

DIVERSITY POLICY

Policy on Diversity

Current at September 2016

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1. Overview

The ASX Corporate Governance Council has issued the 3rd Edition of its 'Corporate Governance Principles and Recommendations'. This policy endorses these recommendations, and uses them as the minimum expectations for our Bank.

In summary, under ASX Listing Rule 4.10.3, board's of ASX-listed entities are required to:

- Establish a diversity policy that sets measurable objectives aimed at increasing gender diversity. The policy or a summary of the policy is to be disclosed in the Annual Report.
- Annually assess and disclose in the Annual Report both the effectiveness of the measurable objectives and the progress towards achieving them.
- Include in the corporate governance statement in the Annual Report, a statement as to the mix of skills and diversity which the board of directors is looking to achieve in membership of the Board.
- Annually disclose in the Annual Report the gender mix of both men and women employees in the whole organisation, in senior executive positions and on the Board.

Auswide Bank's stated position is supportive of sustainable increases in gender equality and female representation at senior leadership levels. Although Auswide Bank advocates greater transparency and measurability of progress, it does not endorse female participation quotas.

2. What is diversity?

A diverse workforce recognises and encompasses the diverse skills and perspectives that people bring to an organisation through their gender, origin, age, ethnicity, disability and religious or cultural background.

Diversity also encompasses the many ways that people may differ in terms of their life experiences, educational qualifications, job function, work experience, personality, beliefs, marital and family status and carer responsibilities.

3. Diversity creates a positive business environment

Auswide Bank promotes that a diverse workforce with a wide array of perceptions resulting from such diversity promotes innovation and a positive and successful business environment. Managing diversity makes us responsive, productive and competitive and creates value for our customers and shareholders while building a high performing and sustainable organisation.

Auswide Bank acknowledges that:

- To be a relevant, adaptive and innovative organisation, we must leverage the full potential of all our people by embracing individuals through diversity of ability and thought.
- We strive to develop and maintain a workforce at all levels, including senior management that reflects the diversity of the customers we serve, and the communities in which we operate. To do otherwise does not make commercial sense.
- Diversity must become a part of who we are across all areas of the organisation.

4. How Auswide Bank will respond

In managing diversity, Auswide Bank applies the following principals to meet compliance, talent management and corporate citizenship objectives as well as deliver value to our customers and shareholders:

- Emphasise the accountability of our leaders to create a work environment and foster a company culture where individual difference is understood, respected, and fully valued.
- Achieve greater gender diversity – particularly in the senior levels of our organisation – through the continued review of measurable objectives by the Board that will provide the framework for achieving their progressive realisation. We are committed to the Board evaluating these objectives annually and critically assessing our progress in their attainment.
- Continue to promote flexible work practices that meet the differing needs of our people which support their lifecycle duties and responsibilities in the context of our business requirements.

- Development of recruitment protocols that eliminates bias –whether it is real or perceived by facilitating equal employment opportunities based on relative ability, performance and potential.
- Deliver fair and equitable performance management processes.
- Determine the remuneration for women and men undertaking work of equal value considering previous increases, position in range, performance, relevant market pay banding considerations and pay equity.
- Understand the reasons for resignation.
- Building and training our people to develop and retain a workforce of qualified people from diverse backgrounds and across the age spectrum.
- Create and maintain a safe work environment by taking action against inappropriate workplace and business behaviour (including discrimination, harassment, bullying, victimisation and vilification).
- Enhance customer service and market reputation through a workforce that respects and reflects the diversity of our customers.
- Make a contribution to the economic, social and educational well-being of the communities we serve.
- Create an inclusive workplace culture by continually measuring and evaluating our diversity and inclusion position, both internally against our targets and against appropriate external benchmarks.

We will achieve this by a combination of:

- Diversity targets
- Leadership and culture programs
- HR policies, systems and processes
- Linking achievement to key performance indicators
- Supporting the promotion of talented people to management positions; regardless of their gender or diverse background
- Seeking greater diversity by selection and appointment of employees (including senior management) by selecting candidates from a diverse pool of qualified candidates

- Scholarships to support and recognise the Bank's commitment to fostering talent within the next generation of students
- Internal communications and awareness campaigns

5. Our Diversity Commitment

Auswide Bank, led by the Managing Director, is committed to:

- be a diversity leader and advocate in our industry, and fully integrate diversity best practice into the way we work, and how we do business;
- invest in building capability among our people leaders to support and foster diversity and flexibility;
- consistently meet or exceed our legal and regulatory obligations in relation to equal opportunity, diversity and inclusion, wherever our business operates; and be recognised externally as being an organisation that exemplifies diversity in action.

The Chief People Officer has an overarching role to:

- review, note and monitor the effectiveness of the Diversity policy;
- review and approve the measurable objectives for achieving diversity; and
- annually review both those objectives and progress in achieving them, including the relative proportion of women at all levels.

However this role does not extend to diversity matters in connection with the Board, and in this respect it is the responsibility of the Board Remuneration Committee to:

- monitor the effectiveness of the Diversity Policy to the extent it relates to Board diversity;
- review and approve measurable objectives for achieving gender diversity on the Board, and
- annually review both those objectives and progress in achieving them.