below and set out in any formal delegation.

The following decisions must be referred to the Board

Appointments

- Appointment of the EO/MD;
- Appointment or removal of the company Secretary to the Board;
- Senior Management Appointments;
- Membership, appointment and terms of reference of board committees,

Board and Senior Management

- Delegation of authority to staff and Chair;
- Ratification of Organisation chart;
- Approval of remuneration and incentive policies;
- Approval of senior management remuneration;
- Management contracts;
- Overseas visit approvals;
- Disclosure of conflicts of interest;
- Assessment of organisation's and senior management performance;
- Assessment of board performance;
- Governance policies and breaches;
- Ensuring adequate succession planning for the board and senior management.

Relations with shareholders

- Arrangements or resolutions and corresponding documentation for AGM or other Shareholder meetings;
- Matters relating to reports as required by corporate law;
- Appointment of Directors.

Financial matters

- Approval of annual and half year budget and accounts;
- Approval of the annual reports and accounts;
- Declaration of any dividend;
- Expenditure outside budget, unless consistent with approved policy;
- Approval of any material changes in accounting policies or practice;
- Approval of internal and external auditors and audit plan;
- Questions of borrowing or giving security over assets.

Structure and capital

- Changes in relation to material capital items;
- Changes in relation to corporate structure;
- Approvals for acquisition or disposition of substantial capital or fixed assets, and related guarantees and indemnities.

Strategy and Management

- Approval of the organisation's strategy and long term objectives, and review of delivery of them, including risk appetite;
- Extension into new business or geographical areas;
- Decision to cease to operate any material part of the business.

Corporate Governance

- Changes to the Governance charter;
- Approval of the process for performance evaluation of the Board;
- Receiving reports on the views of shareholders;
- Prosecution, commencement, defense or settlement of, or appeal against the outcome of any legal matter relating to the organisation, other than within BEN policy and procedure;
- Approval of any undertaking not in the ordinary course of business.

Other

- Making of donations, gifts or sponsorships above approved limits;
- Appointment of professional advisors;
- Approval of changes in agreed levels of insurance;
- Approval of Board policies;
- This schedule of matters reserved for the Board;

Risk Management & Internal Controls

- Approval of risk appetite policy;
- Approval of risk management methodology and framework;
- Approval of risk management policies;
- Approval of changes to the assessments of key risks;
- Approval of Company policies, including compliance with the law;
- Approval of insurance program;
- Approval of reporting systems.

Capital Expenditures

- Approval of the capital expenditure budget and alterations to it;
- Approval of priorities;
- Approval of individual expenditure items above approved limit.

2.5 Role of Individual Directors

As members of the peak decision-making body in the Company, Directors share ultimate responsibility for the Company's overall success. Therefore, Directors have an individual responsibility to ensure that the Board is undertaking its responsibilities.

Directors need to ensure that the Board is providing:

- Leadership to the Company, particularly in the areas of ethics and culture;
- A clear and appropriate strategic direction;
- Accountability to key stakeholders, particularly shareholders;
- Oversight of policies;
- Oversight of all control and accountability systems including all financial operations and solvency, risk management and compliance;

- An effective senior management team and appropriate personnel policies; and
- Timely and effective decisions on matters reserved for it.

2.6 Directors' Code of Conduct

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the company:

- Will act honestly, in good faith and in the best interests of the whole Company;
- Owe a fiduciary duty to the Company as a whole;
- Have a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;
- Will undertake diligent analysis of all proposals placed before the Board;
- Will act with a level of skill expected from directors and key executives of a public company;
- Will use the powers of office for a proper purpose, in the best interests of the Company as a whole;
- Will demonstrate commercial reasonableness in decision making;
- Will not make improper use of information acquired as Directors and key executives;
- Will not disclose non-public information except where disclosure is authorised or legally mandated;
- Will keep confidential, information received in the course of the exercise of their duties and such information remains the property of the Company from which it was obtained, and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the person from whom the information is provided, or is required by law;
- Will not take improper advantage of the position of Director* or use the position for personal gain or to compete with the Company;
- Will not take advantage of Company property or use such property for personal gain or to compete with the Company;
- Will protect and ensure the efficient use of the Company's assets for legitimate business purposes;
- Will not allow personal interests, or the interest of any associated person, to conflict with the interests of the Company;
- Have an obligation to be independent in judgment and actions and directors will take all reasonable steps to be satisfied as to the soundness of all decisions of the Board;
- Will make reasonable enquiries to ensure that the Company is operating efficiently, effectively and legally, towards achieving its goals;
- Will not engage in conduct likely to bring discredit upon the company;
- Will encourage fair dealing by all employees with the Company's customers, suppliers, competitors and other employees;
- Will encourage the reporting of unlawful/unethical behavior and actively promote ethical behavior and protection for those who report violations in good faith;
- Will give their specific expertise generously to the company;
- Have an obligation, at all times, to comply with the spirit, as well as the letter of the law and with the principles of this Code;

2.7 Expectations of Directors at Board Meetings

Since the Board needs to work together as a group, Directors need to establish a set of standards for Board meetings. At the Company, it is expected that Directors shall, in good faith, behave in a manner

that is consistent with generally accepted procedures for the conduct of meetings at all meetings of the Board. This will include, but not be limited to:

- Behaving in a manner consistent with the letter and spirit of the Corporate Code of Conduct;
- Acting in a businesslike manner;
- Acting in accordance with the Constitution and Board policies;
- Addressing issues in a confident, firm and friendly manner;
- Preparing thoroughly for each Board or Committee event;
- Using judgment, commonsense and tact when discussing issues;
- Minimising irrelevant conversation and remarks;
- Ensuring that others are given a reasonable opportunity to put forward their views;
- Refraining from interruption or interjection when a speaker has the floor; and
- Being particularly sensitive in interpreting any request or direction from the Chairperson that aims to ensure the orderly and good-spirited conduct of the meeting.

Directors are expected to be forthright in Board meetings and have a duty to question, request information, raise any issue, and fully canvas all aspects of any issue confronting the Company, and cast their vote on any resolution according to their own judgment.

Outside the boardroom, however, Directors will support the letter and spirit of Board decisions in discussions with all stakeholders including any shareholders, special interest groups, customers, staff, suppliers and any other parties.

Directors will keep confidential all Board discussions and deliberations. Similarly, all confidential information received by a Director in the course of the exercise of the Director's duties remains the property of the Company and is not to be discussed outside the boardroom. It is improper to disclose it, or allow it to be disclosed, without appropriate authorisation.

2.8 Conflict of Interest & Related Party Transactions

Directors must disclose to the Board actual or potential conflicts that may or might reasonably be thought to exist between the interests of the Director and the interests of the Company. On appointment, Directors will have an opportunity to declare any such interests.

Directors should update this disclosure by notifying the Company Secretary as soon as they become aware of any conflicts. Directors are also expected to indicate to the Chairperson any actual or potential conflict of interest situation as soon as it arises. To ensure Directors have an opportunity to disclose new conflicts of interest, the first agenda item for each Board meeting will be the disclosure of any conflicts of interest.

The Board can request a Director to take reasonable steps to remove the conflict of interest. If a Director cannot or is unwilling to remove a conflict of interest, then the Director must absent himself or herself from the room when discussion and voting occur on matters to which the conflict relates. The entry and exit of the Director concerned will be minuted by the Minute Taker.

Directors do not have to absent themselves when either (a) conflict of interest relates to an interest common to all directors or (b) the Board passes a resolution that identifies the Director, the nature and extent of the Director's interest and clearly states that the other Directors are satisfied that the interest should not disqualify the Director concerned from discussion and/or voting on the matter.

Related party transactions include any financial transaction between a Director or officer and the Company and will be reported in writing to each Board meeting.

To assist the Board in showing that a financial benefit, such as the awarding of a contract to a Company in which a Director is a partner, is given on arm's length terms, these transactions will be subject to a transparent tender process approved by the Board.

The Board has also resolved that where applications are made by a related party to a Director or officer of the Company then the Director or officer shall exclude himself/herself from the approval process.

Related party for this process means:

- a spouse or de facto spouse of the Director or officer; or
- a parent, son or daughter of the Director or officer or their spouse or de facto spouse; or
- an entity over which the Director or officer or a related party defined in (a) or (b) has a controlling interest.

3.0 OTHER KEY ROLES

3.1 Chairperson

The position of the Chairperson is determined by a vote of the collective Board.

The Chairperson's role is a key one within the Company. The Chairperson is considered the "lead" Director and utilises his/her experience, skills and leadership abilities to facilitate the governance processes.

The Major Purpose of the chairperson is to provide leadership to the Board of Directors and branch management, and to actively promote the Community Bank branches and the Community Enterprise within the community in conjunction with the Board.

There are two other main aspects to the Chairperson's role. They are the Chairperson's role within the boardroom and the Chairperson's role outside the boardroom.

Inside the Boardroom

Inside the boardroom the role of the Chairperson is to:

- Establish the agenda for Board meetings in consultation with the EO/MD;
- Chair Board meetings;
- Be clear on what the Board has to achieve, both in the long and short term;
- Provide guidance to other Board members about what is expected of them;
- Ensure that Board meetings are effective in that:
 - The right matters are considered during the meeting (for example, strategic and important issues);
 - Matters are considered carefully and thoroughly;
 - All Directors are given the opportunity to effectively contribute; and
 - The Board comes to clear decisions and resolutions are noted;
- Brief all Directors in relation to issues arising at Board meetings;
- Ensure that the decisions of the Board are implemented properly;
- Ensure that the Board behaves in accordance with its Code of Conduct; and
- Commence the annual process of Board and Director evaluation.

Outside the Boardroom

Outside the boardroom the role of the Chairperson is to:

- In conjunction with the EO/MD, undertake appropriate public relations activities;
- Be the spokesperson for the Company at the AGM and in the reporting of performance and profit figures;
- Be the major point of contact between the Board and senior staff;

- Be kept fully informed of current events of the organisation on all matters which may be of interest to Directors;
- Regularly review the performance of corporate and senior bank staff.

3.2 Executive Officer/Managing Director

In February 2020 the Board agreed to provide at the discretion of the Board of the day, the option of appointing one of its Directors as a Managing Director as an alternative to the Executive Officer. This position could be filled by any Director, including the Chair. The MD would receive a pro rata salary in line with payments to the EO. The EO/MD is responsible for the ongoing management of the Company in accordance with the strategy, policies and programs approved by the Board. The Company shall be managed to achieve the goals agreed and endorsed by the Board.

The EO/MD's responsibilities will include:

- Developing, with the Board, the strategy and business plan for the Company;
- Provide strong leadership to the Corporate Staff and senior Bank staff in executing the strategy and business plan;
- Managing the relationship with the Bendigo Bank;
- Encourage co-operation and teamwork;
- Build and maintain Corporate Staff morale at a high level;
- Ensuring a safe workplace for all personnel;
- Ensuring a culture of compliance generally, and specifically in relation to environmental matters;
- Carrying out the day-to-day management of the Company;
- Keeping the Board informed, at an appropriate level, of all the activities of the Company; and
- Ensuring that all Corporate Personnel act with the highest degree of ethics and probity.

The EO/MD is formally delegated by the Board to authorise all expenditures as approved in the budget, subject to:

- All EO/MD compensation, outside of normal monthly remuneration must be authorised by the Chairperson or Deputy Chairperson;
- All business-related expenses paid to the EO/MD must be authorised or ratified by the Chairperson. or Deputy Chairperson

3.3 Company Secretary

The Company Secretary Role is currently performed by the Executive Officer/Managing Director. The Company Secretary is charged with facilitating the Company's corporate governance processes and providing general legal counsel. The Company Secretary holds primary responsibility for ensuring that the Board processes and procedures run efficiently and effectively. The Company Secretary is accountable to the Board, on all governance matters and reports directly to the Board. The Company Secretary is appointed and dismissed by the Board and all Directors have as of right access to the Company Secretary.

The responsibilities of the Company Secretary shall include:

Meetings and Minutes

- Notifying the directors in writing in advance of a meeting of the Board as specified in the Constitution;
- Ensuring that the agenda and Board papers are prepared and forwarded to Directors prior to the Board meeting as set out in the Board Governance Charter;

- Recording, maintaining and distributing the minutes of all Board and Board Committee meetings as required;
- Maintaining the Resolutions Register of the Board;
- Maintaining a complete set of Board papers at the Company's main office;
- Subject to provisions for shorter notice of a Board meeting as per the constitution, notifying the Directors in writing (including email) at least five (5) days in advance of a meeting of the Board;
- Preparing for and attending all annual and extraordinary general meetings of the Company; and
- Recording, maintaining and distributing the minutes of all general meetings of the Company.

Compliance

- Overseeing the Company's compliance program and ensuring all Company legislative obligations are met;
- Ensuring all requirements of ASIC, APRA, the ATO and any other regulatory body are fully met; and
- Providing counsel on corporate governance principles and Director liability.

Governance Administration

- Maintaining a Register of Company Policies as approved by the Board;
- Maintaining, updating and ensuring that all directors have an up-to-date copy of the Board Governance Charter and associated governance documentation;
- Maintaining the complete list of the delegations of authority;
- Any other services the Chairperson or Board may require.

3.4 Bank Manager

The Bank Manager (BOM) is responsible for the ongoing management of the two Company branches in accordance with the franchise agreement, policies and programs approved by the Board. The Branches shall be managed to achieve the goals agreed and endorsed by the Board and agreed with BEN. The Bank Manager shall meet with the EO/MD and/or chair on a minimum monthly basis and shall be invited to attend Board meetings.

The Bank Managers responsibilities will include:

- Developing, each of the branches in accordance with the expectations of the Board and BEN;
- Undertaking responsibilities of Branch Manager as specified by the Franchise Agreement;
- Provide strong leadership to the Banking Staff in delivering banking services;
- Meeting agreed team targets;
- Work with the EO/MD in leading the organisation;
- Maintaining a strong relationship with the Bendigo Bank;
- Encourage co-operation and teamwork;
- Build and maintain Banking Staff morale at a high level;
- Ensuring a safe workplace for all personnel;
- Ensuring a culture of compliance generally, and specifically in accordance with BEN requirements;
- Carrying out the day-to-day management of both branches';
- keeping the Board informed, at an appropriate level, of all the activities of the Branches; and
- Ensuring that all Banking Personnel act with the highest degree of ethics and probity.

4.0 BOARD PROCESSES

4.1 Board Meetings

Meeting Frequency

Board Meetings will be scheduled for each month except January. Monthly meetings may be rescheduled or cancelled at the Chairperson's discretion.

Meeting Time and Location

Board meetings will take place at locations to be agreed by the Board from time to time. Directors may participate at meetings in person or by means of telephone or other electronic communication.

Board meetings usually commence at 7.15pm but this may vary depending on the agenda of each individual meeting, the availability of key participants and the location in which the meeting is taking place.

Conduct of Meetings

The Chairperson is responsible for the orderly and efficient conduct of Board meetings. Board meetings should be conducted in a rigorous but not confrontational style. To encourage participation, it is the Chairperson's role to:

- Ask for different points of view;
- Ensure that everyone is treated courteously;
- Encourage balanced discussion;
- Recognise individual talent and expertise;
- Encourage quieter Directors to participate in discussions;
- Seek clarification where necessary, to guide the discussion forward;
- Keep the discussion balanced; and
- Give credit and thanks where it is due.

Quorum and Voting at Meetings

A quorum must be present for a Board meeting to proceed. Pursuant to the Company's Constitution, the quorum required currently is two Directors. The current policy is that the Chairperson shall not conduct or continue to conduct a meeting unless more than a majority of Board members are present.

Wherever possible, a consensus approach to decision making will be taken. Where consensus is not possible, decisions will be made by a majority vote of the Board.

Emergency Decision Making – Circular Resolution

An urgent decision, which cannot wait until the next Board meeting may be dealt with by circular resolution as per the Company's constitution.

Directors have resolved to allow communication of these decisions by electronic means and most decisions are agreed with e-mail consent.

The collated copies of circular resolutions shall be the record of the decision until the next Board meeting. At the Board meeting immediately following the circular resolution, the decision made shall be ratified and entered in the minute book as a single entry.

Where a majority of Directors do not endorse the circular resolution, the item is deferred until the next Board meeting.

4.2 Board Meeting Agenda

Agenda Content

A formal agenda is an important part of the Board meeting because it shapes the information flow and subsequent discussion. An agenda will be prepared for each Board and Committee meeting.

The standard agenda used at Board meetings is shown at Appendix A.

Agenda Preparation

The Company Secretary, in consultation with the Chairperson and the EO/MD is responsible for preparing an agenda for each Board meeting. However, any director may request items to be added to the agenda for upcoming meetings. The Company Secretary circulates the agenda to all directors with the Board papers at least five calendar days prior to the meeting.

4.3 Board Papers

Preparation and Circulation

The Chairperson together with the Company Secretary are responsible for the preparation and circulation of Board papers. All Board members will be provided with a copy of the Board papers at least five calendar days in advance of the scheduled Board meeting.

The format of Board papers state their purpose, provide background information on an agenda item, present major issues for consideration and make recommendations.

At a minimum Board papers must include:

- An agenda;
- Minutes of the previous meeting;
- Business activities requiring Board approval and/or updating;
- EO/MD's report; and
- Any Board submissions requiring decisions.

Individual Board papers will use the standard Board Paper Summary template shown in Appendix B.

Retention of Board papers

The Company Secretary maintains a complete set of electronic Board papers. Individual Directors may retain hard copy Board papers in a secure location for the duration of their Directorship. Retiring Directors should destroy any papers held immediately upon retirement or return them to the Company for destroying.

4.4 Decision Making

To assist the Board in its decision making process, the UYCE Board uses a decision making framework to test the appropriateness, legality and strategic fit of decisions it may be asked to consider.

A copy of the decision making framework is shown at Appendix C.

4.5 Board Minutes

While most of the Board papers contain information that is used as the basis for discussion in a Board meeting, the minutes record the decisions that were made at a meeting.

Minutes serve several important functions. They are:

- A reminder of what happened at the meeting – who attended, what was decided, and what commitments were made in terms of follow-up;
- A guide for people who were unable to attend the meeting; and
- A permanent record that can be referred to by outside parties (e.g. lawyers, consultants) who wish to evaluate the Board's decisions and procedures.

Minutes will contain a brief reference to relevant Board papers tabled plus the official resolution adopted by Directors.

All decisions will be recorded in the minutes by means of a formal resolution. The Company Secretary shall maintain a register of all resolutions.

The Chairperson will read the precise resolution to the Board and attempt to obtain unanimous decision-making. For and against voting will only occur when a unanimous decision cannot be reached. If a Director does not voice dissent, it is taken that he or she is in favour of the resolution. The agreed wording will be recorded in the minutes and whether the resolution was carried or defeated but will not contain the number of votes.

Minutes will be prepared in draft form by the Company Secretary and emailed to all Directors within 7 Days of the meeting. Directors have a further seven days to review the minutes and request amendments if required. If no amendments are requested within seven days, the minutes are considered an accurate record of the meeting and will be formally accepted at the next meeting of the Board.

Once the minutes have been adopted by the Board, and signed by the Chairperson, they cannot be amended.

4.5 Board Calendar

A Board calendar lists the key activities required of the Board throughout the year.

The current Board Calendar template is shown at Appendix D.

4.6 Board Committees

Board Committees will be formed on an as needs basis for specific issues. The use of Board Committees improves the operation of the Board by removing significant detail from Board meetings.

Where Committees of the Board are established, they will have their terms of reference formalized in a Committee Charter. Committees only have powers of recommendation to the Board, not decision or implementation.

The Company Secretary, unless otherwise determined, is responsible for arranging Committee meetings and the taking of minutes, which would be tabled at Board meetings. Committee reports will be prepared by the designated person, approved by the Chairperson of the Committee and distributed with Board papers. Committees are to be comprised of Directors who have expertise in the relevant discipline, non-directors may also be co-opted to committees.

UYCE currently has provision for the following committees:

Audit & Risk Committee

Staff Committee

Community Investment Committee

Marketing Committee

The terms of reference for each committee are to be developed under policy.

5.0 KEY BOARD FUNCTIONS

Introduction

The following roles are the minimum set of key functions every Board must perform in order to fulfill its legal obligations. They form a critical element of the Company's Corporate Governance process.

5.1 Strategy

The Board will approve the corporate strategy of the Company.

A corporate strategy document will be updated and approved each year, not less than three (3) month prior to the commencement of budget development.

The Board will be fully involved in the development of the strategic plan.

Progress on the strategic plan will comprise part of the EO/MD's Board report.

5.2 EO/MD Support

It is recognised that a key component of Directorial duty is providing a sounding board for EO/MD ideas and challenges. The relationship between the Board and the EO/MD is crucial to effective corporate governance. EO/MD's need to trust their Board, and similarly the Board needs to be confident that it will be fully advised on relevant matters, and that management will support the direction it sets.

In recognition that the EO/MD – Board relationship is critical to effective Corporate Governance; Directors of the Company should provide frank and honest advice to the EO/MD. All advice should be constructive in nature and be provided in a positive manner.

5.3 Performance Monitoring & Communication

Monitoring

A fundamental function of the Board is to monitor the performance and compliance of the Company.

The monitoring role is aimed at achieving two key objectives:

- Ensuring that Company's performance is consistent with the strategy of the organisation and the shareholders' expectations; and
- Ensuring that the Company and its officers are complying with their legal obligations.

With this general principle in mind, the Board is charged with monitoring both financial and non-financial Key Performance Indicators (KPIs). The KPI should be relevant, verifiable, broadly applicable, and communicable.

These KPIs will, where possible, be benchmarked for industry comparison of the Company's performance.

Communication - Protocol for Interaction with Internal and External Parties

The Board has designated the Chairperson to speak to the press on matters associated with the Company.

The Chairperson is authorised to comment on:

- Annual results at the time of the release of the annual or half yearly report;
- Resolutions to be put to General Meetings of the Company;
- Changes in Directors, any matter related to the composition of the Board or Board processes;
- Any speculation concerning Board meetings or the outcomes of Board meetings;
- Other matters specifically related to shareholders;
- The Company's future outlook;
- Any operational matter;
- Proposed or actual legal actions; and
- Queries and general discussion concerning the Company's industry.

The Chairperson may delegate any of these tasks to the EO/MD.

There will be times when Directors and employees will be approached by the media for public comment. On such occasions the Director(s) or employee(s) should comply with the following:

- Refer the person to the Chairperson of the Board for comment;

- Refrain from disclosing any information, documents or other forms of data to the person without the prior consent of the e Chairperson of the Board; and
- Report the person who contacted the director/employee, the reason (explicit or inferred) for the contact and a summary of any other relevant information as soon as possible to the Chairperson of the Board.

5.4 Compliance

UYCE is an organisation of integrity, and as such, does not breach law or ethical standards.

Every Director, officer, employee, contractor and agent of the Company is required to comply with all aspects of law and to act ethically, at all times.

The importance of compliance is reflected in the penalties associated with failure to meet legal obligations which include substantial penalties, orders for compensation, loss of licenses, adverse publicity, Directors being held personally liable, and Directors being sent to goal.

No person who willfully breaches the law and is found guilty, will receive support from the Company.

The EO/MD's report shall contain a section for reporting compliance exceptions for each Board meeting. The Company Secretary may be required to elaborate on any relevant aspects of this report.

The compliance report will contain statements that the Company is meeting its obligations under the various requirements or legal responsibility of Directors or notify Directors of any issue or concern.

5.6 Risk Management

Risk management and compliance issues are closely connected as many risk management programs are designed to identify and avoid breaches of the law.

The Board recognises the importance of pro-active risk management and has initiated the implementation of an operational risk management program which applies to the company.

Accordingly, the Board commits to:

- Regularly review areas of potential risk to the company;
- Utilise specialist advisers as required to ensure potential risks are minimized;
- Implement business continuity and disaster recovery plans and conduct regular reviews of the plans;
- Maintain a central risk register and loss database for recording potential and actual risk events identified;
- Utilise further education and training opportunities for the Board and Managers regarding operational risk practices and processes;

The EO/MD is charged with implementing appropriate identification, control and risk procedures within the Company.

5.7 Financial Management

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 quarterly basis and revise the budget forecast as required;
- Utilise specialist advisers as required;
- Support the education of directors as required to allow understanding of the financial position of the company;

- Use company funds to further Board-approved purposes and priorities;
- Seek shareholder approval for capital expenditure over one third of the net value of the company where the proposed investment is a material change to the company's structure;
- Pay undisputed invoices from suppliers of goods and services within trade credit terms;
- 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.

5.8 Asset Protection

The Board recognises 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.

Accordingly, the Board commits to:

- Ensure that company assets are insured at a level that is considered prudent risk management;
- Meet obligations as set out in the Franchise Agreement, to ensure the protection of the Bendigo Bank corporate image and reputation;
- Protect itself against conflict of interest when making purchases of goods and services;
- Protect intellectual property, information and files from loss, improper use or significant damage;
- In consultation with the Branch Management Team and Bendigo, ensure there are appropriate and effective security systems in place to adequately safeguard against loss, common damage or theft of staff, customer or organisation property;
- Follow Bendigo's procedures in relation to asset protection of premises, cash and information technology;
- Maintain an appropriate asset register;
- Regularly review the asset condition and expected lifespan of the asset and provision accordingly;
- Ensure the relevant use of company supplied vehicles, in line with the Motor Vehicles Conditions of Use agreement;
- Ensure plant and equipment is subject to authorised and proper use;
 - Ensure that each branch premises meets appropriate local and/or government standards and any other statutory or minimum code requirements;
 - Maintain a current assessment and evaluation of the risk factors that could conceivably disrupt the company's effective and efficient operation and ensure that there are plans and systems that, in the event of disruptive events, will allow business continuity.

5.9 EO/MD Evaluation

A detailed EO/MD evaluation will be undertaken annually by the Board with the process coordinated by the Chair of the Staff Committee. The EO/MD evaluation will utilise both quantitative and

qualitative measures. Evaluation will be judged against the Company's strategic plan, agreed KPI's and any employee bonus policy.

5.10 Delegation of Authority

The Board bears ultimate responsibility for the operations of the Company, and consequently Directors are responsible for any delegations of their responsibilities. As such, the Board decides what Company matters are to be delegated either to specific Directors or to management. In addition, the Board will determine what controls are to be in place to oversee the operation of these delegated powers.

Individual Directors have no individual authority to participate in the day-to-day management of the Company, other than where the Board, through resolution, explicitly delegates an authority to a Director individually.

Specific delegations

The Board retains all powers and authorities required to carry out the Company's business effectively and efficiently, except where specific authority is delegated to the EO/MD. Any delegation will be documented in the company policy register.

Cheque signing and authorising the transfer of Company funds is a significant responsibility. Those who are made authorised signatories do so on the understanding that they share in the responsibility for the payment or transfer made. This means that an authorised signatory should have clear understanding of the payment or transfer being made and is obligated to question any invoice or payment/transfer that appears to be abnormal or without sufficient authorisation.

6.0 CONTINUING IMPROVEMENT

6.1 Board Meeting Evaluation

The Board evaluates the efficiency and effectiveness of its meetings at each meeting against the following criteria:

- Timekeeping;
- Format and timing of receipt of Board papers;
- Following of agenda;
- Effectiveness of the Chairperson;
- Preparation and participation of the Directors;
- Focus of the meeting;
- Any suggestions for improvement at future meetings.

6.2 Board Evaluation

As a matter of principle, the Board is committed to the ongoing development of both individual Directors and the Board as a whole.

Each year the Board will conduct an evaluation of its performance. The objective of this evaluation is to provide best practice corporate governance to the Company.

The review will include but will not be restricted to, the following criteria:

- Preparedness for Board meetings;
- Value of contribution to Board discussions;
- Clarity of direction for the Company and management each year by a corporate plan (the budget);
- Establish Key Performance Indicators (KPI's) for the Company and the EO/MD;

- Monitor EO/MD performance against the KPI's, and other outcome measures that will be determined by the Board;
- Monitor monthly Company performance against the budget, focusing on the Statement of Financial Performance, Statement of Finance Position, Cash Flow, Bank Covenants, Capital Expenditure and Human Resources and not focus on the operational detail;
- Regularly monitor shareholder benefits and satisfaction;
- Focus discussion and decisions on “what” the Company is to achieve as its outcomes, rather than on “how” management is to go about achieving those outcomes;
- Not become involved in the management of the Company;
- Observe not simply the words, but also the spirit of the Board’s Code of Conduct;
- Respect the contributions from all Directors and management;
- Understand Director’s statutory and financial obligations to shareholders and to represent the best interests of all shareholders;
- While vigorously debating issues in the Boardroom, to support all Board decisions unanimously when outside the Boardroom to Management, shareholders, and all other stakeholders;
- Understand and comply with all legal and statutory obligations by ensuring relevant information is sought and provided;
- Maintain confidentiality on sensitive matters at ALL times.

The Chairperson will action this evaluation, after discussion with the Board as to the approach that the Board believes will deliver the best benefit.

6.3 Director Protection

As a general rule, a Director has two key areas of protection – the right to information and the ability to insure against specific risk of being a Director.

Therefore, as a matter of policy, the following measures of Board Member protection will apply.

Information – seeking protocol

Directors will adhere to the following protocol when seeking information:

- Approach the Chairperson to request the required data;
- If a resolution is still not forthcoming, write a letter to all Board Members detailing the information required, the purpose of the information, and who the Director intends to approach in order to obtain the information;
- As a last resort, employ the provisions of the Corporations Act.

Access to Board papers and legal advice

A complete set of Board papers is held by the Company Secretary on behalf of Directors for a period of at least seven (7) years.

Directors are entitled to access the papers for the period when they were a Director on request, even if they have ceased to be Directors.

All documentation containing or seeking legal advice will clearly state that the legal advice is sought both in relation to the Company and to the Directors in their personal capacity.

Insurance

The Company will provide each Director with a copy of the Directors’ and Officers’ (D&O) policy and any changes to that policy.

To the extent that it is able to, the Company will maintain each Director's D&O insurance for seven (7) years from the date at which they ceased to be a Director.

Deed of Indemnity

The Company will provide a Deed of Indemnity to all Directors, providing additional protection to the D&O policy held.

6.4 Director Remuneration & Reimbursement

The UYCE Board is a volunteer Board and remuneration is not paid, other than for an MD an in accordance with the Constitution. Reimbursement of approved expenses is provided where the expenses comply with the board expense reimbursement policy. Refer also Director Remuneration policy.

6.5 Director Development

The Company has a commitment to Director development, which is a commitment to the continuing improvement of the Company. In order to continually improve Board performance, all Directors are encouraged to undergo ongoing professional training and development.

6.6 Director Induction

New Directors will undergo a full induction into their role on the Board. Information conveyed to the new Director will include:

- Letter of Appointment;
- Consent to Act;
- Constitution;
- Corporate Governance Charter;
- Current Budget;
- Strategic Plan;
- Company Profile;
- Risk Management Matrix;
- Organisational Chart;
- Directors & Officers Liability Insurance Policy;
- Deed of Indemnity;
- Minutes of last Board Meeting;
- Minutes of last Annual General Meeting;
- Annual Report;
- Introduction to Dropbox.

The Board recognises that as directors of a public company, each director takes on significant obligations and responsibilities. To fulfil these responsibilities, the Board acknowledges the importance of providing new directors with a thorough understanding of the company's goals and objectives, along with their legal and compliance responsibilities.

Accordingly, the Board commits to:

- A thorough induction program for new directors.
- Building the understanding of the community banking philosophies.
- Thoroughly outlining the key objectives and goals of the company.
- Providing background information on the performance of the company.
- Assisting new directors to obtain independent legal advice.

APPENDIX A – Board Meeting Agenda

Our Vision
To be integral in building community capacity for a vibrant, resilient and sustainable Upper Yarra region

Upper Yarra Community Enterprise Ltd
Board of Directors Meeting
7.15 pm [Click here to enter a date.](#)

Agenda

- 1. Welcome & Apologies (Items for ‘staring’ under section 7)

- 2. Declaration of interests relating to the Agenda or ongoing. Changes in shareholding or other details

Director Name	Nature of interest

- 3. Confirmation of Minutes of previous meeting - Copy to be signed by Chair

- 4. Status of Previous Agreed Actions

- 5. Reports
 - a. Bendigo Bank report
 - b. Branch Management Team Report

- 6. Matters for Decision (with accompanying board paper)
 - a. Item
 - b. Item

- 7. Strategic Issues for Discussion (with accompanying board paper)
 - a. UYCP
 - b. Financial Status
 - c. Waterwheel
 - d. Strategic Plan
 - e. Other Current or emerging issues

- 8. Reports
 - a. Executive Officer/Managing Director Report

- b. Committee Reports
 - i. Audit & Risk
 - ii. Community Investment
 - iii. Staff Committee
 - iv. Marketing committee

9. Matters for Noting

10. General business

- a. Previous notice given
- b. No previous notice

11. Meeting Evaluation

12. Meeting close & next meeting

APPENDIX B – Board Paper Summary Template

MEETING DATE:

AGENDA ITEM:

MATTER FOR DECISION/ DISCUSSION

ISSUE

The issue and why it needs Board consideration.

RECOMMENDATION

The recommendation that management is making to the Board.

BACKGROUND

Provide background information on the issue.

FINANCIAL IMPLICATIONS

The financial implications of the proposal. This should include the implications of not approving also.

POLICY IMPLICATIONS

Is it consistent with current policies? If approved, do policies need to be developed or amended?

STRATEGIC FIT

Explain how the proposal is consistent with the current strategic priorities and risk appetite of the business.

RISKS

What are the risks associated to the proposal and what is management’s view of how they should be considered/managed?

KEY ASSUMPTIONS

What are the assumptions that have been made by the organisation about this issue and/or the response to this issue?

PREVIOUS BOARD ADVICE

Has this issue been to the Board previously? If so, when and in what context?

ATTACHMENTS

List any attachments here.

SUBMITTED BY (Insert here the name of the executive who has prepared the paper?)

APPENDIX C Decision Making Framework

ALIGNMENT

Is the decision aligned to our purpose, vision and values?

Is the decision aligned with our current strategy?

Will the decision assist us to achieve our goals?

How does this add value to our shareholders?

How does this add value to the community?

Risk appetite

Clarity

Do I (we) understand this decision?

Is it clear and well formulated?

Do I (we) understand the assumptions underpinning this decision?

Do we need to make this decision now?

What are the implications if we delay the decision?

Has this decision been considered previously? If so, why are we revisiting it?

Information

Have we been given sufficient information to make this decision?

How reliable is the data/information?

Do we understand the difference between what we know and what we think?

Are the risks and their responses been properly identified and discussed?

Do we need an opinion from an independent, external advisor?

Advocacy

Are one or more people strong advocates for a particular course of action?

If so, have counter arguments/ alternate options been adequately explored?

Have we been given sufficient opportunity to discuss this decision?

Does anyone involved in developing or approving the decision have a potential conflict of interest?

Outcomes

What are the expected outcome(s) from this decision?

What is the maximum and minimum likely revenue/profit outcomes from this decision?

Is the return on investment period reasonable?

What is the maximum potential loss/adverse outcome from this decision?

Has the impact of this decision, on all stakeholders, been considered?

What KPI's will be monitored to ensure successful implementation of the decision?

Who is accountable for implementation?

APPENDIX D – Board Meeting Calendar

January	Review AGM minutes
February	Charter review, Risk review, Policy review
March	Review of committee charters
April	Strategic & Annual Plan Review
May	Annual review company shareholdings (postcode)
June	Budget & Business Plan approval
July	
August	Approval of EOY final accounts
September	
October	EO/MD Performance Review
November	Board Performance Review

References

Bendigo Bank Board Members Communication

Location of key documents

[Business Model](#)

[Strategic Directions](#)

[Situational analysis](#)

[Constitution](#)

[Communications Plan](#)

[Policies and Principles](#)

[Franchise agreement](#)

[Previous annual reports](#)

Document Version Control

Version No.	Comments (Changes)	Board Meeting Date
1.0	Provisionally approved	26 March 2018
2.0	Reviewed by Audit & Risk and adopted by Board	October 2018
3.0	Review following company restructure	April 2019
4.0	Review following company restructure	March 2020 (Item 7b)
5.0	Annal Update – minor changes only	March 2021 (Item8b)